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**Monday, May 29, 1995**

**Speaker: The Honourable Gilbert Parent**

# HOUSE OF COMMONS

Monday, May 29, 1995

The House met at 11 a.m.

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*Prayers*

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## PRIVATE MEMBERS' BUSINESS

[*English*]

### IMMIGRATION ENFORCEMENT IMPROVEMENT ACT

The House resumed from May 12 consideration of the motion that Bill C-316, an act to amend the Immigration Act and the Transfer of Offenders Act, be read the second time and referred to a committee.

**Mr. Mac Harb (Parliamentary Secretary to Minister for International Trade, Lib.):** Mr. Speaker, I take this opportunity to congratulate the hon. member on his initiative. I know how hard he has worked in order to introduce this private member's bill. His constituents are very fortunate to have him as their representative. He is hard working and I wish him well.

The bill relates to immigrants or refugees in Canada who have criminal records. On the surface the bill would help the government deport those refugees or immigrants immediately after sentencing provided a provision is made to pass the authority to the provinces to deal with this issue.

On the surface the bill makes a lot of sense. It is precise and to the point. However, it causes quite a bit of confusion when one goes a little deeper into it.

The Minister of Citizenship and Immigration has already indicated publicly that he supports the intent and the spirit of the bill but has raised a number of concerns which I will reiterate. On November 1, 1994 the minister tabled a document entitled "Into the 21st Century: A Strategy for Immigration and Citizenship". He made a number of comments but I will mention only a couple which I believe are relevant to the legislation before us.

(1105)

The minister said: "A number of legislative changes will be considered to the control and enforcement provision of the act. For example, currently deportation orders can only be issued by an immigration official. Consideration is being given to autho-

rizing judges to issue deportation orders at the time of sentencing rather than requiring a separate step".

He also said there may be other improvements we can usher into the system. One such recommendation coming from chiefs of police is to permit judges to not recommend deportation at the time of sentencing but to order deportation at the time of sentencing so that the system is leaner and the issues of individuals are all dealt with at the right time and that there is full due process for the individual, counsel and lawyer to react to the judge's ordering of a deportation rather than recommending and then having it go back to immigration and before an immigration appeal division and so on.

In other words, the minister is already trying to streamline the process and make it easier for the justice system to deport people with criminal records who are here as refugees or landed immigrants.

He further stated that as parliamentarians we should be interested in this issue and also be prepared to look at making the relevant amendments if we think the amendments will work, which is very important, and if we think those amendments are fair. The minister supports the spirit and the intent of bill C-316. However, I will outline some concerns of the Department of Justice as well as the Department of Citizenship and Immigration.

Immigration falls under federal jurisdiction when it comes to deliberation and delivery of the justice system. If we were to pass on this jurisdiction to the provincial level there would be a number of problems. The department which deals with the issue of immigration is not the same department which deals with delivery of other relevant aspects of immigration.

If this were transferred to the provinces since this is where the issue would fall under Bill C-316, we would have to introduce training for judges and lawyers in some cases. That would cause more delays. Over and over we have seen cases tossed out of court because they were delayed for too long. It would mean more appeals. We already have an overloaded provincial court system.

When dealing with the provincial justice system we know attorneys can make recommendations to the court based on a number of factors which are not part of immigration agenda but are a part of other aspects of the justice system such as plea bargaining. Judges would then require proof beyond a reasonable doubt which would make the issue before the court difficult to prove.

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This legislation contravenes the charter of rights when it comes to challenges. A number of sections could be challenged such as section 11(h) which deals with double punishment. It could be argued that deportation is a second form of punishment in addition to any other sentence; only a non-citizen would be subject to this punishment.

(1110)

Section 12 deals with cruel and unusual punishment. It could be argued that removing the permanent resident from Canada would offend standards of decency by denying for life the person's right to be with family and friends.

Under section 15, equality under the law, it could be argued that permanent residents were being treated differently from Canadian citizens under the law. Two persons convicted of the same offence would be subject to different consequences based on their immigrant status.

Simply by looking at these recommendations from both the Department of Justice and the Department of Citizenship and Immigration, while the intent of the bill is good I suggest my colleague might want to take it back and look at it with the view that if anything is put before the House it should be consistent with the charter of rights and freedoms and should meet the criteria set out by the Department of Justice and the Department of Citizenship and Immigration.

**The Acting Speaker (Mr. Kilger):** I remind members that when in doubt in seeking the floor please rise; do not depend on any lists that might or might not be in circulation.

**Mr. Art Hanger (Calgary Northeast, Ref.):** Mr. Speaker, I appreciate the opportunity to speak to this bill which if successful and sufficiently improved could be a good first step in ensuring the quick deportation of foreign born criminals.

I appreciate the work the Canadian Police Association has done on the bill. I appreciate that my colleague from the Liberal Party was brave enough to sponsor it. Clearly the goals of the bill are not shared by the minister of immigration. If they were, these measures would have been amended to Bill C-44 when it was up for debate.

The minister knew the recommendations of the Canadian Police Association but chose not to act on them. He chose to ignore these common sense measures which, when the legal language is cleared up by a competent lawyer, would take a small step toward ensuring non-citizens who commit serious crimes in Canada will make two stops after they leave the court room, one to the prison and one to the airport where, unless Canadian immigration allows them to run away on the tarmac as was the case last week, they will be sent where they belong, out of Canada.

The bill has a lot of serious problems that will require serious study and fixing before the bill can be made effective. I trust it is the intention of my colleague to work on these weak points. I hope the bill is not window dressing, the sort of smoke and mirrors tactics the minister of immigration loves to engage in.

My colleague from Cariboo—Chilcotin dealt with the bill's problems admirably during the last hour of debate. I will not beat that dead horse. However, before the bill goes any further it is necessary to look at the big picture of deportations. It is necessary to understand what the Reform Party wants to see with deportation policy.

The Reform Party's stand on non-citizen criminals is clear, simple and in line with what the majority of Canadians want, something the minister for immigration would have a hard time understanding. Our policy for non-citizen criminals would not result from bargaining with special interests or with refugee lawyers but from consulting with our members, our constituents and with the people of Canada.

