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Speaker: The Honourable Gilbert Parent

HOUSE OF COMMONS

Monday, November 14, 1994

The House met at 11 a.m.

Prayers

PRIVATE MEMBERS' BUSINESS

[English]

DECADE OF THE BRAIN ACT

Mrs. Sue Barnes (London West, Lib.) moved that Bill C-239, an act respecting the decade of the brain, be read the second time and referred to committee.

She said: Mr. Speaker, I will be sharing my time today.

I am pleased to introduce debate on Bill C-239, a bill that would declare the 1990s the decade of the brain. First, I would like to recognize and thank all the individuals and organizations that have since early in the decade assisted in this legislative endeavour.

The legislation I am speaking on today is the duplicate of a private member's bill introduced in 1992 by the previous member of Parliament for Niagara Falls. Private members' bills can take a number of years before they are debated in the House.

Given that we are already in 1994, members may ask what the purpose of the bill is and what will be accomplished by declaring the 1990s the decade of the brain.

(1105)

My response is that the legislation will help to raise the awareness of Canadians and will help to focus attention on the prevention, research, treatment and rehabilitation of brain related diseases and disorders. I believe this to be a worthwhile, rewarding goal, as do many of my hon. colleagues.

We only have to look at numerous examples in the world community to see this is an important issue worthy of our attention as legislators. In 1986 at the 39th world health assembly, the World Health Organization called on member states to apply preventive measures with regard to mental, neurological and psychological disorders and to include these activities in their long term health strategies.

In 1991 Dr. Nakajima, director general of the World Health Organization, urged all governments to designate the 1990s as the decade of the brain. Our neighbours to the south did this in 1990. In 1992 the member states of the European community followed suit, forming an ad hoc task force.

The World Federation of Neurology proclaimed the 1990s to be the decade of the brain in 1992. As we speak, researchers from my riding are gathering with over 12,000 other professionals in Miami to discuss among other subjects advances made in the decade of the brain.

They have expressed to me their support of the bill before the House. Treatments that would have seemed miraculous 10 years ago are now reality and are being applied successfully. We can now look to a day when new drugs may free patients from their struggle with neurodegenerative diseases such as Alzheimer's.

Regeneration research is providing new expectations, new hopes for patients with spinal cord and various other brain injuries. In every riding in Canada research efforts and treatments continue, utilizing more and more advanced and ground breaking technology. In my own riding of London West a young scientist has recently commenced a new research project focusing on brain functioning. Currently magnetic resonance imaging shows brain anatomy clearly. Functional magnetic resonance imaging will allow us to view the working brain and will help map out the centres concerned with such aspects as speech and motor activity.

There is no doubt the human brain is a remarkable feature that distinguishes us from other living creatures. A mere 3-pound mass of interwoven neurons controls all our activities. The brain is the most complex and mysterious wonder of creation. It has been called the seat of human intelligence, the interpreter of senses, the keeper of memory, in essence the sanctum of the soul.

Ailments of the brain carry with them heart rending disabilities that can rob us of the very essence of personhood. A healthy mind is essential for living a full life with total liberty and independence. A great threat to the independence of the elderly are diseases of the brain. Cognitive mental stability enhances the ability to heal and recuperate, to cope and to overcome physical ailments.

Unfortunately like all things human the brain is not perfect, being subject to injury and disease, including the time of development in the youngest members of society. Diseases are

Private Members' Business

not limited by geographical borders. Nor do they recognize any difference in language, gender, race or economic status. Any human being in the world community is a potential victim of a brain related illness.

I would be very surprised if any member of the House had not been personally affected by such diseases and disorders. All of us have had a friend, relative or family member who has suffered the tragedy of brain related illness. At the beginning of the decade it was estimated that five million Canadians were affected by disorders of the brain ranging from congenital malformations, degenerative disorders, neurogenetic disorders, epilepsy, multiple sclerosis and stroke, to problems with learning, hearing, language and speech.

I have been encouraged by the numerous physicians, individuals and associations that have given me support to work for the recognition of the decade of the brain. I am aware of many who fought for this long before I was involved. Many of these people devoted their careers to the treatment and elimination of brain related illnesses. Designating the 1990s as the decade of the brain would be an acknowledgement of their contributions and an encouragement for them to continue with their noble crusade.

Studying the brain has enormous potential for the health of Canadians, while decreasing the severe economic and emotional burdens placed on our society by brain disease and disorder. In efforts to see the legislation proclaimed, I have also been contacted by people who are right now directly affected, sometimes tragically. I have received scores of letters from parents whose children have died or are dying of brain tumours.

(1110)

I have listened to people faced with the difficult task of caring for loved ones who suffer from brain disorders. There is more eloquence in their private struggles with adversity, more eloquence in their challenges and their grief than I could ever hope to bring to the Chamber today. It is because of these people that I encourage members to lend their support to the bill.

In 10 minutes it is impossible to speak on the full scope of the problems in research. I would like to highlight two forms of brain related illnesses as well as their effects.

Today over one-quarter of a million Canadians suffer from Alzheimer's disease and related dementias. By the year 2030 it is estimated that this figure will have increased to over three-quarters of a million. The social and human costs of Alzheimer's disease are devastating. A person's ability to understand, think, remember and communicate is affected. The process is always a progressive degenerative one that means the formerly self-reliant men and women slowly become dependent upon others.

The disease has a similarly devastating impact on the caregivers who are often family members. Family members must cope with long periods of emotional, financial and physical stress.

Hence we see that the health and well-being of the family members become just as important a concern as that of the person with the disease.

Each year thousands of Canadians are diagnosed with a primary or secondary brain tumour. Since brain tumours are located at the various control centres of thought, emotion and physical function, they can cause serious impairment in motor functions, vision and language abilities and make treatment very difficult.

In 1982 in my home of London, the Brain Research Laboratory was established with both experimental and clinical research units. The Brain Tumour Foundation of Canada was also a founding member of the North American Brain Tumour Coalition, a network of brain tumour organizations dedicated to increasing public awareness of the nature of the brain tumour and of the availability of treatment options.

London has also seen the establishment in 1991 of the brain tumour tissue bank which acts as an international resource from which researchers from Canada, the United States and other nations are able to obtain tissue samples to carry out experiments.

Brain tumours were highlighted in the bill not because they are any more or less important than any other disorder or disability, but rather it was an association that I was involved with at the time when work began on the bill. I have also had some insight through other areas of my previous work into the devastation that mental illness can play in antisocial, violent acts. I can think of no other aspect of our criminal justice and health systems where everyone involved is a victim.

Measures can be taken to facilitate even more effective sharing of knowledge, information and resources to accelerate the research for effective prevention and treatment of brain related illnesses. Canadians must recognize the relationship between the health of the brain and the well-being and quality of life of individuals. Brain related illnesses exact a tremendous toll in human suffering, often during the most productive years in a person's life.

I have mentioned previously the effects that this can have on the individual and his or her immediate circle of family and friends. However we must acknowledge the tremendous financial cost of such illnesses.

Dr. John Evans in the November 1994 Flavelle lecture at the University of Western Ontario stated that neurological diseases require more people to be hospitalized than any other disease group and therefore consume a disproportionate share of scarce health resources. He stated that the staggering burden of the cost of treatment and rehabilitation is estimated to be approximately \$300 billion annually for the United States and Canada. In the area of Alzheimer's and other forms of dementia alone

Private Members' Business

Canadians spend approximately \$3.3 billion a year providing care for afflicted individuals.

This debate should not be reduced to dollars and cents. To do so is to cheapen the humanity of all involved in the issue. We are talking about the health and happiness of our children, our parents, our friends, our partners and ourselves. No one can go through their lives untouched by brain related illnesses. We all age eventually and our independence will be linked to our physical and mental health.

I stated at the beginning of the speech that the legislation would help to raise the awareness of Canadians and would help focus attention on the importance of the research in this critical medical field. I am seeking approval today of an acknowledgement of that fact and action that will benefit Canadians today and into the future.

Hon. Roger Simmons (Burlington—St. George's, Lib.): Mr. Speaker, I am delighted to second and give my support to Bill C-239. Let me, at the outset, congratulate my good friend and colleague from London West for taking this significant and important initiative. It is not a new initiative. Others have put it to the House before, including the former member for Niagara Falls. Several efforts have been made to have the House do what other legislatures and other jurisdictions have already done. As my friend noted in the debate, this includes the United States which as a result of a proclamation by former President Bush is now observing the decade of the brain with considerable results. However I will come back to that.

(1115)

First, let me read for the information of the House some portions of a handwritten letter that came to a member of Parliament from northern Ontario. In part it reads as follows:

"On May 21, 1992, our 20-year old daughter died from a malignant brain tumour. Our lives and the life of her only sister will never be the same". Later the parents who wrote this letter said: "Most people can only imagine the pain of standing at your child's side, helplessly watching her die. We believe that, had we known more about the symptoms of brain tumours, our daughter would have had medical attention sooner, would have lived longer and might even be writing this letter herself".

In the most graphic and eloquent terms, more so than I could express, this letter states very clearly why we need to have greater awareness, greater public profile for the brain and brain related diseases.

The parents wrote: "We believe, had we known more about the symptoms of brain tumours, our daughter would have had medical attention sooner, would have lived longer and might even be writing this letter herself".

The impressive aspect of this initiative by my friend from London West is that it has garnered so much support from the scientific community. The letters that have come to me and to other members of Parliament, but particularly to the member for London West, are very gratifying. People who know this issue inside out are saying in the most urgent terms: "Let us do it. Let us declare this the decade of the brain because it will have the effect of focusing awareness on an important issue: issues related to prevention, research, treatment and rehabilitation in this vital area". That is why literally every organization that one could mention is on side.

We wonder at the list, such organizations as the Alzheimer Society of Canada, the Canadian Mental Health Association, the Canadian Brain Tissue Bank, the Canadian Paraplegic Association, Epilepsy Association of Metropolitan Toronto, Epilepsy Canada and Huntington Society of Canada. The list goes on.

Let me read excerpts from another letter from the dean of medicine at the University of Western Ontario. He says in part: "Allow me to speak in favour of the concept of the decade of the brain. It is truly an essential initiative from a number of perspectives in light of the discussions that are currently nationally relative to both research and the health care system". He makes two or three specific points. First, the dean of medicine of the University of Western Ontario talks about the aging population: "Increasingly we need to seek alternatives to institutionalizing older Canadians. With the passage of time AIDS tends to be associated with problems afflicting bone, bladder and the brain. In other words there is an increasing disease burden relating to fractures, incontinence and dementia that will affect our senior citizens and which results in the need for admission to hospital".

(1120)

Then he talks about the impact it would have on disadvantaged children. In short he makes the case that what is needed is more focus on this important issue.

If I sound as though I am repeating myself on the issue of awareness, it is because the bill is such simple legislation. We are not asking for the expenditure of great gobs of public money. We are simply asking to enact a bill that will focus on this important issue. The effect will be felt in many areas.

Let me again demonstrate my point by reading from another letter, also from the dean of medicine at Western.

"As former vice-president of the North American Brain Tumour Coalition, I can relate to you that the declaration of the decade of the brain legislation in the United States has resulted in increased awareness of brain related disorders. This has occurred at local, state and national levels. The support for charitable organizations and for patients with tumour related

Private Members' Business

disorders has changed because of this legislation. Many pharmaceutical companies that I deal with use the decade of the brain logo on their letterhead and are fairly supportive. The decade of the brain legislation in the United States has resulted in a number of new initiatives which I have been involved with. As a member of the board of directors of the Brain Tumour Foundation of Canada, I have interacted with several U.S. organizations. I can relay to you that there is a commonality of purpose in goals among our organizations. We are working together to help both Canadian and U.S. patients”.

The point of the letter from the dean of medicine is the point of my speech, the point of the intervention made by my colleague from London West in introducing the legislation. The legislation, as simple as it is in its wording, will effectively focus attention on this very important issue. And so we should.

An estimated five million Canadians are affected by disorders of the brain ranging from stroke, degenerative disorders, problems with speech, language and hearing. Today these patients are justifiably hopeful as a new era is unfolding in brain research. We can help smooth that along a bit by giving our support to this very significant piece of legislation.

[*Translation*]

Mrs. Pauline Picard (Drummond, BQ): Mr. Speaker, it is with great pleasure that I rise in the House today to support Bill C-239, the Decade of the Brain Act, introduced by the hon. member for London West.

The human brain, a mass weighing more than one kilogram and essentially consisting of nerve cells that control our emotions, reactions and activities, is one of the most impressive and mysterious wonders of creation. This seat of human intelligence, which enables us to control our movements, interpret our senses and interact with our environment, continues to intrigue researchers and scientists throughout the world.

In recent years, science has made it possible to clarify certain aspects of the human brain, but too many questions still remain. How does the brain function? By what is it affected? How can we prevent its degeneration? The rise in diseases related to disorders of the brain means that increasing our knowledge in this field is no longer an option but a necessity and also one of the greatest scientific challenges of our time.

Japan was the first country to launch a scientific program in 1987 to maximize the effectiveness of neurological research. Three years later, the Americans proclaimed the nineties as the decade of the brain and decided to set up a wide-ranging research program. The Europeans followed suit in 1992.

(1125)

The purpose of Bill C-239 is therefore to ask Parliament to follow the example of other western countries and to declare this

decade the decade of the brain and, at the same time, support and recognize the importance of research in this field.

The brain is the seat of many neurodegenerative disorders and diseases like Parkinson's disease and Alzheimer's, of mental health problems like schizophrenia, emotional disorders, drug addiction and neurological disorders such as learning disabilities.

Canadians suffer from a wide range of neurological diseases. In 1989, the Canadian Neurological Coalition sponsored a ten-year retrospective survey of the frequency of neurological diseases in Canada. The results of this survey are disturbing: it was found that more than one Canadian out of six is affected by some mental disorder.

Our mental health is a very fragile thing and over a lifetime, a number of emotional problems may affect its delicate balance. We may experience a divorce, the loss of a loved one, the loss of a job, poverty, drug addiction, alcoholism or stress, and one morning we get up and we are in poor mental health. The balance is upset. The very strong are able to overcome such problems but others are not.

More than 50,000 Canadians today are also suffering from multiple sclerosis, the neurological disease most frequently found among young adults in Canada. Researchers have yet to find a way to treat this disease, and there is no explanation for the fact that Canada is one of the countries where the probability of getting this disease is particularly high.

There is also the problem of brain tumours. According to the Brain Tumour Foundation of Canada, brain tumours rank second as the cause of death in children under 14 and third as the cause of death in men between the ages of 15 and 34. The number of deaths caused by brain tumours increased 100 per cent between 1968 and 1987.

And what about Alzheimer's, a neurodegenerative disease that causes the irreversible destruction of brain cells and is one of the main causes of death among the elderly, although we now know it can strike at any age. Today, more than 250,000 Canadians are affected by Alzheimer's and related dementias, and it is estimated that 30 years from now, their number will reach 750,000 30 years from now.

In addition to the social impact, neurodegenerative diseases also have economic repercussions that cannot be ignored. We already invest substantial amounts of money in patient treatment and accommodation. As the number of individuals affected by this disease increases, long-term treatment will put an additional burden on health costs.

According to a study on health and aging in Canada, Canadians spend approximately \$3.3 billion annually for the treatment of at least 150,000 people with Alzheimer disease in long-term health care facilities. This figure does not include the costs to families caring for afflicted relatives at home.

It is clear that diseases of the brain, including mental illness, degenerative diseases such as Alzheimer's and stroke are very costly. By making the public aware of disorders and disabilities of the brain, we will be encouraging increased support for research in this field, and thus stretching our health care dollars.

The decade of the brain has already begun. As I have already mentioned, Europe and the United States have proclaimed the 1990s the decade of the brain, and a number of research centres in Quebec and in Canada are already on board.

The Montreal Neurological Institute will be playing a major role in the upsurge in research resulting from the proclamation of the decade of the brain in the United States, decreed by President Bush in 1990. The Neurological Institute, an affiliate of McGill University, with about sixty professors, neurologists, computer scientists, students and other researchers, is participating in one of the most ambitious projects to come out of the decade of the brain: the creation of a computerized atlas of the most complex organ in the human body, the brain.

(1130)

This project to map the brain is part of an extensive program being carried out by a large consortium of research centres, co-ordinated by the National Institute of Mental Health in the United States and funded by eleven American agencies. The Montreal Neurological Institute, which is a member of this consortium, is the only non-American institution to take part in this important project, an indication of its reputation.

The Montreal Neurological Institute and its McConnell Centre have become leaders, possibly world leaders, in the field of brain mapping. Although we must recognize their excellent research and their contribution to medical research in Quebec and Canada, we must regret that this work is largely supervised and financed by foreign interests.

In medical and pharmaceutical research, Quebec and Canada have the ability to excel and be leaders and, for that, we must continue to promote research and development. Proclaiming the 1990s the Decade of the Brain would be major support, since it would make Canadians and governments aware of investment in prevention, research, treatment and rehabilitation for those who suffer from various diseases of the brain.

Today, millions of Quebecers and Canadians and their families have the right to hope that science will elucidate the mysteries of the human brain. Following recent discoveries in genetics, with research and exhaustive studies compiled over many decades and extremely sophisticated medical equipment, scientists are about to penetrate one of the most closely guarded secrets of our civilization.

Private Members' Business

The impact of such a discovery is incalculable. Not only would it help to finally find a cure for the terrible mental illnesses that ravage our society but it would also make it possible to take a new approach and even cure certain disorders, like phobias, addiction and even violent behaviour.

While we support research and wait for further discoveries, we must propose effective prevention programs. We must always keep in mind that as our health care system and its funding are restructured, we must adopt an approach based more on prevention and education.

As health critic of the Official Opposition and as a member of the Bloc Quebecois, I am pleased to support Bill C-239 and to ask this Parliament to proclaim the 1990s the Decade of the Brain.

[English]

Mr. Ken Epp (Elk Island, Ref.): Mr. Speaker, I am very honoured to enter into today's debate on Bill C-239. I will begin by acknowledging the good work of the hon. member for London West in bringing the matter forward for our interest and debate.

I would also like to go on record as applauding all those many researchers in the private enterprise companies and certain government funded organizations that do research. I would also like to give my accolades to those who work in medicine, particularly in the area of neurological and brain disorders.

I think the bill is somewhat misunderstood because of its name. Not long ago a columnist in one of the Toronto papers indicated total ignorance of the subject. The same thing happened this week in my constituency when I indicated to someone that I would be giving a speech on the decade of the brain today. She laughed and said: "Don't you people have anything worth while to do there? Everybody has a brain". She had totally misunderstood. When I explained to her that we wanted to increase awareness about brain disorders and increase awareness and understanding for people with these various illnesses and diseases, her attitude changed abruptly. She immediately became very supportive.

(1135)

I could probably use my time best today by bringing some personal experiences into this debate. I have been challenged and privileged to be near some people who have suffered from brain disorder. I would like to say first that it is right in my own family.

In February 1945 my mother was taken to the hospital because though we did not know it then, it was time for our little sister to be born. To everyone's regret there was what was called an accident. Actually it was very clearly an error on the part of the

Private Members' Business

medical people present. It was ignorance. My sister suffered brain damage at birth because of oxygen deprivation.

My sister is going to be 50 in just a few months now. All her life she has suffered from a disorder called cerebral palsy. She is a bright young woman and understands everything but she is unable to speak. How do we know she is bright? It is because she has developed her own language that my mother mostly understands and the rest of the family understands to some reasonable degree. However she does not speak so that anyone else can understand. She is totally dependent.

How I wish there had been enough information so that hospital workers would know that one does not prevent a baby from being born because the timing is inconvenient, thereby causing this very severe trauma for our family over the years. I will say just as a parenthetical phrase here that I take great umbrage at the suggestion from some that perhaps my sister should be put away because she is not useful to society. She is part of our family and we love her dearly.

I would also like to share another experience of a young lady who used to come to our home when she was in nurse's training. She got married and had a family. One day she and her husband and young family were in a car accident that was not of their cause. Unfortunately their oldest son, at that time a very bright precocious 10-year-old, suffered brain damage. He has become totally dependent. His life was never allowed to be fulfilled as it would have been had that not occurred. Despite the best medical efforts, it seems there was nothing that could be done for him.

The next experience is probably the one closest to our family. My wife and I know a couple who have been our closest friends for years. About 10 years ago my friend who is indeed even younger than I—I guess just about everyone is younger than I—showed the first symptoms of what was diagnosed as premature Parkinson's disease. I do not know how I can express and communicate the impact that has had on his wife, his family, his own life and those of us who know him and who care for him.

My friend went through some research studies. He was involved in some of the experimental work. A number of years ago he underwent a new and very intriguing surgery. They actually took off the cap of his skull. A cavity was made between the two hemispheres of the brain in the part that is called the caudate nucleus which generates the chemical dopamine which is necessary for muscular movement. After a short time they operated on him again and removed part of his adrenal gland. That was put into the cavity in the brain. They thought that perhaps it would stimulate the caudate nucleus again to do its work.

(1140)

Unfortunately this attempt was not successful and 10 years later now my friend continues in total dependency. I am sure members can hardly understand the impact that has had on us.

We try to see him every week, although with this new job I have it is more difficult. He cannot speak most of the time. He communicates very poorly and it is a very severe intrusion into our relationship because we cannot communicate well.

Those are some examples. I am sure all of us can relate to someone who has had these problems. The question is what we should do about it. The proposal before us is to declare the nineties the decade of the brain, the purpose being to promote research and understanding. Certainly we must do more to promote understanding of these diseases among Canadians and people worldwide. People do not know how to react when in the presence of those with a brain disorder. They need to be educated. They need to be taught.

I think of my friend in the hospital. At times he can move very easily and then within minutes he is totally immobilized. Even the nurses misunderstand and sometimes ridicule him. How unfortunate. There needs to be more understanding.

We definitely need to put our resources into research. I do not think Canadians would approve of the bill if they thought it was only making a case for people to travel around the world on junkets to get together and have a good time. However if it is used for people to work together internationally sharing their research and discoveries and promoting advancement in this cause, and if it is genuinely used in an efficient way I am sure there would be a high degree of support.

We need to promote medical research, but we also need to start looking very seriously at how we are spending money in the whole medical field. It is atrocious that people with brain disorders and brain tumours sometimes have to wait for up to half a year before they can get an MRI diagnosis while we fritter away our money on other things.

We need to focus very sharply the limited funds that are available to us and use them for properly directed research. We need to make sure that some very distinct objectives are met in that research.

We could accomplish a great deal if we were to focus on this issue in the same way the Americans did some several decades ago when they said they would put a man on the moon. They put all their resources into it, all their technology and top scientists. It is definitely a challenge to us to do that and to focus our resources. I am sure that through research and with our scientific abilities and the available technology we can do very much to discover new frontiers in this area.

Mr. Rey D. Pagtakhan (Winnipeg North, Lib.): Mr. Speaker, I rise this morning to voice my strong support for Bill C-239, an act respecting the decade of the brain. I also would like to commend my hon. colleague from London West for her in-

initiative in bringing the issues of mental and neurological health of Canada's citizens to the floor of the House.

I feel the case for the adoption of the bill can best be made by applying a legislative litmus test. The questions for us are: First, can the bill if enacted make a positive difference in the lives of all Canadians? Second, can the bill make a positive contribution to Canada as a whole? In both instances the answer where Bill C-23 is concerned is an unequivocal yes.

(1145)

Formally declaring the 1990s the decade of the brain can only serve to heighten awareness, as has been said, of neurological and mental health disorders in Canada and throughout the world. Awareness can do much to dispel some of the damaging means surrounding mental and neurological illnesses and their victims.

That awareness can prompt Canadians to monitor their own mental and neurological health more carefully in a preventive way and thereby prevent ill health. Awareness can increase our resolve as a nation to support efforts to develop cures and superior treatments for the variety of elements that afflict the human brain and the human mind.

Some observers of this morning's debate may wonder why we in the House have elected to focus part of our energy and attention on the health of the brain. Certainly it is not as though the afflictions that strike other areas of the human anatomy are any less worthy of our attention. Indeed the Canadian Neurological Coalition has noted: "Far from being a single organ to be centred out, the brain is the focus of an enormous range of frontier medical science as the seed of logic, reason, creativity, intelligence and yes, even compassion and human understanding in the human body. We are understandably taken aback when disease affects the normal, healthy functioning of the brain".

Witness the public reaction when a former U.S. president announced just this past week that he is suffering from Alzheimer's disease. So much of what makes us human is rooted in our brains. Mental and neurological illness has the power to strip us not only of our good health but also of our identity, our sense of human self.

The statistics from the neurological association placed the number of Canadians affected by disorders of brain at some five million, nearly 20 per cent of Canada's population. This number only serves to underscore the importance of acting to call attention to the various ailments that range from strokes, degenerative disorders, neurogenetic diseases, to speech, language and hearing disorders.

There is hope. Medical scientists in Canada and throughout the world are working diligently to find effective treatments for

Private Members' Business

the various disorders. As they do so, they are also unlocking the mysteries that are intrinsic to the body's most complex organ. As our understanding of the brain and the pathogens and chemicals that attack it has broadened to techniques such as magnetic resonance, imaging and computerized action tomography, sophisticated treatments previously unimaginable have become reality today.

As the neurological coalition points out, neuroscience has a direct impact on almost every area of modern medicine, including cardiovascular and immunologic disorders. The coalition has stated: "Studying the brain has enormous potential for contributing to the health of Canadians and decreasing the severe economic and emotional burden exacted on our society by the diseases and disorders that affect the brain". Disorders of the brain ultimately affect the remainder of the human body.

"Declaring the 1990s the decade of the brain", the coalition adds, "would ultimately increase public support of research, thereby reducing the eventual government burden of hospital and service delivery costs".

For the thousands of Canadians who suffer from Alzheimer's disease, Parkinson's disease, Huntington's disease, schizophrenia, multiple sclerosis, epilepsy, dementia, amyotrophic lateral sclerosis and other disorders, this declaration would be proof positive that the government would not turn a blind eye to their needs and, indeed, that the government would continue to give them the attention they deserve.

(1150)

It is for these individuals as well as for the health and well-being of Canada as a whole that I offer my wholehearted support for Bill C-239, an act respecting the decade of the brain.

Ms. Margaret Bridgman (Surrey North, Ref.): Mr. Speaker, it gives me great pleasure to speak on the bill. I commend my colleague for London West. I have listened to the debate today. We have discussed the intricacies of the brain. We have also discussed numerous illnesses of the brain.

The brain is indeed a very complex organ. Attention should be given to the brain. I feel strongly that we are not aware of how important the brain is to us. Everything we look at, everything we do, every philosophy we have has been generated by the functioning of our brain. It is an extremely important organ and we know very little about it.

My colleague from the Bloc commented on the mapping of the brain. It was not long ago that we thought memory had a specific location in our brain. Experiments that have been done on Parkinson's disease have shown that one can have very small

Private Members' Business

sections of the brain stimulated and suddenly start singing the Coca-Cola song or something.

We now realize that the brain is functioning like the rest of our body based on chemical components. It is the chemical structure of our body that allows messages to pass through the synapses, making us function and do things that we think are very important to our lifestyle and to build the societies we need.

We talk about brain disorders. Someone here previously mentioned that five million Canadians are suffering from brain disorders. It was also mentioned that a considerable amount of the health care dollar is spent on conditions involving the brain, which is true, but this does not seem to be a situation that is going to go away rapidly. We do not cure a condition of the brain in six weeks like we do a fracture of the arm or some other bone.

Disabilities of the brain can vary from very minute kinds of behaviour pattern to extreme disorders. We really do not know why this is happening. It is very essential that we look at this organ and try to understand it so we can better understand our own lives.

For example, in my background of psychiatric nursing I have had the opportunity to witness and work with people who are totally incapable of dressing themselves. They do not know how to put on their pants. They will stick their arm in the pant leg. On the other hand, the particular young man I am thinking of could be given questions like: "What is the total of 2,925 plus—?" One could go on and on with a list of figures. He could have the answer by the time one was finished saying what the figures were. Yet here was a man who was totally incapable of functioning in any other way. All that was required to get his mathematical mind going was the bribe of a cup of coffee. He was very serviceable in the accounting department and that seemed to be his role. Those were the days before computers.

The other thing we tend to think about is the human brain. We have to also consider what has happened over the years in relation to our awareness of animal brains. We are now looking at the possibility of not being the only species that is capable of thinking. There is a tremendous amount of research being done on dolphins. We are gradually becoming aware that other animals do indeed communicate. This is something that has come about because of some people's awareness of the brain, its intricacies, its unknown powers, et cetera.

(1155)

We do not actually know what we are capable of doing. We hear people talk about having a sixth sense, ESP. Some of us think that we know what that means; some of us do not. Some of us are very capable of carrying that out. Obviously there is a mechanism in our brain that could be developed along this line. Again, we do not know because of lack of research or whatever.

Also with regard to awareness, we seem to be more aware of the mysteries and the wonders of outer space, for example. That can be common coffee table talk in restaurants or wherever. Yet we do not even know the capabilities of our own brain or our own head, our capabilities of what we as a species can do. We wonder about outer space and this kind of thing. We are more aware of that than what actually makes us who we are. Nothing that we have achieved to date would be here were it not for the capabilities of our brain, and yet we still do not understand how it functions.

A few years ago schizophrenia was thought to be, and some aspects of schizophrenia are still thought to be, a behavioural disorder. Through research it has been discovered that there is a physiological situation involved in our bodies that creates some diagnoses of schizophrenia.

Another tremendous condition affecting us today in our present lifestyles is depression. We really do not know why we get into the various states of depression, yet we have all kinds of drugs and all kinds of people taking these drugs for depression. We are rapidly moving into a situation in our society where we are going to have a pill for everything. You can probably change your personality if you just start taking medication.

We realize that the brain is totally dependent on the chemical constitution of its environment. We also realize that it is very very subject to trauma. There have been situations in which trauma has occurred and we do not understand why. It is not only trauma. It can be stroke as well. Certain people are left with aphasia. These conditions can differ as well. Some people can say only half a word. Some people know what they want to say. For example, they know it is an ashtray but they cannot remember the name so they say "something to put your cigarette in". This is debilitating for them in their existence. We do not know how to help them help themselves.

I strongly advocate that the decade of the brain, and I realize that we are about halfway through it, be recognized. I think that our awareness as a species is inadequate. I would also suggest that it not only happen once in a lifetime but that it happen probably once every hundred years, if it is going to take this kind of legislation or this kind of awareness to make us aware that we do not know very much about ourselves and what we are capable of doing.

Mrs. Barnes: Mr. Speaker, I would seek unanimous consent of the House to make Bill C-239 votable.

The Deputy Speaker: Is there unanimous consent to make this a votable item?

An hon. member: No.

Mrs. Barnes: Therefore I move:

That the bill be not now read the second time but that the subject matter thereof be referred to the Standing Committee on Health; and that accordingly the bill be withdrawn.

The Deputy Speaker: Colleagues have heard the motion to withdraw the bill and refer the subject matter of the bill to the Standing Committee on Health. Is there unanimous consent for that?

Some hon. members: Agreed.

(Amendment agreed to.)

The Deputy Speaker: Accordingly, the order is discharged, the bill withdrawn and the subject matter thereof referred to the Standing Committee on Health.

(Order discharged and bill withdrawn.)

GOVERNMENT ORDERS

(1200)

[*Translation*]

STANDING COMMITTEE ON INDUSTRY

Hon. Alfonso Gagliano (Secretary of State (Parliamentary Affairs) and Deputy Leader of the Government in the House of Commons, Lib.) moved:

That this House take note of the Second Report of the Standing Committee on Industry ("Taking Care of Small Business"), presented to the House on Tuesday, October 18, 1994.

He said: Mr. Speaker, in the ten years I have been sitting in this House, I have always taken an aggressive and enthusiastic stand for the small and medium-sized business sector. This is one of my priorities because I know how crucial and invaluable the vitality of our small and medium-sized businesses is to our economy.

Our small business sector accounts for nearly 40 per cent of our gross national product. It already provides employment to over four million people across Canada and generates a great many new jobs. Between 1979 and 1989, 85 per cent of new jobs in Canada were created by small businesses. This sector of our economy is the one with the highest growth rate. Because they are closer to the people and more closely tied to the community, small businesses are at the heart of our society. They are part of our daily life. The vitality, creativity and success of Canadian businesses is recognized world-wide. We all benefit from the talent, ingenuity, perseverance and sense of responsibility of our small business leaders.

Of course, much attention is being paid to Quebec Inc., these groups of Quebec businesses that have grown very quickly during the 1970s and 1980s. This is the fabulous success story of small businesses that expanded greatly in a very short time with

Government Orders

government assistance, particularly that of the federal government. But Quebec Inc. is more than that. It is also thousands of less flamboyant and lesser known businesses which are nevertheless very successful and, more importantly, provide employment to thousands of people.

I am very proud of the fact that our government has made assistance to small businesses one of its priorities. For years, when we were in opposition, I have done everything to try and make the previous government realize how important our small and medium-sized businesses are to the Canadian economy. I asked in every possible way for governmental red tape to be reduced, single windows to be established and access to capital be made easier. I suggested that our embassies and consulates put more emphasis on the export of Canadian products. I called for the Canadian government to take a more active part in developing new markets in conjunction with businesses.

I must say that the events of the past week have made me very proud and very happy. Night after night I could watch on television as our Prime Minister and hundreds of business leaders from here developed trade ties with the most populous country in the world: China. The approach used by Team Canada has already been widely praised as a model of effective and efficient trade development. This is when we were able to see how a Prime Minister that takes the trouble to do so can, better than anybody else, develop trade opportunities abroad.

(1205)

The team that represented us in China is an all-star team; it is the best team our country has ever produced. All my colleagues will agree, I am sure, to award the Prime Minister the first star of this historic diplomatic and trade mission. However, its success is not measured in goals as in hockey. It is measured in terms of jobs for our workers and expansion opportunities for our businesses.

This diplomatic and trade achievement did not happen by accident. It rests on this government's fundamental belief in the need to identify in concert with the private sector the strategic niches likely to enable the small businesses of today and tomorrow to achieve their full potential. In this regard, my colleague, the Minister for International Trade, has just published a report outlining how the government intends, with the help of banks, to shore up its support of small exporters.

This report sets out an action plan and proposes concrete solutions to the needs of small businesses to ensure their development and their access to export markets. We still do not fully realize how much momentum exports can give our small businesses and our economy. For example, Quebec is a trading province where not enough entrepreneurs care to face external markets. Quebec exports are worth almost \$35 billion a year, but only 22 per cent of Quebec's small manufacturers export their products. And they only export 14 per cent of their production.

Government Orders

Two hundred businesses account for almost 95 per cent of foreign sales. Let us think for a second about the amount of business and the number of jobs that would be created if the majority of Quebec's 160,000 small and medium-sized businesses took full advantage of export opportunities.

The action plan identifies three areas where support of small exporters must be improved: access to information, access to short-term financing and access to intermediate financing. Entrepreneurs will recognize these as areas where the government's strategic involvement can largely benefit small businesses.

Through the measures it proposes to make it easier for small businesses to access information, this action plan is designed to eliminate the real frustrations felt by entrepreneurs who want to obtain crucial information on their export capacity. It creates a real resource guide that will allow small businesses to save precious time in their efforts to break into international markets. It gives them access to a team of experts and a series of dynamic and effective training programs.

We also want to create a climate of co-operation between financial institutions and small businesses. This would meet an essential need of our businesses. In this regard, the government's role is crucial because many entrepreneurs were not well treated by financial institutions during the recession. As it is, Canada does not have enough businesses that can face the new competition, without our small and medium-sized businesses having to overcome financing problems.

This reality is clearly identified in the report of the Standing Committee on Industry entitled "Taking Care of Small Business", which was tabled recently and which we are debating today here in this House.

(1210)

The report deals with the obstacles which our small businesses must overcome to find the capital required to grow and expand. The committee came to this conclusion: "Financial institutions, especially the banks, in accepting that their own responsibility to society is greater than 'merely' being efficient, stable and profitable, must recognize the importance of small and medium-sized businesses to the national economy". This is a very important and serious point.

I congratulate the members of the Standing Committee on Industry for their clear and articulate report. Obviously, this government wants businesses to develop and to create jobs which will benefit all Canadians. For that to happen, we must act on several fronts. We want services provided by the federal government to be concrete, well targeted and, particularly, efficient. This is why the Minister responsible for the Federal Office of Regional Development—Quebec is in the process of redefining the mandate of that agency. The minister wants the

federal government to become a strategic ally of small and medium-sized businesses in every region of Quebec. He wants federal services and programs to be better integrated and more accessible for those businesses, everywhere in the province.

From now on, federal programs will be based on four initiatives which relate to supporting the development of small businesses, namely innovation, market development, promotion of entrepreneurship and projects which serve as regional catalysts.

The objective is to allow the Federal Office of Regional Development—Quebec to help small businesses meet new challenges, at a time when markets are increasingly more open. The agency currently has 13 business offices in Quebec. It will put these offices at the disposal of other federal departments, in order to provide an integrated service to small businesses in the various regions. The Federal Office will thus become the real broker regarding information and programs; it will be the single window which entrepreneurs have been asking for so long.

Federal services will therefore be accessible to all small and medium-sized businesses in Quebec and there will no longer be second-class businesses or regions in that province.

This work is not only being conducted in Quebec. Federal agencies in other regions, including the Atlantic, the West and Ontario, are doing the same thing, because the number one priority of the government is to develop small and medium-sized businesses.

Our government formally pledged to cut public spending and we are taking measures to reach that goal. We must often make difficult choices. However, we are firmly convinced that the federal government must remain an efficient partner of small and medium sized businesses, because they are the ones creating the largest number of jobs.

Our approach will be better targeted and will rely more on the provision of strategic services than on financial assistance. This is what entrepreneurs have been asking for a long time. We are going to concentrate on those sectors where the federal government is better equipped to ensure real added value. There will be no waste, nor any duplication.

Real waste would be to ignore the potential of Quebec regions by depriving them of efficient federal services. As well, real duplication would be for another level of government to build from scratch a second international network to open world markets to Quebec regions.

(1215)

Canada's geographic location is unique: Two main windows, one on the Atlantic, the other on the Pacific, plus a long border with the United States. We are in a unique position to develop our trade with the largest markets in the world. This is how we will ensure our prosperity.

*Government Orders**[English]*

No doubt our small business sector faces many challenges. Our entrepreneurs are concerned about the scope, the complexity and the rigidity of the regulatory processes. Our regulations are complicated and confusing. Compliance takes too much time, effort and money. Regulation by different departments or different governments leads to confusion, overlap and additional paper burden. Small businesses operating outside their own provinces often have to comply with different product and operation standards.

In 1992 a Canadian Federation of Independent Business survey found that 71 per cent of small business owners found regulations and paper burden to be an increasing problem. It is clear that with their limited resources small businesses face a disproportionate burden of compliance requirements. The government knows that and it is taking action to reduce that burden.

The House committee on regulatory reform and federal government review has been studying the situation. Thousands of small business managers have contributed to the work of the committee. More than 1,700 federal regulations are now examined and improved.

The small business working committees will be submitting their report within the next few weeks. The committee on business environment has examined the regulatory best practices of other countries and governments in areas such as sunset legislation, elimination of unnecessary or inappropriate licences, certification costs and the use of phase-in periods, differential standards and thresholds to alleviate the burden.

It is also considering how to reduce the complexity of the federal regulatory process, how to reduce or simplify the numbers of forms, reports and records required by regulations.

We must also improve the delivery of our programs and services. Currently there are over 700 federal and provincial government support measures for small business. Accessing the right program and service is a complex and most often a very unfriendly process. There are extensive overlap and duplication. Sometimes the government may also be competing with private sector suppliers of services for businesses.

The government believes that it is urgent to take action. That is why the Canada business service centres provide small businesses with referrals to sources of assistance. They provide quick, accurate information about relevant programs, services and regulations as well as some diagnostic assistance.

Business service centres minimize telephone runaround, that is where small business operators are sent from one office to another, from one telephone number to another. The business

centre is supposed to take care of that problem as well as inadequate or incorrect information and duplication of government services. This will enable clients to make well informed business decisions in an increasingly global economy. Each centre offers a combination of products and services tailored to meet the needs of its distinctive client base. Currently 19 federal business departments or agencies participate in this initiative as well as other levels of government and non-government organizations.

(1220)

The combination of participants varies from province to province with the designated managing partners who are responsible for the development and management of the Canada business service centres. In British Columbia and Alberta it is Western Economic Diversification. In Saskatchewan, Manitoba and Ontario it is Industry Canada. In Quebec it is the Federal Office of Regional Development and in the Atlantic provinces it is the Atlantic Canada Opportunities Agency. Each managing partner is well suited to deliver the best services to our clients, the small business owners.

We want to go further. We want to spread the business service centre concept to every province as a model of co-operation between the public and the private sectors. We want to work with the private sector, provincial and municipal governments to eliminate duplication and overlap.

Our colleague, the President of the Privy Council, is currently reviewing all federal government programs. A key element of his initiative will be a rationalization of small business programs.

This is more than the words and vague promises we were given by the last government. This is action. This is action to eliminate duplication and overlap. This is action to minimize the paper burden small businesses have to face on a daily basis.

I am glad to see the Minister of Industry here listening. I hope he will be listening to the debate all day so that in the near future he can respond to the report of the House industry committee and give us more good policy for small business.

In conclusion, this is action to help our entrepreneurs to do what they do best. What small business does best is create jobs. It is what every government has to do to help small business create more jobs and when we have more jobs we have a better country.

[Translation]

Mr. Yves Rocheleau (Trois-Rivières, BQ): Mr. Speaker, I am delighted to take the floor on behalf of the Official Opposition in this debate on the second report of the Standing Com-

Government Orders

mittee on Industry, since I am also the vice-chairman of this committee.

The committee sat from February to September and then prepared the final text of its report. We heard from 58 witnesses and received 62 submissions. I must stress that proceedings were conducted in a very constructive, cordial and non-partisan atmosphere. The problem of business financing is, obviously, a non-partisan issue and, although we are particularly interested in the political status of Quebec, an issue which will remain important and forever present irrespective of the political status we choose.

In all, the committee came up with 22 recommendations. We totally agree with some; we agree with others with some reservations; but there are three recommendations on which we totally disagree with the view and direction expressed by the committee.

At this stage, I should probably remind you of the reason why the committee considered credit or rather the tightening of credit. Because of the recession, many members, especially in Ontario, received representations protesting the attitude of the business and banking worlds towards small businesses when it came to credit. This generated a consensus among members of the committee to study this question and find out whether or not there was indeed a credit crunch. As we shall see it is not all that clear.

(1225)

Concerning the 22 recommendations, I would like to draw your attention to the major ones, those that seem to me the most significant, starting with the ones we totally agree with.

The first recommendation we agree with and the most significant is the second one, a recommendation to the business world, and to banks in particular, that they report quarterly on lending to small business. The collection, compilation and publication of the data would give a picture of past economic activity based not only on actual loans, but also on loan applications. The information requested would include the size of the business, the nature of its activities, the gender of the applicant, the number of employees at the time of application, the volume of sales and the location of the company, so we could have, ideally by municipality, a true picture of the situation.

As I mentioned earlier, it proved impossible for the committee to demonstrate, appearances notwithstanding, that credit was tighter. In spite of all the horror stories which were related to the committee and are familiar to any well-informed citizen, especially the way borrowers are treated by bankers, the committee members were unable to demonstrate that credit was indeed getting tighter, due to the lack of proper data. We could have demonstrated that credit was tighter if we could have shown how many applications had been turned down and how

many had been accepted. But without the total number of applications and the total number of loans, we are not in a position to prove that credit was indeed tighter. All we can say is that there was a drop in lending and that it may be due to a drop in demand; we have documents from the Bank of Canada to back this up.

It is presently impossible to prove anything, which justifies this seemingly technical but very important recommendation to the effect that, from now on, all business stakeholders, especially the banking world, should report their activities on a quarterly basis.

The second recommendation we totally agree with is recommendation no. 3; it deals with the drafting of a code of conduct which would compel both sides to better manage their activities, especially with regard to interpersonal relationships. On one hand, borrowers would have to disclose a certain amount of information in an objective manner, and on the other, lenders would have, of course, to behave constantly in an ethical manner, avoiding arbitrary decisions and clearly stating all the reasons why the loan is refused, and suggesting alternative sources of financing. Moreover, all lending establishments would create internal complaints-handling mechanisms.

As I said, we do agree with the establishment of a code of conduct; we understand that one is already being drafted by the Canadian Bankers Association.

The third recommendation of the committee with which we agree is recommendation no. 5. It concerns the establishment of an office of bank ombudsman, in case the internal complaints-handling mechanism described earlier fails to address the concerns of disappointed and frustrated clients. The ombudsman would be independent, impartial and could investigate complaints of breach of duty or maladministration by the banking world. Also, following the British model, if the complaint is well-founded, the bank could be required to pay compensation.

These are the three recommendations of the committee with which we readily agree.

(1230)

We agree with the rationale behind two other recommendations, although we have some reservations. First of all, there is recommendation 14 which promotes the creation of a new category of banks, the so-called schedule III Banks. Let me remind hon. members that Schedule I Banks are the banks we are familiar with, that is the six major Canadian-owned banks, and Schedule II Banks are foreign owned banks, for example, the Banque nationale de Paris and the Hong Kong Bank. Now, we would have Schedule III Banks, institutions set up by Canadian stakeholders, like Canada Trust, mentioned in the report, or by existing groups or very wealthy individuals in Canada who would now be able to create their own banks.

Government Orders

We have reservations, because this recommendation, as worded, does not limit the size of these institutions, of these Schedule III Banks. There is no restriction to avoid extreme concentration of financial powers that would let some groups or very wealthy individuals become even richer.

We also have reservations about the fact that there is no restriction to avoid what can be called incestuous relationships between the parent corporation and the subsidiaries set up by this parent corporation. There is currently no code of conduct for related companies, but what makes it worst is that this kind of relationships can be set up at the expense of the people dealing with these financial institutions.

Moreover, we have no guarantee that the Schedule III Banks, these new banks, will be particularly concerned about small businesses, even though this bill tends to promote competition in the current banking system, by opening the door to new players who would be more sensitive to the needs of small businesses. The current recommendations include no measures to ensure that these new banks deal more specifically with the small and medium-sized businesses.

As I said, we agree with the principle, but with the reservations I just mentioned.

We also agree with recommendations 18 and 19, which we find a good lead that should be explored and which provide for owners of small businesses to invest up to 20 per cent of their own RRSPs in their businesses.

Since small businesses in general lack capital, we consider this to be a good idea even though we should keep in mind that the primary goal of RRSPs is to help Canadians and Quebecers to better prepare for their retirements. We must realize that this will always be some kind of alteration of the terms of reference.

The main objective is retirement planning. Until now, people were allowed to use this fund to buy a first house; they would now be able to invest up to 20 per cent of it in their own businesses. This is not a bad idea, but we must remember that it is an alteration in the terms of reference. So much so that if the businesses go bankrupt, owners will not only lose their businesses but up to 20 per cent of their RRSPs also. The loss could be significant.

Also, nowhere is it stipulated that business people who have invested part of their RRSPs must pay it back over a certain period of time. Thus, the risk is all the more important. In any case, we think that this recommendation is not supported by a sufficient number of studies and that an in-depth study should be carried out before anything is done.

(1235)

I will now turn to the three recommendations we completely disagree with, as shown in the minority report which is an integral part of the report. These recommendations are about section 22 concerning labour sponsored venture capital corporations, section 8 on the Small Businesses Loans Act and section 10 on the Federal Business Development Bank and more specifically on changing the name of the FBDB.

In case the minister has to leave to attend to his numerous obligations, I will speak first on the changing of the name of the FBDB. Personally, I find this proposal rather ludicrous. The name of the Federal Business Development Bank is known in Quebec as well as in English Canada. I think I forgot to mention that one of the proposals is to change the name of the Federal Business Development Bank to Small Business Bank of Canada. This is nothing more than a business decision. It limits considerably the bank's mandate because it is not only the small business sector that has legitimate needs which have to be addressed.

Of course, as a nationalist and a sovereignist from Quebec, I cannot help but think that the minister and his parliamentary secretary want to use the name Small Business Bank of Canada as part of their referendum campaign strategy. It is very obvious, Mr. Speaker. Every Quebecer will know it. I would almost like to see the name changed just before the referendum campaign because it would give us one more example to show the people the kind of things that the federal government is doing, to show them what is going on in the Langevin Block.

It is similar to what the government just did with the new tourism policy, increasing the budget by \$35 million to sing the praises of Canada and Canadian federalism from coast to coast. It is easy, especially when it is done with the taxpayers' money.

There is something indecent about changing the name of the Federal Business Development Bank in this period of fiscal restraint, right after the announcement of a new war budget. The government wants to spend a lot of money at the taxpayers' expense to play politics so that Quebecers will soon be able to see, as my colleague the parliamentary secretary was telling me, nice signs announcing the Small Business Bank of Canada in all of the province's regional capitals. This must mean that the government is short of arguments, which is comforting to us.

Labour sponsored venture capital corporations were our first point of dissent. It is a very subtle way for the federal government to interfere in an area under provincial jurisdiction. I will read to you proposal no. 22. "Labour sponsored venture capital corporations. The committee recommends the adoption of a new self-regulating mechanism for labour-sponsored venture capital corporations. This mechanism would link the annual supply of federal tax credits to the labour-sponsored venture capital corporation's prior investment in small and medium-sized Canadian businesses, and be subject to a strict annual audit."

Government Orders

And here is where the shoe pinches: "Where such a self-regulating mechanism exists under provincial legislation, the federal government would limit its review to ensuring that the labour-sponsored venture capital corporation's performance meets the objectives for which the federal tax credits were provided".

This is a very subtle, technical way of interfering in an area of provincial jurisdiction, especially, in the case of Quebec, in an area which is very well managed by the Quebec government. That government, together with the Solidarity Fund, represents a third of all labour-sponsored venture funds in Canada.

The Solidarity Fund was set up under a legislation which also defines its objectives. The application of that legislation is well managed, and we do not accept that the federal government could be coming in through the back door, by defining objectives for the Solidarity Fund because of the tax credits it gives to Solidarity shareholders. If, in the final analysis, and hypothetically, these objectives were not met by the Solidarity Fund, the federal government could come in and change the rules of the game, interfering with the Fund's mandate and its portfolio management, because of the tax credits given to Solidarity Fund shareholders. That scheme should be exposed. It is also an attack on shareholders of the fund.

(1240)

If the federal government wants to do away with this tax shelter, let it be upfront and say so publicly. Let it be open about this, and wage the political fight that will ensue. It should be warned, though, that we will join the fray, all the more so because the Parti Québécois government has kept its word and eliminated the ceiling forced upon the QFL Solidarity Fund by the former Liberal government in Quebec.

When this government tries to restrict such a positive initiative, an initiative that is costly for the government but maybe not that much, when it dares to create difficulties for an institution such as the Fonds de solidarité, which is more than a mere investment mechanism but is also a means to foster regional economic development—together with other actors in Quebec such as Mouvement Desjardins, the National Bank, the Quebec Deposit and Development Fund, and local actors, the Fonds de solidarité managed to create regional units in order to fulfil specific regional needs—when this government dares to interfere with instead of improving such an initiative, we have to expose that action, which we will oppose as forcefully as we can.

It would be ill-advised for me to do otherwise, since my riding benefitted immensely from the Solidarity Fund. When you think that CIP Forest Products, a well established pulp and paper company, almost a multinational company, which closed its doors for all kinds of reasons is now reopening with the help of the Solidarity Fund which invested \$28 million in Trois-Ri-

vières so that the plant can resume its activities and put 350 people back to work, you have to admit we will never be grateful enough for the Solidarity Fund.

The other important point on which we disagree entirely, as in the first two cases, has to do with recommendation No. 8 on the Small Businesses Loans Act. That act is very popular and increasingly put to use. I think it is a sound measure implemented by the federal government which supports the development of small businesses.

However, some committee members were of the opinion that the administration of this act is too expensive for the public purse. I think that is wrong. We will not successfully fight the deficit by reducing investments. On the contrary, we should think of investing much more in order to promote the establishment and development of small businesses. That is how we can promote economic growth.

Section 7 proposes the creation of a new program that would help export businesses since we know that banks shrink from lending on the basis of accounts receivable from foreign customers. If memory serves me well, banks will guarantee approximately 75 per cent of domestic accounts receivable but in the case of foreign accounts receivable, bankers are very hesitant, perhaps with good reason. That new program would give some form of assurance to the banks.

We feel that this program should not exist by itself but be included in an broader version of the Small Businesses Loans Act. In that way, exporters would benefit from the act, but so would the new economy types of businesses, those based on technology, research and development, patents, those who have no tangible assets as collateral to lenders. The act, therefore, should have a broader scope and cover the working capital of these small businesses. Then, given the guarantee offered by the Small Businesses Loans Act, banks would lend greater amounts to these businesses. That would show some vision, some innovative spirit in dealing with those who represent Canada's economic future, the young entrepreneurs of our new economy. We think that is the key to fighting the deficit on the home front.

(1245)

As I said before, according to one school of thought, this legislation is too expensive for the public Treasury. We think that before any attempt is made to downsize the cost of this legislation, there should first be a cost-benefit analysis to evaluate the number of jobs created as a result of this legislation: the amount of taxes paid directly and indirectly and the money saved on unemployment insurance benefits and welfare payments. To say that this legislation costs the public Treasury millions of dollars shows a lack of vision and innovative spirit and a failure to see the medium- and long-term benefits. That was the third recommendation with which we entirely disagreed.

Government Orders

Before I finish, I would like to touch on two aspects that were not included in the committee's recommendations or in representations by the Liberal caucus, although the red book, their major source of inspiration, mentioned two measures that could very well have been included among the committee's recommendations.

The first measure was the elimination, as planned in the red book, of personal guarantees under the Small Business Loans Act. The Liberals had promised to get rid of this provision under the Small Business Loans Act; so that personal guarantees could be used to obtain loans from other sources. The Liberals conveniently forgot a promise that would have been a great help to small entrepreneurs.

A second and more substantial measure was a commitment by the Liberal Party of Canada to establish an industrial investment fund to the tune of \$100 million, four times \$25 million, Mr. Speaker! It was made quite clear during the election campaign that the money would be there, and the mood was very optimistic. Strangely enough, very little was said about this in committee: no recommendation on the allocation or use of such financing, of this amount of \$100 million.

We can only hope that, if the matter is ever raised again, the \$100 million or \$50 million—which is more likely—will not be spent on a new program within a new framework but within an existing framework and especially one that already exists in Quebec.

On a more personal point, something was left out, something I myself recommended which was considered for awhile but, unfortunately it was dropped from the recommendations. It is common practice among banks, and I know this from personal experience, that when a business is in trouble or proves to be a bad risk, the lender has the right to have an outside firm go and check the financial status of the business. It does this at the request and for the purposes of the bank, which bills the individual, who is already in trouble, for the expenses incurred.

This means that the borrower is hit with a so-called double whammy: he is already in financial difficulty, and then he gets the bad news when this outside firm comes, not to further his interests but those of the lender, and in the final instance charges a fee that is often quite substantial and may mean the difference between survival or going under altogether.

(1250)

I had suggested that responsibilities be at least shared if they could not be completely assumed by the lending institution. This was under consideration for a while, but it does not appear as a recommendation in the final report. Personally I deplore it.

In concluding, I would say that we must always keep in mind that when we talk about small and medium sized businesses, in Canada, we are talking about 900,000 small organizations, a

good third of which are located in Quebec; this is more than just a number, it is something we should never lose track of. Small and medium-sized businesses are our hope for the future. If they flourish, the economy in Canada and in Quebec will benefit. If they vegetate, so will our economy. I hope that the report will help improve the situation as a whole.

I would like to point out that regional economic development is a provincial jurisdiction to which Quebec is deeply committed. The Canadian government should always keep in mind that, when it deals with regional development, it must be in a supportive role, not as the driving force.

[English]

Mr. Werner Schmidt (Okanagan Centre, Ref.): Mr. Speaker, it is a pleasure for me to participate in the debate this afternoon.

It has been a privilege to work on this committee. It was my first experience as a member to work on a standing committee of the House of Commons. It was an exciting experience and a particularly intense learning experience as we were exposed to procedural matters. The substance of the committee was very significant and required a lot of learning. It was a good experience in terms of co-operation among members as well. It showed beyond doubt that things can be made to happen if people want them to take place.

This afternoon I want to focus on three things. First, why is it necessary to take care of small business? Second, what are some of the major elements affecting small business in the economic and changing social environment that we are going to face? Third, how will some of the recommendations in the report help small business survive today and be prepared to meet the challenges of tomorrow? It is within that context we can well look at the report as setting some pretty good foundational types of statements for the future.

Why is it necessary to take care of small business? Small business creates jobs. Eighty per cent to eight-five per cent of the new jobs created in Canada were created by small business. It is also the engine of economic recovery. I can give some examples from Kelowna. It has been described by many as the best place to live in Canada.

What is the economy of Kelowna? It is small business. I can give some specific examples. Western Star Trucks recently won the Canada export award. In terms of the context of General Motors and Chrysler it is a very small operation. Kelowna Flightcraft recently got the contract for Purolator and is distributing parcels and mail all over the world. Riverside Forest Products supplies plywood and lumber products internationally and nationally. Then there are literally hundreds of small, often mom and pop shop operations that make up the basis of the economy of Kelowna. Some of them are on the cutting edge of new technology.

Government Orders

Take for example Brenda Mines which had to close its mine just up from Peachland and is now using technology that was developed in that mining operation and travelling all around the world, centred in Kelowna. These specialists are going into South American and other countries helping these people to develop their mining operations.

Northern Airborne Technology supplies much of the internal electronics found in helicopters today. The very same small businesses are providing a very interesting transition between the old economy and the new economy. We have a truck that runs on today's highways and yet is using computer technology in terms of the way the trucks communicate with one another and a whole system of record keeping is right on the truck as it moves across the continent.

(1255)

Let us now look briefly at the environment within which these small businesses today and tomorrow will operate. Our society is in transition. The farmer has become an agribusiness person with specialized knowledge and skill in the agricultural business. Blue collar industrial workers are becoming auxiliary employees in many instances and yet they leave a very significant legacy that affects all of us. With them came unions, with them came middle income salaries without the need for extensive post-secondary education, and with them came strong political power.

Today a new workforce is emerging. That new workforce is the knowledge worker. This workforce will be highly educated and manually skilled. The transition from the predominantly blue collar workforce to the new knowledge worker will require a change of attitude, beliefs and values on the part of every member of society. Education will become the centre of that society. World economic competitiveness will rely on our ability to acquire and apply knowledge. Productivity of the knowledge worker will become the economic challenge of society and productivity of the non-knowledge worker will become the social challenge of the knowledge workforce.

To many of us these are new ideas with significant consequences. Small business will play a significant role in the new economy because small business represents the creativity and ideas of the entrepreneur.

Let us take the establishment and growth of Microsoft as an example. In the beginning it was an idea. Today it is a multimillion dollar corporation that remains on the leading edge of technology. It is particularly significant that Bill Gates, the man who pursued the idea of the Microsoft company, is rumoured to have recently purchased the ideas of Leonardo da Vinci. That is very interesting: greatness then, greatness now; two men, two big ideas, each in their own way changed the world they lived in,

the world we live in and the world that is going to be facing our children and grandchildren.

Once farmers ploughed with horses, and today farmers drive tractors with electronic sensors to monitor temperature bearings, they talk to their home base via electronic telephone from pressurized cabs, listening to quadraphonic music played on CDs. Internal combustion engines have computerized fuel injection systems. Making things is often now the function of robots that do not get tired and seldom vary in terms of quality; all ideas, all knowledge, all had their roots in small business.

Ideas are the key. Some of the characteristics of the new economy will require new ideas if our economy, our society and our small businesses are to benefit. We must recognize that the new economy is knowledge based and that means that production will be the application of knowledge and that requires not one time learning but continuous learning. It relies on highly specialized people.

That new economy is also global in scope. Knowledge knows no boundaries. It is portable and can be applied almost anywhere that people live. It is independent of race, age, sex, culture and religion.

The new economy also affects and impacts the old economy. Whether we live in the new economy or the old economy we will still need food, clothing and shelter. This new economy also requires its own infrastructure, for example satellites, fibre optic cable communication systems and so on.

It will significantly affect our workforce. Training and education will become central. Increasingly we will rely on a voucher system of financing education by individuals. Private and public institutions will be proliferating. Industry will take a far larger role in the training and education of its people and continuous learning will be the hallmark. That learning will often be modular in terms of programming and in terms of times when it is delivered or partaken of. Productivity and quality will both be measured in terms of the availability and efficiency of the application of knowledge.

(1300)

Another point that needs to be put in here is that the ownership of the means of production will shift and will be redefined. It will gradually move into the hands of the workers.

For many of us we know that this has already happened and is happening right now. Pensions, for example, own increasingly large proportions of the equity of businesses and through deferred income very many workers are now owning significant sections of the means of production.

There has also been a shift in sectoral development. Sectors that were once the driving force of our economy are no longer as important as they once were. Auto, steel, petroleum and housing industries are still important. We still need them but they have

been replaced as significant sectors by semiconductors and computers.

Health and medicare, communications and telecommunications and instrumentations are the new sectors that drive the economy. They are the new engines of today's economy. Today Canada's electronic industry is larger than its pulp and paper industry.

The computer service industry in Canada employs more people than the auto industry. More people in British Columbia work in communications and in telecommunications than in the entire forest industry. More people in Ontario are employed in business services than in the construction industry.

More Quebecois work in health and medical care than in construction, textiles, clothing, furniture, auto, forest and mining industries combined. We are in the midst of significant industrial changes and whether by sheer will or by circumstance, we are making the transition from the old economy to the new and small business is the key.

Why is it necessary to take care of small business? Knowledge workers are the ones who will establish small businesses. Small businesses will provide the flexibility for knowledge workers to develop their ideas.

Adaptation to the new economy will require change. Small businesses are much more likely to change than are large ones. Why? There are fewer people involved. There are not as many interrelated parts. Co-ordination and planning are much easier. Learning can take part at one's own speed rather than having to wait for someone else to catch up.

Change can be much faster. The concept stage to the idea stage to the planning stage to the implementation stage can happen with one person. There is no board of directors to persuade. There is no senior manager to convince. There is no petty company politics and there are no petty jealousies. Change is easier and faster.

The rate of change will become a major factor in order to maintain our competitive advantage if that is the situation in the future and it will be. The small business person also owns the knowledge. Take for instance a software company and the means of production, the computer.

The farmer knows how to farm. He owns the land and the machines. The small businessman needs money to get established in the first place and then to do the operation that is necessary in terms of hiring the right people and in building the buildings that are necessary in a manufacturing operation. They need money for expansion.

Government Orders

There are some serious difficulties with access to capital. One of these is excessive taxation both in terms of payroll taxes and in particular capital gains taxes. Financial institutions, especially banks, stand in the way because they are so large and slow to change.

Remember, one of the big things we are going to have to do is change quickly and to do so successfully. They are often untrained in personnel and not knowledgeable about the knowledge based industries. There are some notable exceptions but by and large they understand only hard assets. They do not know how to value what is between the specialist's ears.

Concentration of financial powers in the banking community in particular is also a resister, a very serious one. In Canada we have eliminated the four financial pillars. We used to have banks, trust companies, insurance companies, brokerage or investment dealers, four distinct financial pillars. Banks now function in all four areas. It has reduced competition among these sectors. It has reduced the efficiency because the size problem makes change difficult and slow.

(1305)

Of even more significance is that because of their concentration these institutions now determine policy, a policy that is first of all in their best interest and not necessarily in the interest of the general public. Governments are unduly influenced by that. It is a very serious consideration that has to be examined.

The report does not deal with this thing but it is one thing that is very significant and the omission should be recognized. It is really significant that we look at some of the key recommendations now and how they will tie in and help small businesses and clear the way for them to do the things that have to be done.

I would like to pay particular attention here to the community based venture capital companies that exist in some areas. There are a number of people who had advocated these. Larry Zepf is the chairman of Canada's technology triangle alliance, Kitchener—Waterloo, Guelph and Cambridge. This is a pilot project that looks like it is going to do a lot of good things in getting venture capital going. Mr. Doyle cited Austin, Texas, as a good example of how local venture capital companies can work.

In that city which is about the same size as Ottawa technology jobs since 1981 increased from 10,000 to 30,000, a 300 per cent increase since 1981. During that same period in Ottawa the number of technology workers increased from 22,000 to 25,000, a 13.6 per cent increase. That is all. Who is running the show here? Who is at the leading edge?

There are some interesting things happening in Quebec. Let me quote the senior executive vice-president of the national bank: "With regard to start-up capital the route we prefer is to channel our resources through the many regional or sectorial

Government Orders

risk capital corporations that exist in Quebec". We would do well to listen to these community establishments.

Gordon Sharwood, referring to a study by the Canadian Chamber of Commerce, states community investment banks to assist local entrepreneurs to assess risk and capital and apply that capital are the things that we should be advocating in the future.

Another recommendation that comes out of the report has to do with the reporting of statistics to make sure that we get a reflection of how well the banks are serving the needs of the small business person. The new statistics should be reported quarterly and indicate the size, type of loan, the nature of the borrower, including gender and employment, the number of people in the business, their sales volume, major sector of operation and so on. One or more of these banks should report quarterly to the industry committee.

Another key recommendation is code of conduct. I do not know whether we have ever had of such a thing as a code of conduct for the banks. They tell us that they have one. When it comes to calling them to account, we wonder where that code of conduct went. The recommendation says clearly that a code of conduct shall be developed and that there should be an independent, self-financing position of ombudsman to make sure that the banks do live up to the code of conduct that has been set.

In order for Canadians, business workers, citizens, all of us, to receive the maximum benefit from the present economy and to be prepared for the new economy we will require a new attitude for government. First, the government should get out of the way of entrepreneurs; second, set clear guidelines that establish level playing fields for every one; and, third, prevent the concentration of power by preventing the establishment of huge combines and abuses of trust.

Another is the development of a new culture and attitude on the part of each Canadian saying that government does government and business does business. Neither one should try to do what the other one should be doing.

(1310)

Specifically I would suggest that the role of government is to establish and maintain a culture that rewards entrepreneurship, innovation and research, and ensures a level, competitive and honest marketplace. To do so it should emphasize achieving first an attitude of spending by government that does not exceed revenues and results in a balanced budget over a three-year period beginning now; second, less interference in the marketplace by getting out of business; third, by repositioning and renewing government resources to maximize efficiency at re-

duced costs; and, fourth, a commitment to no further tax increases for Canadians.

We also need a new relationship among businesses, business networking where businesses learn to work together in new ways to help one another while maintaining a competitive edge and a co-operation among businesses to help assess risk in terms of getting new capital and negotiating interest rates with banks and other financial institutions. This report is called taking care of small business. The truth is small business is creativity. Small business is ideas and if government gets out of the way small business will take care of itself and us. I urge the minister to act immediately to implement the recommendations in the report.

Mr. Dennis J. Mills (Parliamentary Secretary to Minister of Industry, Lib.): Mr. Speaker, I have a short question for the member for Okanagan Centre.

Sitting on that committee with him over the last nine months was a real privilege. The member provided great insight and was passionate in his concern for small and medium sized business. He in large measure was one of the reasons why we virtually presented a unanimous report to the House. It is something the people of Canada really wanted, the first ever challenge to the banks of Canada coming forward in a unified way.

My question to the member is one of clarification. Members of the Reform Party say they do not want the government to interfere in business or to get involved in business. Many of the recommendations in the report would mean that we would have to reopen the Bank Act and would in effect mean that we as legislators were giving new direction to the financial institutions. Surely the member is not advocating that we walk away from giving that kind of advice to banks.

Mr. Schmidt: Mr. Speaker, I really appreciate the kind comments from the parliamentary secretary. I guess this becomes a mutual admiration society at certain stages because it was pleasant working together.