I am sure my hon. colleague, the sponsor of the bill, understands what the people are saying on immigration matters. I understand a lot of Liberal backbenchers are feeling the heat from their constituents. It is too bad they cannot do anything about it. It is too bad they have to toe the Liberal Party line.

(1115)

We believe that the people who have not exercised a claim to Canadian citizenship or who have not lived in the country long enough to claim citizenship and who commit serious crimes have violated a moral contract entered into with the people of Canada.

The Reform Party believes that immigration to Canada is a privilege, not a right. We believe that the people of Canada, the citizens of Canada, have the collective right to determine who comes into Canada, how many people are allowed to come into Canada and under what conditions.

A newcomer to this country enters into a moral contract with Canada. There are several terms of that contract. The most important of them is that the newcomer must abide by the laws of this country. There is nothing that angers my constituents like recently arrived immigrants to Canada who commit crime. That drives them up the wall, and rightly so. Canadians collectively have the right to be morally outraged when the wonderful gift of Canadian residency is extended and then the recipient of that gift violates our laws.

We are above all else a nation of laws. That defines Canada. We demand of anyone who immigrates here that those laws are to be respected. That is a demand. When someone ignores that demand, violates the moral contract with Canadians and makes a

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mockery of the Canadian generosity by breaking the law, then that person should be removed quickly and permanently.

I challenge the government. I challenge the immigration minister and the Prime Minister to poll Canadians, ask Canadians if they feel that newcomers who break the law should be removed quickly and permanently. Mr. Speaker, I will bet you Sergio Marchi's pension that they will say yes.

**Some hon. members:** Order.

**An hon. member:** You know better. You are not a rookie any more.

**The Acting Speaker (Mr. Kilger):** I am sure that although we have been away from this place for a week, colleagues will remember very well the traditions and rules of the House in referring to one another either by riding name or portfolio in terms of ministry.

**Mr. Hanger:** Mr. Speaker, I will heed that caution.

Immigrants are responsible for a small percentage of crime in Canada. Immigrants are under represented in Canadian prisons. That speaks to the character of immigrants to Canada. That speaks to the gratitude of the immigrant population. The immigrant population, like in all populations, there are some who will break the law.

Immigrants have come to me on a tragically regular basis asking me to do something about crime in their communities. When we deport foreign born criminals, we are not picking on immigrants; we are protecting them. Immigrants come to this country seeking a better life and because the overwhelming majority of immigrants do not break the law, Canada has a duty to ensure that the problems and the crime that many immigrants have left behind in their countries of origin stay there, out of Canada. That is our duty.

Do immigrants who break the law deserve to be doubly punished? No. Should they serve more time because they are immigrants? No way. However, if a non-citizen breaks the law then they have done more than just violate our law, for which the criminal justice system will deal with them. They have also broken a moral contract: they have broken their promise to obey the laws of the country they have adopted and that has adopted them.

As a result of the violation of that contract Canada has the right to say we don't want to include them in our national family. We have the right to view that period of time between the date the newcomer comes to this country and the date they receive their citizenship as a period of probation. If that probation is violated, then there is no onus on Canada to provide a home for that person any longer.

The Reform Party supports quick deportation after conviction. We will support this bill on the condition that the gaping holes in this legislation are plugged by the committee. We will cooperate with the sponsor of this bill to work out those problems, despite the fact that those are huge problems as the bill is presently written.

Today let me speak briefly to one of the big problems in this legislation, and that is the problem of reciprocal agreements with other countries.

(1120)

This bill says that a criminal court judge can only order deportation back to countries with which we have a co-operative agreement. In other words, the only countries we can deport people to are countries that say they will take them back.

The problem we run into is that a lot of our foreign-born criminals come from countries that are notorious for not taking back their own. What is this bill going to do about that problem, the so-called travel document problem? It does nothing except to give in to it. That is not good enough. It means that a large part of the overall problem will not be dealt with by this legislation.

I do not expect my colleague to be able to single handedly fix that problem, but the government can fix the problem. The inability to secure travel documents is no excuse for not being able to deport.

The Reform Party today is putting this government on notice that we will no longer accept the excuse of not being able to get travel documents. We give away far too much foreign aid for that excuse to be valid. If a country will not take back its citizens who commit crime in Canada, then the minister of immigration should recommend to the Minister of Foreign Affairs that all foreign aid in any form be suspended to that country until they change their tune.

No deportation, no foreign aid: it is a simple solution. Most of the solutions to Canada's immigration problems are simple ones. They only require a little political will.

I thank my hon. colleague for sponsoring this legislation. I hope this gesture has implications within his caucus. I hope we can impress on the immigration minister the need to get serious with immigration policy. So far the minister has not figured that out.

[Translation]

**The Acting Speaker (Mr. Kilger):** The hon. member for Roberval would like to raise a point of order. Please give me a moment, as I would like to check something.

(1125)

**Mr. Michel Gauthier (Roberval, BQ):** Mr. Speaker, thank you for allowing me to raise my point of order. I would like to seek from the House unanimous consent for an emergency debate. I realize that, according to the order of business—I will

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be brief—such a request can normally be made only after the regular period of routine proceedings, which will end at approximately 3.15 p.m. today.

However, given the importance of the issue in question and the need to prepare ourselves for the debate, if the House were to accept my proposal, I think that you would find unanimous consent in this House for the following motion: “That the House take into consideration the situation of Canadian peacekeepers in Bosnia–Hercegovina”.

Given the extremely serious situation there, it is important that the House immediately consider this request for a three hour emergency debate, to begin at 6.00 p.m. The details of the debate could be worked out with the government later, but it is important that we immediately make up our minds on the necessity of the debate.

Therefore, I would ask my colleagues whether they will give their unanimous consent right now to holding a debate at 6.00 p.m. tonight on the situation of the peacekeepers, an extremely important issue.

**The Acting Speaker (Mr. Kilger):** Firstly, I would like to thank the hon. member for Roberval for his patience while I verified the rules governing this process. I give the floor to the parliamentary secretary to the Leader of the Government.

**Mr. Peter Milliken (Parliamentary Secretary to Leader of the Government in the House of Commons, Lib.):** Mr. Speaker, on the same point. I can see the hon. member's point of view, but I am quite surprised that he did not inform me that he planned to introduce this motion this morning.