With regard to the involvement of government in business, the key point is that government should not do business but should provide the kind of leadership and parameters within which businesses can operate and where they can be in competition with other businesses so that the marketplace can operate and costs can be reduced and that all of us will benefit.

It seems to me that money left in the hands of the entrepreneur, the individual Canadian citizen, will be far more effectively spent than \$1 put in the hands of a politician. It is in that sense that we make the point.

Business people are far more effective in making business decisions than government is about making business decisions. Government should provide the legislation, a level playing field that allows the business person to operate. That becomes the key

Government Orders

and I am sure the hon. parliamentary secretary recognizes that is an appropriate role for government and business. They should not be mixed up like this. They should be separate.

(1315)

Mr. Alex Shepherd (Durham, Lib.): Mr. Speaker, I also was very happy to have worked on this committee with my hon. colleague. Could he clarify for me one comment in his very good and very well presented speech? He talked about his concerns with concentration in our economy. Since we focused a lot of our time on the banking sector I am assuming that is one of the specific areas of our economy to which he is referring.

As we know, a high concentration of chartered banks basically control the banking sector. Has he some specific proposals regarding how to break the banks down into smaller units? What are his ideas?

Mr. Schmidt: Mr. Speaker, the question is an extremely cogent one and one that will require more study than I am prepared to give it in the next two or three minutes. The fact remains that the elimination of the four pillars that I mentioned in my speech where we had a separate and distinct function for trust companies, for insurance companies, for investment dealers and for banks was a useful distinction.

Now that the banks are doing all of these things we have this concentration of power. Somehow there has to be either more competition outside the banking field so this can happen, or the whole idea of concentration within the banks needs to be re-examined. I would suggest the Bank Act has to be reopened, as would certain other legislation. It would be a very useful exercise for the House to get involved in that type of activity.

Mr. Dennis J. Mills (Parliamentary Secretary to Minister of Industry, Lib.): Mr. Speaker, I am very excited about participating in the debate. It is something I felt very strongly about in opposition, as did the whole party.

As most Canadians will remember, the Prime Minister made a commitment even before the red book was published. During the last election campaign he made a commitment in the press gallery across the street that his would be a government that for the first time ever would challenge the financial institutions in the country to become much more sensitive to the small businessmen and women who are employing right now close to 80 per cent of the nation's workforce.

I put a little emphasis on women because it is not just the language that is changing. The facts are also changing by the contribution that women are making in terms of owner operated small businesses today, not just in our economy but throughout North America.

I was reading not too long ago in *Fortune* magazine that women owned or operated businesses in the United States employed more Americans than all the Fortune 500 companies combined. That thrust of women participating in the entrepreneurial sector, the small business sector of our economy, is no less a dominant factor in Canada. It is very important that all of us recognize that, especially the banks of Canada.

After we were elected the first order of business with the industry committee is living up to that commitment. I must compliment the members of the opposition, the member for Trois-Rivières, and the earlier mentioned member for Okanagan Centre from the Reform Party. Without the unified spirit and desire to really make this committee work, I do not believe we would have the report we have before us today.

(1320)

Mr. Speaker, you have been around here for a long time. I have not been around as long as you have, but I do know for a fact it is very rare that a committee report has such a unanimous spirit about it.

A second very rare thing is that there are no copies of the report left. We had to order a reprint. It shows the keen interest that all members of Parliament have in looking out for the small businessmen and women in every constituency across the country. We have all said repeatedly that the small business community represents the greatest hope for putting Canadians back to work.

Last week was our recess week and I had the privilege of having lunch with a former parliamentarian, a former minister of the crown, Paul Hellyer. He has just finished publishing a book entitled *Funny Money*, a common sense alternative to mainline economics. As I read the book on the weekend I noticed there is just one page of his description of the attitude of banks toward small business. For the benefit of the House I would like to read a short excerpt from the book *Funny Money* by Paul Hellyer.

Nothing irritates me quite as fast as a bank spokesperson saying, in response to the suggestion that they make more money available to small business, "We have to act as guardians of our depositors' money." Such fatuous double-speak! What they are really saying is that we, and we alone, will decide for whom we will create loans and we prefer governments, brokers and big business because that way we can make more money for less work. If they were only concerned about the safety of existing deposits they would have been less cavalier in making loans to Third World governments, large real estate developers and the leveraged-buyout monopoly players. It was the banks' greed, rather than their prudence as guardians of their depositors' money, which ruled the day.

If the whole idea of creating new money is to facilitate the creation of new wealth in the form of increased output, then the entire addition to the money stock should be directed to that purpose. In effect new loans should be made for either investment or consumption because they are the two sides of the same coin! I cannot remember a market for anything that some enterprising entrepreneur didn't try to capitalize on. But if, as in the Great Depression and in one or two recent recessions, existing capacity exceeds demand, entrepreneurs are unlikely to line up for loans to create additional

Government Orders

redundant capacity. So consumption, which creates income and savings for others, and investment are Siamese twins which cannot be separated.

It is the small businesses, which create the most jobs and increased output, that have the most difficulty getting bank financing. In the Spring of 1994, Helen Sinclair, president of the Canadian Bankers Association, cited one of the best known excuses. She admitted that banks have a problem in their relationship with small business but defended their caution by pointing out that federal government statistics show 50 percent of all small businesses don't make it past their fifth birthday. That may be so but an equally interesting and important statistic would be the percentage which failed because their bank took away the safety net just as they jumped off the highwire. As I mentioned earlier, I have never known an entrepreneur, myself included, whose bank didn't try to put them out of business at one stage or another of their development. It would be in the country's interest if a certain proportion of new loans had to be made to small business with limited or no collateral where the investors, as a condition, were willing to risk their own savings. Character assessment might be part of the consideration. It is one which appears to have been pretty well disregarded in recent decades.

Having considered that, the bank should be prepared to lose and write off some proportion of the small loans each year. It should satisfy their irresistible urge to gamble if they were to gamble on people who want to build real products and provide real services for a change.

(1325)

I recommend the book that Mr. Hellyer put together. It is extremely appropriate when we are debating the recommendations of this report.

The report in question is a very significant signal from the government, and supported by the opposition parties. Less than a month after it was tabled, we are having an all day debate on it. We realize it is a non-votable motion but it is very important because it is the Prime Minister, the cabinet, the government sending a signal that they are truly committed to the work that all members are doing in trying to get the small business community going.

Therefore Canadians have to ask ourselves what is in the report that is going to change the attitude that banks will have toward small business. I would like to begin by sharing with the House and Canadians that starting with recommendation number one in the report the attitude of banks will change.

The first recommendation is that the committee proposes to continue monitoring small businesses' access to capital by calling one or more banks as witnesses every quarter to review their performance in lending to small business.

I can tell the House that never ever in our history have we had a committee complete a report and then institute a recommendation whereby a sitting standing committee of the House agrees that at every quarter it will continue to do the very work that it was doing in the first six months.

What does it mean? It means that probably in February, because the report was tabled last month, the committee members will sit around and say: "Okay, what three or four banks do you think we should invite first to come before the standing committee to talk about the new products, the new services and the performance that they have given to small and medium size business?"

We are certainly not going to let them know in advance because obviously that would not be fair. What we will do is put them all on notice. There are many financial institutions in this country of course. Some might want to come right away. We cannot do that so we will randomly pull three or four and they will come before the committee and report. By reporting to us they are in fact reporting to all the people in Canada. At that time hopefully they will be proud of the accomplishment they have pulled off just since the report has been tabled.

However, it does not stop there. The second recommendation in the report has to do with the reporting structure. Most Canadians do not realize it but the current situation for banks reporting to the Superintendent of Financial Institutions is very haphazard. In other words, one bank will classify a small business loan as anything under \$500,000. Another bank will say a small business loan is anything under \$1 million. Another one will say it is everything under \$500,000 plus whatever mortgages it loans that small business.

The point is there is no standardized reporting structure. It means we do not have a handle on exactly what is going on with the small business portfolios of all the financial institutions in Canada.

I must say that recommendation number two is a very tough recommendation. I am sure that the banks will find it very frustrating to live up to this one. This is what it is. The committee recommends that the Superintendent of Financial Institutions, together with Statistics Canada and the Bank of Canada, develop a new format for the collection, compilation and publication of statistics on bank lending to small business.

(1330)

These statistics should be based not only on the size and type of loan but also on the nature of the borrower, including gender, according to employment, sales, major sector of operations and—key word here—by municipality. These statistics should be reported quarterly. That seems self-explanatory but one might ask why by municipality is important. Many members of Parliament brought to our attention that they felt their municipalities were not being serviced by the banks.

There might be a remote region of our country where lots of people are putting money on deposit but the bank might not be putting it back into the community. Recommendation number

Government Orders

two will allow members of Parliament to call the superintendent of financial institutions and say that they want to look at the banking activity in the municipalities located in their ridings.

If all of a sudden it is discovered that a bank is doing well with the loans it is putting back into the small business community in the riding, we can let the bank know it is doing a good job. If other banks are only taking out deposits and not putting anything into the municipality, we can also write nice letters asking: "What about our ridings? What about our municipality? The deposits you are taking out of here are pretty large. Why can you not put some back into the small business community?"

I believe recommendation number two is going to have a profound effect. Everyone knows that the thing banks fear most, believe it or not, is not government regulation. The thing they fear most is competition. Banks cannot stand competition. Never mind the schedule III stuff, we will get to that, but just competition among themselves.

If you put the scanner on banks in your municipality and you see that two or three of them are a way up there in their contributions but a couple of them are not doing anything, that does not look good to the depositors and the customers who provide their lifeblood and their viability.

I am really confident that the recommendation which was unanimously accepted will go a long way in stimulating the small business community. There are many other recommendations in this report I would like to deal with.

I would like to deal with the concern the industry critic, the Bloc member from Trois-Rivières, stated in his address. The member talked about his concern of this government's commitment to the Federal Business Development Bank which the committee recommended should be changed to the small business bank of Canada.

None of us supported the condition that exists currently in the FBDB. Most of us believe that the Federal Business Development Bank needs to rethink its policy approach. It has to be much more contemporary. It should look at new instruments to get more financial support, not by going to the public treasury but possibly by looking at the issuance of preference shares which would not have an adverse effect on the treasury of Canada.

However we believe that the small business bank of Canada, if we could rename it that, could act like a supercharger in terms of creating more interest in that field. In other words it would go back to bringing attention to what it was designed for. It was primarily designed to be there when the other financial institutions were not supporting small and medium sized businessmen and women.

(1335)

We looked at one of the best banking systems in Canada, the Caisse populaire Desjardins. The people from Desjardins came before our committee. They have a fabulous system. We do not have such a system in Ontario but I wish we did. We are run by the paper pushing towers of Bay Street. That is the problem we have in Ontario. We do not have a Desjardins movement. Many of us thought that through redesigning and retrofitting the Federal Business Development Bank we could create a much more aggressive and grassroots approach to banking.

Bloc members should not think this is part of a referendum strategy. It is a genuine approach to making sure that we have more instruments in getting access to capital for small business. I jokingly said to Bloc members that maybe we would set up a couple of hundred branches of the small business bank of Canada in Quebec to accelerate the federal presence in the province of Quebec. I was only kidding when I said that so the member should not think that is part of our design. We merely want to make sure that this bank becomes much more contemporary and much more aggressive in dealing with small businessmen and women.

I will end my remarks by saying that the Prime Minister and the Minister of Industry have led the way for all of us in the House in making sure that small business becomes a front burner sector in terms of policy making. They have also made sure that this issue is put on the front burner in terms of implementing change in legislation quickly.

I hope that the tone of today's debate can continue. The more constructive we are in making the recommended amendments that are needed to the Bank Act, the quicker we can get on with making sure we create that environment the member for Okanagan Centre described which will cause the entrepreneurial spirit to flourish once again in this country.

[Translation]

Mr. Yves Rocheleau (Trois-Rivières, BQ): Mr. Speaker, I have a question for the Parliamentary Secretary to the Minister of Industry. Concerning the name change from Federal Business Development Bank to Small Business Bank of Canada, I would say that the principle of helping small business may be worthwhile, but we consider that this would restrict the bank unduly. And quite frankly, we object to the expression "of Canada", which we consider inopportune and a bit too pre-referendum to our taste.

I would like to ask the hon. member whether he believes that the report deals fairly, sufficiently and adequately with the concept of a new economy, considering that, as he will recall, the committee was seeking to limit the application of the act, while the opposition fought that notion and argued that any restriction should be imposed only after a cost-benefit analysis

Government Orders

of the pros and cons? As regards the new economy and the guarantees to be given to the lender which make the lender insecure, should we examine such issues? Does the hon. member believe that the committee has done anything for the advancement of science in that field so that the movers of the new economy will be better served?

[*English*]

Mr. Mills (Broadview—Greenwood): Mr. Speaker, I realize that the member for Trois Rivières is talking about the Small Businesses Loans Act. We all agree that the Small Businesses Loans Act has done a terrific job. When in opposition many of us proposed amendments. I have to say that the Conservative government of the day, believe it or not, listened to some of our amendments and the Small Businesses Loans Act is working right now.

(1340)

The problem of course is with the government float of \$4 billion put on that Small Businesses Loans Act. Right now it seems the float program has been so successful that the float is tapped. Therefore the member from the Bloc is asking whether or not I would recommend that we expand the float. This decision of course is ultimately the responsibility of the Minister of Finance.

I say to members opposite that I do not share the pessimism on the loan loss on the Small Businesses Loans Act. I think the loan loss will be much lower than the pessimists predict. The pessimists predict it is going to cost the treasury about \$100 million. I do not share that pessimism. The economy is coming back. No doubt there will be some loan loss but I think it will be considerably lower. Of course that spin about the loan loss provision is causing people to get nervous about the float. In fairness the committee said that we would look at it in the next 60 to 90 days.

A far more aggressive thing for us to do is to make sure that the banks start picking up some of that slack in the small business area which the Small Businesses Loans Act picked up over the last year and a half. In other words now that the banks realize the Small Businesses Loans Act did its job and they have had time to rethink they can pick up the slack. As the member for Spadina has often mentioned in committee and in the House, and Mr. Hellyer supports his view, we should give some specific targets for loans to small business. If we started pushing the idea that a percentage of the portfolio in the banks should go toward small business then maybe we would not need to augment the float under the Small Businesses Loans Act.

Mr. Ian McClelland (Edmonton Southwest, Ref.): Mr. Speaker, I read with great interest the industry committee's report on small business. In my view there is one very glaring omission and that is the tax base on small business and businesses at large. I wonder if the member for Broadview—Green-

wood would care to spend a few minutes talking about what could be done to encourage business through the tax base.

Mr. Mills (Broadview—Greenwood): Mr. Speaker, that of course is a glaring omission in the report. There should have been some recommendation as to how this government should look at tax reform for small business but that was not our mandate.

I am confident that over the next 60 days this House of Commons will look at comprehensive tax reform in a very serious way. We are all getting signals that defending the status quo is no longer the right option or the right path to take.

The Reform opposition has the view which I happen to share that it is time the country had a single tax system, 20 per cent across the board. Small business would not pay anything on the first \$50,000 which would go to reduce paper burden and a lot of other things.

I hope we can have that debate because I think the whole country is ready for it. However that was not the mandate of the committee, but stand by.

(1345)

[*Translation*]

Mr. Gaston Leroux (Richmond—Wolfe, BQ): Mr. Speaker, I am pleased to speak to government motion No. 16 on the Second Report of the Standing Committee on Industry, for two important reasons.

Primarily, first of all, there is regional development. There is all the energy, efforts and action with respect to regional development in Quebec, and I am speaking about true regional development that will reach all the administrative regions in Quebec, not just the major centres or the large cities, but the furthest reaches of all administrative regions.

This is an exercise that has been going on in Quebec since 1984. It is a major exercise in defining regional development in the regions, and a series of framework agreements are now being signed, region by region, with respect to economic development.

I would simply like to tell my government colleagues across the way that regional development is Quebec's business and that it is in order to avoid duplication, in order to increase the efficiency of actions and investments in regional development that all the members of the Bloc Québécois, the official opposition, are simply asking that the federal government withdraw from regional development in Quebec.

"The Bloc Québécois Members of Parliament on the Standing Committee on Industry are of the opinion that the Government of Quebec is in the best position to recognize the financing requirements of SMEs, and to develop and implement programs". So reads the first sentence in the dissenting report by the Bloc Québécois members of Parliament on the Standing Committee on Industry, of which I am a member, studying access to financing for SMEs.

Government Orders

I therefore propose to take this opportunity to speak to government motion No. 16 in order to broaden the debate and thus express the dissent of the Bloc Québécois, which continues and which is linked to the federal government's overall approach to regional development in Quebec.

The Bloc Québécois is opposed to the interference of the federal government in regional development for two very specific reasons. First, because the federal government, instead of eliminating regional disparities, only made them worse, while precipitating the disintegration of peripheral regions, as its action was limited to central regions.

Let us be quite clear. I mentioned earlier that regional development in Quebec concerned all remote areas, and not central ones such as major cities. One master agreement after another is being signed with the Quebec government respecting the economic development of all areas. But such federal initiative has traditionally been limited to major urban centers and has literally caused the disintegration of peripheral regions, that is to say those regions outside of major urban centers.

Second, federal government initiatives within Quebec have been synonymous with the duplication of organizations. And my hon. colleagues know it full well. We all know of overlapping responsibilities and instances of horizontal and vertical duplication. They have been identified and the government even indicated it was prepared to eliminate this overlap and duplication in public administrations which are basically mismanaged since public funds are being squandered over various structures that serve essentially the same function. In time, this adds up, as we have seen, to billions of dollars and we end up today with a major deficit in the federal budget.

As for the disintegration of peripheral regions, I want to make something quite clear to our colleagues opposite. Since 1974, with the Liberals in power at the federal level, regional development was generally funded under federal-provincial agreements to which subsidiary agreements were added, as you know.

(1350)

All these agreements covering the decade from 1974 to 1984—these were 10-year contracts—totalled \$1.8 billion, 26 per cent of which was earmarked for the greater Montreal region and 4 per cent for Quebec City. This means that 30 per cent of the total budget for this first set of so-called regional development agreements went to central regions. This first Canada-Quebec umbrella agreement for 1974-84 followed on the 1970 report by Higgins, Martin and Rénaud, which had been ordered in 1969, as you will surely recall, by the federal Department of Regional Economic Expansion, DREE, for the purpose of directing the federal government's activities for economic development in

Quebec. So it meant a doubling of federal involvement in economic development in Quebec.

This report concluded that Quebec's economic weakness was due to the weakness of its only major centre, Montreal. As a result, the federal government's active involvement in Quebec in the 1970s set the tone for its approach to Quebec and did considerable harm to the Quebec government's regional development policies. The federal government sees a whole region or province as the focus of its regional development efforts. The federal government does not consider the geographic and demographic regions that make up a province.

From 1972 to 1984, regional development focused on certain growth centres. That was the approach. The way to a better distribution of wealth involved industrial solutions concentrated in urban areas. The policies adopted were disastrous for the outlying regions since the urban centres went a different way and it aggravated the rural crisis by draining workers, resources and capital.

I will explain the prime example which concerns the allocation of the budget and the corrective action that can be taken.

A second umbrella agreement was signed in 1984, in effect extending the first one for ten years. Knowing full well that outlying regions are breaking down, they renewed a \$1.7 billion agreement for this period, allocating 36 per cent of the budget to Greater Montreal and 10 per cent to Quebec City. Between 1984 and 1994, the federal government increased its involvement in central regions to the detriment of outlying regions.

On the subject of regional development, it is important to respect the extraordinary dynamics between small and medium-sized businesses, municipalities and all stakeholders in the areas of education and health to organize a region in such a way as to prevent an exodus of our young people. This situation—the exodus of our young people and the aging of our population—is one that the hon. member is experiencing in his own region and that is also being experienced in other regions of Canada.

The subsidiary agreements that make up this second Canada-Quebec agreement, such as the regional and economic development agreement signed in 1988, confirm the existing structural inequalities. Businesses are allowed to set up shop in and develop central regions where they will find a concentration of people, a market. For some businesses, it is better to be based in a densely-populated area with a market of 2 million people than to move to an outlying region.

As we are fully aware, small and medium-sized businesses have different distribution systems for their products. Exporting businesses, in particular, can be based outside major centres, since they can ship their exports by road or other types of transportation allowing them to set up shop elsewhere.

S. O. 31

Quebec regions are in an advanced state of disintegration. The demographic weakening of outlying regions is symptomatic of the state of degradation in several regions. The population of outlying regions continues to decline dramatically, especially in rural areas, thus compromising the settlement and viability of these regions. You are aware that people in every region fight to keep plants, small businesses, schools and even whole villages from closing.

(1355)

This legislation tabled by the new Liberal government to establish the Department of Industry is patterned on the centralizing principle which has always prevailed within that party, in that it provides the same rigid and heavily centralized structures, as well as national standards for the whole territory.

We will still have an across-the-board policy applying to all of the very large Canadian territory, regardless of the particular situation in the various regions.

Take a look at how program services and business services are split within the regional operations branch of the department. It says very clearly—and the member who tabled this motion should listen—in the development program of the Department of Industry, under the heading “Regional Offices”, that: “This component establishes a general framework designed to promote excellence and competitiveness in every region of the country. Regional offices participate in the development of policies designed to promote the fulfilment of national objectives”. We are back to square one, because these are precisely the national objectives which ruined remote regions in Quebec.

By integrating the federal offices of regional development and transforming them into service centres for Canadian businesses, the Liberal government creates a single window to provide information on federal, provincial and municipal programs and services in Quebec, with the objective of—

[English]

Mr. Mills (Broadview—Greenwood): Mr. Speaker, I rise on a point of order. I listened carefully for the last 10 minutes to the member from the Bloc. We are on Motion No. 16 which talks about the industry report taking care of small business. We are halfway through the member's remarks and so far we have not had anything that is relevant to the message of that report.

Some hon. members: Hear, hear.

The Speaker: Hon. members have me at a bit of a disadvantage. I just came into the chair. It surely is not a point of order.

[Translation]

As there are a few minutes left, the hon. member could carry on now and continue after question period, since he will have some time left.

Mr. Leroux (Richmond—Wolfe): Mr. Speaker, I understand that it hurts when we discuss regional development and refer specifically to small businesses in remote regions. This is what I am talking about. This is related to the motion tabled. It hurts the hon. member, but he is depriving me of some of the time allotted to me.

The Speaker: Order! I can assure the hon. member that he will be able to use all the time to which he is entitled.

[English]

It being 2 p.m., pursuant to Standing Order 30(5) the House will now proceed to Statements by Members pursuant to Standing Order 31.

STATEMENTS BY MEMBERS

[English]

FEDERAL ELECTION

Mrs. Brenda Chamberlain (Guelph—Wellington, Lib.): Mr. Speaker, in the past few weeks we have acknowledged the anniversary of the last federal election. We must never forget the volunteers who worked on the behalf of all candidates and all political parties throughout the election.

My campaign manager, Alex MacCrae, worked very hard on my behalf. His caring and enthusiasm always supported me and provided encouragement to the volunteers who knocked on doors, delivered brochures, telephoned and did all of the work associated with elections.

All of us are here today because of individuals who worked with endless energy on our behalf. Volunteers represent all ages and come from every background in order to elect their candidate. Whether we are elected or not we are all winners because of these people who are often strangers to us and who believe in us and in what we do.

* * *

[Translation]

VETERANS

Mr. Bernard Deshaies (Abitibi, BQ): Mr. Speaker, I have just returned from a trip to Belgium and the Netherlands organized by the Department of Veteran Affairs as part of the Canada Remembers Program.

In connection with Remembrance Day, I wish to draw the attention of this House to the respect and gratitude expressed by the people of Belgium and the Netherlands at the various ceremonies I attended, which were held to commemorate the fiftieth anniversary of the liberation of their country by Canadian soldiers in October and November, 1944.

The Bloc Quebecois is proud to take part in events of this kind and, in so doing, ensure we will never forget the Quebecers and Canadians who gave their lives to defend and liberate these countries from the Nazi yoke.

May the memory of their supreme sacrifice help us avoid further armed conflicts and renew our attempts at reconciliation and peace.

* * *

[English]

SUNSHINE VILLAGE

Mrs. Jan Brown (Calgary Southeast, Ref.): Mr. Speaker, today marks the final day for which a court appeal can be launched against the Goat's Eye project at Sunshine Village ski resort. This project was approved in 1992 subject to endorsement by the Environment Assessment Review Panel, which was given.

In September 1993 Parks Canada and Sunshine executed a construction project agreement and a \$100,000 bond was issued by Sunshine Village. In November a court injunction was sought by outside environmental groups to prevent further development. In January 1994 the Minister of Canadian Heritage halted development at Sunshine and requested the project be referred to a FEARO panel.

Sunshine Village then launched Federal Court action to enforce its contractual rights with Parks Canada. On October 13, 1994, the Federal Court of Canada ruled in favour of Sunshine Village, given that the environmental assessment provided for sensitive management of the ecosystem during construction.

On behalf of all Canadians who in good faith conduct legitimate business with the Government of Canada, I urge the Minister of Canadian Heritage not to launch an appeal against the Federal Court of Canada's earlier decision.

* * *

DONALD GREEN AND LEAH BEDDOME

Mrs. Marlene Cowling (Dauphin—Swan River, Lib.): Mr. Speaker, I rise today to recognize the accomplishments of two outstanding young people from rural Manitoba, Donald Green and Leah Beddome. Donald and Leah were among the 16 national winners of the Farm Credit Corporation's 4-H scholarship awards program. I am proud to note that Leah is from Rapid City in my riding of Dauphin—Swan River.

This is the first year of the program which has been established to assist rural youth and future Canadian farmers. The winners were selected based on essays submitted on one of three agricultural topics. For their efforts Leah and Donald each

S. O. 31

receive a \$1,000 scholarship to pursue post-secondary education.

Leah and Donald are to be commended for their interest in and commitment to agriculture and rural Canada. I ask all members of the House to join with me in saluting the achievements of these young leaders of tomorrow.

* * *

DR. RUSTY MCDONALD

Mr. John Finlay (Oxford, Lib.): Mr. Speaker, I want to congratulate a resident of Oxford who was honoured with a distinguished award yesterday. My friend, Dr. Rusty McDonald, was inducted into the Canadian Agricultural Hall of Fame for his pioneering work and many years of service in the artificial insemination industry.

Dr. McDonald spearheaded developments in Oxford with the Oxford Holstein breeders AI unit and as general manager of the Western Ontario Breeders Inc. from which he retired in 1988.

Rusty graduated from the University of Guelph and received the Alumnus of Honour Award from that institution in 1979. Since his retirement Dr. McDonald has been executive director of the Canadian Association of Animal Breeders.

His nomination to the Canadian Agricultural Hall of Fame is in recognition of his leadership role in the development of research and policies which have guided the artificial insemination industry.

On behalf of all hon. members I congratulate Dr. McDonald.

* * *

VETERANS

Ms. Susan Whelan (Essex—Windsor, Lib.): Mr. Speaker, it was 50 years ago that Canadian soldiers of the second world war fought to liberate Belgium and bring peace to Europe.

Between October 1 and November 8, 1944, 6,367 Canadians were killed or wounded in the Battle of the Scheldt. From October 24 to November 7 of this year 60 Canadian veterans returned to Belgium and the Netherlands to attend commemorative services as part of the Canada Remembers Program. Over 38 events were held including a ceremony at Bergen—Op—Zoom, a parade at the Hickman Bridge and a church service in Knokke.

One overwhelming theme which rang through at each town and cemetery was the enormous admiration and respect the people of Belgium and the Netherlands have for our Canadian veterans.

1994 also commemorates the 80th anniversary of the beginning of World War I. Remembrance services were held at Vimy and Beaumont—Hamel to honour those who served in the first world war.

S. O. 31

I ask all members to join with me and the Secretary of State for Veterans in remembering all Canadians who fought on behalf of our country. We ask you to salute the veterans who participated in the commemorative services for the Battle of the Scheldt.

* * *

(1405)

[Translation]

SOCIAL HOUSING

Mr. Jean-Paul Marchand (Québec-Est, BQ): Mr. Speaker, social housing in this country is at risk. Tenants in social housing are faced with unprecedented threats from the federal government. In Canada, 1,200,000 households urgently need accommodation. However, the Liberal government has made cuts in social housing, leaving the neediest and tenants in sub-standard housing to fend for themselves. This government is spreading confusion and despair.

The Liberal government's failure to act and its withdrawal from social housing, as well as the planned 20 per cent increase in rental fees, will have serious consequences for low-income families. This Liberal government is even worse than the previous government. It is oblivious to poverty.

* * *

[English]

NATIONAL DEFENCE

Mr. John Duncan (North Island—Powell River, Ref.): Mr. Speaker, on Thursday of last week Bosanquet township workers were ditching Outer Drive which is their road boundary with Camp Ipperwash, owned by the Department of National Defence. This work was being done to remove illegal access, to prevent suspicious activities at Camp Ipperwash and to remove access for public safety because of possible unexploded ordnances on site.

Shots were fired close to the workers who removed themselves from the area. The OPP and RCMP have no jurisdiction within the camp. The township wants the Minister of National Defence to give this problem his highest priority. Two or three days of military presence will allow both parties to dig up illegal access roads while still maintaining the four legal access points.

Will the minister please give this issue his attention while it is a simple issue and before it escalates?

* * *

BST

Mr. John Richardson (Perth—Wellington—Waterloo, Lib.): Mr. Speaker, recently I held my third town hall meeting in

my riding. One of the concerns that was discussed at each meeting was the introduction of BST, bovine somatotropin.

I wonder if all members of the House are aware of what BST is and the effect it has on dairy cows. BST is a hormone that is injected into cows at regular intervals to increase their milk production. Normal dairy cows remain in full production for seven to nine years. However, BST injected cows have to be taken out of production after only two years. In addition, these animals are covered with red sores and in the end there is nothing left but skin and bones.

I share the concerns of dairy farmers in my riding who oppose artificial stimulation of cows and the resulting emaciation of these animals that is caused by the repeated injection of BST.

I call on all members of this House to encourage discussion on this issue. Milk is a natural, pure food and I believe that this image should be maintained in Canada.

* * *

ARMED FORCES

Mr. Gar Knutson (Elgin—Norfolk, Lib.): Mr. Speaker, traditionally nations have defined security by the size of their armies. However, the Liberal red book states: "A Liberal government will adopt a broader definition of national and international security, encompassing such goals as sustainable development, global economic prosperity, capable defence and the eradication of poverty and social inequality".

What this resolution is truly about is the need for Canada to look at the evolution of its security needs. Less and less we see the armed forces as a military combatant. More and more the armed forces must be viewed as a useful resource in times of public emergency, disaster and participation in international peacekeeping efforts.

The United Nations Security Council has stated that while the instability of the cold war is over, the non-military sources of instability, economic, social and humanitarian have become greater threats to peace and security.

Our armed forces have shown themselves adept at flexibility in the past. I encourage the minister of defence and this House to reflect on the need to evolve the Canadian forces further.

* * *

FISHERIES

Hon. Roger Simmons (Burin—St. George's, Lib.): Mr. Speaker, Canada and France have just successfully concluded a new fisheries agreement which, as it turns out, is a good deal for Canada, for Newfoundland, particularly for the Burin Peninsula, and for the town of Grand Bank especially. It gives south coast Newfoundland fishermen secure access for at least 10 years to lucrative scallops in French waters and it provides a stable

management regime to prevent the kind of overfishing by the French that we saw in the late 1980s.

It secures more than 100 jobs in the town of Grand Bank alone at a very difficult time, given the disastrous unemployment rate and the loss of the Hibernia work recently. It is not the answer to every woe, but it does put an end to a long festering conflict between the two countries and does mark the beginning of an era of co-operation between France and Canada on fisheries as well as on aquaculture, tourism, environmental protection and transportation.

I congratulate my friends, the secretary of state for fisheries and the minister of fisheries on bringing this about.

* * *

(1410)

[Translation]

INTERNATIONAL TRADE

Mr. Bernard St-Laurent (Manicouagan, BQ): Mr. Speaker, it is becoming more and more obvious that Team Canada's trade mission in Asia is a vast propaganda effort. The people of Quebec and Canada are led to believe that this mission has generated billions of dollars in contracts for Canada and Quebec businesses.

But the reality is altogether different. Many of these contracts were signed ages ago and Team Canada's mission has nothing to do with securing them. One example of this is the agreement in principle between Bombardier and Power Corporation signed last April.

But there is worse. Several pseudo-contracts rest on nothing but agreements in principle and letters of intent. There are actually three times fewer firm contracts than the government claims, with its far-fetched figures.

As Confucius would say: "A rolling bicycle gathers no moss".

* * *

[English]

PENTICTON INDIAN BAND

Mr. Jim Hart (Okanagan—Similkameen—Merritt, Ref.): Mr. Speaker, I bring to the attention of the House a very serious situation. For the past two weeks the Penticton Indian band has blocked access to the Apex mountain ski resort in my riding. This is just the latest in a series of roadblocks by the band since 1990. Each time it happens a major source of winter employment is further crippled by the flames of conflict that are fanned on both sides.

S. O. 31

We need a lasting solution to the underlying historic problems in this situation if we are to prevent a conflict such as we witnessed at Oka. For two weeks I have repeatedly tried to contact the minister of Indian affairs to discuss with him the concerns of my constituents, both native and non-native. To date he has not seen fit to respond, while with each passing day the crisis edges toward irreconcilable conflict. I challenge the minister to be a help rather than a hindrance in this situation. His inaction will only make a resolution more difficult.

I call upon him to help bring the parties together and to be part of the solution rather than a part of the problem.

* * *

ABORIGINAL VETERANS

Mr. Len Taylor (The Battlefords—Meadow Lake, NDP): Mr. Speaker, I rise today to pay tribute to aboriginal veterans.

On Friday, November 11, at eleven o'clock in the morning, I attended a Remembrance Day ceremony hosted by the Poundmaker Cree First Nation in honour of all aboriginal veterans. It unveiled a special memorial cairn and laid wreaths following a Remembrance Day service.