[*English*]

I am prepared, to enter into discussion with him. We are always willing to entertain such discussions with hon. members in the opposition when they have suggestions concerning House business. However, I am aware of no such discussions on the subject this morning.

In the normal course the hon. member and others may wish to bring forward an application under Standing Order 52 at three o'clock. I think it is entirely appropriate that this be done, and the Speaker then will consider whether the circumstances exist for an emergency debate.

Tomorrow is an opposition day. It has been designated as such and it is available for discussion on the subject should the opposition choose. There is plenty of opportunity for the House to engage in the debate, and I do not feel there is need for us to set aside business and indeed the hon. member is not suggesting that we set aside the business that is scheduled today for the House. I suggest we proceed with it at this time.

**The Acting Speaker (Mr. Kilger):** Before I give the hon. member for Calgary Centre the floor I would like to remind the House to be cautious. I do not intend to get into the debate at this time. As soon as possible I would like to put the question to the House with respect to the request from the hon. member for Roberval for unanimous consent. I do not want to prejudge what the decision of the House might be in the matter.

I will hear the hon. member for Calgary Centre on a brief intervention.

**Mr. Silye:** Mr. Speaker, I would like you to clarify whether in fact under the standing orders other business can be brought up or new items can be brought up during Private Members' Business. Do we not have to stick to the agenda for the hour and then seek unanimous consent? I am just questioning the timing of the request.

**The Acting Speaker (Mr. Kilger):** That is exactly the point I was taking time to get more information on while I asked the hon. member for Roberval to be patient before getting the floor.

I have been assured that the request can be made for unanimous consent at any time and the House will deal with the question as it arises.

**Mr. Martin (Esquimalt—Juan de Fuca):** Mr. Speaker, I would point out that the hon. member for Red Deer has already made an application to the government to have an emergency debate on Bosnia.

**The Acting Speaker (Mr. Kilger):** Let me deal with the matter at hand, following the intervention of the hon. member for Roberval.

[*Translation*]

You have heard the hon. member for Roberval's arguments for unanimous consent. Is there unanimous consent?

**Some hon. members:** No.

**The Acting Speaker (Mr. Kilger):** No.

Therefore, let us resume debate.

(1130)

[*English*]

**Mr. Bernie Collins (Souris—Moose Mountain, Lib.):** Mr. Speaker, I am pleased to rise this morning to deal with private member's Bill C-316.

I know there has been a lot of discussion surrounding this issue in the larger cities of Canada, but make no mistake, this issue is not just of concern to large cities. I represent the people of Souris—Moose Mountain, a rural riding in southeast Saskatchewan. Crime for them is of great concern as it is to all Canadians.

The people of my riding are honest hard working individuals. They work every day to see that the future of Canada is a good one for their children. We are not so different from the people in

Toronto, Montreal or Vancouver. We dream of the future and we hope for our children. We feel strongly that we live in the best country in the world and we want to keep it that way.

Let me say that the murders of Georgina Leimonis and Constable Todd Baylis were reprehensible crimes. The sad thing is that these are not isolated events. We should be able to stop these kinds of things from happening in our country. We must work together to see that we reach a balance which protects the rights of individuals and allows for freedoms, but also provides for security for us to live and raise our families and walk our streets in safety.

I congratulate the Minister of Citizenship and Immigration. He has done an admirable job this past year and one-half in producing reforms and actions that have and will greatly improve our immigration and deportation system.

Measures contained in Bill C-44 have limited the rights of serious criminals to appeal under the immigration system. However, there still seems to be room for further tightening on the rights of serious criminals. There is still room for a criminal to fall through the cracks between the courts and the Immigration Act.

Many appeals are available to a convicted criminal both through the criminal process and the Immigration Act. Bill C-316 would still permit the criminal to have access to appeals through the criminal process. It would only limit his or her access to the appeals in the Immigration Act. Remember, we are talking about convicted criminals who have committed a serious crime.

This bill applies to criminals convicted of an offence punishable by a sentence of 10 or more years. The measures contained in this bill will accelerate deportation by allowing the court in addition to any other sentence to order the removal of a non-citizen.

It would save the Canadian taxpayer money because the two separate hearings, immigration and sentencing, would not be needed. Instead of two hearings, the courts would decide both the sentencing and deportation. It would not just save money; in the case of Todd Baylis, it may very well have saved his life. We believe strongly in freedom in this country but we cannot allow our freedom to go so far as to limit our security.

Some people have criticized this bill because they believe it punishes non-citizens more than it does Canadian citizens and it treats them differently. Of course this is already true of our current laws. Non-citizens cannot vote. Under the current law non-citizens are already subject to deportation.

The only difference contained in Bill C-316 is that the sole responsibility for both the criminal sentence and deportation would lie within the courts and not within those two bodies, the courts and immigration. Taking out this extra step leaves less

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room for error, less room for bureaucracy to step in and less room for criminals to get lost in the shuffle.

(1135)

Let me cite one incident. Mr. Ng, the individual who came from California, ended up in Calgary. There he stayed for five or six years while the taxpayers had to absorb the cost. Hopefully this mechanism put forward by my fellow parliamentarian would alleviate this kind of excessive tax burden on individuals having to put up with dangerous criminals hiding within the existing law.

This bill has been endorsed by the Canadian Police Association and the Metro Toronto Police Association. Certainly that should tell us something. These are the people who come face to face with these problems each day. They are trying to make our streets safer. We would do well to give them a hand.

An additional measure in the bill that ensures fair treatment of non-citizens is the provision that it does not apply to anyone who arrived in Canada before the age of 16 years, as long as that individual remained free of criminal charges for a period of five years. That is a very important feature. We do take responsibility for those who have been raised in our society whether they are citizens or not.

Before concluding let me touch upon a couple of issues that have come forward with regard to party line. Within the framework of this bill we have the ability to cross party lines to support those initiatives that make good sense to all taxpayers.

The member of Parliament for Cambridge has wrestled with the bill. I am sure he is prepared to entertain any amendments that would strengthen it. In that way we can resolve that those people who do not understand it is a right and a privilege to be here and want to abuse both, we would rather not have them as citizens of our country. It would be much better if they were back in their own country.