I congratulate the people of Poundmaker for taking this initiative. At the same time I take this opportunity to remind the people of Canada of the great contribution aboriginal people made to Canada's armed forces and their participation in World War I, World War II and the Korean conflict.

I also remind the federal government that aboriginal veterans have grievances that have not yet been acknowledged by the Department of Veterans Affairs.

I hope that before next Remembrance Day these grievances are properly and adequately addressed.

* * *

PULP AND PAPER AGREEMENT

Mrs. Anna Terrana (Vancouver East, Lib.): Mr. Speaker, the federal government entered into an administrative agreement on pulp and paper with the province of British Columbia.

Through this agreement, co-signed by the B.C. minister of environment, lands and parks, the federal regulations under the Fisheries Act and the Canadian Environmental Protection Act will be administered in harmony with British Columbia's laws on liquid effluents from pulp and paper mills. It is an important example of this government's commitment to harmonizing its efforts with all provinces and territories to improve Canada's environment.

This is a win, win, win arrangement. Taxpayers win by having a more streamlined government. Management and pulp and paper workers win by having streamlined reporting and other procedures. The environment wins by having policies and procedures that are strong and consistent.

Oral Questions

This agreement also meets an important objective of the Canada—British Columbia action plan on improving the efficiency of the federation.

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[Translation]

ST. LAWRENCE RIVER

Mr. Nick Discepola (Vaudreuil, Lib.): Mr. Speaker, more than two thirds of the population of Quebec live along the St. Lawrence River and, for this reason alone, more should be known about this river. That is why we have undertaken in the St. Lawrence Action Plan, Vision 2000, to develop information tools on the St. Lawrence River intended for the general public.

(1415)

I am pleased to announce that three new pages of the St. Lawrence environmental atlas have been published, describing the river's shores, environment and inhabitants in an easy to understand presentation.

These atlas pages deal particularly with the St. Lawrence at the heart of the inhabited area (population and shore occupation), its many and varied habitats (saline and freshwater ecosystems) as well as the shapes and dynamics of the St. Lawrence shores from soft embankments to scarped shorelines. These pages were presented at the 29th congress of the science teachers' association of Quebec, held from October 13 to 15 in Montreal.

ORAL QUESTION PERIOD

[Translation]

COLLÈGE MILITAIRE ROYAL DE SAINT-JEAN

Hon. Lucien Bouchard (Leader of the Opposition, BQ): Mr. Speaker, last week, the Minister of Intergovernmental Affairs received a proposal from the new government of Quebec that improved last July's agreement in principle for maintaining the military college in Saint-Jean.

The minister rejected Quebec's offer of a major financial contribution out of hand, on the pretext that it was provincial interference in federal jurisdiction. The cat is finally out of the bag, since according to the minister, the purpose, as Ottawa now admits, is to demilitarize the college in Saint-Jean.

How can the minister have the nerve to claim that the Quebec government is responsible for closing the military college in Saint-Jean when it was his government, in its first budget, which decided to close it?

Hon. Marcel Massé (President of the Queen's Privy Council for Canada, Minister of Intergovernmental Affairs and Minister responsible for Public Service Renewal, Lib.): Mr. Speaker, to answer the Leader of the Opposition in the same

terms, how can he have the nerve to ask us who is closing the college, when we have had an agreement since mid-July ensuring the survival of the college in Saint-Jean, but which the Government of Quebec does not want to implement? The Government of Quebec refuses to implement an agreement signed by the former government and it is the Government of Quebec which must bear the blame for closing it if it is closed.

Hon. Lucien Bouchard (Leader of the Opposition, BQ): Mr. Speaker, let us return to the facts. The college in Saint-Jean is a military college; the government decided to close the military college and make it into a shell of a college, a sort of language school.

In light of the rejection of Quebec's proposal, I ask the minister if we are to understand that the decision to close the military college in Saint-Jean is not budgetary, as claimed, but rather political; is it not based on the desire to exclude Quebec and its institutions from the training of French speaking officers in the Canadian Forces?

Hon. Marcel Massé (President of the Queen's Privy Council for Canada, Minister of Intergovernmental Affairs and Minister responsible for Public Service Renewal, Lib.): Mr. Speaker, what the Leader of the Opposition is insinuating is entirely incorrect. Under the agreement signed on July 19, there would still be 100 officer cadets in Saint-Jean, as well as a language course. Yes, military training has been concentrated in Kingston because as the army downsizes, we no longer need three military colleges; one is enough.

The reason the Quebec government wants to keep military courses in Saint-Jean, as Louise Beaudoin indicated, is that it wants to prepare to have its own army for when Quebec is independent.

Hon. Lucien Bouchard (Leader of the Opposition, BQ): Mr. Speaker, this does not show much consideration for all the generations of French-speaking officers who were brilliantly trained in Saint-Jean, had a great military career and are now being told that officers can no longer be trained in Quebec because it is a separatist province.

I ask the minister if, in his letter of November 9 to his Quebec counterpart, he suggested that only the military college in Kingston is able to promote "the values appropriate to the Canadian Armed Forces". How, except for the fact that it is in Quebec, is the military college in Saint-Jean unable to meet the requirements of the Canadian forces?

Hon. Marcel Massé (President of the Queen's Privy Council for Canada, Minister of Intergovernmental Affairs and Minister responsible for Public Service Renewal, Lib.): Mr. Speaker, the college in Saint-Jean has had a great and illustrious career. Even though more than 75 per cent of French speaking officers in the armed forces were trained outside Saint-Jean,

Oral Questions

there is no doubt that the college in Saint-Jean played an extremely useful role in training French speaking officers.

But it so happens that the size of the armed forces is being reduced considerably. We only need to educate about 200 cadets a year and we will educate them and give them just as good an education as they would get in Saint-Jean in the military college in Kingston, where Canadian forces personnel will be brought together to be educated.

(1420)

We no longer need three colleges; we need only one and that is just what we will do in Kingston.

Mr. Michel Gauthier (Roberval, BQ): Mr. Speaker, in a last-ditch effort to save the college in Saint-Jean, the Quebec government offered \$8 million a year, enough for this institution to run properly, while meeting the federal government's cost-cutting targets. The Minister of Intergovernmental Affairs rejected this offer from Quebec out of hand.

Can the minister of Canadian intergovernmental affairs tell us if the federal government seriously analyzed the budgetary impact of the Quebec government's offer to spend \$8 million a year to run the college in Saint-Jean before it hurriedly rejected it?

Hon. Marcel Massé (President of the Queen's Privy Council for Canada, Minister of Intergovernmental Affairs and Minister responsible for Public Service Renewal, Lib.): Mr. Speaker, the future of the college in Saint-Jean has been studied for months, at least since last year's budget. The former government of Quebec and the federal government arrived at a solution that would allow the college in Saint-Jean to remain open with a military presence. That is the agreement that we came to and that we want to maintain.

It is no longer possible to use the college in Saint-Jean for military training, simply because there are not enough military students in Canada. The college in Kingston will provide a bilingual education to all military students in Canada. We only need one college and the officers to be trained in Kingston will undoubtedly receive an education as good as that previously provided at the college in Saint-Jean.

Mr. Michel Gauthier (Roberval, BQ): Mr. Speaker, by referring to last year's studies, the Minister of Intergovernmental Affairs just confirmed that the government did not even bother to review the budgetary impact of the Quebec government's proposal, and that is serious.

How can this minister state that Quebec's proposal does not take into account the federal government's budget requirements, when transferring military training from Saint-Jean to Kingston involves major additional expenditures for building facilities that already exist at the college in Saint-Jean?

Hon. Marcel Massé (President of the Queen's Privy Council for Canada, Minister of Intergovernmental Affairs and Minister responsible for Public Service Renewal, Lib.): Mr. Speaker, the Government of Canada estimates that it will save about \$23 million a year—and not \$8 million—by closing the military college in Saint-Jean and that transferring the Saint-Jean students represents only a fraction of the money we will save in the long run.

There is no doubt that, as far as the Canadian Forces and Canadian military training are concerned, concentrating our military training in Kingston is a better solution. We also offered Quebec \$25 million over five years so that the college in Saint-Jean could remain open. That is the acceptable solution, one that will allow the college in Saint-Jean to remain open, and that we want the Quebec government to honour because it signed an agreement to that effect.

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[English]

IMMIGRATION AND REFUGEE BOARD

Mr. Art Hanger (Calgary Northeast, Ref.): Mr. Speaker, the immigration minister released confidential names and testimony to his embattled appointee to the IRB, Michael Schelew. These were names of people who had accused Schelew of intimidation and wrongdoing but gave testimony under the promise of confidentiality.

My office consulted with the privacy commission and was told that the minister's actions are grounds for a complaint under the Privacy Act. The minister released to someone accused of intimidation the names of his accusers before any discovery was made.

How can the minister of immigration possibly justify this gross contravention of the Privacy Act?

Hon. Sergio Marchi (Minister of Citizenship and Immigration, Lib.): Mr. Speaker, throughout the process I took great care in terms of not releasing or disclosing those names. Once the chair made her report available to me, my counsel wrote a letter to the deputy chair asking for his response to that report and the appropriateness of the recommendation.

It was then on the advice of the justice department that those names be disclosed to the deputy chair's counsel so that individual may respond in kind.

(1425)

At the same time the IRB was advised of that and subsequently advised those individuals. It was on the advice of the justice department. The justice lawyer communicated those names to the counsel for the deputy chair. Our officials have also been in touch with the same privacy commissioner.

Oral Questions

Mr. Art Hanger (Calgary Northeast, Ref.): Mr. Speaker, I find it remarkable that an investigation could go on in this fashion and yet there be influence against a witness who may pose as a potential witness in a future investigation or a court hearing.

This weekend Schelew called two of the people and actually went to the home of another person who had filed complaints against them, like an accused calling on the victims for a little chat before a trial.

The minister has repeatedly said that the IRB is at arm's length and that he does not have any influence over it. Will the minister admit that he has exercised influence by improperly releasing confidential information in an attempt to bolster the defence of appointee Michael Schelew?

Hon. Sergio Marchi (Minister of Citizenship and Immigration, Lib.): Mr. Speaker, I reject that completely out of hand. I repeat for the hon. member that the names were disclosed to the counsel of Mr. Schelew on the advice of the justice department in response to my request for the deputy chair to respond to the report of the chair and the appropriateness of the recommendation and that the IRB members in question were advised immediately by the IRB.

Second, with respect to the report made by the chair to me, I take that report as well as the response by the deputy chair very seriously. I also say to the member that it is very extensive, particularly the report. My office received the response late Thursday. I had a chance to look at it for the very first time only on late Friday evening. We are taking the matter very seriously and I would suspect that the member would not want me to speculate until a decision has been rendered which will be done in the right way.

Mr. Art Hanger (Calgary Northeast, Ref.): Mr. Speaker, this minister clearly thinks he is above the law. The minister has not violated—

Some hon. members: Oh, oh.

The Speaker: I would ask the hon. member to put his question, please.

Mr. Hanger: Mr. Speaker, the minister has not only violated the Privacy Act but also basic justice. We are talking about an investigation here and witnesses.

As a former police officer if I were to release information to an accused in a crime of those people who were accusing me or an individual before any charges were laid that would cost me my job and probably there would be criminal charges against me.

Recently in Ontario two ministers—

The Speaker: I would ask the hon. member to put his question now, please.

Mr. Hanger: Mr. Speaker, will this minister admit that he has made a gross and inexcusable violation similar to those ministers in Ontario who had to resign and consider doing the same?

Hon. Sergio Marchi (Minister of Citizenship and Immigration, Lib.): Mr. Speaker, I ask the member to put the entire situation in proper context.

I first received five names from a media outlet. Upon receiving those names I wrote the chair of the board to have her look into the allegations made by these five individuals. In my letter to her I explicitly left out the names. I phoned her and verbalized the names. She did the same in her report.

Subsequent to that I asked through my counsel at justice that the deputy chair be seized with the chair's report and respond to the appropriateness of the recommendation. Following that the counsel to the deputy chair asked the counsel at the Department of Justice for the names in order that that individual may defend himself.

(1430)

Only after advice from the Department of Justice was the advice that we had to give those names to the lawyer of the deputy chair. Nothing has been compromised. No one is above the law. This minister and this government have followed the process flawlessly.

* * *

[Translation]

INTERNATIONAL TRADE

Mr. Stéphane Bergeron (Verchères, BQ): Mr. Speaker, my question is for the Minister of Foreign Affairs.

Team Canada's trip to China gradually became a political show where investments totalling billions of dollars are announced when, in fact, these figures are arrived at by adding contracts signed a long time ago with mere letters of intent regarding eventual contracts, as in the case of the CANDU reactors. In fact, the communique released in Beijing by the Canadian government states that the federal government is not responsible for the accuracy of information relating to investments or to the value of contracts.

Will the Minister of Foreign Affairs admit that the Team Canada mission is essentially a political show, since most of the contracts announced are either only letters of intent or were known long before that trip, and that the government itself refuses to endorse the figures released?

Hon. André Ouellet (Minister of Foreign Affairs, Lib.): Mr. Speaker, our political opponents are obviously very bitter following the extraordinary success of the mission led by the Prime Minister.

Some hon. members: Hear, hear.

Oral Questions

Mr. Ouellet: I am aware of the bitter reaction of minister Landry and I am disappointed to see the opposition member adopt the same attitude. The fact is that Team Canada, which is led by the Prime Minister and includes nine premiers as well as some 300 business people, made an extremely successful trip to China which is unprecedented. Chancellor Kohl made a visit which resulted in contracts totalling some four billion dollars for Germany; a trip by the US trade representative, Mr. Brown, resulted in business deals of some \$5.2 billion. Yet, the total figure for these two missions is not even as high as the amount of the contracts obtained by the group led by the Canadian Prime Minister.

In other words, this is an extremely successful trip and, instead of minimizing its results, our opponents should be pleased because this will mean jobs for Canada and particularly for several Quebec ridings.

Mr. Stéphane Bergeron (Verchères, BQ): Mr. Speaker, if the minister stands by what he just said, how can he explain the fact that the \$800-million contract for Dominion Bridge, which was hailed as one of the major achievements of that mission, was not signed during Team Canada's trip to China but last June?

Hon. André Ouellet (Minister of Foreign Affairs, Lib.): Mr. Speaker, the chairman of that company thanked the Prime Minister for putting the final touch to a contract which was taking time to finalize.

Our friends in opposition should realize that, ultimately, several contracts being negotiated can only be finalized and approved through a final political decision. Meetings between high-level political representatives help finalize contracts for which negotiations often drag on for too long.

I can assure the hon. member that, with this visit, the Prime Minister was able to help many Canadian businesspeople, including some from Quebec who had the courtesy of joining Team Canada to China. This initiative helped finalize and sign contracts which will translate into thousands of Canadian jobs in the months to come.

* * *

(1435)

[*English*]

IMMIGRATION AND REFUGEE BOARD

Mr. Philip Mayfield (Cariboo—Chilcotin, Ref.): Mr. Speaker, my question is for the Minister of Citizenship and Immigration.

The minister has shown a fondness in the past for stating with much bravado that he is in charge. He is fond of telling us that the buck stops with him.

Now we learn that his office has broken the confidence of members of the Immigration and Refugee board and filed complaints against suspended deputy chief Michael Schelew by releasing their names to Mr. Schelew. This is a clear violation of section 29(a) of the Privacy Act which states that confidential information may not be released for any purpose other than that for which it was collected.

The fact remains that provisions of the Privacy Act were broken. Did the justice department advise the minister to break this act? If not, will the minister tell the House specifically what the advice was that he was given by the justice department?

Hon. Sergio Marchi (Minister of Citizenship and Immigration, Lib.): Mr. Speaker, I responded to his colleague in the first round of questioning.

I repeat once again that there was caution throughout the process of not releasing or disclosing any such names to the point where I chose not to write those names to the chair in asking quite appropriately for her to review the allegations that were made by these individuals. When she wrote me the letter attaching the report, she made reference to the fact that if those names were to be disclosed to me that I would make those names available.

When the deputy chair was asked to respond to the report and the appropriateness of the recommendation, it was at that point that advice came from the Department of Justice that in preparation for that response the names had to be given to the counsel to the deputy chair so that he could fairly and appropriately respond. At the very same time when that advice came in and was followed those members of the IRB were advised that this action was to take place.

The government has followed the process flawlessly. There has been no attempt to hide or hijack anything. In fact it is clear that the minister in asking the chair to look into it does not want anything hidden.

We followed the process appropriately. We will be rendering a decision based on the recommendation of the chair very soon. To speculate needlessly on other elements would not help the judicial process that we are following.

Mr. Philip Mayfield (Cariboo—Chilcotin, Ref.): Mr. Speaker, my supplemental is also for the Minister of Citizenship and Immigration.

When the Al Mashat affair took place three years ago, it was clearly stated by the current Minister of Human Resources Development in the House on June 12, 1991 that a government minister is required to protect the anonymity of individuals and to decline to publicly identify them.

What is offensive is that members of the IRB have been brought to light in a way that they should not have been. The Minister of Citizenship and Immigration has not only broken section 29(a)—

Oral Questions

The Speaker: My colleagues, I would ask if you both could make the questions and answers a little shorter. I ask the hon. member to please put his question forthwith.

Mr. Mayfield: Mr. Speaker, will the minister now concede that he is responsible for this gross injustice and for further compromising the integrity of his department? Will he take charge to remedy the serious damage that he has caused within his department?

Hon. Sergio Marchi (Minister of Citizenship and Immigration, Lib.): Mr. Speaker, I repeat once again that no one is undermining any process. In fact I was given the names by a media outlet. I have not made any names public. It was on the advice of the Department of Justice counsel that for the deputy chair to appropriately and fairly respond to those allegations contained in the report that his counsel disclose the names of those individuals who made those allegations.

Therefore it was the counsel in the Department of Justice in connection with the counsel to the deputy chair that those names were disclosed. The process has been followed.

* * *

(1440)

[Translation]

HUMAN RIGHTS

Mr. Bernard Deshaies (Abitibi, BQ): Mr. Speaker, my question is directed to the Minister of Foreign Affairs.

During his trip to China, the Prime Minister avoided any public reference to the question of human rights violations in that country. He said he raised the matter privately. However, the Chinese Prime Minister said that the Prime Minister of Canada made no reference to human rights.

How does the Minister of Foreign Affairs account for this obvious contradiction between what was said by the Prime Minister of Canada and by his Chinese counterpart?

Hon. André Ouellet (Minister of Foreign Affairs, Lib.): Mr. Speaker, I think that everyone who attended these discussions in China can testify that the Prime Minister raised the matter with his counterpart. He took a very practical approach, considering the situation in that country.

We were very pleased that the Chinese authorities accepted a number of suggestions by the Prime Minister of Canada for exchanges of judges, lawyers and judicial representatives, to give the Chinese authorities a chance to become better acquainted with the Canadian system, use it as an example and, in the process, advance the cause of human rights in their country, over time.

Mr. Bernard Deshaies (Abitibi, BQ): Mr. Speaker, would the Minister of Foreign Affairs agree that this excuse of allegedly raising the matter of human rights in private will cause Canada to lose all international credibility in this respect?

Hon. André Ouellet (Minister of Foreign Affairs, Lib.): Mr. Speaker, on the contrary, I think that the way Canada approached the matter could well be used as an example by a number of other countries who have to deal with China, especially since the results are very encouraging. In this respect, I believe the dialogue that was engaged is a respectful dialogue, but it is nevertheless a dialogue that may lead to some major results.

* * *

[English]

IMMIGRATION AND REFUGEE BOARD

Mr. Ken Epp (Elk Island, Ref.): Mr. Speaker, my question is for the Prime Minister.

Considering the problems the Minister of Canadian Heritage has had recently and considering these new problems of the Minister of Citizenship and Immigration, it would appear the Prime Minister needs to assure Canadians that these serious allegations against his ministers are unfounded. The Prime Minister or the ministers saying that they did nothing wrong is not reassuring.

Will the Prime Minister launch a public inquiry to investigate what appears to be a breach of the insider information section of the conflict of interest code by the Minister of Citizenship and Immigration?

Hon. Herb Gray (Leader of the Government in the House of Commons and Solicitor General of Canada, Lib.): Mr. Speaker, the Minister of Citizenship and Immigration has given a full and complete answer. It is very clear the hon. member has forgotten one of the basic principles of Canadian and British justice, that someone who has been accused has a right to know his accusers and what they say in order to make an answer to those charges.

Mr. Ken Epp (Elk Island, Ref.): Mr. Speaker, it appears this minister has contravened the Privacy Act and he has also contravened the conflict of interest code. He claims now that he was advised to break the law by the justice department. We need some clarification. Canadians need clarification.

Will the Prime Minister direct both the privacy commissioner and the ethics counsellor to conduct independent, full investigations into the action of this minister and make those findings public immediately?

Hon. Herb Gray (Leader of the Government in the House of Commons and Solicitor General of Canada, Lib.): Mr. Speaker, with all due respect to the hon. member there is nothing in the allegations or in his question that justifies the course of

action he mentions. The Minister of Citizenship and Immigration has given a complete explanation for his actions and they show there has been no illegality, contrary to the insinuation of the hon. member.

* * *

[Translation]

MIL DAVIE SHIPYARD

Mr. Michel Guimond (Beauport—Montmorency—Orléans, BQ): Mr. Speaker, for several months now, the MIL Davie shipyard in Lauzon has been waiting for the federal government to make a decision on building a new ferry to serve the Magdalen Islands.

(1445)

While more and more workers are being laid off, MIL Davie is waiting to be awarded this vital contract so it can ensure its short-term survival and undertake its conversion program.

My question is for the Minister of Industry, who is responsible for this matter. Does the minister confirm that his government is about to buy a used ferry rather than have a new one built in Lauzon, thus making it impossible for the MIL Davie shipyard to restructure and ensure its survival?

[English]

Hon. John Manley (Minister of Industry, Lib.): Mr. Speaker, the assumption that the only basis of MIL Davie's survival would be the acquisition of a ferry is a rather poorly founded assumption.

If the member were to review the proposed business plan, which I must say has yet to be approved by the principal shareholder of MIL Davie, the Government of Quebec, that business plan has yet to be approved. Furthermore, the business plan is based on many more components than the acquisition of a single vessel.

[Translation]

Mr. Michel Guimond (Beauport—Montmorency—Orléans, BQ): Mr. Speaker, does the government realize that by buying a used ferry, it will deliberately bring about the final closing of MIL Davie, thus eliminating a competitor of Saint John Shipbuilding in New Brunswick, the home province of the Minister of Transport?

[English]

Hon. John Manley (Minister of Industry, Lib.): Mr. Speaker, I am reminded again that sound and fury often signify nothing. I think that is within the rules.

Some hon. members: Oh, oh.

The Speaker: It reminds me of the Wallendas sometimes.

Oral Questions

Mr. Manley: Mr. Speaker, the Minister of Transport has stated repeatedly in the House that no decision has been taken on any possible replacement for the *Lucy Maud Montgomery*. A number of alternatives are being considered. Taken into account in making that decision will be the needs and the interests of the residents of Îles-de-la-Madeleine who, after all, are ultimately the ones who will be using the service.

With respect to MIL Davie, of course we are very concerned with the future of that shipyard as should be the shareholder, the Government of Quebec.

* * *

JUSTICE

Mrs. Sue Barnes (London West, Lib.): Mr. Speaker, my question is for the Minister of Justice.

The Department of Justice released a discussion paper on the weekend raising the possibility that cultural defences might be permitted to criminal charges. Will the minister clarify just what this might mean if introduced?

Hon. Allan Rock (Minister of Justice and Attorney General of Canada, Lib.): Mr. Speaker, may I begin by emphasizing what this discussion paper was about. We are engaged in a process for the first time in 100 years of reviewing the general part of the Criminal Code to determine whether it should be changed or modernized. In the course of that, this discussion paper raises questions, not public policy but just questions, that are worthy of examination. It does not reflect government policy.

I had hoped that the paper would be drafted to reflect my own perspective. My own personal view is that I am very much opposed to any general defence based on culture. However, it is important, if we are going to have a discussion, that we at least identify a list of questions that have been raised by law reform commissions and by legal journals in the past.

I am especially troubled at the suggestion on the weekend that just raising these questions might create the spectre of justification for female genital mutilation. We have been at pains over the past six months to emphasize that this practice is criminal, will be investigated and will be prosecuted to the full extent of the law where it is detected.

I hope what we have launched on the weekend is an open discussion about fundamental principles of criminal justice. In closing, I say that every reform we have put forward in the House to the criminal law has been to make people more accountable not less accountable.

Mr. Paul E. Forseth (New Westminster—Burnaby, Ref.): Mr. Speaker, over the weekend the Minister of Justice released a discussion paper that outlined possible amendments to the Criminal Code, one being a defence based on cultural or

Oral Questions

religious practices. It would mean that if it was the practice of a religious group to use prohibited drugs, weapons or ritual abuse it could be exempted from the Criminal Code. The minister is definitely flirting with these ideas, or else they would not be contained in his paper.

(1450)

Is the minister prepared to implement such amendments to the Criminal Code that possibly could put Canadians at risk and bring to even further disrepute the criminal justice system?

Hon. Allan Rock (Minister of Justice and Attorney General of Canada, Lib.): Mr. Speaker, as I mentioned in response to the question from my colleague, this discussion paper does not reflect government policy. It is intended only to stimulate a consultation about the fundamental principles of the criminal law.

We hope through this process of reform to put in place a general part of the code that will last another 100 years. However we cannot do that without examining the issues that arise. We have listed this among others. However I want to assure the hon. member that I oppose a general defence based on culture and I will never introduce it so long as I am minister.

Mr. Paul E. Forseth (New Westminster—Burnaby, Ref.): Mr. Speaker, the minister is consulting and delaying. He obviously does not know what to do.

His trial balloon on criminal intoxication would mean that intoxication could be used as a defence because there would be a separate punishment for voluntary intoxication, with consequences of half or less the maximum of the main offence; in other words a drunkenness discount.

Is the minister suggesting that even for something as serious as murder, if someone is intoxicated they could receive only half or less of the regular sentence? Or, will he toughen the Criminal Code rather than opening more escape hatches?

Hon. Allan Rock (Minister of Justice and Attorney General of Canada, Lib.): Mr. Speaker, I know of the hon. member's interest in this subject. We have discussed it. He is as concerned as I am that there be accountability in the criminal law.

I assure the hon. member that the options we are looking at are intended to achieve just that. I am concerned about the way the recent decisions will be interpreted and applied.

When I spoke on Saturday to the criminal lawyers I emphasized that a discount for drunkenness is not acceptable as a matter of principle. We have to find a way to change the law that is constitutional and that gets the job done. That is what we are doing through this discussion process.

*[Translation]***POST-SECONDARY EDUCATION**

Mr. Antoine Dubé (Lévis, BQ): Mr. Speaker, my question is for the Minister of Human Resources Development. Among the series of cuts planned as part of the social programs reform, Ottawa wants to discontinue transfers to the provinces for post-secondary education. The rector of McGill recently announced that, as a result of this reform, the university's tuition fees would climb to \$8,000 a year.

Does the minister agree that his proposal, which will increase student debt substantially, is unacceptable, and will he agree, in the interests of common sense, to go back to the drawing board?

[English]

Hon. Lloyd Axworthy (Minister of Human Resources Development and Minister of Western Economic Diversification, Lib.): Mr. Speaker, if I may be allowed to make two corrections to the hon. member's assertions to begin with.

First, the green paper is only a series of options for discussion. There is no government policy at this point in time.

Second, the assertion that the government is withdrawing funding from higher education is totally false. At the present time the federal government provides over 50 per cent of the funding of higher education. We intend to maintain our commitment. What we have pointed out is that the provinces will receive the same amount, \$6.2 billion, except more will come from tax revenues.

If you can get the provinces to start living up to their responsibilities to ensure that the transfer of money totally goes to higher education, then there would be no problem with tuitions or funding.

In fact what we are proposing is to find ways of adding more money, upward of \$12 billion over the next 10 years, to higher education. That is the truth. Not a reduction but an addition.

[Translation]

Mr. Antoine Dubé (Lévis, BQ): Mr. Speaker, does the minister realize that his stubbornness is confirmation that the Liberals are in the process of denying a university education to thousands of young people?

[English]

Hon. Lloyd Axworthy (Minister of Human Resources Development and Minister of Western Economic Diversification, Lib.): Mr. Speaker, I am just trying to explain to the hon. member that the proposal in the green paper is designed to provide substantial new funding for higher education. In this way we can broaden accessibility for another quarter of a million people to go to college and university. That is the fact.

Oral Questions

That is the truth, not the silly assertion made by the hon. member which is simply designed—

(1455)

The Speaker: The hon. member for Beaver River.

* * *

IMMIGRATION AND REFUGEE BOARD

Miss Deborah Grey (Beaver River, Ref.): Mr. Speaker, as the justice minister knows, names are never to be released until the deposition and discovery stages of an investigation are complete.

Does the justice minister not agree that the names of accusers should never be released until the accused has actually been charged? This has not occurred in the Schelew case. Why?

Hon. Allan Rock (Minister of Justice and Attorney General of Canada, Lib.): Mr. Speaker, the Department of Justice was called on to give legal advice to my colleague, the Minister of Citizenship and Immigration. I can tell the House that the advice we gave was entirely in accordance with the law. Beyond that we are satisfied that the minister acted in accordance with the advice we gave.

Miss Deborah Grey (Beaver River, Ref.): Mr. Speaker, intimidation knows no bounds.

I ask the justice minister again, exactly what legal advice did his department give to the minister of immigration, and why did they sanction this contravention of section 29 of the Privacy Act?

Hon. Allan Rock (Minister of Justice and Attorney General of Canada, Lib.): Mr. Speaker, in the first instance I am not prepared to accept the premise that there was a violation of the statute. Second, it is not the practice of the Department of Justice to disclose publicly the advice that it gives to client departments.

* * *

AGRICULTURE

Mrs. Rose-Marie Ur (Lambton—Middlesex, Lib.): Mr. Speaker, my question is for the Minister of Agriculture and Agri-Food.

Ontario pork producers recently stated they could support a freer trade policy provided that Washington's countervailing duty on live Canadian hogs is dropped and a tough and effective mechanism is put in place to halt incoming U.S. hogs possibly carrying the pseudorabies virus.

Will the Minister of Agriculture and Agri-Food inform the House what measures his department is taking to address the concerns of Ontario pork producers?

Hon. Ralph E. Goodale (Minister of Agriculture and Agri-Food, Lib.): Mr. Speaker, the hon. member has raised two issues in her question, one having to do with the U.S. countervailing duty on live Canadian hogs exported to the United States, and the other relating to the risk of pseudorabies in U.S. hogs imported into Canada.

It is important to note that one is a very serious trade issue and the other is a very serious health of animals issue. Both are important but they should not be linked together.

On the countervailing duty issue the government has worked very closely with the Canada Pork Council and Canada Pork International on a variety of market access and trade issues. We will continue to do so, especially with respect to our fight against that U.S. countervailing duty on Canadian live hogs.

The pseudorabies issue, which I emphasize is a separate issue, is a complex health of animals concern. Evaluation of the information on the potential consequences of imports from the United States is what our department is engaged in at the present time.

We would consider permitting imports only when we can be totally satisfied that our stringent health and safety standards will not in any way be compromised.

* * *

[*Translation*]

PATENT DRUGS

Mrs. Pauline Picard (Drummond, BQ): Mr. Speaker, my question is for the Minister of Health. The minister has not yet made her intentions known regarding the Patent Act, following the statements made by some members of her caucus who want to change the regulations pertaining to Bill C-91 at the expense of brand name pharmaceutical companies.

Can the minister tell us whether she is in favour of the existing legislation remaining unchanged or whether she advocates a change in regulations along the lines of what her Liberal colleagues are calling for?

[*English*]

Hon. John Manley (Minister of Industry, Lib.): Mr. Speaker, the hon. member will be aware that the legislation contains a parliamentary review provision which will come into effect at a stated period of time after the proclamation of the legislation. Undoubtedly the appropriate parliamentary committee will wish to review it at that time.

(1500)

We have also made it clear that in the process of reviewing the impact of the legislation, as we undertook to do, we are looking at all aspects of its impact. In the context of international commitments we will take the action we think is in the best interest of all Canadians.

*Routine Proceedings***THE ECONOMY**

Mr. John Williams (St. Albert, Ref.): Mr. Speaker, our federal debt is \$535 billion and growing. Our total debt, federal and provincial, now exceeds 90 per cent of our gross domestic product and our foreign debt is 44 per cent of our gross domestic product. That is worse than any other leading industrialized country.

Yet we find that the supplementary estimates will show that we are going to spend \$527 million to help other countries reduce their debts. My question to the Minister of Finance is: Can he please justify this expenditure to Canadians when he is telling them they must accept cuts or tax increases because we are so heavily in debt?

Hon. Paul Martin (Minister of Finance and Minister responsible for the Federal Office of Regional Development—Quebec, Lib.): Mr. Speaker, as the hon. member undoubtedly knows, Canada benefits a great deal in terms of our own commercial links from the fact that we do provide aid. At the same time the member undoubtedly knows that the provision of aid certainly to the poorest countries, the poorest of the poor, is a matter of international responsibility. Canada is a member of that club.

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INDIAN AFFAIRS

Hon. Audrey McLaughlin (Yukon, NDP): Mr. Speaker, my question is for the Minister of Indian Affairs and Northern Development. As the minister will know, there are 21 DEW line sites that have toxic and non-toxic waste that need to be cleaned up.

The federal government—I would like to know the minister's position on this—has said that it will bury the debris, which is in contravention of the 1984 Inuvialuit land claims agreement and other land claims agreements with the Inuit. Would the minister please tell the House what his position is on this and whether he supports the appeal of this arbitration decision which has ordered the government to respect these agreements?

Hon. David Collenette (Minister of National Defence and Minister of Veterans Affairs, Lib.): Mr. Speaker, there are many troubling aspects about the leaving of armed forces bases in northern Canada, one of which the hon. member has outlined.