Concerning the criminal element, we have some real problems. As some amendments go before the committee we will deal with the deportation aspect. I have strong reservations about suggesting that because criminal elements come here from foreign countries that we would then punish those people by removing foreign aid. I would not support that.

The private member's bill by the member for Cambridge is a good one. It has given us reason to think on how we can improve our society.

In conclusion, I support and commend my colleague the member for Cambridge for a job well done. He certainly has the best interests of his constituents and his country at heart. I urge other members of the House to consider the intent of this bill very carefully. We want to make our streets safer. We want to create a society which will continue to be the number one country in the world in which to live, as stated by the United Nations.

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[Translation]

**Mr. Osvaldo Nunez (Bourassa, BQ):** Mr. Speaker, I rise today to speak in the debate on Bill C-316, an act to amend the Immigration Act and the Transfer of Offenders Act.

I congratulate my colleague, the Liberal member for Cambridge, for getting involved in this matter. Crime is a matter of the highest concern to myself and the members of the Bloc Québécois, as it is to everyone. We believe that government has the obligation and also the right to protect people against criminals, whether they are born in Canada or elsewhere.

(1140)

The aim of Bill C-316 is to improve the process of deporting those who have committed violent crimes and to transfer the powers of the Department of Immigration to the courts. As justification for this bill, the member cited two murders, which took place in Toronto last year and which moved the public, including the members of the Bloc Québécois. We deplored these two murders—one of a young woman, the other of a police officer. We do not, however, consider the bill justified in the present context. I believe it will create more problems than it hopes to resolve. I note the hon. member included a clause providing for an exception whereby, for example, young immigrants under the age of 16, who had arrived in Canada at an early age, would not be deported. This is an excellent principle, but contained in a flawed bill.

I have often said that young people who arrive in Canada when they are very young become the products of Canadian society rather than their society of origin. Poverty and adversity—problems we have here in Canada—sometimes lead to crime, and we must fight these problems at their very root.

A few months ago, here in this House, we debated Bill C-44. As we know, present legislation already gives the Department of Immigration powers to deport criminals who have committed crimes here in Canada and to prevent foreign criminals from entering the country. Bill C-44 accords additional powers to the Department of Immigration and, particularly, to the minister.

As you know, and my colleague knows this because he sits on the Standing Committee on Citizenship and Immigration with me, just about every organization, except the police association, came and testified against Bill C-44. We understand why the police association always adopts the same position against crime.

One of the observations made in the discussions on Bill C-44 was that the bill would impose a double penalty for the same crime, that is, it would punish an individual twice for a single crime. This is unacceptable in any legal system, here or elsewhere. Under Bill C-316, this is even more clearly the case. An individual would be punished twice, particularly by the courts.

The courts would punish the offence and then add a second punishment: deportation.

To date, deportation, the expulsion of immigrants, has been an administrative process. It is the responsibility of the Department of Immigration, and, according to my colleague's bill, it should be the responsibility of the courts. We all know that the courts lack jurisdiction to decide on matters where human life is at risk. There are matters of life or death involving the application of the Geneva convention, which imposes certain conditions on signatory countries, such as Canada.

Existing legislation provides a process whereby those accused may turn to the law. Deporting an individual requires a decision by an arbitrator. This decision may be appealed before the Immigration and Refugee Board.

(1145)

This bill also addresses the issue of transferring criminals from Canada to other countries. True, some bilateral treaties now in effect allow such a transfer if requested by the offender; if there is a bilateral agreement, these people are sent back to their countries of origin. However, not all countries are willing to sign such treaties. Why would the country of origin pay the cost of incarcerating a criminal for several years for a crime that was not committed on its own territory? In this sense, I do not find this bill realistic.

This bill would also penalize the families of criminals. Having been trained as a lawyer, I know that this infringes on the most basic of rights. This is unacceptable. Why should two year old or three year old children pay for their father's crime or a woman for her husband's crime? In my opinion, the philosophy currently evolving in Canada against immigrants with criminal records goes too far.

I read the presentations carefully and I listened to my colleagues earlier. No one in this House mentioned that the crime rate among immigrants is lower than among those who were born here. Statistics show that the percentage of immigrant inmates in Canadian prisons is lower than the percentage of Canadian-born inmates. So punishing an individual by association is both unacceptable and inhumane.

I have noted that Reform members have serious reservations in this regard and that Liberal members support this bill. I really followed with great interest the speech by the Parliamentary Secretary to the Minister of Citizenship and Immigration, and I agree with her analysis.

I think that this bill raises many constitutional issues as well as many questions in connection with the Canadian Charter of Rights and Freedoms. It violates the following sections—which I did not have time to read—namely section 11, which provides that any person charged with an offence has the right not to be denied reasonable bail without just cause; section 12, which provides that everyone has the right not to be subjected to any

cruel and unusual treatment or punishment; and, above all, section 15, which provides that every individual has the right to equal protection and equal benefit of the law without discrimination based on race, religion, national origin, and so on.

For this reason alone, this bill is unacceptable. But there are other compelling reasons to reject this bill. There are always humanitarian considerations that anyone can invoke. The current law, as well as Bill C-44 now before the Senate, provides that a person can always invoke humanitarian considerations. This bill, however, would prevent these considerations from being put forward.

The current legislation is adequate. In fact, every day, the minister of immigration and his officials prevent hundreds of potential immigrants with criminal records from coming here. Every day, dozens of people are removed from Canada to foreign countries. Since the minister already has this power, I think that this bill is totally unnecessary, and that is why I will vote against it.

(1150)

[English]

**Mr. Stan Dromisky (Thunder Bay—Atikokan, Lib.):** Mr. Speaker, as you are aware, Bill C-316 is a private member's bill put forward by the member for Cambridge. In short, the bill proposes to give provincial court judges the power to order deportation at the time of sentencing.

On the surface the proposal seems to make sense. In spirit and intent the bill would simplify the bureaucratic process, eliminating the need for a deportation inquiry. Instead, a foreign born criminal would be ordered deported at the time of sentencing and hopefully be removed without incident following the completion of his or her sentence.