I certainly am troubled by the response that I am getting in terms of it being cheaper to bury this kind of waste in this one instance rather than transport it. I have asked my officials to reconsider the option.

More important, we will be entering into discussions with the United States, with my American counterpart, about DEW Line cleanups, the compensation arising from DEW Line cleanup and

any compensation that should be paid. We will keep the House informed as these negotiations unfold.

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PRESENCE IN GALLERY

The Speaker: I would like to draw to the attention of hon. members the presence in the gallery of a parliamentary delegation from the Republic of Hungary. Isten hozott.

ROUTINE PROCEEDINGS*[English]***GOVERNMENT RESPONSE TO PETITIONS**

Mr. Peter Milliken (Parliamentary Secretary to Leader of the Government in the House of Commons, Lib.): Mr. Speaker, pursuant to Standing Order 36(8), I have the honour to table, in both official languages, the government's response to 27 petitions.

* * *

(1505)

COMMITTEES OF THE HOUSE

CITIZENSHIP AND IMMIGRATION

Mrs. Beryl Gaffney (Nepean, Lib.): Mr. Speaker, I have the honour to present, in both official languages, the third report of the Standing Committee on Citizenship and Immigration in relation to order in council appointments.

* * *

PETITIONS

HUMAN RIGHTS

Mr. Paul Szabo (Mississauga South, Lib.): Mr. Speaker, I rise to present a petition on behalf of a number of residents of the Toronto and Mississauga area.

The petitioners call on the members of Parliament to request that Parliament not amend the Canadian Human Rights Act or the Charter of Rights and Freedoms in any way that would tend to indicate societal approval of same sex relationships or of homosexuality, including amending the Canadian Human Rights Act to include the prohibited grounds of discrimination the undefined phrase sexual orientation.

LIGHT STATIONS

Mr. John Duncan (North Island—Powell River, Ref.): Mr. Speaker, I rise to present a petition signed by 101 individuals, the majority from my riding of North Island—Powell River, calling for a public inquiry into the need for staffed light stations on the west coast.

Safety will be jeopardized by the destaffing of these stations.

GREECE

Mr. Ted McWhinney (Vancouver Quadra, Lib.): Mr. Speaker, I have the pleasure of presenting a petition signed by 1,279 Canadians of Greek ancestry who reside in the greater Vancouver region. They congratulate the Canadian government for its principled stand under international law of continuing full respect to the integrity of Greek territorial frontiers, including Macedonia, as established under the treaties ending the two Balkan wars and under the World War I peace treaties.

YOUTH

Mr. Ronald J. Duhamel (St. Boniface, Lib.): Mr. Speaker, the petitioners want to remind parliamentarians that our young people are our greatest asset and that they face many challenges such as breakdown of the traditional family, additional violence in society. They want parliamentarians to ensure that these young people, young men and women, get the education, training and jobs they require to integrate fully into society in order to create a better country.

YOUNG OFFENDERS

Ms. Paddy Torsney (Burlington, Lib.): Mr. Speaker, I rise with several sets of petitions.

The first set has about 50 names petitioning the government to recognize and address the concerns related to the Young Offenders Act and amend the Criminal Code of Canada.

WITNESS PROTECTION

Ms. Paddy Torsney (Burlington, Lib.): Mr. Speaker, I have also a set of petitions relating to the statutory foundation for witness relocation program. There are about 50 signatures.

STEEL INDUSTRY

Ms. Paddy Torsney (Burlington, Lib.): Mr. Speaker, I also have the honour to present petitions related to the steel accord. Whereas the Canadian steel industry directly provides over 35,000 jobs in the production of primary steel and iron, and in steel pipe and tube, the petition urges the government to support the efforts of Canada's steel industry and specifically to work toward a Canada-U.S. sectoral steel accord which would ensure fair rules and procedure in steel trade. This petition contains several hundred names.

KILLER CARDS

Ms. Paddy Torsney (Burlington, Lib.): Mr. Speaker, the remaining petitions relate to killer cards, calling on the government to ban killer cards and make sure they do not come into the country any longer.

This petition contains several hundred names.

Routine Proceedings

ASSISTED SUICIDE

Mr. Bob Ringma (Nanaimo—Cowichan, Ref.): Mr. Speaker, pursuant to Standing Order 36, I have three duly executed and signed petitions representing the views of some of my constituents that I would like to present to the House.

The first calls on the government to enforce the existing provisions of the Criminal Code prohibiting assisted suicide. It also asks that no changes be made to those provisions that would sanction or allow assisted suicide.

HUMAN RIGHTS

Mr. Bob Ringma (Nanaimo—Cowichan, Ref.): Mr. Speaker, the second petition calls on the government to maintain the status quo with regard to same sex relationships.

ABORTION

Mr. Bob Ringma (Nanaimo—Cowichan, Ref.): Mr. Speaker, the third petition calls on the government to act immediately to extend protection to the unborn child by amending the Criminal Code to extend the same protection enjoyed by born human beings to unborn human beings.

On behalf of these concerned constituents I am pleased to table these petitions in the House.

YOUNG OFFENDERS

Mrs. Beryl Gaffney (Nepean, Lib.): Mr. Speaker, I have a petition bearing about 30 signatures. These people believe that crimes committed against society by young offenders are on a serious rise and young offenders go virtually unpunished due to protection under the Young Offenders Act.

(1510)

These people believe that we should revise our laws concerning young offenders by empowering the courts to prosecute and punish the young law breakers who are terrorizing our society by releasing their names and lowering the age limit to allow prosecution to meet the severity of the crime.

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QUESTIONS ON THE ORDER PAPER

Mr. Peter Milliken (Parliamentary Secretary to Leader of the Government in the House of Commons, Lib.): Mr. Speaker, Question No. 57 will be answered today.

[Text]

Question No. 57—**Mr. Strahl:**

During the last fiscal year, what expenses relating to projects over \$1,000 were unaccounted for by the Canadian International Development Agency; what is the list of projects to which the unaccounted expenses pertained; and what is the explanation for each unaccounted expense?

Hon. André Ouellet (Minister of Foreign Affairs): No projects are left unaccounted for by CIDA.

Government Orders

CIDA's country to country projects are all managed within policies and procedures that ensure CIDA obtains a full accounting for funds paid to executing agencies during the life of projects and at the conclusion of projects.

All CIDA's country to country projects are over \$1,000 and disbursements relating to these projects are made according to the terms and conditions of a contract or contribution agreement signed between CIDA and an executing agent. The terms and conditions also define how and when the executing agent will account for the expenditures pertaining to the project.

Subsequently each invoice, claim or financial report received is verified against the contract or the contribution to ensure it is in compliance with the terms and conditions and is then certified by the manager responsible for the project. In some instances the agency also hires public accounting firms to carry out audits of executing agents to ensure that expenditures submitted for payment are in compliance with the terms and conditions of the contract or contribution agreement and are properly accounted for.

[English]

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STARRED QUESTIONS

Mr. Peter Milliken (Parliamentary Secretary to Leader of the Government in the House of Commons, Lib.): Mr. Speaker, would you be so kind as to call Starred Question No. 78.

I would ask that the answer to this question be printed in *Hansard* as if read due to the length of the answer.

[Text]

*Question No. 78—**Mr. Lalonde:**

With respect to the new projects announced for the current year under the strategic initiatives program, (a) which programs have experienced cuts as a result of the reallocation of funds within the 1994 budget, (b) how much was cut from each program and (c) what is the breakdown of the cuts by province and territory?

Hon. Lloyd Axworthy (Minister of Human Resources Development and Minister of Western Economic Diversification): (a) the employment and insurance program, (b) \$90 million, and (c) the budget impact by province of this redirection cannot be provided as the funds were not directly repatriated from regional allocations.

It is important to note the funds that will be spent in support of these strategic initiatives will, to a large extent, offset the impact on provinces that may have resulted in the creation of this special budget.

In the 1994 federal budget \$800 million was provided over 1995–96 and 1996–97 so that innovative approaches to training and getting people back to work could be tried in co-operation

with the provinces and territories. This government is committed to improving the job opportunities for Canadians and has, in partnership with the provinces and territories, developed strategic initiatives projects which are ready for implementation this fiscal year. This is why funds from existing budgets have been redirected to support the advancement of these important projects.

[English]

Mr. Milliken: I ask that the remaining questions be allowed to stand.

The Deputy Speaker: Shall the remaining questions stand?

Some hon. members: Agreed.

GOVERNMENT ORDERS

[Translation]

STANDING COMMITTEE ON INDUSTRY

The House resumed consideration of the motion.

The Deputy Speaker: The hon. member for Richmond—Wolfe has about five minutes left to conclude his remarks.

Mr. Gaston Leroux (Richmond—Wolfe, BQ): Including the minutes taken up by the hon. member for Broadview—Greenwood, Mr. Speaker?

The Deputy Speaker: We will give Mr. Leroux one minute more, naturally.

Mr. Leroux (Richmond—Wolfe): Mr. Speaker, as we resume this debate, I would like to recap briefly what was said in the first part, which is extremely important and deals with the impact of regional development, and federal involvement in regional development in particular. Let me remind this House, first of all, that, between 1974 and 1984, both sets of economic and regional development agreements commonly called ERDAs have had an extremely negative impact on peripheral regions, that is to say regions outside of major centers that monopolized 46 per cent of the total budget in terms of investments.

I would like to push on a little further with this demonstration, my ultimate goal being to bring the federal government to understand that it must withdraw completely from regional development in Quebec and recognize the province as prime mover with respect to development. To continue with my demonstration, by integrating the regional offices known as FORD-Q with the Department of Industry and turning them into business service centres, the Liberal government is creating a single window for information on federal, provincial and municipal programs and services in Quebec, the sole purpose of

Government Orders

which, in our view, is to emphasize Canadian regional development policies with the catastrophic results that we know, results noted in several studies.

So, as a member of the industry committee, it is my duty to denounce this contempt displayed by the federal government for Quebec's regional development policies. Quebec, the State of Quebec, has had a regional development process for over 40 years, across that is far more effective and better adapted to the needs of fringe regions.

I repeat that today, we have a series of general agreements involving 95 regional municipalities that have done their own strategic development studies in terms of the development of SMEs and industry. These general agreements reflect how important it is to be close to the fringe areas, as opposed to following federal imperatives based on a mythical vision of what industrial development ought to be in Canada.

Speaking as a member of Industry Committee, I support the dissenting opinion of my Bloc colleagues, which includes recommendation No. 20. I support the dissenting opinion, including recommendation No. 20 of this committee which is intended to enable the federal government to interfere with the definition of the objectives and portfolio structure of the assets of the QFL Solidarity Fund. It is entirely unacceptable that the committee should recommend that the federal government interfere with the definition of the objectives and orientation of labour-sponsored venture capital corporations established under provincial legislation.

More about duplication and overlap. The new mission of the Federal Office of Regional Development, which has now been merged with the Department of Industry, is to all intents and purposes that of a service centre for business.

(1515)

However, this is what the Department of Industry has to say about the purpose of the FORD: Taking into account its limited financial resources, it plays a major role by offering SMEs services including information, analyses and strategic assistance. In Quebec we already have the wherewithal to provide such services to SMEs, including exporter SMEs, through the General Secretariat for Foreign Affairs of Quebec, which provides entrepreneurs with information and a very detailed guide that has an excellent reputation among entrepreneurs active on international markets.

In fact, legislation passed in Quebec in 1979, the Act respecting land use planning and development, which created regional municipalities, the so-called MRCs, provided the structure for such services. With a council in each of the 95 MRCs, economic development corporations and industrial commissioners, it was possible to start a development process involving interaction between the SMEs and all the various regions and microregions.

According to a study by Marc-Urbain Proulx, an expert on economic development in Quebec, in a market economy whose many weaknesses are compensated for by more concerted action by authorities at all three levels of government, development plans for MRCs in Quebec are mainly aimed at integrating a variety of activities.

What causes duplication, overlap and poor management of funds is the failure to recognize existing structures. In this context, a parallel network of 13 regional offices, or FORD-Qs, in Quebec is unjustified, constitutes duplication of services and is basically squandering public funds. This is an example, among existing direct assistance to small business and direct funding support to small and medium-sized businesses. Liberal members from Quebec should advise their colleagues of the existence of such a major development and financial assistance structure for small and medium-sized businesses at the regional level, and I am coming to this.

Quebec has its own regional development secretariat under the responsibility of a minister of state for regional development. This House must realize that there is no reason for federal involvement in regional development. Federal involvement complicates greatly government intervention to help small and medium-sized businesses. Regional development boards have been in existence for over 30 years and, with tools such as regional initiatives funds and business assistance funds—our suggestion is not off the wall; it is the same kind of instrument—these boards provide direct assistance to small business.

The development secretariats I referred to earlier can also assist small business with tools such as local initiatives funds and decentralized job creation funds. In the field, other stakeholders actively support small and medium-sized businesses. Take the Solidarity Fund, the industrial development corporation and the regional investment corporation for example. Note the smooth industrial development in the Sherbrooke area, where small and medium-sized businesses from nine municipalities have trade relations and agreements with the United States, particularly the northeastern states, including the city of Hartford, have access to markets and prosper.

To conclude, out of solidarity with the Quebec government and state and in support of the initiative of the Quebec minister of state for regional development, the Bloc Québécois asks that the Liberal government withdraw from regional development and transfer to Quebec the federal regional development envelope.

Mr. Patrick Gagnon (Parliamentary Secretary to Solicitor General of Canada, Lib.): Mr. Speaker, again, they would have us believe that the federal government is doing absolutely nothing in the regions. When I hear the opposition's demagoguery, I find that it hurts our ears to hear the member opposite say that the Federal Office of Regional Development has done nothing, the Federal Business Development Bank has done nothing, the Prime Minister of Canada, who is now in China, has done

Government Orders

nothing for regional economic development and especially to advance social and economic development in Quebec.

(1520)

As a member from the rural hinterland of Quebec, I can tell you, Mr. Speaker, and I find it regrettable that the opposition fails to mention it in their propaganda, that there is a serious lack of co-ordination and co-operation among various provincial bodies involved in small-business development.

People in Quebec, and especially in the regions, have denounced the Caisse populaire Desjardins, which has over \$500 million, for not lending enough to small-business people in the regions. One would say that the opposition is taking an urban point of view which does not reflect the socio-economic reality of the regions. For example, they do not realize the major investments we have made in important enterprises in the regions, including in forestry. Take the Eastern Quebec Development Plan, for example.

Six thousand small businesses and workers commended the Government of Canada for what it is doing, its serious approach and business plan, and that is no joke. If there is a lesson to be learned from this, it is that the Government of Canada is welcome because it is a good manager. Unfortunately, all we hear from the opposition is that there are too many players and unfortunately the provincial level is not well co-ordinated.

Our area does not even have someone to go to foreign countries to promote the regions, because Quebec is doing a bad job and they should admit it.

Mr. Leroux (Richmond—Wolfe): Mr. Speaker, it is obvious that the hon. member for Bonaventure—Îles-de-la-Madeleine does not know his region at all, since what he is demanding is, in fact, a settlement. I urge him to tell me if the Eastern Plan has indeed been renewed. They have been fussing with this plan for several months. Of course, the government did not see fit to respond to the first invitation last summer. It then kept putting off the meeting with Eastern producers. The last I heard, nothing has been settled regarding the Eastern Plan. The agreement has not even been renewed at this time.

In any case, for a member coming from Quebec and very familiar with regional tools like regional development councils, industrial associations, the general secretariat of foreign affairs, which make loans to businesses and work on domestic and international market development and prospecting with them—he knows full well that there is increasing co-operation in integrating structures, precisely because they decided that there were too many structures and players.

The underlying reason why the regions decided to analyze their economic development strengths and weaknesses was to

come up with strategic development plans to be shared through an integrated forum called the regional economic development council. The purpose of this was to reduce the number of steps required, to make business and socio-economic development more efficient, to avoid overlap—within their own territory, to say nothing of federal involvement—to rationalize their own actions and structures.

The hon. member should know that these integration efforts will soon be stepped up in his own region. We do not need to create anew, as with the 13 FORD-Q information offices. Quebec already has integrated offices providing information, including export information, to small businesses and all stakeholders.

The Minister of Regional Development in Hull specifically said that this program would be helpful to small exporters. Quebec already has a recognized and appreciated organization which supports small exporters and gives them a complete kit on how to develop their own markets and foreign business plans.

That is duplication. People in Quebec, to convey to the federal government that if its goal is indeed to maximize the funds invested and provide real and effective support to small businesses, are sending the following message.

(1525)

Why does the government not admit that the experience of the past 40 years in regional development—again, the development of all regions and not major centres—Forty-seven per cent of the amounts under recent agreements were invested in central regions. Why not admit that Quebec is the primary force in regional development and that its experience—and that of all its people—is concentrated at the regional development level, as the hon. member for Bonaventure—Îles-de-la-Madeleine should know? Who are the people working together at the regional development level? The same people he mentioned earlier: regional county municipality officials, mayors, socio-economic businesses, entrepreneurs, unions. This full integration of economic development players only makes them more efficient while reducing the number of action structures.

What is being proposed here? To create other action structures without integrating into existing structures. We cannot accept in good faith—

[*English*]

Mr. Manley: Mr. Speaker, I rise on a point of order. I know it was previously raised that in his first remarks the member was not on topic. He is likewise off topic now. If there is any time for further—

The Deputy Speaker: I think the minister will be well aware that was not a point of order.

*Government Orders**[Translation]*

Mr. Leroux (Richmond—Wolfe): Mr. Speaker, I explain these things because they are reluctant to see them. They are upset by my comments. Regional development is a responsibility of the Minister of Industry and, by order in council, the minister himself is responsible for a region. The Minister of Human Resources Development is responsible for the West. The Minister of Supply and Services is responsible for the East, while the Minister of Finance is responsible for Quebec.

If this is not about regional development, what is it? This is about helping small and medium-sized businesses; it is about development and access to credit for those businesses. These aspects are all relevant. The government simply does not want to face the issue squarely and with a structured approach.

It is because it does not look at the basic question in a structured fashion that duplication and all these structures are maintained, with the result that the ultimate objective—

[English]

Mr. McClelland: Mr. Speaker, I rise on a point of order. This is question and comment period and there are others who would like to get a question in. Perhaps he could be—

An hon. member: And it is irrelevant.

Mr. McClelland: And it is irrelevant.

The Deputy Speaker: The member will also know that was not a point of order. There remain two minutes in the period for questions and comments. Perhaps there will be unanimous consent to extend the period. In the meantime, the hon. member has a minute and a half left.

[Translation]

Mr. Leroux (Richmond—Wolfe): Mr. Speaker, clearly this government has to understand that, given the exceptional and enormous work undertaken by Quebec regions to promote their economic development through framework agreements, through RCM's and through regional development councils, it is absolutely essential that Quebec be the only one responsible for its development. The federal government must negotiate with Quebec and transfer to it the whole responsibility of that sector, as well as the necessary funds which are, in all fairness, owed to that province for regional development purposes.

[English]

The Deputy Speaker: There remain 20 seconds in the period. I assume there is not unanimous consent to continue the question period.

Some hon. members: No.

Mr. Mills (Broadview—Greenwood): Mr. Speaker, on a point of order, I would like to ask you for clarification on the process we will follow for the rest of the afternoon.

My understanding is that today's debate is on Motion No. 16. We are debating the report on access to capital for small business that the industry committee members put together over the last several months. The previous speaker chose not to deal with the report not only during his main address but also during the eight minutes of the ten he took up during the question and answer period. Is it your position, Mr. Speaker, that members can speak on whatever they want for the rest of the afternoon or are we going to deal with Motion No. 16?

(1530)

The Deputy Speaker: Colleagues, the member and all members will know that there is a relevance rule in our standing orders that is observed mostly in being ignored in the House. This Chair at least would be delighted if members would respect the rule of relevance but in the time I have been here that rule is ignored more than any other in the standing orders.

Mr. Milliken: I rise on a point of order, Mr. Speaker. It has been my experience, limited as it has been in terms of the House and in comparison with other members, that when the Speaker's attention is drawn to the fact that a member is addressing the House in a manner that is irrelevant to the subject under discussion the Speaker then directs the person speaking to make his remarks relevant.

The parliamentary secretary was suggesting that perhaps it would be appropriate that when members rise on a point of order to point out the irrelevance that Your Honour would take note of it and direct the member to make his remarks relevant or face the consequence in Standing Order 11 which says:

The Speaker or the Chairman, after having called the attention of the House, or of the Committee, to the conduct of a Member who persists in irrelevance, or repetition, may direct the Member to discontinue his or her speech, and if then the Member still continues to speak, the Speaker shall name the Member or, if in Committee, the Chairman shall report the Member to the House.

The Deputy Speaker: Thank you to the hon. parliamentary secretary. As I say I think all the Chairs would be delighted to see the relevance rule respected. If members in the House are indicating they wish to see it pursued vigorously, I suppose all of us will take careful note of that.

In the meantime it is the Secretary of State for International Financial Institutions who has the floor on debate.

[Translation]

Mr. Leroux (Richmond—Wolfe): Mr. Speaker, I am still referring to the point of order. I think that the members are trying to raise an issue by claiming that my speech was not relevant. Yet, they know perfectly well that my speech was directly related to the development of small businesses and to

Government Orders

access to financing, that it suggested a much wider and structured approach, and that it was right on target.

It may hurt them, but my comments were really relevant and related to the issue being discussed here today.

[English]

The Deputy Speaker: The hon. minister has the floor. We trust his remarks will be relevant.

Hon. Douglas Peters (Secretary of State (International Financial Institutions), Lib.): Mr. Speaker, I am extremely pleased to have this opportunity and to congratulate the industry committee for the work it has done on the issue of financing small business. I intend to keep my topic to that item.

Our government clearly recognizes that small business is a vital sector of Canada's economy. The report of the industry committee makes a valuable contribution to public debate and understanding of the needs of that sector.

It is worth emphasizing and it is worth emphasizing again and again just how important small business is by beginning with a few facts.

Small business accounts for nearly 40 per cent of our national economy, a third of corporate profits. More than half of all Canadians working in the private sector are either self-employed or work in businesses with fewer than 100 employees. Even more important, in just a decade this same sector of companies with fewer than 100 employees created more than eight out of ten of the new jobs in Canada.

This is not a passing trend. Small business is clearly the engine of growth in the new economy and the policies of this government recognize that fact. As you know, Mr. Speaker, we campaigned on this issue. For example, the Prime Minister and I held a small business forum in my riding in Scarborough East during the election campaign. As the Prime Minister pointed out, if only a third of small businesses in Canada each hired one additional employee fully 300,000 new jobs would be created.

To realize their full potential as creators of new jobs small businesses need the right environment, one that allows them to prosper and expand. Canadians are tired of governments that pursue quick fixes or jump on the latest fad but have no fundamental vision of what government should and should not do in the economic arena. That is why our government set out a new comprehensive vision in its recent paper "A new framework for economic policy".

That paper sets out five key areas on which we must focus. The first is helping Canadians acquire skills; the skills to get jobs, the skills to keep jobs, and the skills to find better jobs.

(1535)

The second part of our economic framework is encouraging Canadians to adjust to change. That will require changes in the government's approach to subsidies as well as to unemployment insurance and high payroll taxes, which are a detriment to small business.

The third element in our framework is getting government right. That means targeting scarce resources on the highest priority programs and reducing or eliminating lower priority activities. It also means draining the swamp of federal regulations.

Providing leadership in the economy is our fourth objective. The private sector creates jobs, especially the small business sector. The government has a role in fostering economic growth. It can do this for example by gathering and sharing information about technology and information about new markets.

It can help bring businesses together with other businesses and together with the new technology. It can facilitate trade by ensuring access to markets and to adequate export financing.

The fifth and final objective is absolutely essential to fulfilling the other objectives. We must create a healthy fiscal and monetary climate in Canada. Canadians are paying a painful price for decades of deficit and debt. It is measured in high taxes, high interest rates, too few jobs and too little growth. Higher interest rates have imposed a heavy burden on all Canadians and few understand that burden better than the men and women who operate small businesses.

The matter of interest rates brings me back to the central issue here today, access to financing. While know-how and entrepreneurship are the engines of small business success they are not always enough. Access to financing can be a critical issue for small businesses, particularly during their early years. The importance of bank financing to this sector would be difficult to overstate. Indeed, bank financing accounts for about 90 per cent of the external financing of small businesses.

Recognizing this our government met with the CEOs of Canada's major banks shortly after taking office. We urged them to re-examine their approaches to small business lending and challenged them to be more innovative and responsive. The Minister of Finance and I have been very clear in our discussions. The government expects improvement in banking practices. In no small measure Canada's economic prospects hinge upon the banking community, recognizing that small business has specific needs. To meet these needs banking practices must change.

I believe that the banking community is listening and that we are seeing some results. The banks have been taking initiatives to help their small business clients. These include such things as increases in funds set aside for conventional loans to small businesses. One bank introduced a program to provide financial

assistance to viable small businesses that are experiencing temporary cash flow problems. Another created a \$125 million venture capital fund to invest in small and medium size companies.

Several banks have introduced programs to enhance the accessibility of knowledge based firms to financing and other banking services. Others have introduced new procedures to handle complaints. One bank has appointed an internal ombudsman reporting directly to the chairman to ensure that a proper level of service has been provided to small business clients. Another bank has established a panel to review complaints, a panel that includes a representative from small business.

The list goes on. Two banks have established regional business centres to provide specialized services to small business clients. Another has introduced a program to provide overdraft protection to SBLA customers that do not have operating credit.

I recently issued a letter to all hon. members outlining these and other bank actions to help meet the needs of small businesses. I sought members' assistance in monitoring the results of these initiatives. Specifically, I asked members to let me know if the banks were fulfilling those commitments and if their initiatives were helping to reduce the credit difficulties of small businesses in their constituencies.

In addition, the government has been working with the banks on a number of important areas related to bank financing. These include several major areas in which the committee reports make some substantial recommendations.

(1540)

For example, senior representatives of the Department of Finance and Industry have been encouraging the banks to move ahead on a number of issues, including a code of conduct for small business lending.

This code should help place the relationship between banks and small business on a sounder footing by making the borrowing process more transparent and providing a simple, timely and effective mechanism to resolve disputes.

The government has also been reviewing a number of other areas with the banks; export financing, the improvement of banking statistics and the question of personal guarantees for loans under the Small Businesses Loans Act. All these are areas that are being examined.

Against that backdrop I would welcome the industry committee's report with enthusiasm. Many of the committee's recom-

Government Orders

mendations touch on areas where, as I indicated earlier, work is already under way.

I understand that the code of conduct for small business lending will be released shortly. It will establish minimum industry wide guidelines. Individual banks will also be able to develop their own codes which will be released soon after.

The best method of dispute resolution remains to be determined. There are a number of options that will need to be reviewed and the committee's proposals are a useful addition to this discussion.

The committee has also recommended that government departments and agencies work with the banks to improve statistics on lending to small business. Work to improve data in this area is already under way. It involves officials from the Bank of Canada as well as those from the Department of Finance.

In addition to proposals related directly to the bank, the committee has made a number of recommendations pertaining to government programs and agencies. It has, for example, recommended that the Small Businesses Loans Act be revised. We must ensure that this program is run on a cost efficient basis with minimal risk shifting to the government and without preference to bank financing.

The committee is correct to point out that there are concerns about future program costs as well as the extent to which the program adds to the total supply of financing. A successful SBLA program will remain a critical element of the government's small business agenda.

We are reviewing the program with an eye to improving its incremental nature. We are also reviewing it with addressing the fiscal concerns through increased cost for coverage. We will also continue to ensure that qualified private sector lenders other than the banks remain eligible to participate in that program.

Among the committee's other major recommendations was the establishment of a limited working capital guarantee program for small and medium sized exporters. This too is an area in which work is already under way. The Export Development Corporation is currently working with financial institutions on a new insurance product. This product will facilitate the use of foreign accounts receivable by small and medium sized exporters to secure working capital lines of credit. As recommended by the committee, this program will be self-financing and the premiums will be commensurate with the risk.

I focused on the committee's proposals in areas where work has already started. The committee has, of course, made other

Government Orders

recommendations that touch on areas where further study is needed.

For example, the committee has made several proposals, particularly in the area of venture capital which have a significant tax dimension. Clearly these proposals must be examined further to ensure that their full fiscal ramifications and possible side effects are taken into account. Alternative approaches must also be duly considered.

One recommendation in this area is a reduction in the capital gains tax rate on so-called patient capital, that is capital investments with a five-year term or longer. As many hon. members are aware, a task force has been consulting with business and farm groups on the \$500,000 lifetime capital gains exemption.

In the course of this review, a number of proposals for reforming capital gains treatment of small businesses have been received including proposals for reducing the capital gains rate on longer term investment. These proposals will of course be examined closely.

I should also point out that a few of the committee's recommendations appear to suggest an easing of prudential standards for financial institutions. These, like all the recommendations, will be carefully considered. Let me emphasize that the government will not pursue any measure that could weaken the financial system in any way. A strong and reliable financial system is central to Canada's economic health. We will certainly not jeopardize it.

(1545)

In closing, I once again would like to express my appreciation for the opportunity to participate in today's discussion and to congratulate the committee on its report. It is also my intention to state my conviction that Canada's small business sector will become even stronger and more competitive.

Mr. Dick Harris (Prince George—Bulkley Valley, Ref.): Mr. Speaker, I listened with great interest to the hon. member's presentation.

I purchased my first business when I was 18 years old. Throughout all of my life save for about five years I have been in and out of small business and consider myself somewhat of an entrepreneur. The definition of that as an entrepreneur through your life you have some winners and some losers but at the end of the day you hope you have more winners than losers. Fortunately I lucked out from hard work, but through all those years my biggest competitors were the bankers.

I listened to the hon. member talk about proposals and that the banks are going to do studies and they are going to talk about this and talk about that. They have been doing that for years.

I particularly remember the period of the great recession in early 1982 when the Bank of Commerce had a multimillion dollar television campaign with Anne Murray telling all small businesses in Canada that the Bank of Commerce was their friend. I was operating a business then and fortunately I was not really caught in the recession. One day I got a call from my banker who said: "Dick, we are going to cut your credit line in half". When I asked why, he said: "We have just been advised we have to raise some capital".

The banks can talk all they want about programs and plans. The government can talk all it wants about how much it is talking to the banks, but nothing is going to happen to help small business until the monopoly of the big five bankers in this country is threatened or broken up.

The hon. member said that the government has met with the CEOs of the major banks and they have promised to look at improving banking practices in relation to small business. That is fine, but my question is, improving banking practices or what? What kind of hammer is the government going to hold over these bankers to make sure they do?

If the government would dare to suggest to the big five who have this country in a monopolistic grip when it comes to finance, if it would threaten to open up the banking industry to private enterprise, to competition, to regional banks that would specialize in small business financing, that would be the biggest incentive for the banks to start looking seriously at small business. As long as the banks hold all the cards, as long as they are contributing millions of dollars to the two old line parties to help them with their election costs, they are never going to give up their monopoly and small business is never ever going to get any benefit or relief from the banking industry in this country.

Mr. Peters: Mr. Speaker, the hon. member raises several very interesting points. First, there are more than five banks in this country. There are over sixty banks. All of the world's largest banks are here. They are quite free to lend to small business if they wish. One or two of them do lend to small business. The rest of them do not.

Opening up the banking business to what? The charters of trust companies, loan companies and the banks are all the same. Any one can get a charter if they want to. If they want to open a regional business, some have been successful, others have been less than successful. The member should look at the number of financial institutions that OSFI and CDIC insure and inspect. There are several hundred financial institutions. The options are there.

(1550)

I would also point out that the member is correct in that small business indeed deals with the six large chartered banks. I do not know why. Would it be because for the most part small

Government Orders

businesses get the financing they want from them? It is probably because they provide service to most small businesses.

I do not think all small businesses have problems with the banks. There are far too many. I hope the hon. member will review the list of initiatives I sent to each member of this House. I ask members to go over the list and tell me where these things have not been done. If there are failures in them, if the initiatives are not being pursued, then I would like to know because I will bring those up with the banks that have proposed them.

I presume the banks are serious about those initiatives. They would not have announced them if they were not. They were announced after we had pursued them. If they are not serious, then I hope hon. members will let me know. Some have. Several members have written to me. I hope the hon. member will take the opportunity and tell me of specific instances where these initiatives have not happened in his riding or elsewhere.

Mr. Boudria: I rise on a point of order, Mr. Speaker. Pursuant to Standing Order 43(2) I wish to indicate to the House that Liberal members of Parliament for the rest of this sitting day will be sharing their time.

Mr. Harris: Mr. Speaker, I assure the hon. member that I will be monitoring the promises—if we can call them that—of the banking industry to see whether they are actually following through on them. I am not going to cross my fingers because I have heard this rhetoric from the banking industry for a number of years. It is always the small businessmen. When the sun is shining the banks will hand them an umbrella but when it starts to rain they are the first ones to take it away.

The hon. member knows very well that the big six do in fact control virtually all the business in the country. The hon. member also knows that the big six have the resources to get involved in a little bit of risk financing. I am sure they consider small businesses as high risk, otherwise they would not treat them as they do.

The hon. member also knows that the smaller banks do not have the kind of capital to get involved in the more risky loan portfolios like small business. That is why all the small businesses are pretty much obliged to deal with the big banking institutions, the big six. They really do not have too many choices.

The government should tell the banking industry: “Now listen. You folks are talking about rearranging your priorities when it comes to small business, rearranging the conditions under which you lend. You are doing these studies and you are going to come up with some good programs. You have admitted it has to be done, now what are you going to do about it? Are you really going to do something? Because if you do not we as a government are going to impose a few restrictions on you. You will not have such a monopoly in dealing with business in this country”.

Clearly the government is going to have to hold some sort of a hammer over these guys in the banking industry. If not, they are simply not going to do anything no matter how much the government talks to them, no matter how many times their CEOs meet and say that yes, they have to be a little more gentle toward the small business interests. They are simply not going to change their practices they have followed since day one until the government holds a hammer over their heads to change their lending practices.

(1555)

Mr. Peters: Mr. Speaker, it is nice to know the hon. member is an expert on how the CEOs of the banks react to the admonitions of government. Unfortunately he is not an expert. Let me tell him that the CEOs of the banks have taken the admonitions of the Minister of Finance and myself seriously. That is exactly what we told them. We told them that they have to change. We told them that shortly after we were elected and we told them at meetings again and again.

Let me assure the hon. member that there have been far more initiatives put out by the banking industry since this Liberal government was elected than have been put out by that same industry—

The Deputy Speaker: Order, the time has expired. The hon. member for Edmonton Southwest on debate.

Mr. Ian McClelland (Edmonton Southwest, Ref.): Mr. Speaker, I take great pleasure in participating in this debate today. It is interesting. You can certainly identify those of us in this House who have signed a cheque in our lives because we certainly have a lot more interest and a lot more fire in our bellies when we get to talking about the banks and the banking institutions in Canada.

The relationship with the big sisters, the big banks in Canada, was very well summarized in the title of a book that was published about 10 years ago: *Towers of Gold, Feet of Clay*. When you think about that for a second it really brings into focus the reason for this debate in the first place and why the industry committee worked so hard on its report on small business financing.

It was interesting to me coming from western Canada that this country did not really have a recession until the late 1980s and closer to 1990 when it really hit southern Ontario. That is when we had a recession. But for business people in the west the recession started much earlier than that and it started overnight. It was exacerbated by the national energy plan but made much worse by the fact that during that time the big banks had loaned vast amounts of money all over the world and then were drawing in the loans all over Canada from the small business sector.

That was one interesting time to be in business. Banks were lending money and had loaned money and taken huge losses all over the world but they were putting the screws to small business people because they were the only ones they could put the screws to.

Government Orders

There is a saying in the banking business that when you are not a lender, you are a receiver, and if you owe the bank a thousand dollars you have a problem, but if you owe it a million dollars it has a problem. That is absolutely true.

Both sides of this story have learned a little over the intervening years and as in everything in life when there is competition in any industry it is good for the business. It is good for the industry. I think we are getting more competition in the banking business and that competition is good.

This report put together by the industry committee has 24 recommendations. They run the gamut of just about everything you can imagine: monitoring and approving statistics, regulating bank behaviour, leasing, federal programs to assist small and medium business, stimulating competition, using RRSPs, provincial security regulations, taxation and capital gains, labour sponsored venture capital corporations and mutual guarantee co-operatives.

I would like to restrict my comments to four separate issues: the role of the Small Businesses Loans Act; the role of the Federal Business Development Bank; whether or not to speak more generally to the role of business and government and the relationship and how much government money should be involved in business; and just a few minutes to speak about the legitimate role of an entrepreneur and just who should have the risk.

(1600)

Let us start with the Small Businesses Loans Act. For the benefit of those who may not be aware of it, when an entrepreneur gets an idea they go into the bank and say they have an idea, they want to start a business. The Small Businesses Loans Act will lend government guaranteed money up to 90 per cent of the value of the loan and it is guaranteed by the government. It is set and established at a rate of 1.75 per cent over prime.

A few years ago the amount was increased dramatically. I think it went to \$200,000 from \$50,000. At the same time the economy was going down the tubes in Ontario.

As Don Cherry says, you don't have to be a rocket surgeon to figure it out. If the economy is going down the tube—

Mr. Calder: A rocket scientist.

Mr. McClelland: A rocket surgeon, a brain scientist. This is Don Cherry.

You do not have to be a rocket surgeon to know that if we have an economy that has gone down the tube like the economy in Ontario we increase the amount of money that is available under the Small Businesses Loans Act that is guaranteed 90 per cent by the Government of Canada; that is taxpayers at 10 bucks a pop. What is going to happen? The banks are going to roll all of their questionable loans into the small business loans. They are all

going to be guaranteed by the taxpayer—guess what, at 1.75 per cent above prime.

What entrepreneur would go into a bank and say: "I would like to borrow some money but I'm prepared to pay 2 or 2.75 or 2.5 above prime and use my own money and by the way I don't want the government to backstop it so you use your money because that is why you're in a risk business". They go in there and say: "I want a Small Businesses Loans Act loan" and the bank is quite happy to have its risk guaranteed by the government.

Is it any wonder that the use of small businesses loans skyrockets? This is not rocket science here. This is fairly basic.

Then what do we do? We say we are going to try to increase the amount of money that is made available under the Small Businesses Loans Act to small business. What is that going to do? That is going to give the banks that much more freedom to get all of their small business loan accounts guaranteed by the taxpayer.

That distorts the banking business and it distorts the responsibility of the entrepreneur going into business. When someone goes into business, it is not the responsibility of the taxpayers to hold them harmless from risk because with risk comes reward.

In the report there is one particularly good recommendation that I would hope the government would take to heart and incorporate: "The program should increase the availability of credit rather than allowing lenders to reduce the risk on loans that would be made without the guarantee".

That means the banks should be making loans to small business and the loan rate should be commensurate with risk. If the Government of Canada, that means the taxpayers of Canada, is going to be guaranteeing loans to businesses, small or medium, those loans should carry a rate of interest commensurate with the risk so that in the long term small business loans would be self-financing or self-liquidating. The losses of some would be offset by the profits of others.

(1605)

Surely if a loan is going to be guaranteed by the Government of Canada, the taxpayers of Canada, that should carry a cost to the user that it would ensure that the citizens of Canada are held harmless from any risk. That rate should also be high enough that the loans may be determined and may be provided by the bank without having to go to the well of the taxpayer.

If for instance the small business loans were at a rate of 2.5 per cent and the average small business could get a loan at prime plus two or prime plus one and a half, there would be some impetus on the part of the banks and the borrower to borrow money without having to go to the public trough. That is the way it should be.

Government Orders

That is a particularly good recommendation in the report and I would certainly suggest that the government should take it to heart. It is not so much a question of how much within reason a small business or an entrepreneur pays for the use of someone else's money, it is whether that money is available at all.

Another consideration in the small business loans came up in discussion of just what part of the loan should be guaranteed. Should it be the first 90 per cent or the last 90 per cent? Should any loan be guaranteed the first half of it or the last? In my view it should always be, if the Government of Canada is guaranteeing anything, the last portion of the loan, not the first portion.

If I am lending money to someone, I want that person to be lying awake at night trying to figure out how they are going to pay it back. I want to make darn sure that if I lend someone money their number one objective in life is repaying that money, not repaying the last half of it. It is pretty basic but it is real.

A change in the Small Businesses Loans Act which is perhaps the most important is it should be available for working capital, not just for bricks and mortar, not just for equipment, not just for inventory.

If a venture has the strength, and now we are talking about businesses that as a nation we are going to need more of as we get into the knowledge based economy, we are going to be making decisions on working capital which will allow entrepreneurs to develop knowledge based material such as computer programs, CD-ROMs, things that require virtually no inventory, very little bricks and mortar but without working capital would never get off the ground.

The consideration of making working capital requirements of business available under the Small Businesses Loans Act is another very worthwhile objective. I would caution that we are going to have to be very vigilant to ensure that there is oversight on these loans.

We are not doing anyone a favour if we ask them to put their house up, put all of their possessions up and then do not vigorously give an objective analysis to the new venture, to say: "Wait a minute. Make sure you have all your bases covered before you risk everything you have in life".

The next subject I would like to speak about is role of the Federal Business Development Bank. I must admit that I have mixed emotions about the FBDB because it is a lender of last resort. Its purpose is to lend money when chartered banks will not lend money and my feeling is that if a chartered bank will not lend the money or the treasury branch in Alberta, we really have to wonder why on earth the taxpayers of Canada should be taking the risk.

I know that the banks in Canada have not over the last 50 years or so been particularly venturesome. There is a need for longer term patient capital. It is possible that the Federal Business

Development Bank may be able to fill a legitimate role in this. Frankly, I just do not know.

(1610)

I would caution that if a bank using taxpayers' money is going to get into the business of lending money on a long term basis to high risk businesses, we had better make sure that it does so in an extremely prudent manner. This cannot be a shotgun approach where we are going to throw enough money at it and hope we will have enough spectacular winners that they will offset the losers.

That brings me to the next part of what I would like to speak about. It is the whole notion of governments at all levels, including the governments in the great province of Quebec that somehow consider their function, their legitimate purpose is to tax money from individuals, take it into the government and then lend it out to other people to go into business against businesses or individuals who paid the taxes in the first place.

What is it about us as politicians that when we get elected we somehow think we have the knowledge or the ability to tell the private sector what it should do? How is it that we think we somehow have the right or even the responsibility to manage an economy? Our country did not get into the hole by \$535 billion federally because we in this House have proven to be such great stewards of the taxpayers' wealth.

Mr. Mills (Broadview—Greenwood): What are you doing here?

Mr. McClelland: My hon. colleague across asks what I am doing here. I am here to try and stop this foolishness. I am here to try to put an end to this.

Some hon. members: Oh, oh.

Mr. McClelland: My hon. colleagues across the way laugh, but the fact of the matter is that 25 years ago the Liberal Party started us on this slippery slope, thinking it is somebody else's money.

Mr. Mills (Broadview—Greenwood): Here it comes.

Mr. McClelland: It is giggle time over there. I thought that might happen. I just happen to have a list of financial institutions that have gone down the tube since 1970 for which the taxpayers of Canada have picked up the pieces. There are 32 of them, \$9,392,000,000. Of that, there is \$5,189,000,000 in recoveries. Somehow there is \$4 billion of taxpayers' money, people who are struggling to get by earning \$8 to \$10 an hour, going to the government and all of a sudden we are backstopping huge businesses. There are a few more here, another three pages.

I do want to compliment the government on one of these. This is through western economic diversification. This was federal funding to Consumers' Paper Corporation and SHOTCO Ammunition Corporation. They were cancelled by the minister in charge of western economic development. One was labelled as a

Government Orders

political handout and the other 30 per cent owned by the Venezuelan military. At least it is looking at it. I give the government credit for that.

Meanwhile we have Bell Helicopter, \$165 million; Algoma Steel, \$15 million—pages and pages of money that has been lent by governments to small and medium size business that has been written off. It is not our responsibility as elected members of Parliament to—

(1615)

Mr. Mills (Broadview—Greenwood): What do you mean written off?

Mr. McClelland: What do I mean by written off? From the Department of Industry; International Tin Council, \$4.6 million. From FORD-Q; Nambera Studio, \$63,000, a grant to a company that went bankrupt. From ACOA; Preston & Area Development Fund, \$144,000, \$570,000 write-off, uncollectable. There are zillions of them. Maybe not zillions, there are some success stories.

Would we have had the same successes whether or not taxpayers' money was involved in underwriting these businesses? That is the question.

There are some instances where taxpayers' money has proven to be beneficial. For instance, the hon. member opposite has brought to my attention time and time again the auto pact and what a great benefit it has been to the country. However, when we are talking about these things, we are talking about huge sectoral vision things. We are not talking about the little industry or a little micro thing. We are talking about vision and the broad picture.

We did not get into this mess by accident. We got into it because we thought we could make investment decisions on behalf of individual taxpayers. We cannot do that.

Mr. Dennis J. Mills (Parliamentary Secretary to Minister of Industry, Lib.): Mr. Speaker, I continue to marvel at the member's remarks because I never realized he was such a defender of the banking institutions in our country. I thought that essentially he agreed with most of his colleagues' recommendations, that this was an opportunity and a time in our history when all members of Parliament could get together and challenge the financial institutions to change their attitude and banking practices toward small and medium sized businesses. That of course was the essence and the purpose of this debate today.

I will get right to the question and I will take less than two minutes. The question goes back to the the member's recognition of the auto pact and the fact that this is an area where legislators made a decision that the automobile industry was an industry that we would support.

We have also made similar decisions in the House of Commons for the oil and gas sector. Is the member suggesting that legislators should have nothing to do in trying to assist the oil and gas sectors of the country?

Mr. McClelland: Mr. Speaker, I point out to the hon. member opposite that he must have been working on that question for me during the first 15 minutes of my presentation. At that time I spent a fair amount of time talking about the towers of gold and feet of clay and what led to it and how that came about.

Certainly no one would ever see me standing and defending the banks. The banks certainly do not need any defence by me nor would they be likely to get it.

The second question had to do with the role of government in regulation in the oil and gas industry and in particular the auto pact. Government has a legitimate role to play in the financial affairs of the country. However, the legitimate role should be to ensure that the marketplace is fair, to ensure that competition exists, to ensure that consumers are not taken advantage of by any industry that has an oligopoly or a monopoly. We are talking about the banking industry as an oligopoly.

(1620)

The government has a role to play in water resources, in resources like oil and gas. We have to ensure that we have a competitive marketplace, that we have a tax structure for instance that encourages people to invest their money in the oil and gas industry.

The government does not have a role to play in picking winners and losers in the marketplace. It does not have a role to play in taking money from me and giving it to somebody else and saying: "You are the business that we want".

Hon. members opposite pointed out the role of government in their science and technology review. Some of the most esteemed people in the country came together under the auspices of the Department of Industry to discuss science and technology in Canada. They said it is not the role of the government to pick winners and losers but to assist winners that have been decided by the marketplace.

I realize that it is very difficult to make the distinction but there is a distinction. The marketplace decides who the winners are and what has to be done to support them. The way we can support winners in industry is by making sure that we have a steady supply of educated and trained people as a workforce for them. That is one of the things that we can do.

The member opposite asks: "What about Bell helicopters?" What about Bell helicopters? We throw all that money at Bell helicopters. What about Boeing? It is talking about picking up its toys and going home because we ended up buying some air buses.

Government Orders

We get involved in deciding who are going to be winners and who are going to be losers. I am trying desperately not to bring up the names of Lavelin–Bombardier and that whole group in the aerospace industry. How much of what that company has done would have been done had we not gone to them with a public purse and they had had to do it themselves.

The shareholders of Bombardier–Lavelin are the ones that get the benefits. Joe Taxpayer earning \$10 an hour is not getting a nickel from them.

[*Translation*]

Mr. Yves Rocheleau (Trois–Rivières, BQ): Mr. Speaker, I would like to ask my colleague from Edmonton Southwest what he thinks of the recommendations made by the Standing Committee on Industry in its report concerning the efforts the government must make to support the new economy based on high technology, patents, research and development, technology transfers, with very little concrete guarantees compared to what is provided to lending banks. We know this is a problem for those who deal with creative people, but then it is tomorrow's economy.

I want to know if my colleague thinks that the report does not go far enough in this area?

[*English*]

Mr. McClelland: Mr. Speaker, the report is the first tentative step in that direction. The fact that nobody quite knows how to address this is reflected in the report. The possibility of the Small Businesses Loans Act being amended to include working capital will go a long way to solving that problem.

Therefore this has been addressed tentatively in the report. I say tentatively because I am sure that most people share a little indecision on just where we should go.

If I may in 10 seconds, I would like to sum up where the Department of Industry should focus. We should try to establish and to maintain a culture that rewards entrepreneurship, innovation and research and ensures a level, competitive, honest marketplace.

Mrs. Brenda Chamberlain (Guelph—Wellington, Lib.): Mr. Speaker, I am pleased to rise to participate in this debate concentrating on one of the most important aspects of Canadian society. The government has recognized that small business is our future.

Small business creates many of our new jobs, stimulates our economy and provides employment for millions of Canadians. In Guelph—Wellington and elsewhere when small business succeeds, Canada succeeds.

(1625)

I was a small business owner. I am excited about what the government is doing to assist small and medium sized business in my riding of Guelph—Wellington and across Canada. I can tell you, Mr. Speaker, that many of my constituents are excited about it too.

I would like to spend some time concentrating on labour skills and the importance of further enhancing the competitiveness and growth of our small and medium sized businesses. I have had the opportunity to meet with many small business owners and managers throughout Guelph—Wellington. They are excited about their future. They believe they have one. They weathered the recession and they weathered the GST. They want government help in order to succeed. They need government, though, to get out of the way where it creates unnecessary bureaucracy and red tape.

I have been told over and over again: “Please, get this red tape away from us”. Single shop people cannot handle it and the government is going to address some of those needs.

They want government to initiate incentives which will encourage their success. They count on us to do that. We can assist the small and medium sized business owner who wants to expand through providing Canadian workers with the skills to compete in this highly competitive and rapidly changing environment.

Guelph—Wellington has one of the finest skilled worker forces in Canada with one of the lowest unemployment rates in the country. However there are still some who are unemployed. They want to work. There are still some in Guelph—Wellington receiving social assistance. They also want to work. There are also thousands of unskilled or underskilled workers who can contribute if given the skills. They have to have those skills.

Business leaders in Guelph—Wellington know what they need to succeed. Our economy depends on small business; 69.7 per cent of businesses in Ontario have less than five employees. The needs of each one of those businesses are unique but government can help.

In the past we have spent too much time training people for skills that are not required. What is required now is flexible training programs that provide on the job training, training for which the employer provides time off or tuition assistance, or classroom training at educational institutions. Business people in my community will help to train workers because they want to ensure that our community and, more important, all of Canada have the best skilled labour force so that we can compete in this world.

Government Orders

We must train people for jobs that do exist or will exist and business must play a role in both identifying these positions as well as helping in the training process. This is a win-win situation.

Guelph—Wellington business people want better information. They want to share that information with other business leaders across Canada. Our knowledge based economy means that we must work together to make it work. Eighty-five per cent of new employment is being created today in small and medium sized businesses.

Our businesses will need child care workers, veterinarians, dental hygienists and psychotherapists in the near future. If we are going to prepare for the future we must invest in people today.

The social security review process will assist us in identifying priorities and overcome the obstacles to successful skills development in Canada. We must decide how basic skills training can best be improved and what priority this training should receive.

Employers in my riding want to be given a better role in training. They want to be consulted and informed and they want to participate in all facets of skills training. Already employers and employees are working together to shape this kind of training. The reason for quality skills training is obvious: Well-trained workers are more employable and can adapt more easily if they must change jobs.

(1630)

The enthusiasm is there. Guelph—Wellington workers want the skills necessary to compete. They want to be able to adjust to marketplace changes and they do want to work. The employers in my riding are asking for new and innovative ways to provide training. They want tax credits, direct government assistance, educational leave and work sharing agreements. Like their workers, they are not looking for handouts. They want the tools which will enable them to invest in developing employee skills. Investing in the workforce of Guelph—Wellington means investing in our future.

The workplace is changing. Canada is looking to expand into an ever competitive global market. As the Prime Minister and Team Canada have shown us over the past few days, we are not afraid of competing with the world's best. We are the world's best. Business people in Guelph—Wellington and elsewhere in Canada know they can do business anywhere in the world. They need workers who are adaptable, flexible and willing to learn new job skills.

We are talking about investment. Business leaders know that smart investment leads to success. We must invest in our people in order to compete, to expand, to grow, to be healthy. We must encourage lifelong learning. Gone are the days where a worker can be trained for a position of 30 or 40 years. We must build on providing literacy training, encourage our young people to stay in school and to prepare for the jobs that are available and

provide incentives for individuals and employers to invest in continuous skills upgrading. Learning is a lifelong adventure.

Responding to the demands of the global marketplace means keeping pace with changes in today's workplace. The progressive business person in Guelph—Wellington knows that for every dollar spent on training by Canadian businesses American businesses spend twice as much. Japanese business spends five times that and German business spends eight times that. Without ongoing skills training we cannot survive.

This government is forging partnerships. Team Canada has shown what working together can do for Canada. Guelph—Wellington business people want to be partners with their employees. Workers want their employers to be successful. All want government to work. We know that investing in people will result in a highly skilled and competitive workforce in Canada. I am proud of the optimism of businesses in Guelph—Wellington. They are looking ahead. They have weathered a terrible storm.

Our workers do not want unemployment insurance or social welfare. They want to work. They want to contribute in a successful and expanding society. They want to give their children and they want for themselves the skills necessary to ensure economic prosperity. They are tired of facing layoffs and work slowdowns. They want sustainable employment. They want to be the best that they can be.

The United Nations has stated that Canada is the best place in the world in which to live. Through continued partnerships while fostering training, Canada will continue to be the best place in the world to live.

Mr. Dick Harris (Prince George—Bulkley Valley, Ref.): Mr. Speaker, I want to touch on a couple of points the hon. member mentioned. I acknowledge that certainly people in Canada want to work and people in Guelph—Wellington indeed want to work. They want jobs. No one wants to be on welfare, although that seems to be somewhat of an industry in the country these days.

(1635)

The hon. member touched on the fact that the United States, Japan, Germany and one other country spend many more times on worker training than does business in Canada. I do not doubt that statistic for a moment but the fact is that by comparison the cost of doing business in those countries is many times less than it is in Canada.

The fact that probably our businesses are not spending an equal amount of money on training programs is that they cannot afford it. The taxation levels for small and medium sized business in this country are many times higher than what it is in the four countries the hon. member mentioned. The cost of doing business in this country with taxation in all its forms, property taxes, payroll taxes, is many times more than in other countries.

Government Orders

The fact is the other countries simply have more money to spend on training programs. They do not have a \$40 billion deficit ratio to GDP that we have in Canada. They do not have a \$535 billion debt which when ratioed out to the GDP is almost uncontrollable or we are going to have a terrible time making a dent in it. They do not have the financial problems Canada has.

The problems that Canada has with its financial house is a direct factor in the cost of doing business in this country particularly for small and medium sized business which invariably do not have the advantages the large mega-businesses do. They struggle to a far greater extent. They do not have the money to put into training programs.

There was a time in this country prior to a Liberal government which started this deficit and debt spiral some 25 years ago, when the cost of doing business made Canadian business extremely competitive in the world market. Canadian business was very profitable because we did not have these extreme taxation levels and cost of doing business. Those times are long gone.

Right now the biggest deterrent to training programs in this country is that the businesses simply cannot afford it. If we did not have the deficit and the debt, this country would be in fine shape.

Mrs. Chamberlain: Mr. Speaker, the hon. member mentioned that we cannot afford to spend money on training programs. I would submit that we cannot afford not to spend money on training programs. If we do not we will not have a future in this country, quite clearly. There is no question about that.

There is an issue on partnerships. He raised from my speech the issue that other countries do develop and put far more into their training than Canada does. Those are true statistics but Canadian companies are now finally realizing that this is a very important part of their survival too.

I spent this summer visiting the CEOs at many factories in Guelph—Wellington. They realize they have made an error in not bringing people along and not always at a great cost. Many times they could have people on the floor doing things halfway through a shift that they have not been thinking about doing. They have not necessarily seen the new technology coming down the pipe. I submit to the hon. member there are a lot of things we can do better in that area. Our industries know that. I encourage the hon. member to take some time to see this for himself.

The member is quite right. Our businesses have a real problem with some of the wages, CPP and other programs they have to pay into. Our finance minister has continually said that one of the things this government is committed to doing is that we will meet our 3 per cent target. That will help us a lot.

(1640)

BUSINESS OF THE HOUSE

Mr. Peter Milliken (Parliamentary Secretary to Leader of the Government in the House of Commons, Lib.): Mr. Speaker, I think you will find unanimous consent for the following motion. I move:

That at 3 p.m. tomorrow the House shall revert to presenting reports from committees.

The Deputy Speaker: Is there unanimous consent?

Some hon. members: Agreed.

(Motion agreed to.)

* * *

STANDING COMMITTEE ON INDUSTRY

The House resumed consideration of the motion.

Mr. Alex Shepherd (Durham, Lib.): Mr. Speaker, it gives me great pleasure to involve myself in the debate on the industry committee report "Taking Care of Small Business". Indeed, I worked many, many hours on that committee. I thank colleagues from all parties for their co-operation.

One of the basics of that report was the examination of some of this country's banking structures. I was pleased to take this a bit further this week by accepting the invitation of the Royal Bank to go through its executive headquarters in Toronto and speak with the executive staff on how they are administering their loan portfolios for small and medium size business. I think we are getting a little better understanding of where the problems lie but there is still much to be done.

A mere six years before the turn of the century is an ideal time to consider whether we should reinvent a new industrial strategy for Canada. The problem with Canada and Canadians is that we are not aware of our own greatness. Biomedical research, software development, telecommunications, and geomatic engineering are only some of the areas in which Canada is a recognized world leader.

The new economy will not be based on brawn but rather brains. Also, small and efficient will be the watchwords as big industrial structures come apart crumbling into decay. The smokestacks will be silenced as Canada moves from infancy to adulthood.

Nuala Beck in the recent book *Shifting Gears: Thriving in the New Economy* refers to some of these changes. In British Columbia more people are engaged in telecommunications than in forestry. In Nova Scotia there are more people engaged in the workforce in education than in the fishery, forestry and construction industries put together.

Government Orders

Small and medium sized businesses will be the engine of the future economy. This engine will be fueled by knowledge and driven by a new breed of entrepreneurs. They will be the employers and the wealth creators of the 21st century. It is by them that employment will be created and they will deliver new consumer goods.

As a government we must redefine ourselves in light of these new changes. We must get out of the way of this new engine lest we be run over by it. But more important, we must restructure government so that it can assist this emerging economy, so that Canada's small and medium sized businesses can dare to be the very best in the world.

How can this relationship between government and small and medium sized business be strengthened to ensure Canada reaches its full potential in the next century? I am pleased to see that our government has undertaken a number of initiatives in support of small and medium sized businesses. Over 30 per cent of our gross domestic product is accounted for by trade. Currently almost all of this is done by a mere handful of companies. Clearly this is not good enough.

The Department of Foreign Affairs and International Trade has undertaken along with our banks a robust venture to redefine what skills our business people will need to attack foreign markets. It ranges from aggressive training sessions, more intuitive financing devices for export trade through the Export Development Corporation and the Canadian Commercial Corporation to development of a data bank of contracts and highlights of emerging markets.

In addition we will have to restructure our foreign trade missions. I have had some experience with this having been in Beijing in the spring. I can say that some of the people in our trade missions are not cognizant of some of the needs of small business in an international environment. These people must work hand in hand with business to ensure that Canadian companies can make the leap to international traders.

(1645)

I need only remind my colleagues of the great successes we are hearing from the Team Canada mission now travelling in Southeast Asia. As I mentioned, I had the opportunity of visiting Beijing on a trade mission along with some of my parliamentary colleagues in the spring. Unfortunately some of my Reform colleagues did not bother to come along, but it was a very big success. It was a trade mission of a lot of small and medium size businesses basically from the Ontario area. We went to Beijing and created new alliances.

I am happy to say that due to that process, their mayors and a number of people from Weifang in China, with over 85 million people, have signed an economic alliance agreement with the township of Whitby in my riding. Many of our small and

medium size business today are trading with China. Some of our small businesses have opened branches in Beijing. These are the things we have to do.

The change is happening now. More employment has now reached my riding of Durham. I can only say that we must encourage more of this sort of development. I believe the initiatives of the Department of Foreign Affairs and International Trade will do just that.

I have spoken about the area of trade. We must also address some of the needs of small and medium sized businesses as they attempt to establish themselves in the domestic market. Often government practices are a hindrance to them. High commercial and business tax assessments, meddlesome provincial standards and regulations, our own dreaded GST, as well as an inordinately high level of taxation are only some of the overwhelming obstacles faced by our business community.

The deficit hems us in as a government and does not give us the affordability to pursue more aggressive policy. Indeed, by being a heavy borrower governments have crowded out the capital requirements of small business. In a way our best commitment to small and medium size business will be deficit control and reduction.

Current high interest rates and high taxation are choking off business formation. To arrest this problem is a major commitment to small and medium size business.

Having said this, I believe that there are things that government can do better to achieve a greater degree of business confidence. We should seriously consider bringing back a form of income tax moratorium on capital invested in small and medium size business. In other words, encourage capital retention within the business sector by deferring capital gains recognition to that date when the investor wants to enjoy the fruits of his or her labour. This would allow more aggressive capitalization of small and medium size businesses.

I have mentioned how we could change the taxation system. We also need to reform how small and medium size businesses get access to new capital. I note this was the basis of a report. However, I think there are some other things that we could do. Most small businesses will fail in the first few years of operation. Often this is not because their product was faulty or poorly marketed but because of insufficient capital.

The government has done much in this area. The Small Businesses Loans Act, venture programs administered by the Federal Business Development Bank, working ventures, and even section 25 of the Unemployment Insurance Act are all good initiatives to help small and medium size businesses but still there is something missing.

What we need in this country is an aggressive, over the counter equity market, one which provides relatively cheap access to capital markets but also has the regulatory regime

Government Orders

which can earn the respect of the general public. This is the focal point of investing in ourselves. Canadians have all too often avoided investment risk. This has worked against our potential as a nation. This new and improved market would provide a relatively easy trading system. I note in fact that something of this nature already exists. It is called the Canadian dealer network and is part of the Toronto Stock Exchange. Still, it is too expensive to access and it must be made easier to access.

Finally, we need to believe in ourselves and our great abilities. We need to see beyond tomorrow to what we could be. Business itself will have to be more effective in networking, seeking out solutions of excellence in everything we do. We need to end some of our parochial attitudes which are holding us back from being the best. We must learn to share with each other so that Canadian products will be the best there is and so that the 21st century will truly be Canada's century.

(1650)

[Translation]

Mr. Bernard Deshaies (Abitibi, BQ): Mr. Speaker, it is a pleasure to rise in the House today to speak to motion No. 16 standing in the name of the Secretary of State for Parliamentary Affairs, and I quote:

That this House take note of the Second Report of the Standing Committee on Industry ("Taking Care of Small Business").

I should point out that an analysis of the recommendations of this report and the dissenting report of the Bloc Québécois to this committee provided an opportunity to ask some important questions about SMEs in general and SME funding in particular which is largely the key to economic development in Quebec and Canada.

I agree the report contains some much needed changes in the way SMEs are financed, to raise them to the level of productivity and competitiveness required as a result of globalization. In my opinion, the number of SMEs should continue to rise, and their production capacity and ability to diversify should be improved, all of which will not be possible unless SME financing helps them expand from a small to a medium sized business and, if possible, to a very big company.

Unfortunately, according to the statistics, between 1978 and 1986 only 1 per cent of Canadian small businesses graduated to the rank of medium-sized businesses, compared with 15 per cent, over the same period, in the United States.

It is very important to find an explanation for the unsatisfactory growth of our businesses, but in the short term, for many regional businesses, financing is often the problem.

This report contains some positive reports concerning SMEs and SME financing, but I feel that some recommendations lack real substance and innovative spirit.

I would support the committee's recommendation that the Federal Development Bank be confirmed in its role as complementary lender to small and medium-sized businesses. However, it must be understood that this role should be redefined so as to avoid duplication and overlap, since all provincial governments have their own government policies. The Government of Quebec is no exception, with its new policy for regionalizing development programs.

Instead of changing the name of the Federal Development Bank, which would mean spending a lot of money with no direct benefit, the federal government would be better advised to give this agency a new philosophy, that is, let it act as a complementary lender of venture capital to businesses, the role formerly played by the Federal Office of Regional Development, which has seen its mandate crumble as a result of the absence of budget allocations.

While on the subject of funding and risk capital, I would like to say a few words about the Small Business Loans Act my Bloc Québécois colleagues referred to in their dissenting report. I would have liked the committee to show more vision, more understanding in its consideration of small and medium sized business funding. Small business loans are very popular tools among small and medium sized businesses and essential ones too, resolving a number of problems in terms of productivity, market strategy, job creation, by making the necessary funds available.

To be eligible to funds under the Small Businesses Loans Act, SMEs must perform well in management and other areas considered important. These are the conditions essential to their success.

In the committee proceedings, we note that the Liberal members of the committee completely disregard or do not understand the first thing about the basic needs of Quebec and Canadian entrepreneurs desperately seeking a way out of the slump.

This government is proposing that small business groups be divided up in categories based on economic priorities. The Liberals want a new short range program to be put in place to support small business working capital financing just for export businesses.

(1655)

We can see once again that Liberal lobbyists have successfully looked after their own interests at the expense of other SMEs who also need financial assistance to increase their productivity

Government Orders

in order to become more competitive, and they too are exporting.

Innovative ideas are often required. To boost the economic growth in regions such as Abitibi—Témiscamingue, in my riding like every other riding in the region, small businessmen have to be able to rely on regional development funds created by local investors, for local investments, with the input and/or assistance of both levels of government naturally.

The report deals with similar ideas and I hope that they will be considered by the ministers.

By establishing a regional fund, we could avoid unfortunate situations like that of a woman who came to see me in my office after she was refused a \$15,000 bank loan for working capital under the SBLA to start her business. The reasons given for the refusal were her lack of experience and the risky nature of the business, when she herself had already invested nearly \$45,000 in equipment. This money had come from her family to help her start her business and create jobs.

By cutting funds for small businesses, the banks prevent them from investing and facing the globalization of the economy. One may wonder whether the small-business programs benefit only the banks, because they have rigid discretionary criteria for funding small businesses, as in the case I just mentioned. They only lend to low risk enterprises, although their mission should be much broader. If these banks cannot do the job, then we should find a government agency such as the Federal Business Development Bank which could do it.

We should all know that if some of the committee's policies were reflected in the government's next budget, small businesses would unfortunately decline considerably, especially in Quebec but also in the rest of Canada. Testimony heard by this committee would seem to justify the Bloc Québécois's apprehensions.

It is harder and harder for some small businesses to obtain loans because the present government favours those that export. This shows beyond any doubt that the government has no job-creation policy that applies to all small and medium-sized businesses. It has not kept the promise that it made in its red book to help all small and medium-sized businesses. It was supposed to promote employment and its slogan was "jobs, jobs, jobs", but the reality for many small businesses now sounds more like "bankruptcy, bankruptcy, bankruptcy".

The policies of this government are disgusting. The Liberals have the nerve to tell us they will create jobs when in fact they provoke the closure of businesses which did not get the financing they desperately needed, this after being told they would get it. Without access to adequate capital, even the most gifted managers and the best commercial strategies can fail.

I want to give an example, from my riding, where federal support helped promote the development of a business. If the government would only continue to provide this kind of support, we would be in a position to create jobs instead of changing

policies. The company I am referring to is called Précé-Bois, in the small village of Barraute. New technology would allow the use of trees with a diameter of less than four inches to make small wooden blades, which are sold and exported to the United States.