Both the Canadian Police Association and the Canadian Association of Chiefs of Police have called for this type of legislative change. There are a number of gaps in the present system through which foreign born criminals can disappear underground between the time they complete their sentences and the time they are called for the deportation inquiries.

The minister is sensitive to the concerns raised by the Canadian Police Association. He has discussed the possibility of such a change on two separate occasions. On November 1, 1994 the minister tabled a document entitled "Into the 21st Century: A Strategy for Immigration and Citizenship". In the document the minister raises a number of possibilities for legislative change:

A number of legislative changes will be considered to reinforce the control and enforcement provisions of the Act. For example, currently deportation

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orders can only be issued by an immigration official. Consideration is being given to authorizing judges to issue deportation orders at the time of sentencing, rather than requiring a separate step.

That can be found at page 59. He further referred to such a possibility in his speech at second reading of Bill C-44.

There may be other improvements that we can usher into the system and one such recommendation, for instance, coming from some of the police chiefs is to permit judges to not recommend deportations at the time of giving sentence but to order deportation at the time of sentencing so that the system is leaner, so that the issues of that individual are all dealt with at the right time, and that there is full due process for that individual's counsel and lawyer to react to that judge's ordering of a deportation rather than recommending and then having it go back to immigration and before an immigration appeal division and so on.

In light of the foregoing it is safe to say the minister supports the spirit and intent of Bill C-316. However, there have been a number of technical concerns raised not only by the Department of Citizenship and Immigration but also by the Department of Justice and the Solicitor General.

Take a look at some of the concerns from the Department of Citizenship and Immigration. This legislation raises some serious constitutional questions. The supreme court has established that deportation is not a form of punishment but rather an administrative decision taken by Canada. Bill C-316 seeks to change this. By making deportation a sentencing option it suddenly becomes a criminal punishment.

There are no fewer than three constitutional clauses that could be used to argue against the sentence. For instance, section 15 deals with equality under the law. It could be argued that two tiers of punishment would be available to judges if Bill C-316 came into effect, one for citizens and the other for non-citizens. We would have a case where two people commit the same crime, yet the punishment would be harsher for one than for the other.

Section 11 deals with double punishment. It could be argued that removal from Canada would represent a second form of punishment in addition to any other sentence. In effect, non-citizens would face the prospect of being punished twice for the same offence.

Section 12 deals with cruel and unusual punishment. It could be argued here that removing a permanent resident from Canada is tantamount to denying for life a person's right to be with family and friends, to earn a living or to communicate freely in the course of daily living.

(1155)

Let us look at some of the concerns raised by the Department of Justice. There is a clear potential that even the simplest case could become mired in constitutional wrangling, which could stretch on for years and cost the taxpayers hundreds of thousands if not millions of dollars.

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If the bill were to pass we would be transferring the responsibility for removing potentially dangerous criminals from the federal immigration department, whose representatives are experts in the field, to the provincial crown attorneys and judges. We should not dilute federal responsibility for something as important as the deportation of violent offenders.

It would take both time and money to train lawyers and judges to deal with immigration cases. The international obligations that Canada has with respect to immigration matters are not well known to judges acting in criminal matters.

Plea bargaining could become a convenient way for people who should not be in the country to stay in the country. There would be also be more appeals to our overloaded courts.

Deportation can be a complex process requiring travel documents and international co-operation. These are affairs which are best handled by the immigration department, which will continue to be responsible for all other deportations of persons who have entered Canada illegally, have been convicted of serious crimes in other countries or have otherwise violated the Immigration Act.

Judges require proof beyond a reasonable doubt before they can issue any court order. Bill C-316 as it stands could not withstand a charter challenge. The federal court has established that deportation is not a form of punishment but rather is an administrative decision taken by Canada.

Let us look at some of the concerns raised by the Solicitor General. The purpose of the Transfer of Offenders Act is to accommodate non-Canadians serving sentences by making it possible, on the basis of an arrangement between states, to transfer offenders so they can serve time in their homeland. This act is not meant to support orders which may have been made by the court.

Bill C-316 proposes that the act be amended to allow Canada to remove any foreign criminal serving time in a Canadian prison. There is absolutely no incentive for foreign countries to pass treaties with Canada whereby we would transfer to them the cost of punishing offenders who have committed crimes in Canada.

The government wants to ensure that all dangerous foreign offenders are ordered removed. We also want to ensure that the humanitarian concerns, which are an important part of the immigration system, are consistently applied to all persons subject to removal orders.

Bill C-44 seeks to remove all appeal rights from the Immigration and Refugee Board by dangerous criminals hoping to delay or prevent their removal from Canada. It also would prevent the release of unescorted convicted criminals under deportation

order from Canadian prisons until they can be removed from Canada.

Many of the proposals which this bill would seem to resolve have already been dealt with in Bill C-44. The system works, but it could work far better than it does at the present time. The hon. member for Cambridge is clearly pointing out that there is need for change. We are taking action, but we must weigh our options carefully. All too often there is a difference between what sounds good and what is practical.

(1200 )

**Mr. John Maloney (Erie, Lib.):** Mr. Speaker, it gives me great pleasure to address the House of Commons today on the issue of Bill C-316, an act to amend the Immigration Act and Transfer of Offenders Act, tabled by the hon. member for Cambridge.

There is no doubt that Canada is one of the most welcoming countries in the world for those emigrating for family or business reasons and for those fleeing persecution around the world. Because of this tradition, the people of Canada were awarded the Nanson medal by the United Nations high commissioner for refugees, a recognition of the entire nation's outstanding efforts on behalf of refugees.

We all want to preserve this tradition. However, it has become apparent in the past few years that a system that was designed to be fair, compassionate, and open became overburdened with the number of applicants waiting to come to Canada. The system showed signs of breakdown. Cracks began to appear. Some immigrants and refugees were being processed who perhaps should not have been. Many immigrants who had arrived as youngsters may have found themselves in their teens or early twenties in the midst of a recession and perhaps with a lack of opportunities.