The owner personally invested over \$500,000, was able to borrow one million dollars from a chartered bank but still had to find \$500,000 in risk capital, for a total of \$2 million. The Federal Office of Regional Development took eight months, almost a year, to make a favourable decision, but after a lot of representations and explanations federal officials probably realized this was an excellent project. Consequently, more than 30 jobs will be created, which means that the same number of people will leave the welfare or unemployment rolls.

This is a good example where, instead of having the government spending money, jobs are being created for the benefit of the whole country.

Unfortunately, many other projects did not get sufficient funding. This government had promised financing sources to the residents of these communities—I named one village, but representatives from many other ones came to see me because they have developed projects but will not have the necessary funds to complete them—so that they would be able to implement projects which enjoyed unanimous support in their communities and which would have created new jobs.

(1700)

These people were willing to take the risk and to create companies to diversify local economies. By changing its policies, the government broke its promises without offering any alternative financing. For its part, the Bloc Québécois wishes to broaden the application of the Small Business Loans Act to include businesses' working capital for all SMEs, because this often makes the difference between success and failure for a given project, whether for export or for the local market.

To implement this financing of SMEs' working capital, the Bloc proposes concrete and realistic solutions in its dissenting report, Appendix F of the report. I agree, of course, that the government should gauge all suggestions in the context of fiscal responsibility, and weigh the costs and benefits of all loan applications. SMEs must assume part of the technical responsibilities, that is to say they should have well structured, profitable and sustainable plans.

Clearly, if the government accepts the suggestion of the Bloc Québécois or any other positive suggestion on small business capital financing, there will be social and economic benefits, in particular in remote areas like my riding of Abitibi, in Quebec.

In 1988, the FBDB, a major agent of development in our regions, gave more than \$8.9 million to 86 manufacturing projects in Abitibi—Témiscamingue. The money was allocated under the Enterprise Development Program—Industrial, the EDP-I. This program allowed a number of businesses to acquire equipment and to upgrade their facilities, thereby improving

Government Orders

their productivity and preparing themselves for an economic recovery.

I could mention a number of examples of companies who benefited from this financing and have, today, the means to export wood byproducts from our area. Presently, with a budget of \$ 1.5 million last year instead of eight million which could drop to zero, FORD-Q is targetting small and medium-sized businesses with, as I mentioned before, a strong export potential, which is not bad per se, but other small and medium-sized businesses in the tourism industry, for instance, should not be neglected. More importantly, new services provided by FORD-Q will no longer be in terms of investment but in terms of technical support, that is to say feasibility studies review and so on.

With such a small budget, it is going to be difficult for small and medium sized businesses in the Abitibi area to find funding in order to diversify their production since they depend mainly on mining and forestry as a source of funds for regional development. It is urgent to establish secondary industries in the region, which will result in more jobs, lower unemployment insurance expenses and, therefore, lower government expenditures and higher revenues.

The facts speak for themselves. Given the new orientation, the \$1.6 million investment by FORD-Q in a tourism project in Val-d'Or will be the last one of this size. I do hope that with respect to the recommendations of the Standing Committee on Industry, budgets will be sufficient to stimulate all small and medium-sized businesses, without any discrimination.

To conclude, I would like to quote Mr. Alain Garneau, president of the Northwest Quebec prospectors association, Val-d'Or sector. It should be noted that, in our community, mining is one of the most important economic sectors. He said: "—most jobs are created by small and medium-sized businesses. They train most of the people employed in their own sector. They are economically and socially extremely important, a fact which is unfortunately too often forgotten by our governments—".

The Deputy Speaker: It is my duty, pursuant to Standing Order 38, to inform the House that the questions to be raised tonight at the time of adjournment are as follows: the hon. member for Gaspé—Fisheries; the hon. member for Calgary Southeast—CRTC; the hon. member for Davenport—Law of the Sea.

[*English*]

Mrs. Terrana: Mr. Speaker, apparently one of my colleagues in the opposition would like to speak first. He has an emergency. I would not mind letting him go first.

(1705)

The Deputy Speaker: A most courteous act by one of our members in favour of the hon. member for Prince George—Bulkley Valley. Then we will switch back.

Mr. Dick Harris (Prince George—Bulkley Valley, Ref.): Mr. Speaker, I do wish to extend my appreciation to the hon. member for letting me speak. I am going to split my time with the hon. member for Fraser Valley West. I will take 10 minutes.

We are talking about small business today. That is something that I am not totally unfamiliar with, having spent a number of years in small business, most of my life actually. I have come face to face with almost every single problem that small business today and over the last 25 or 30 years could ever face. I am happy to say that I was able to meet those challenges in most cases.

Although I agree with the report from the committee in many respects, I think it is important today that I spend some time talking about the difficulties and the attitudes of small business if for no other reason than to try and put it again in front of the government and again in front of the banking industry, if it happens to be listening today, so that some of the challenges that small businesses face is driven home to them as well the important role that small business plays in the economy of Canada.

Most people probably believe that it is Esso, IBM, General Motors and the other mega companies that we all so familiar with that are the engine that drives the economy in this country. These same people would probably be of the opinion that it is these large corporations, these mega companies, that employ the majority of the people in this country. This is truly not the case. In fact the opinion that these mega companies drive the economy and hire the most people in the country is very far removed from reality.

The truth is that the economic health of this country depends on small business. It is the small businesses with less than 20 employees that create new jobs, create new growth in the country, and create growth in the economy and opportunities for Canadian workers.

Given the importance of the role that small business plays in the economy of this country it is surprising, as highlighted in the report from the Standing Committee on Industry, to see again the numerous obstacles and challenges that small business must continue to deal with in order to simply do business in this country, obstacles established by government and by the banking industry in this country.

Government Orders

I hope today that the banking community and the government will take note of what is being said here today as well as the contents of the report in the interest of the health and welfare of the country, the survival and growth of small business in this country, and the future well-being of Canada.

In 1990 small business employed some 4.2 million people in Canada. That is out of a total of 12 million people who are working in this country. Small business was responsible for 80 per cent of all new jobs created between 1977 and 1987 and it continues. Small business continues to be the lifeblood of the Canadian economy.

The government is truly aware of these numbers. It has displayed its understanding of the importance of the role that small business plays in the country. As a matter of fact, the red ink book devotes quite a few pages to extolling the virtues of small business in Canada and some of the challenges and impediments that small business faces.

(1710)

The budget promised a small business review, the purpose of which would be to determine how government can help these smaller firms succeed. It recognized in the budget that the tax burden, paper burden, lack of financing and lack of access to government information and programs were all issues that needed to be addressed by this government in relation to small business.

During the G-7 in Naples on July 9 all countries agreed that it was important to focus on removing the challenges and the impediments to small and medium sized business. It was important to the lifeblood of the economies of all the countries that participated in that conference.

In short, the government is certainly well aware of the importance of small business and the various difficulties it encounters. The government knows about small business according to the report from the industry committee. It is reminded of it every night as well during the required reading of the red ink book and is reminded of small business importance when attending international economic conferences.

Beyond trips to Naples, beyond the red ink book rhetoric, beyond the issuance of this report, what has the government done to assist this vital sector of the economy? We have had lots of talk, lots of words and lots of promises. In fact, what has been accomplished in the year since this government took office to help small business is almost absolutely nothing.

I spoke earlier about some of the things the government could do to encourage the banking industry, the big six that controls the banking community in this country. They control all the financing for small business. I spoke of some things they can do. Make no mistake about it, until the government puts a hammer

to the heads of the big six that control all the money and tells them they are going to have to start paying attention to small business in a real way, nothing is going to happen in the area of financing for small business.

That is one thing the government can do. It does not have to wait for two or three years. It can do it almost immediately. It is the government. It controls the regulations that govern the banking industry in Canada. That is something it can do right away.

In the government's last budget it created another impediment when it increased the taxes on all medium sized business that had at least \$15 million in capital. We are not talking about small business in this group, but there are many small businesses that benefit from medium sized businesses having this kind of capital and this kind of revenue. It increased the taxes on that particular sector of medium sized business.

Now the Minister of Finance in his new work entitled "A new framework for economic policy" is of the opinion, and this is surprising, that income taxes and payroll taxes distort economic behaviour and stunt economic growth.

All he had to do was walk downtown and talk to a few small businesses and he would have got this in a moment without having to spend a lot of time pondering it. It is not a trade secret in the small business community that taxes hurt.

Nowhere are taxes more abundant than on small and medium sized businesses. This is the major deterrent to economic growth of small businesses and expansion and job creation. They have income tax, payroll tax, capital tax, sales tax, property tax, and who knows what other taxes.

If we take the ratio of taxes levied on a business in relation to the income of the business we find that small businesses are saddled with 30 per cent more taxes in comparison with larger firms. Payroll and local taxes hit small businesses particularly hard. They carry up to 44 per cent of the tax burden in this area while the megafirms carry some 28 per cent or less.

(1715)

I just want to sum up now by saying that I stated in this House before that the biggest thing this government can do to help private sector job creation, to help private sector growth in the economy is get out of the pockets of business. In particular, that applies to small and medium size business. They are the lifeblood of the Canadian economy.

That is the area that the Minister of Finance and the Minister of Industry can look at if they want the economy to grow. That is the area they should be looking at if they want to reach that magical 3 per cent deficit to GDP. That is the area they can look at to help small and medium size businesses. One place they

Government Orders

have to concentrate is lowering the tax levels and getting on the backs of the big financial institutions.

Mr. David Iftody (Provencher, Lib.): Mr. Speaker, I am pleased to rise in the House today to debate and discuss the report of the Standing Committee on Industry on small business, taking care of business.

All members on that committee worked very hard to produce what has been called by the *Financial Post* a mini task force report because of its depth. Considerable thought was given to the precise nature of the recommendations. It is heartening to hear helpful suggestions from members on the other side of the House with respect to the contents of the report.

I would like to mention a couple of things with respect to what is happening in this country in terms of job growth and economic growth, let us say since January. We can use that as a timeframe. There were 327,000 new jobs created, most of those in the manufacturing sector which, as the House will know, are long term jobs. Only 11,000 of those are considered part time jobs.

I would like to share with members on the other side of the House that the most recent economic indicators on a number of different fronts suggest that business confidence is at a record high, profits are up, expectations for hiring are also on the rise. The retail industry in this country is expecting the greatest volume of retail sales this Christmas. The reason is that consumers are now buying cars, microwaves and refrigerators and so on, what are considered the soft market items or the confidence items in the economy.

This government has set a framework to give confidence to small businesses that are now producing the jobs, a confidence that we need in this country.

I would like to speak briefly about my riding in Manitoba, the rural riding of Provencher, and the importance of small business to rural Manitobans and to rural people across Canada. Because of the farming communities I represent which provide the lifeblood of small business and economic activity in rural areas, a number of small businesses have sprung up around those. One of the larger communities I represent, Steinbach, has done tremendous things working closely with the farm community and has developed a number of leading Canadian companies, taking off from basic family businesses. Small business is an important element in rural Canada and something we ought to continue to support.

Earlier a member from the Reform Party mentioned his concerns about the use by small business of the instrument called western economic development. I believe it was a member from Edmonton. I would remind him and the House about a number of projects that were funded in Alberta, almost 800 since 1988 until 1992 or thereabouts. In Alberta 800 projects in

Alberta were funded under the western economic development program, a number of them in Edmonton.

(1720)

I noticed one recently with great interest with the Edmonton Chamber of Commerce where it received about \$17,500 under western economic diversification to undertake a symposium with business people in Alberta to seek ways it might access Asian Pacific markets and assist its small businesses. I do believe that we are making a contribution, a very valuable one, even in Alberta.

Let me speak briefly about one of the other questions that was raised here earlier with respect to women in small business. In my riding of Provencher I have had a great number of calls and interest by women starting small businesses. We have to give this idea considerable thought.

Between 1990 and 1994 during the recession the majority of companies that were created were what we call micro-businesses. In other words, they are not really small businesses defined as less than 50 employees but those creating two, three, or maybe five or six jobs in a small community. We found that women, working usually out of their homes, joining with some other partners, are starting these small cottage industries that are moving toward greater possibilities in terms of growth.

We have seen in the most difficult times the contribution that they have made to the Canadian economy. I was very pleased therefore when my colleague, the hon. Minister of Human Resources Development, announced through western diversification the women's business network instrument which we believe is going to be very helpful in terms of assisting women, and I hope rural women in western Canada, to access and network resources.

I say this because it comes back to one of the principal elements of this report. Canadians, small business people in particular and I believe even more so women, having faced these difficulties are having difficulty getting access to capital. We believe that through a number of these government programs, through the implementation of the recommendations in this report, we are going to be able to provide those kinds of financial tools to individuals and small business people so that they can get these companies up and running.

With respect to the banks I know it has been debated extensively here today. The media has given this topic a great deal of coverage over the last few months. This is not an exercise in bank bashing. I believe all members of Parliament who were sitting on the committee approached it with integrity and good faith and were honestly seeking solutions. We took it with great interest and respect when the banks said to us that they did not want to be regulated. They wanted competition and they were not afraid of competition.

Government Orders

I found it quite surprising that when we announced the suggestion of a schedule III bank to provide more competition outside of the larger cities in the rural areas the Canadian Banker's Association said that it would vigorously oppose these kinds of measures, and its concern about depositors' investments.

I hasten to remind those who perhaps do not know when we are talking about small businesses that they create 85 per cent or 90 per cent of the jobs in the country. If the banks are concerned about depositors' money, who is it on the 15th and 30th of every month who go to the bank with they pay cheques? Who are the depositors? It does not take a lot of thinking to quickly conclude that those depositors the banks are trying to protect are people working for small businesses in this country.

We have to have a closer look at that. We are willing to work with the banks in a very constructive way to address the needs of small business. It is very disconcerting to hear that they are criticizing some of the elements of the report.

One of the things that I wanted to mention in my final minute is the most recent deal in China with the CANDU reactors involving some \$3.6 billion and the export of high tech and value added jobs in this country. I wish to advise the House that the majority of those contracts once successful are going to go to hundreds of high tech companies that will export in terms of services and direct sales their capabilities to this China deal.

I thank the government and the Prime Minister for taking leadership in that role, for undertaking those memorandums of understanding on those deals. I believe it is going to help small business all over Canada.

(1725)

Mr. Randy White (Fraser Valley West, Ref.): Mr. Speaker, it is a pleasure to talk about taking care of small business.

One of the things I want to concentrate on here in my 10 minutes in speaking about what I think small business needs in this country is government involvement in small business. I am going to select for my example ACOA, the Atlantic Canada Opportunities Agency, which the government is up to its arm pits in donations, grants and subsidies on.

We all know there has been a shift in political ideals in recent years. The government now talks about a fiscally responsible way of operating business, how to cut dollars and how to operate efficiently which is a good change for this government. However, I think when you look at where this government has come from from a sociological point of view, you only have to look at what Michael Thomas once said, just because you have been bad at socialism doesn't mean you will be good at capitalism. That fits well in my mind with this particular government because I do not think this government has a real good idea of what

capitalism really is. I am going to demonstrate that by talking about ACOA.

The Business Council of British Columbia has recently issued a report on cutting the deficit. The business council gave all kinds of suggestions on how the government might be able to do that. One of the suggestions it made was to phase out all three regional development agencies.

I know there was some talk here earlier about regional economic development programs but it is relative today to talk about that in the line with small business. The relevance is we have our hands into small business in two ways. We tax them to death and we create a terrible inequity between small business. Why do we do that? On the one hand we give some grants and subsidies. Note that it is non-taxable, just a gift. It is like winning the Lotto 6/49. The competitor down the street has to borrow money to try to get some kind of capital back into his business or if they want expansion they have to borrow money. ACOA comes along in many cases in Atlantic Canada and just issues a cheque.

I have done a lot of talking to some of the recipients of ACOA grants in Atlantic Canada. We have also had some discussions with ACOA. I want to give members an idea of some of the grants that come out of this operation, not to mention the fact that the management of ACOA is well known for its spending habits. I really do not have to get into that because that is known all across Canada.

Let us just take a look at some of the grants that are given to small business in Atlantic Canada. For instance, Cynthia Billard in Newfoundland received \$37,105 to construct two housekeeping units. That is a gift from the taxpayers of this country. I somehow think that if somebody came knocking at my door in Fraser Valley West, British Columbia and asked if I would like to give Cynthia Billard some money toward building two housekeeping units out of my taxes, my answer would be no. You do what the other people do when they want to expand on their housekeeping units. They borrow money or they save their money through profits from using their other units and they allow the expansion that way. We do not give money to some and not to others. It creates a terrible imbalance in small business.

I will run through a lot more of these grants. This government is quite well known for giving grants around the country.

(1730)

Let's take Mr. Stedman Brophy. He advertised in hunting magazines and attended trade shows. He was given \$5,000. Congratulations. They have given \$5,000 of taxpayers' money away. How did that benefit the other people in the same line of business? It does not.

Mr. Mills (Broadview—Greenwood): Did the hon. member ask him?

Government Orders

Mr. White (Fraser Valley West): The question I am asked by one of the Liberal members is: did I ask him. I really do not have to ask him. He is not going to complain. This individual is not going to complain. He got \$5,000 tax free from this generous Liberal government.

What about the people in similar industries down the street who did not get any of that money? They went to the bank and borrowed money, or saved money to produce a similar exercise. Is it the idea of this Liberal government to perhaps try to cover everybody in Atlantic Canada that is in business and try to get everybody at the trough all the way along the line.

Mr. Mifflin: Did you tell them that when you were campaigning in St. John's West?

Mr. White (Fraser Valley West): Mr. Speaker, let us look at a couple more. I invite the Liberal members here and all the people watching and listening to see if they would spend their tax money this way.

Mr. Mills (Broadview—Greenwood): Irrelevant.

Mr. White (Fraser Valley West): Let's talk about Ducky's Homebrew in Newfoundland that got \$15,816 tax free, I might add with no pay back, risk free, to establish a facility to produce home brew beer kits.

Mr. Mills (Broadview—Greenwood): What is wrong with that?

Mr. White (Fraser Valley West): Again, one of the Liberal members asks: "What is wrong?" What is wrong is this. In my community one of these home brew small businesses just started up as a matter of fact. The fellow saved his money, he was telling me, for something like 10 years in another business. He sold that one off. Now he is trying to establish another one. He did not get Lotto 649-type grants from the government. He did not get money from the taxpayer. He saved his money and he borrowed some more money. What is wrong with that?

Let's go to some more. Gerald's Machine Shop Limited, to purchase a computerized milling machine received \$70,552. What about the other machine shops? What will be done for the other machine shops? How does small business get competitive in this world when one machine shop gets a grant, not repayable, and not the other? How does small business survive doing that? How does it stay competitive? The government has to get out of the business of handing those cash cows out to some and not others.

Let's talk about some other folks who want to establish a restaurant and bakery that got \$48,000. Another person in Newfoundland got \$63,560 to upgrade hotel rooms and housekeeping units

Mr. Mills (Broadview—Greenwood): Why is the member picking on Newfoundland?

Mr. White (Fraser Valley West): The question was: why am I picking on Newfoundland. I am not. I am going to go through all of the provinces of Atlantic Canada. I am going to go through all of them.

Why would we upgrade hotel rooms and housekeeping units for one person and not all the others?

Let's talk about some bigger bucks, about Maynard Limited in Newfoundland. They received \$363,000 to expand existing facilities by adding a dining room. Is that the right thing to do? Is it fair to all the other organizations in the province, in the country for that matter, who want to expand their dining rooms? What kind of mentality is this? How much money did we give to Newfoundlanders? There were 344 contracts in Newfoundland. We gave \$19,906,166 taxpayer dollars to some and not to others. Justify to me the logic in that.

Mr. Mills (Broadview—Greenwood): They are all businesses.

Mr. Harper (Calgary West): Check what party they donated to.

Mr. White (Fraser Valley West): The suggestion is to check the party to which they donated. I am sure there are a lot of political hacks because we know this party likes their patronage so that would be obvious.

Let's skip Newfoundland then and go to P.E.I. In P.E.I. Broadview Properties Incorporated got to modernize their motel by upgrading furniture and equipment, et cetera, for \$74,000.

(1735)

Members opposite do not like what they hear. They do not like the fact that we are talking about taking care of business. The way the government takes care of business and creates equality in business is to give tax free money to some and not to others. The government's problem is that it has no idea how to be competitive. Competition to this government means giving to some and not to others. It is who you know.

In Nova Scotia 559 contracts were issued since November 4, 1993 for \$27,721,000 to some and not to others. In New Brunswick, 617 contracts for \$35 million were issued.

How is equity created between competing small businesses by giving to some and not to others? Your book may say a lot. It does say a lot. There are positive things in the book but you do not have what it takes to be capitalists.

Mr. Fred Mifflin (Parliamentary Secretary to Minister of National Defence and Minister of Veterans Affairs, Lib.): Mr. Speaker, I was listening very intently to the debate on this excellent report. Being on House duty I was listening in the lobby with great interest. I was very impressed with the quality of the speeches and decided to come into the House and hear them firsthand.

Government Orders

I must say I felt a certain amount of disappointment when I arrived because all of a sudden the presentations stopped being about this excellent report. I am sitting here in my seat and I cannot really believe what I am hearing. A responsible member of Parliament is getting up and complaining about a system that supports Atlantic Canada and he states that the people from his area would not support it.

I have a comment and a question. I am very seldom partisan but I have to say I find it very difficult to understand how the hon. member intends to go to Newfoundland after that speech to campaign on his support for ACOA and for regional development in Newfoundland. I suggest he frame this speech and turn around in reverse and never show it to anybody when he goes down looking for votes in Newfoundland.

He is suggesting that ACOA is made up of a group of imbeciles that just willy-nilly give out money to some businesses and not to others. He is totally wrong. I am telling him that the vice-president of ACOA, Gordon Slade, happens to be one of the finest civil servants in the country. He is a very responsible person. He is very selective in what he does. When there is competition the ACOA grant is not given.

My comment to the individual is that ACOA management does not work that way. It is much more responsible, much more selective.

My question to him is: What is his alternative? What would he rather do?

Mr. White (Fraser Valley West): I just love it when they sanctimoniously get up on the other side, Mr. Speaker. They do not like to hear the truth.

The comment was that Gordon Slade is selective—

Mr. Mifflin: On a point of order, Mr. Speaker, is sanctimonious a parliamentary word?

The Deputy Speaker: With respect, there is a dictionary on the table. I think if that word is not a parliamentary word then I do not know what word would be parliamentary.

Mr. White (Fraser Valley West): Yes, I think it has more than eight characters in it, Mr. Speaker.

The comment was that Gordon Slade is selective in the grants that come out of ACOA. I would suggest that is very likely the truth of the matter. That is the problem.

(1740)

It does not take a brain surgeon to go through any list to see that the selection of the grants in ACOA are made on an inequitable basis. There are all kinds of similar industries in Atlantic Canada. And not just in Atlantic Canada, but in Ontario, in western Canada. They do not get money although taxpayers right across the country pays into it.

Where does the government get the right to select the taxpayers' money and pay it to whomever it wants on its basis? It is selective all right. It is a selective procedure but it is unfair to all those who do not get it. The answer is to get out of regional development grants, get out of ACOA.

Mrs. Anna Terrana (Vancouver East, Lib.): Mr. Speaker, first of all I would like to say that the Liberal Party was voted into government. That is where we get our strength to do what we are doing and also get back to being a little more positive.

[Translation]

I am pleased to rise in this House today to speak to the motion on small business. My riding of Vancouver East contains many small businesses. Our proximity to the Asia-Pacific region makes us major players in negotiations with Asia and South America.

Team Canada's trip to the Orient led by the Right Hon. Prime Minister generated a great deal of interest and enthusiasm. Small businesses do not have the resources required to negotiate directly with China but, with governmental assistance, they can create many jobs for Canada, as they have done for several years.

Last May, I had the privilege of participating in a trade mission to Beijing together with over 100 small and medium-sized business owners. I learned a lot during this trip; I realized in particular that small and medium sized businesses cannot operate alone. They need help. Canada has much to offer to the world in terms of skills and resources, but we must sell our potential. Trips to foreign countries are extremely important to ensure our country's well-being and to let the world know all that Canada has to offer, including solid, honest and capable business people. In short, we must learn to become more aggressive.

[English]

Canada is a trading nation. The challenge is to transfer Canada from a nation dependent on trade into a true trading nation with a much larger role being played by small business.

Having said that, I would like to discuss the export sector of our country. Facing global competition has become the sine qua non of any serious business plan. The best way to find out if your company is truly competitive is to tackle the export challenge.

The arithmetic is simple. In the global market for many niche products and services, Canada often accounts for only 1 per cent or so of global consumption. Companies that do not export are often ignoring literally 99 per cent of their potential customers.

The process of exporting successfully though is somewhat difficult, particularly for small companies who have never even dreamed they would have to enter global markets. The vast majority of companies has to take to exporting one step at a

Government Orders

time, pausing at each step to seek advice and information about what lies ahead.

The owners of small businesses always emphasize that they are in the market for information about market opportunities and how to exploit them. Canada's trade commissioners can help to achieve this goal. The trade commissioner service has 100 years of experience in opening doors to foreign markets. It knows the ropes and can help exporters deal with the challenges of complex foreign environments.

The government is in the business of offering all kinds of guidance to exporters, particularly to the small and medium sized companies that need help most.

For example, the focus of Canada's program in support of fairs and missions has shifted to smaller businesses. Then there are the programs to provide hands-on training to new exporters to the United States border states, Mexico and Europe.

(1745)

WIN Exports, the Department of Foreign Affairs and International Trade's electronic databank of Canadian firms capable of taking on export challenges, as well as its market intelligence and information program, is also being enhanced to better meet the needs of small businesses seeking niche markets worldwide.

The efforts of the Department of Foreign Affairs and International Trade are to assist exporters start right at the beginning, when the decision to export is first being examined by entrepreneurs.

To that end government officials work closely with the Forum for International Trade Training. The Forum for International Trade Training philosophy is that to compete successfully in world markets, a company that wants to export has to act like a long distance runner who trains for a marathon. To help out, the Forum for International Trade Training provides a wide range of services which can be customized to the skill and experience levels of participants. This year the program is operating in 30 community colleges across Canada with some 1,000 students registered.

FITT is a major undertaking, patterned after the government-business training vehicles that have long been in operation in Germany and Japan. As such, FITT has received federal and provincial government funding along with the support of business associations, including the Canadian Chamber of Commerce, the Canadian Exporters Association and the Canadian Manufacturers' Association.

As significant as these developments are, we can still do better. We cannot rest on our laurels.

Over the last months the Minister for International Trade has been listening to what Canadians have had to say through

meetings with small and medium enterprises across Canada as well as a number of other venues. The message conveyed was consistent and clear; do less but do what you already do better. Government is being told that there are too many programs being run by too many players.

In response to demands by the private sector, our government has already taken some preliminary steps which will benefit the business community as a whole but, more important, will also benefit small business.

For example, because of their size, small businesses often do not have the resources to find international trade leads. Accordingly, we are undertaking a number of improvements to the way we collect and disseminate market intelligence and market information. We have put into place an electronic bulletin board service that allows exporters access to the latest international market information by a personal computer and a modem.

We are also developing a market intelligence messaging system for broadcast faxing of trade opportunities. Furthermore, small businesses often complain about the plethora of government programs and are confused by what different levels of government are responsible for when it comes to international trade. This government is therefore undertaking a second set of measures to provide greater cohesion and focus to the support role played by governments.

There is a need for better co-ordination of international business development activity among both federal departments and the provinces.

Accordingly, this year's International Trade Business Plan will include the input and international business activities of all provinces, as well as 18 federal departments and agencies that are already part of the process.

In addition, in conjunction with the provinces and a number of federal government departments, this government is undertaking a new initiative called Trade Team Canada. We are looking to optimize services to clients by co-ordinating the delivery of international business development activities among various levels of government. We intend to move ahead promptly by setting up pilot projects in co-operation with those provinces that have already shown an interest in the idea.

In conclusion, the initiatives that I have been describing are based on a co-operative approach of the kind we need to mobilize Canada's export potential and in particular the potential of our small and medium sized businesses.

Our government is making a conscious effort to consult extensively with our clients. We promised that and we are doing that. I do not think we should just go to our next door neighbours to consult but we should call all of Canada to consult with us and tell us what they want.

Government Orders

Our government is making a conscious effort to consult extensively with our clients, the people of Canada who run our small businesses. I wish to assure the House that we will continue to seek ways to work together with the business community so it can meet the challenges and opportunities of an expanding world market. We will not stop trying until the world beats a path to the door of Canadian small and medium sized businesses.

(1750)

Mr. John Williams (St. Albert, Ref.): Mr. Speaker, I listened intently to the previous speaker's great commendations about the government's role in helping small business. One thing that strikes me as being rather opposite to the whole idea of government trying to help small business is the fact that the national debt accounts for over \$38,000 for every taxpayer in this country. Of course small business people are taxpayers. Not only are they taxpayers for themselves but they create employment that generates all other kinds of taxpayers as well.

I think about how small business has to labour under the heavy taxation caused by the national debt. This government has continued to increase the national debt, to increase the amount of burden that is being put on every taxpayer, including small business. How would the member expect these business people to compete in the international marketplace as she is saying they should, could and will when in fact the best thing that could happen to small business would be if the federal government were to reduce or eliminate the deficit and take the cost of this overburdening national debt off the backs of small business?

What better place could the member suggest that we start after listening to the member for Fraser Valley West who said that this government seems to not just pick winners and losers but to pick individual people and say: "Here is some money that is tax free". He quoted all kinds of statistics and actual numbers about individual people or businesses getting specific amounts of money, \$300,000 here, \$75,000 there and so on.

If the previous speaker is serious about this government helping all small businesses, would she recommend that her party and the government that she supports get out of this selective subsidization and grants to small businesses in various parts of the country in order to reduce the overburden on small businesses and allow them to complete?

Mrs. Terrana: Mr. Speaker, first of all I want to remind my hon. colleague that we were elected to do what we are doing, to create an atmosphere, and not to cut our deficit in three years or our debt in five. We were elected to do what we are doing.

Second, the approach is very simplistic. We have been in government for one year. We have done a lot of things. We listen

to people. They tell us what we should do. We have been hearing them. We listened and we heard.

We are trying to put into place what we have heard. In the meantime we are taking care of the deficit as we promised.

Mr. Werner Schmidt (Okanagan Centre, Ref.): Mr. Speaker, I would like to ask the hon. member who just spoke just exactly what would be the manner in which business could actually get into a true competitive environment without government interference so that we would not have all this subsidization, so that indeed business could compete in its own right and so that it could do the kinds of things that business was intended to do without subsidization and interference by government to give advantage to some business over and against another business.

Mrs. Terrana: Mr. Speaker, I went to some of the hearings. Of course, there are those people who say: "Don't give any subsidies". Some people say: "We need the subsidies".

We will slowly get there. Canada is a big country with a few people and a lot of regional disparities. We eventually will get there. We will eventually find a way to let businesses prosper on their own. There are more and more doing that. I am hopeful. I am a positive person.

Mr. Leon E. Benoit (Vegreville, Ref.): Mr. Speaker, the member in answering a question by my colleague commented that what he is suggesting, that government not subsidize business, is simplistic. If indeed government or civil servants are trying to pick winners, trying to determine how they are going to direct subsidies when there are many people competing in the same business, how are they going to wisely choose the businesses to give money to, if that is not being simplistic?

(1755)

Mrs. Terrana: Mr. Speaker, this has been the system until now. Of course, as I said, we are looking into it and we are trying to get rid of it.

We have to remember the disparities in this country. We have to create some kind of an atmosphere all over Canada that brings in the money and the jobs that are necessary to survive. This has been there all along and it is something that we have to cure.

Mr. Gordon Kirkby (Prince Albert—Churchill River, Lib.): Mr. Speaker, I am pleased to address this motion to take note of the second report of the Standing Committee on Industry entitled "Taking Care of Small Business".

The committee report contains a thoughtful analysis of the financing problems small businesses face and provides a series of extensive and helpful recommendations on the financing issue. The committee is to be congratulated for its hard work and its excellent report.

Government Orders

In a similar vein, I would like to formally acknowledge the work of the federal Ontario Liberal caucus task force which has also made valuable recommendations on financing for small businesses.

All members of this House are aware of the great importance of small business to the Canadian economy. In fact the government is carrying out a wide ranging small business policy review of which the report will form a very important and integral part.

However, I am particularly interested in the recommendations as they relate to the growth of knowledge based, high tech firms. Both these reports have suggested ways in which the banks could better respond to the financing needs of small and medium size businesses. It is encouraging, as both reports have pointed out. Canada's banks themselves are also aware of the need to do more to assist in the development, growth and stability of Canada's small businesses.

In today's business climate, banking needs are evolving rapidly as are the demands on business itself. The pace of technological change is accelerating while the product cycles are shortening. Flexibility and capacity to adapt and respond quickly to changing market conditions are more important than ever before. These are some of the things that small businesses tend to do best.

It is encouraging to see the beginnings of change in the banking culture. As important as it is to match banking practices with the demands of today's marketplace, that is only one piece of the puzzle. If any one single area is critical to the success of Canadian business in general and small and medium size businesses in particular, it is technology.

In one sense, technology is an investment issue for many small firms since access to financing is often required to be able to utilize technology. Over and above financing considerations however, technology itself is key to the ability of small businesses to compete and thrive in the global marketplace. The whole area of technology presents a critical challenge to Canadian small businesses. For the Canadian economy to prosper this is a challenge we must meet.

Small businesses created 87 per cent of all new jobs in the decade from 1979 to 1989. In the first six months of this year small businesses have created over 80 per cent of the net new jobs created in Canada. Since last year's election this government has presided over an economy that has created in excess of 320,000 new jobs. This is good news for all Canadians.

Yet, there are specific areas where the performance of Canadian small business could improve and innovation, research and development and the use of technology are among them. Canadian companies, especially smaller firms, fall behind their foreign counterparts in a wide range of industries when it comes to protecting advancements in a number of technologies impor-

tant to Canada. Among the OECD countries, Canada's share of international patents is lower than the population would warrant. Many small businesses are slow to innovate or to apply technology to improve competitiveness. Small businesses may lack the time or resources to become well informed about technological change or its implications for what they do.

(1800)

They might not even recognize that solving a particular problem or taking the advantage of a market opportunity might depend on technology. Too few small businesses have the expertise or the capacity to absorb the ideas in technology that can mean success if adopted or failure if neglected.

Businesses increasingly compete on their abilities to innovate in product development, marketing production, distribution, after sales service and internal administration. A rapidly changing innovative business environment helps create jobs by attracting and retaining international investment.

The government is well aware of the special problems that small businesses face when it comes to technology and is committed to helping business resolve them. One of the most interesting and revealing approaches we have taken was a study designed to find out what makes growing small businesses successful. The strategies for success report is a joint product of Industry Canada and Statistics Canada. It provides an analysis of growing small and medium size enterprises in Canada. It examines the reason for the success of groups of firms that grew rapidly in the 1980s and provides entrepreneurs with the clues they need to see how they can do the same.

The report focuses on the tactics used by small firms to make themselves successful and how to implement these strategies. For example, the more successful firms place greater emphasis on their ability to adopt technology and research and develop capabilities.

These companies focus on developing new technology, refining the technology of others and improving their own technology. Successful firms were generally more innovative. A large proportion of them, 30 per cent, attributed success to an R and D based innovation strategy. An even larger proportion, 55 per cent, reported having successfully introduced innovation.

The lessons of the strategies for success report are clear but those lessons will remain theoretical unless they can actually be put into practice on the shop floor or during a service call or in the laboratory. That is why the government is implementing a number of important practical programs to help small business take advantage of the technology it needs to succeed.

In August, for example, the government announced the Canadian technology network to deliver solutions to technological problems through an integrated package of business services. The Canadian technology network will help small and medium size businesses acquire, adapt, commercialize and manage new

Government Orders

and complex technologies in partnership with the Canadian research community.

The CTN is in effect a major consulting service which will be available to businesses of every size. It will provide firms with rapid and effective access to data, intelligence and services from across Canada and from foreign sources. It will build upon the current network of the National Research Council's industrial research assistance program, IRAP. The program's 260 industrial technology advisers draw upon the work of a host of organizations across Canada, including provincial research organizations, universities and colleges, industrial associations and other professional bodies.

The CTN will give the small business community easy access to the broad array of technology, services, skills and expertise offered by IRAP, together with other business related services through an integrated electronic network.

The work of the CTN is nicely complemented by the activities of another partnership in which the federal government is playing a leading role. This is the Canadian network for the advancement of research industry and education, CANARIE.

CANARIE is a joint project by the government and over 140 private and public participants. CANARIE is a cost sharing research and development program to develop the next generation of networking technologies, products and applications. It will also help create a network to test and showcase advanced technology.

CANARIE will facilitate access to and use of the information highway by Canadian business. It is working to upgrade CA*net, the Canadian branch of Internet. Essentially the information highway is going to be a private sector project. Business is doing most of the building and most of the investing but government has a part to play as well.

(1805)

It must help to write the highway traffic code. In other words, make sure the highway develops to meet the needs of all Canadians in all regions and in all sectors. This is why the government has set up the information highway advisory council comprised of 30 Canadians. The members of this council have been given a year to set up a fairly broad set of questions to answer, all aimed at recommending how the government can speed up the development of information highway services.

As Canadian businesses strive to innovate and make the best use of technology that can help to compete, a very important resource it can use is the Canadian intellectual property office. Within CIPO one can find a gold mine of innovation. For example, in the patents office there are 1.3 million Canadian

patents. In addition, the patents office contains millions of foreign patent documents including 5.5 million U.S. patents.

Small businesses can use the information available through the patent office to keep abreast of technological innovations and to avoid investing R and D dollars in projects that have already been explored. Patents can provide state of the art information on particular technologies. They can indicate which technologies are ready for development or which ones are viable but unprotected. They can help business anticipate, identify and respond to foreign competition or to launch a new product.

The practical value of this information is directly related to the ease with which it can be accessed. The patent information exploration program can provide research for the information and patent documents about technologies, about competitors, about patents which have expired and can now be exploited.

Eventually in the not too distant future information from the trademark office as well will soon be available from electronic databases using vehicles such as the information highway.

Small businesses and individual innovators will be able to do so from their own stations. The automation of CIPO databases will contribute to developing and marketing new products and technologies.

In my remarks today I have covered a wide range of topics relevant to small business from financing to technology, from the information highway to the use of patents. In all of these areas the federal government is doing things that are important, that will help small and medium size firms to take advantage of new and emerging technologies that are so essential to business growth.

The work of the standing committee and of the Ontario caucus will undoubtedly help to shape and improve the course of these future policies. So too will the report of the small business working committee which will report soon.

Technology and financing are ultimately linked, intimately linked and are key to the growth of an innovative small business sector in Canada. The small business community is central to our jobs and growth strategy. Helping it optimize the flexibility that its size gives it is a key element to our agenda for small business.

With the support of this House and the other governments across this country small and innovative firms will continue to create the highly skilled jobs Canadians all across this country need.

Mr. John Williams (St. Albert, Ref.): Mr. Speaker, I listened with interest to the previous member's speech. Unfortunately I find it is full of the same general platitudes of how well small business can do and how competitive it is. I asked the same question of the previous speaker as I did once before. How do we

Government Orders

expect small business to be competitive in this international environment when it is loaded down with \$38,000, each and every one of them, of federal debt that has to be paid through higher taxes and so on?

The member for Fraser Valley East talked about the fact that this government is picking individual people and handing them all kinds of tax dollars, tax free at the same time. Everybody else has to pick up the cost for these things. How does he justify these two items when he is saying that small business is so competitive and should get on with the business of creating jobs?

Would it not be far better to stop this nonsense of being selective and giving money to individual firms and individual people? Would it not be better also that we get rid of this deficit and this burgeoning national debt that is dragging small business down under the water?

(1810)

Mr. Kirkby: Mr. Speaker, one thing this government has done very successfully is adopt its election platform, carry it through and do what it said it was going to do.

I recall in the red book it indicated that we would be reducing our annual deficit as a percentage of the GDP to 3 per cent. Mark my words, this government through program review and through a number of initiatives has gone a long way in doing what it said it would do.

I think in the budget over the next few years when we are dealing with our expenditure problems we will be moving in that direction. We are going to meet that target. We will be dealing with the deficit. I hope when people react to the types of budgets we will be bringing forward the Reform Party will be proud to say it did it twice as fast as we did.

With respect to the success of western diversification and ACOA, I know these have been picked on mercilessly today by members of the Reform Party. We were also elected to enhance and encourage regional development right across this country. We have to utilize the wealth of this nation to make sure people all across this country have access to economic opportunity.

We will do likewise with the deficit. We will do what we said we would do by utilizing these agencies to properly and intelligently promote regional and economic development. I know the Reform Party would like to leave the impression that somehow money is handed out willy-nilly. Such is not the case. The people who manage these, whether it is western diversification or ACOA in the Atlantic provinces, are extremely capable, qualified individuals who select business propositions on grounds of merit. Over the years we have seen a tremendous number of successes come out of these types of operations.

As I have indicated, this government will do what it said it would do. We are going to reduce the deficit and we are going to enhance our regional economies by the sensible spending of the taxpayers' dollars.

Mr. Leon E. Benoit (Vegreville, Ref.): Mr. Speaker, the hon. member opposite talked about how the people who manage the regional diversification programs such as western economic diversification are very good at choosing businesses based on merit.

I would just like to ask the hon. member specifically what merit. If they are choosing businesses based on merit, why do these businesses need special treatment compared with their competitors?

I would like the hon. member opposite to give me some examples of businesses that have received money under these programs and demonstrate clearly to me first that it was fair to give them money when not giving competitors money. Second, how is merit determined?

Mr. Kirkby: Mr. Speaker, I noticed the members of the party opposite are not keen on questions about merit. I can see why.

With respect to the issue of merit, obviously these projects are chosen on the basis of those which are likely to succeed as in the case of western diversification. They are not picked when there are competitors in the marketplace. They are picked when there is innovation or something new which is not done in the region in which it is proposed. This is the type of thing that I know western diversification picks. Probably ACOA has the same rules, to pick subjects and projects which are meritorious, which have an excellent chance of success, which will aid the diversification of an economy that too often has been based on a single or a narrow group of industries.

(1815)

This is the type of progress our country needs. We are doing it and we are making things happen. I know that the hon. member will be grateful when he looks at the job statistics and sees how many new jobs are created all across the country by a government that is doing what it said it was going to do.

Mr. John Williams (St. Albert, Ref.): Mr. Speaker, it is a pleasure to participate in the debate today on taking care of small business.

A few years ago the previous government loaded on small business one of the biggest paper burdens we have seen in many a long year, which was the introduction of the goods and services tax. It turned every small business person into a tax collector.

The government said it was going to get rid of the GST and now a year later we are still waiting. Last February the Minister of Finance introduced his budget and took away the capital gains exemption. I wonder what that is doing for small business. He

Government Orders

reduced the small business tax exemption, which caused good and prosperous small businesses to pay more taxes. I wonder if that is what they mean by taking care of business.

The first responsibility of government to small business and the millions it employs is to create an economic climate that is conducive to economic growth and expansion. This growth and expansion will lead to prosperity for the risk takers, jobs for the employees, create new opportunities for the unemployed, provide economic stability for Canadians and their families, and create new and novel businesses and economic opportunities.

We have to get the government off the people's backs. We have to give incentive and opportunity for small businesses to see opportunities, take advantage of these opportunities where they can go forward, put their money where their mouths are, take the risk, take the gamble, go forward and win without the federal government either taxing them to death or providing tax free money to the competition and shooting them down at every opportunity.

What are the ingredients for this economic climate? Surely it is a federal government that both preaches and practises fiscal responsibility. We expect small business to practise and preach fiscal responsibility, look after its credit and be able to repay its loans, otherwise we are not going to give them money.

The federal government talks about fiscal responsibility but has yet to deliver on anything regarding fiscal responsibility. It had a very weak and timid objective to reduce the deficit to \$25 billion per annum. By the Minister of Finance's own admission he is going to miss that target, yet he has done nothing to bring the government back into line with its own estimates and targets. Government spending must be significantly reduced to restore order to our fiscal house and to provide some confidence to small business.

Once government spending is brought under control and the budget is balanced, the benefits for Canadians, including small business people, will be a stable fiscal environment in which they can plan for the future, grow, develop, create employment and reduce the unemployment costs to the country. We could also then look forward to a reduction in the exorbitant levels of taxation that funds the voracious and excessive appetite of government spending.

When the Auditor General tabled his report earlier this year, he said that hard choices lie ahead.

(1820)

The federal portion of the national debt today is \$538,000,181,919.99 according to the number I have. The debt, as I mentioned before, per taxpayer which includes every small business person who is also a taxpayer, is \$38,287. The federal debt per capita is \$18,920. As small business people go around the world trying to compete, to sell their product, they have to

build into the price of that product the cost of the high taxes that pay for the interest on the debt.

The Auditor General stated in his 1993 report that hard choices have to be made to deal with the problem of the debt. The hard choice is between the continued growth of the debt or stop digging a bigger debt hole, as we said during the last election. The hard choice is between continued excessive over-spending or practising fiscal responsibility and prudence. The hard choice is between continued high levels of taxation, with the possibility of even higher taxes and new taxes to fund the debt or hopefully the prospect of tax relief by restoring order to the federal government's fiscal house.

If we do not make these hard choices and go with what we have been doing before, we can guarantee that taxes will continue to go up. We can guarantee that our interest rates will remain high as we try and bring in more and more money every month to just pay the groceries, so to speak, of the federal government. The dollar will have to be maintained up so that foreign lenders to us will continue to lend money to Canada.

Therefore, we expect small business and business in general to compete around the world as it worries about high taxes because of the national debt, high interest rates because of the current fiscal situation, a high dollar on the international money markets because of our situation. We still expect them to compete.

Is that what we call taking care of business? I hope not. I hope that the federal government would see its way to changing the policies and dramatically reducing the spending. In that way we can expect small businesses to play their part, create the jobs, create the environment where there are more people paying taxes and collecting taxes and bring our whole fiscal situation under control.

Unfortunately we have had nothing but paper from the government. A year ago it introduced a red book which stated that the GST would go. The finance committee sat for months and months and produced a report that is now on the shelf. The government cannot move from the report to action. We are still waiting for any kind of action on a report that was tabled months ago and promised a year ago. There has been no action.

The Minister of Human Resources Development tabled a paper several weeks ago. He now says we have a problem but that he does not have any plan whatsoever to try and fix it.

The Minister of Finance tabled a couple of papers recently in which he stated: "We have a problem in this country but I don't have any idea how we were going to fix it. Let's go out there and see if somebody else has an idea". Now we have a report titled "Taking Care of Small Business" from the Standing Committee on Industry. I sincerely hope that this is not another one that is just going to go on the shelf and that is the end of it.

The time has come to act. Let us take a look at some of the statistics. In 1990, 97.2 per cent of all registered businesses in Canada had fewer than 50 employees; 52 per cent of Canadians employed in the private sector are employed by businesses with fewer than 100 employees; and 45 per cent of Canadians are employed in businesses with fewer than 50 employees. Therefore, there is no question whatsoever that small business is the engine that drives the Canadian economy. It has to be protected, encouraged, enhanced. It has to be competitive. They are the ones we depend upon to generate the taxes that we spend on our social programs.

(1825)

I urge the government to stop the endless production of paper and let us see some action. Let us see it create a climate that fosters economic growth and prosperity rather than just picking a few winners and handing them all kinds of cash. Let us see a climate of reduced government spending, a balanced budget and tax relief. These are concrete suggestions. Good government solutions must be found and implemented to address the long term concerns and issues facing the small business community rather than giving them short term, quick fix and politically expedient measures.

Mr. Peter Milliken (Parliamentary Secretary to Leader of the Government in the House of Commons, Lib.): Mr. Speaker, I have a question for the hon. member. I found it quite extraordinary that in his speech he listed a series of things the government had done which he claimed hurt small business. Some of them may have; some of them may not have. Some of them may in fact help small business. He listed all these as arising out of the last budget.

Then he made the most extraordinary statement, having gone through a fairly comprehensive list that the government had done nothing during its term of office to do anything about anything and that all it had done was study. If it has done nothing, why did he come up with a list at the beginning of things the government had done?

The inconsistency was quite extraordinary. I do not know whether the hon. member reviewed the remarks he was going to make in advance and picked up this illogical inconsistency or not. But it was quite obvious to those of us sitting here that he was talking through his hat for the second half of his speech at least. It cast serious doubt on the statements he made in the first half of his speech when he listed the government's many accomplishments and then decided the government had done nothing and that all we were doing were studies.

He knows perfectly well the government has done a lot more than study. He knows the government has produced these studies with a view to taking action. Part of the study process involves consultation with Canadians which he knows the government believes is in the best interests of the country so the views of

Adjournment Debate

Canadians can be solicited before the government takes decisions that sometimes are going to be painful or unpleasant.

Surely he agrees that is the right approach. Surely he agrees that the speech he just made is utter nonsense.

Mr. Williams: Mr. Speaker, I do take exception to the hon. member's remarks. The point is that this government has yet to prove it can move beyond taking reports and put them into action. That was the whole point of my speech.

We have had the GST study. My goodness, my colleagues on the finance committee were meeting for months, sometimes three times a day. They produced a big report months ago and we have not seen anything. That was the end of it. I mentioned that the Minister of Human Resources Development produced a report which said: "We have a problem in this country but do not ask me for solutions. What do you think?" The Minister of Finance tabled two reports in two consecutive days which basically said the same thing: "We have a problem in this country but I am not offering any solutions".

Surely the government's job is to offer solutions. The solution we are offering is less taxation and less government. Stop picking winners and giving them all kinds of cash and expecting small business and business in general to try and compete under the heavy load of high taxes, a high dollar and high interest rates. They are trying to compete in the international marketplace to create jobs and some employment here, to create some wealth in this country yet we continue to tax them as if they were sponges with endless amounts of cash.

That whole idea is past. The day has come when there is no more money for small business to pay. Therefore before small business goes bankrupt we now find that this government is bankrupt of ideas. For the past number of months we have done nothing except some house cleaning from the previous government: the restructuring of this department, the restructuring of that department and the amalgamation of some other departments. These things were produced by the previous Prime Minister. This government has been in power for more than a year now and we are still doing house cleaning from the previous government. When are we going to get some serious action and decisions?

(1830)

The Deputy Speaker: The time for this debate has expired.

ADJOURNMENT PROCEEDINGS

[*Translation*]

A motion to adjourn the House under Standing Order 38 deemed to have been moved.

Adjournment Debate

FISHERIES

Mr. Yvan Bernier (Gaspé, BQ): The issue I wish to bring to the attention of this House this evening, Mr. Speaker, is one I raised three weeks ago regarding the Gaspé Cure Inc. consortium and the problem it is faced with.

I would like to inform this House of what Gaspé Cure is and what problem it is faced with. Gaspé Cure is a grouping, as the name consortium indicates, of five processing operations dealing in salted dried codfish. This consortium employs approximately 250 people.

Last spring, in a contest sponsored by the Quebec agri-food export club and Soquia, Gaspé Cure won the highest award of excellence. With respect to what Gaspé Cure is, I wanted to add that this consortium used to include at least eight processing operations four or five years ago, but following some form of industrial rationalization, there are only five remaining today.

I want to emphasize that these people are trying to maintain their trademark, as well as working on improving their visibility world-wide and their efficiency in terms of production. The problem now, and it has grown in the last two years, is that other companies in other regions of Canada, in the Maritimes, have started to produce what we in the Gaspé call an imitation product.

There is a difference between the two products. Why? Because the process in the Gaspé takes into account our humidity, our climate, the number of days of sunshine, which give us a particular micro-climate for the type of production that we want to have.

The dried salted product may be less well known in Canada and to Canadian consumers. Nevertheless, you should know that it is highly prized in some countries and eaten in ceremonies or at big festivals, as in Portugal or Spain, for example.

For this reason, the market and image of the Gaspé Cure consortium are very important for them.

I am being signaled to speed up a little; indeed, I am not really used to speaking under Standing Order 38. What I am asking the government, because I know that it is supposed to have done studies to come to a conclusion, is that it recognize right away that after all the studies are done, the Gaspé Cure consortium will have its own restricted trade name for the region.

It is very important for them. In the past, they showed that there was a glaring difference between their product and the one made elsewhere, so we want this issue to be cleared up as soon as possible.

[*English*]

Mr. Dennis J. Mills (Parliamentary Secretary to Minister of Industry, Lib.): Mr. Speaker, the designation of Gaspé cured

has appeared in the federal fish inspection regulations for many years.

The current regulations permit the labelling of any saltfish as Gaspé cured provided that the fish meet the specific quality characteristics of Gaspé cured, light salted fish. It is recognized that there is a long tradition in the Gaspé region associated with the production of this unique type of salted fish.

(1835)

In an effort to address the concerns of the Gaspé saltfish producers, the inspection branch of the Department of Fisheries and Oceans has consulted with the saltfish industry and has made considerable effort over the past few months to develop both sensory and chemical criteria which will more precisely define Gaspé cured. It is expected that this work will be completed by December 1.

The Department of Fisheries and Oceans will then meet again with the saltfish industry to review this issue and finalize the standard for Canadian saltfish products by early 1995.

Once the standard has been completed, the Department of Fisheries and Oceans will implement a comprehensive training program for all inspectors involved in the inspection of saltfish in Atlantic Canada. The combination of a finalized, written product standard, specific chemical and sensory criteria and uniform application of the standard by inspectors will create a regulatory environment which will be fair for all producers of saltfish cod in Canada.

CRTC

Mrs. Jan Brown (Calgary Southeast, Ref.): Mr. Speaker, the Minister of Canadian Heritage made an error. He regrets his intervention to the CRTC on behalf of one of his constituents. He admits that his decision to write this letter was imprudent.

My question to the Minister of Canadian Heritage on October 28 raised a number of issues I wanted to clarify as they related to the minister's mistake. I wanted to clarify how the mistake occurred, how to prevent such an event from reoccurring, how to address the damage done and how to restore the lost credibility of the CRTC.

In his response, the minister suggested that I did not understand. He stated that his letter was not an intervention. This is not true. The facts are clear and simple.

On March 15 the minister wrote a letter to the CRTC on behalf of a constituent. On March 29 the minister received a response from the CRTC. Its response made it unequivocally clear that the minister's letter was received by the CRTC, stamped as an intervention and included in the Daniilidis application as a letter of intervention. The secretary general of the CRTC has concurred with these facts as they have been presented thus far. They are indisputable.

Adjournment Debate

Further, the Prime Minister stated that the Minister of Canadian Heritage had made an error in judgment, that the letter was an intervention and he too wished the minister had not written the letter.

The sad fact is it is not I who is confused but the minister himself. Mr. Daniilidis, the CRTC, the Prime Minister, the cabinet ministers also named, the opposition and the Canadian public all know the minister intervened. The question is not if he intervened but why and how does he plan to clean up the mess he created.

When the CRTC wrote back to the minister on March 29 it was clear that the letter was understood to be an intervention. The minister stated that he moved quickly to remove this understanding.

The minister took no action for 199 days. Is this what he calls quick action? This complacency and inaction is exactly why Canadians have lost faith in politicians. Only when this issue became news was the minister stirred to react. The facts are that his actions belie his rhetoric.

This scandal has served as a lightning rod for all Canadians tired of lying politicians, tired of coverups and tired of repressive rhetoric. Errors like this one should not be tolerated.

As my questions to the minister continued, I focused on the issue of influence peddling. I asked about the influence of the letter of intervention on the application process. The minister, contrary to fact, denied that his letter was an intervention. As well, he chose not to address the issue of the damage he had caused to the credibility of the CRTC.

My office has been in contact with Mr. Daniilidis and some of the interveners in the process and everyone is concerned with the negative influence brought about by the minister's meddling. The minister's letter of intervention was received by the subcommittee prior to its rejection of the CHOM application. The subcommittee membership for the CHOM and the Daniilidis applications had overlapping membership. Given that the minister's letter supported the Daniilidis application prior to the CHOM rejection and given that the committee membership was the same, it is clear that the minister's letter had some influence.

However, once this whole affair became public, once the question of potential influence was posed, the CRTC had no choice but to reject the Daniilidis application.

The minister has an obligation to rebuild the credibility of the application process. He has an obligation to rebuild the credibility of the CRTC. He has an obligation to remove the blemish on his ministry. It is a long, long climb especially for a ministry weakened by such gross incompetence.

(1840)

Ms. Susan Whelan (Parliamentary Secretary to Minister of National Revenue, Lib.): Mr. Speaker, I was informed that the question the member for Calgary Southeast wanted to refer to was the one she brought up on October 24th. My response is with regard to that question.

The Deputy Speaker: The note for today, if it will be of assistance to both hon. members, reads October 28, 1994, which is the list that I was given. There may have been a miscommunication. Do the members wish to put this off to another day? This will not count on anybody's time.

Mrs. Brown (Calgary Southeast): Mr. Speaker, it was addressed to the issue of the question raised on October 28. However, if the hon. member would be prepared to give a response in general to the action of the minister, I would be satisfied with that.

Ms. Whelan: Mr. Speaker, I am not prepared to respond to the question of October 28. I am prepared to respond to the question of October 24. I apologize but that is the information I was given. If the hon. member would like, I can talk in general about October 24.

The Deputy Speaker: We can put the matter over to deal with on another occasion or have the parliamentary secretary speak to it. As the hon. parliamentary secretary has indicated, she can reply in very general terms to the specific remarks of the hon. member. I think it is up to the hon. member for Calgary Southeast as to which she prefers.

Mrs. Brown (Calgary Southeast): Mr. Speaker, I would prefer a response this evening.

Ms. Whelan: Mr. Speaker, my response is with regard to the CRTC and with regard to the fact that the Government of Canada did not intervene in the activities regarding RDI. That is what I am prepared to respond to tonight, that the CBC's application to authorize a specialized Canadian—

Mrs. Brown (Calgary Southeast): Mr. Speaker, this is clearly way off base. It has had nothing to do with RDI. In deference to this confusion and to the hon. member, we will put it off for this evening.

The Deputy Speaker: I am reminded that there are no points of order to be raised during this period. In any event that is agreeable to both members.

LAW OF THE SEA

Hon. Charles Caccia (Davenport, Lib.): Mr. Speaker, some 12 days ago I asked the Minister of Foreign Affairs for the date when Canada will ratify the law of the sea. It is most important that Canada take steps to ratify this comprehensive and overdue piece of international law.

Adjournment Debate

The law of the sea is designed to protect the world's fisheries and to stop the pollution of the oceans. It contains the idea that ocean resources belong to humanity and that all of humanity is entitled to share in their benefits and use.

Canada signed this law some 12 years ago. It was one of the first nations to sign it. However, it has yet to ratify it, which is the second step required. The law of the sea will come into effect, into force so to say, in two days, on November 16, 1994. Sixty countries have now ratified it and that is the number required to get the convention working.

Of the 60 nations that have ratified it all but two, Iceland and Malta, are developing countries. It is therefore necessary to make the point that to be truly effective this legislation or this law should have universal support, including that of the major developed countries and marine powers. There is no doubt about that.

Being one of the first countries which signed the law of the sea, it puts Canada in an advantageous position because it could play a role in setting up the institutions which will enforce this particular convention. It is our hope therefore that Canada will have the possibility to appoint a Canadian judge to the law of the sea tribunal and also have a seat on the council of this decision making international body.

Apparently the reason Canada is so late is that there were concerns about some particular provisions including deep seabed mining which somehow echo the policies we also heard in Washington. It is my understanding these issues have now been resolved, including the main concerns to ensure that Canadian law is compatible with the convention.

In conclusion, as I said Canada was one of the most ardent promoters of the law of the sea convention. It is a great pity to see Canada somehow reluctantly joining the world community instead of being among the 60 signatories required to get the convention going. It seems to me that Canada would be very well served by ratifying this convention. This is a landmark piece of international negotiation in international law.

Tonight I am asking our distinguished parliamentary secretary to confirm that Canada will ratify the law of the sea convention before the end of the year.

Mr. Jesse Flis (Parliamentary Secretary to Minister of Foreign Affairs, Lib.): Mr. Speaker, I compliment the hon. member for Davenport on being such a strong advocate of the need to achieve universal convention to govern all uses of the sea.

Canada participated actively in the negotiation of the law of the sea convention and signed it in December 1982. Our involvement in the convention stems from three basic principles: our general support for rule of law and multilateral processes; our extensive coastline and substantial continental shelf; and a desire for stable ocean law and additional rights for coastal states concerning fisheries, navigation, pollution prevention and the mineral resources of the continental shelf.

Along with other industrialized states Canada did not ratify the convention due to concerns, as the hon. member said, regarding its provisions on deep seabed mining. After four years of negotiations these concerns were resolved. An agreement was adopted by the United Nations on July 28 and signed by Canada the very next day.

Canada has already been applying most of the provisions of the convention in practice as along with other countries we believe they reflect the customary law of the sea. We are now reviewing our domestic legislation to make certain it is in conformity with the provisions of the convention. This must be done before ratification to avoid any inconsistency with the convention.

We hope the hon. member's support for ratification of the convention will aid in the rapid passage of any amending legislation that may be brought forward.

I want to assure the hon. member for Davenport who has taken such a leadership role in this issue that the government intends to ratify the law of the sea as soon as possible.

The Deputy Speaker: Pursuant to Standing Order 38(5), the motion to adjourn the House is now deemed to have been adopted. Accordingly, the House stands adjourned until tomorrow at 10 a.m. pursuant to Standing Order 24(1).

(The House adjourned at 6.48 p.m.)

TABLE OF CONTENTS

Monday, November 14, 1994

PRIVATE MEMBERS' BUSINESS

Decade of the Brain Act

Bill C-239. Motion for second reading	7699
Mrs. Barnes	7699
Mr. Simmons	7701
Mrs. Picard	7702
Mr. Epp	7703
Mr. Pagtakhan	7704
Ms. Bridgman	7705
Amendment	7707
(Amendment agreed to.)	7707
(Order discharged and bill withdrawn.)	7707

GOVERNMENT ORDERS

Standing Committee on Industry

Motion	7707
Mr. Gagliano	7707
Mr. Rocheleau	7709
Mr. Schmidt	7713
Mr. Mills (Broadview—Greenwood)	7716
Mr. Shepherd	7717
Mr. Mills (Broadview—Greenwood)	7717
Mr. Rocheleau	7719
Mr. McClelland	7720
Mr. Leroux (Richmond—Wolfe)	7720

STATEMENTS BY MEMBERS

Federal Election

Mrs. Chamberlain	7722
------------------------	------

Veterans

Mr. Deshaies 7722

Sunshine Village

Mrs. Brown (Calgary Southeast) 7723

Donald Green and Leah Beddome

Mrs. Cowling 7723

Dr. Rusty McDonald

Mr. Finlay 7723

Veterans

Ms. Whelan 7723

Social Housing

Mr. Marchand 7724

National Defence

Mr. Duncan 7724

BST

Mr. Richardson 7724

Armed Forces

Mr. Knutson 7724

Fisheries

Mr. Simmons 7724

International Trade

Mr. St-Laurent 7725

Penticton Indian Band

Mr. Hart 7725

Aboriginal Veterans

Mr. Taylor 7725

Pulp and Paper Agreement

Mrs. Terrana 7725

St. Lawrence River

Mr. Discepola 7726

ORAL QUESTION PERIOD

Collège militaire royal de Saint-Jean

Mr. Bouchard 7726

Mr. Massé 7726

Mr. Bouchard 7726

Mr. Massé 7726

Mr. Bouchard 7726

Mr. Massé 7726

Mr. Gauthier (Roberval) 7727

Mr. Massé 7727

Mr. Gauthier (Roberval) 7727

Mr. Massé 7727

Immigration and Refugee Board

Mr. Hanger 7727

Mr. Marchi 7727

Mr. Hanger 7728

Mr. Marchi 7728

Mr. Hanger 7728

Mr. Marchi 7728

International Trade

Mr. Bergeron 7728

Mr. Ouellet 7728

Mr. Bergeron 7729

Mr. Ouellet 7729

Immigration and Refugee Board

Mr. Mayfield	7729
Mr. Marchi	7729
Mr. Mayfield	7729
Mr. Marchi	7730

Human Rights

Mr. Deshaies	7730
Mr. Ouellet	7730
Mr. Deshaies	7730
Mr. Ouellet	7730

Immigration and Refugee Board

Mr. Epp	7730
Mr. Gray	7730
Mr. Epp	7730
Mr. Gray	7730

MIL Davie Shipyard

Mr. Guimond	7731
Mr. Manley	7731
Mr. Guimond	7731
Mr. Manley	7731

Justice

Mrs. Barnes	7731
Mr. Rock	7731
Mr. Forseth	7731
Mr. Rock	7732
Mr. Forseth	7732
Mr. Rock	7732

Post-secondary Education

Mr. Dubé	7732
Mr. Axworthy (Winnipeg South Centre)	7732
Mr. Dubé	7732

Mr. Axworthy (Winnipeg South Centre) 7732

Immigration and Refugee Board

Miss Grey 7733

Mr. Rock 7733

Miss Grey 7733

Mr. Rock 7733

Agriculture

Mrs. Ur 7733

Mr. Goodale 7733

Patent Drugs

Mrs. Picard 7733

Mr. Manley 7733

The Economy

Mr. Williams 7734

Mr. Martin (LaSalle—Émard) 7734

Indian Affairs

Ms. McLaughlin 7734

Mr. Collenette 7734

Presence in Gallery

The Speaker 7734

ROUTINE PROCEEDINGS

Government Response to Petitions

Mr. Milliken 7734

Committees of the House

Citizenship and Immigration

Mrs. Gaffney 7734

Petitions

Human Rights

Mr. Szabo 7734

Light Stations

Mr. Duncan 7734

Greece

Mr. McWhinney 7735

Youth

Mr. Duhamel 7735

Young Offenders

Ms. Torsney 7735

Witness Protection

Ms. Torsney 7735

Steel Industry

Ms. Torsney 7735

Killer Cards

Ms. Torsney 7735

Assisted Suicide

Mr. Ringma 7735

Human Rights

Mr. Ringma 7735

Abortion

Mr. Ringma 7735

Young Offenders

Mrs. Gaffney 7735

Questions on the Order Paper

Mr. Milliken 7735

Starred Questions

Mr. Milliken	7736
--------------------	------

GOVERNMENT ORDERS

Standing Committee on Industry

Consideration resumed of motion	7736
Mr. Leroux (Richmond—Wolfe)	7736
Mr. Gagnon (Bonaventure—Îles-de-la-Madeleine)	7737
Mr. Peters	7740
Mr. Harris	7742
Mr. McClelland	7743
Mr. Mills (Broadview—Greenwood)	7746
Mr. Rocheleau	7747
Mrs. Chamberlain	7747
Mr. Harris	7748

Business of the House

Mr. Milliken	7749
(Motion agreed to.)	7749

Standing Committee on Industry

Consideration resumed of motion.	7749
Mr. Shepherd	7749
Mr. Deshaies	7751
Mr. Harris	7753
Mr. Iftody	7755
Mr. White (Fraser Valley West)	7756
Mr. Mifflin	7757
Mrs. Terrana	7758
Mr. Williams	7760
Mr. Schmidt	7760
Mr. Benoit	7760
Mr. Kirkby	7760
Mr. Williams	7762
Mr. Benoit	7763
Mr. Williams	7763

Mr. Milliken	7765
--------------------	------

ADJOURNMENT PROCEEDINGS

Fisheries

Mr. Bernier (Gaspé)	7766
---------------------------	------

Mr. Mills (Broadview—Greenwood)	7766
---------------------------------------	------

CRTC

Mrs. Brown (Calgary Southeast)	7766
--------------------------------------	------

Ms. Whelan	7767
------------------	------

Law of the Sea

Mr. Caccia	7767
------------------	------

Mr. Flis	7768
----------------	------