Any society during tough economic times sees the crime rate rise as people become frustrated. Several high profile horrendous crimes that were prominently reported in the newspapers involved non-citizens. I think of the tragic shooting deaths of constable Todd Baylis and Georgina Leimonis. Canadians began questioning what had gone wrong. Why had these young men with lengthy criminal records slipped through the cracks?

When this government was elected it promised to make homes and streets safer places for all Canadians. In response to our promises and to address the problems demonstrated by these high profile crimes, the Minister of Citizenship and Immigration introduced Bill C-44. This bill took steps to eliminate the cracks that had previously appeared in the immigration and deportation systems.

My hon. colleague from Cambridge has been moved by the letters and interventions from constituents in his riding, young

and old alike, and has therefore taken the initiative to learn what could be done and to respond with legislation on the issue.

The highlights of Bill C-316 can be summarized as follows. The proposed bill aims to improve the way in which deportations of violent offenders who are non-citizens are carried out. The bill enables the court, in addition to any other sentence, to order the removal of a non-citizen convicted of an offence punishable by 10 or more years. The bill accelerates the deportation process, thereby saving Canadian taxpayers much money.

The bill does not apply to anyone arriving in Canada prior to 16 years of age as long as that individual remains free of criminal convictions for a period of five years. We must, as Canadians, take responsibility for some of those who are raised in our society.

Foreign offenders could be returned to their country of origin if reciprocal conditional release conditions existed and if so ordered by the courts. Currently an offender is transferred if he agrees to be transferred.

I too have heard from constituents on this issue. Many are outraged over the senseless killings of constable Baylis and Ms. Leimonis. I support the general intent of this bill and I believe it to be in keeping with both our immigration and justice policies.

I do have some concern that the dependants of individuals would also be subject to removal. This perhaps could be an area that could be revisited on a case by case basis as the practical implications are considered.

It is my understanding that provisions allowing the judge to order the removal of offenders is something that may be considered by the Department of Citizenship and Immigration at some future time. While some of our hon. colleagues have difficulty with the constitutionality of this provision, some say that such treatment would discriminate between citizens and non-citizens. Non-citizens are, under the law, subject to removal in any event under the current immigration policies. This bill only provides for an expedient and cost efficient alternative as to who might make this removal order. I do recommend, however, that safeguards be built in as to the ability to avoid plea bargaining to avoid the removal order. I would like to see some provisions that the removal order not be dealt with in conjunction with the sentence.

I certainly support the addition of the clause that provides for exception for those offenders who entered Canada before the age of 16 years and who have been free of criminal conviction for five years. This is fair and in keeping with our immigration policy principles. I refer to the situation of Mr. Clinton Gayle, who came to Canada at a young age and was under a removal order. It was over two years old. While Mr. Gayle may have been socializing in Canada, it was determined that he should be removed. These removal orders must be dealt with immediately.

### *Routine Proceedings*

The bill before the House does not deal explicitly with the issue of enforcement and process. One can conclude that if an offender is in custody and has been sentenced and a removal order made, the offender will not be released back into the community. Deportation of undesirables who have no respect for the laws of our country and who jeopardize our safety and security should be removed. This should be done swiftly, surely and immediately.

**The Acting Speaker (Mr. Kilger):** The time provided for the consideration of private members' business has now expired.

(1205)

Pursuant to Standing Order 93, the order is dropped to the bottom of the order of precedence on the Order Paper.

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## ROUTINE PROCEEDINGS

[English]

### REQUEST FOR EMERGENCY DEBATE

BOSNIA

**Mr. Bob Mills (Red Deer):** Mr. Speaker, I rise on a point of order. On Friday I sent letters to the Prime Minister, the Leader of the Official Opposition, and the Speaker's office requesting an emergency debate on the Bosnian situation. I believe that Canadians are totally outraged by the lack of action and the lack of information.

I rise and ask for unanimous consent to suspend the business of the House for today and begin an immediate emergency debate on this issue. Canadian troops are being held hostage and are in imminent danger. It is therefore vital that Parliament immediately deal with this issue.

I realize that the BQ has asked for unanimous consent to begin debate at 6 p.m., but given the urgency of the situation I do not believe we should wait any longer. We need a debate now and I am asking for that decision now.

**Mr. Peter Milliken (Parliamentary Secretary to Leader of the Government in the House of Commons, Lib.):** Mr. Speaker, I do not know if the hon. member heard my remarks earlier in response to the House leader for the official opposition when he rose a half hour ago and made essentially the same request.

I am aware that the hon. member regards the situation as urgent. Standing Order 52 of the rules of the House of Commons provides an opportunity for the hon. member to ask the Speaker to order an emergency debate. That opportunity will be afforded to him at three o'clock this afternoon. That is only three hours away. I am sure the hon. member can wait.

*Government Orders*

We have a significant number of urgent government bills before the House to be dealt with today, and members are here and ready to deal with those.

**Mr. Silye:** MPs' pensions.

**Mr. Milliken:** The hon. member says MPs' pensions. That is not one of the bills on today's Order Paper, and he knows that.

**The Acting Speaker (Mr. Kilger):** Order. I would not want to set the precedent that when any member from any party from any side of the House should want to ask for unanimous consent we would engage in a debate before the actual question be put to the House.

I know the subject matter is one that is deemed of great importance. This is twice today that we are dealing with this question, and possibly we will deal with it again later today or maybe even now, whatever the choice may be by the House.

I simply put the question to the House following the intervention from the hon. member for Red Deer for unanimous consent for an emergency debate. Is there unanimous consent?

**Some hon. members:** Agreed.

**Some hon. members:** No.

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## GOVERNMENT ORDERS

[English]

### BUSINESS DEVELOPMENT BANK OF CANADA ACT

On the Order: Government Orders:

May 29, 1994—The Minister of Industry—Second reading and reference to the Standing Committee on Industry of Bill C-91, an act to continue the Federal Business Development Bank under the name Business Development Bank of Canada.

**Hon. John Manley (Minister of Industry, Lib.)** moved:

That Bill C-91, an act to continue the Federal Business Development Bank under the name Business Development Bank of Canada, be referred forthwith to the Standing Committee on Industry.

He said: Mr. Speaker, I am very pleased to begin debate on the motion to refer Bill C-91, the Business Development Bank of Canada Act, to committee before second reading.

I have every confidence that the members of the committee will bring their ideas and convictions to bear on this legislation, which establishes a new mandate for the Federal Business Development Bank under the name of the Business Development Bank of Canada.

The objective of Bill C-91 is to make government assistance in the area of commercial financing more efficient, effective, and relevant to the needs of small business.

[Translation]

The bill reaffirms the bank's mandate, which is to provide management, consulting and training services to Canadian entrepreneurs. Small business is faced with a variety of challenges, ranging from the tax burden and deregulation to skills improvement and technology acquisition. But the most pressing need certainly remains sufficient financing and adequate consulting services in commercial management.

Without financing and adequate consulting services, small business cannot set out to conquer either the national or the international market.

(1210)

It is essential that small businesses have access to financing through debt financing, as well as equity financing at every stage of their development, but especially at the initial stage.

Let us look at the challenges small businesses face when seeking debt or equity financing, in terms of four weaknesses in the services currently provided by Canada's financial markets.

First is the risk factor, as several lending institutions are reluctant to grant loans to certain small businesses, even at rates that take into account the higher risk associated with such loans.

Second is the size of the loan. Whether the loan requested is for \$1 million or \$50,000, the cost to the bank or venture capital holders to prepare and assess business plans and financial proposals as well as to monitor the progress of the venture generally remain constant.

Third is knowledge. Often financial institutions are not familiar with the nature of industries emerging in the new economy. They do not have any tried and true method to assess the risk associated with granting a loan to new industries or investing in them.

Fourth is flexibility. Lenders are often reluctant to provide financing to potential winners on flexible terms. Traditional lenders usually require payments to spread over the term of the loan. This type of financing can prove overwhelming for businesses at the product development stage, as these businesses have not yet reached the point where they can generate enough sales revenue to offset their debt.

These four problems arise from the fact that our economy is changing rapidly. In meeting the challenges of a knowledge based market, small business has modernized much more rapidly than traditional financial institutions.

[English]

The small business community in Canada must move swiftly to innovate and to secure a share of emerging business oppor-

*Government Orders*

tunities. The Canadian economy as a whole relies upon their abilities and entrepreneurship to sustain economic growth and to create jobs.

Here is an instance where government can make a difference to the marketplace. No one is suggesting that governments can replace private sector financial institutions in meeting the needs of the marketplace, but it is in situations such as those I have described where government can provide leadership. We need leadership to demonstrate that it is possible to address the needs of small business in the knowledge economy. One government institution has experience and skills to provide that leadership: the Federal Business Development Bank.

Members may be aware that the bank is approaching its \$3.2 billion statutory ceiling for capital and liabilities. With no change to this ceiling, the bank would have to ration credit, turning away qualified entrepreneurs who otherwise are positioned to create jobs. Under this legislation the bank's capital and liability ceiling would be removed and the bank would be subject to a 10-year legislative review, which is similar to the requirements imposed on chartered banks under the Bank Act.

Hon. members will recall that in the 1995 budget the finance minister said that the bank and regional agencies will forge new strategic alliances to ensure co-ordinated delivery of business financing. The bank's new mandate will encourage stronger partnerships and increased cooperation with the regional agencies and other federal financial institutions such as the Export Development Corporation.

[Translation]

Mr. Speaker, I would like to address the issue of regional development by showing how important the Federal Business Development Bank is in Quebec. Its head office is located in Montreal, and nearly twenty per cent of its offices are in Quebec.

(1215)

Over the course of 50 years, the FBDB has provided more than \$4.5 billion in loans to small and medium size businesses in Quebec. At present, the loan portfolio for Quebec totals \$1.1 billion, shared among 3,600 clients. These past five years, FBDB clients have created 8,500 new jobs and more than 9,000 entrepreneurs in Quebec have benefited from management consulting services provided by the bank.

[English]

A similarly impressive story can be told elsewhere in the country. The arrangements we are making with regional agencies, in co-operation with the provinces and territories, will avoid costly overlap and duplication.

Finally, I want the House to understand that Bill C-91 is a key element in our commitment to provide leadership in creating a business climate that promotes small business growth, innovation and job creation. I believe that the innovative approaches the Business Development Bank of Canada will take after this

legislation comes into effect will show the chartered banks in Canada that there is a profitable future for them in the service of Canadian small businesses.

[Translation]

**Mr. Yves Rocheleau (Trois-Rivières, BQ):** Mr. Speaker, I am very pleased to speak on Bill C-91, an act to continue the Federal Business Development Bank under the name Business Development Bank of Canada. I want to draw your attention immediately to the fact that the legislation proposes to continue the Federal Business Development Bank. However, after my comments, you will see that this is hardly the case.

We oppose this bill. As the critic for industry, I oppose this bill for three main reasons, but also for another reason which my colleagues will tell you more about and which concerns regional development. The three main reasons we oppose this legislation are the name change from Federal Business Development Bank to Business Development Bank of Canada, the change in the status or purpose of the new Business Development Bank of Canada, compared to that of the original Federal Business Development Bank and, finally, the issue of the new so-called hybrid capital instruments, which we will discuss in greater detail.

I will first deal with the name change from Federal Business Development Bank to Business Development Bank of Canada. The issue was discussed by members of the Standing Committee on Industry, after the parliamentary secretary made that proposal somewhat unexpectedly. The committee did not reject the suggestion for reasons of courtesy and also to avoid any conflict. However, even Liberal members seemed uncomfortable with the idea. The proposal made by the parliamentary secretary sought to change the name Federal Business Development Bank to Canadian Bank for Small Businesses.

Again, committee members accepted that proposal out of respect for the parliamentary secretary. If you read the report tabled by the committee, you will not see any mention of that proposal. That recommendation was made out of the blue, and everyone felt that the name Canadian Bank for Small Businesses was too restrictive. The fact is that the Federal Business Development Bank is involved in the financing of more than just small businesses. Consequently, the proposed name was too restrictive and should have been rejected, but was accepted out of courtesy.

Now we find ourselves at the other end of the spectrum with the name Business Development Bank of Canada. Please note that the French name of the new bank makes no reference to "business". So what we have with this bill is a switch from small businesses alone to the development of the whole of Canada. And this is just as extreme. I do not think that Canada's development is related to a bank, nor is that of Quebec. All this is to say that the original name, Federal Business Development Bank, is well-known and respected in Canada and Quebec, and we do not see why it should be changed. Such a change would

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result in a waste of money and energy, given the costs generated in terms of paper burden, logos, etc. Again, this change would result in useless spending and a waste of energy.

The name Business Development Bank of Canada is no better than that of Canadian Bank for Small Businesses.

(1220)

The second point that deserves criticism, and a fundamental one, is the change of mandate implied by the so-called maintenance of the Federal Bank, which is becoming the Business Development Bank of Canada. This is being done without debate or consultation. It has come out of nowhere and is not based on any mandate. Nobody asked the federal government to change the name of the Federal Business Development Bank. This is done in a routine manner, on the sly, by administrative means, the way this government likes to do things; and that may be the Canada of the future, where things will be done in a routine manner, on the sly. They have come up with this proposal that has nothing to do with what the proceedings of the Standing Committee on Industry, of which I am the vice-chairman, led us to expect. There was no recommendation to that effect.

Previously, the Federal Business Development Bank had a very specific mandate as the last resort for small and medium size businesses. Its primary concern was the development of small and medium size businesses, as stated in section 20(1)(b) which specified that the borrowing legal entity could get a loan if: "credit or other financial resources are not otherwise available to that person on reasonable terms and conditions".

That is what led the Federal Bank to be described as a last resort bank. After one or two refusals at the hands of lending institutions, the borrower, provided it had a good record, could get a loan from the FBDB, once those conditions were met.

At that time, the federal bank was concerned only with economic development through the assistance provided to small and medium size businesses. As we can see in subclause 4(2) of the Business Development Bank of Canada Act, the purpose of the bank will now be to support Canadian entrepreneurship. In carrying out its activities, the bank must give particular consideration to the needs of small businesses.

What is being proposed is a far cry from the last resort bank totally dedicated to small businesses development in Canada. As we will see later on with my colleagues, the scope of the bank's activities is being extended. Clauses 20 and 21 of the bill allow outright interference in everything related to development in Canada, at the expense of provincial governments, and more particularly the Quebec government, by promoting regional

development in Quebec's stead by way of unconstitutional or virtually unconstitutional dealings, with Quebec parties.

We already know the Canadian government will try to entice Quebec institutions and companies by telling them: if you want our money, you should ask an equal amount from the Quebec government; if it refuses, that will put an end to our involvement. We can see through that kind of trickery, specially on the eve of the referendum.

If Quebecers vote no at the next referendum, it is that kind of centralist instrument that will be used in the Canada of the future.

With Bill C-91, the bank will not be a last resort bank but a complementary lender to other traditional banks on the market. It will be empowered to make agreements with any organization to become its agent in order to provide services, programs, and financing. It will also be allowed to set up lending consortiums. This is a far cry from the development of small businesses. Those lending consortiums could include both private and public partners.

We think that the complementary role of the Business Development Bank of Canada should be limited to filling the gaps on the market and thus improving the situation. We should specify that its primary role and mandate is to meet the needs of small business, as is said in the act.

Before I conclude, I would like to touch briefly on the new so-called hybrid capital instruments. That means that the federal bank will be able to tap private capital instead of relying solely on government funds, as it has up to now.

(1225)

Nowhere is it mentioned that, in order to attract private capital, there will be a fixed rate of return. So, the new bank may have to focus on profit maximization in order to provide the most interesting rates of return possible. This will mean a complete turnaround for the new bank, since the old one had fixed rates and could focus solely on economic development.

I want to draw the attention of members to clause 36 that provides for the confidentiality of the information held by the bank. It says that the bank has to protect the information it gathers.

Members have to remember that the committee recommended that information be systematically gathered from all financial institutions in Canada under the direction of the Bank of Canada, Statistics Canada and the Superintendent of Financial Institutions. This bill will hopefully include a provision in order for the new bank to co-operate in inquiries supported by Parliament.

*Government Orders*

By the way, I see that the Bankers' Association is against the bill, which is a good indication that the government has some very concrete plans in mind. We all know that the Liberal government and the bankers usually agree, but not this time. Why? Probably because the government has some other motives that are political and not economic, especially where the province of Quebec is concerned, in order first to influence the referendum and then to be the only one in charge of economic development in Canada, hence building a centralized and increasingly unitary state.

These are some of the reasons why we will vote against this bill.

[*English*]

**The Acting Speaker (Mr. Kilger):** I would like to take a moment to remind the House that pursuant to Standing Order 73, under which we are presently conducting our affairs, members have 10 minutes for their interventions, without questions or comments.

**Mr. Ian McClelland (Edmonton Southwest, Ref.):** Mr. Speaker, I am happy to participate in the debate. Once again I am moved to ask myself the rhetorical question: What is it about getting elected that makes venture capitalists out of us all? What is it about getting elected that makes us feel we should be imposing our collective wisdom on the private sector? I would like to address my short remarks at this juncture to that basic premise.

When those of us in this body get together to deliberate, to create laws and entities, the overriding principle we should have, is this: Government should not be involved in any enterprise which is being carried out or could be carried out by private enterprise. We have no business, in my estimation, getting involved in any way, in setting up a crown corporation, which is what we are doing, in competition with existing businesses.

We may not like the banks. Canadians may not get up in the morning and say: "Thank God we have the Royal Bank" or "Thank God we have the Toronto-Dominion Bank" or any bank for that matter. We already have mature, functioning and very capable banking institutions.

In the context of what the establishment of a crown corporation in the financial sector will do to enhance the competitiveness of Canadian business, to promote entrepreneurship, to be an incubator of new business, or in any way enhance the standard of living in Canada, we will find that the legislation falls far short of the mark. All it does is create one more bureaucratic organization.

Having said that, I do not fault the rationale or the thinking behind the initial desire to do this. Not too long ago the people of Ontario and Quebec, in particular, found that the heavy hand of recession dealt a vital and terrible blow to the entrepreneur and to the people involved in the business sector, particularly the

small business sector. In the west particularly in Alberta, we felt that about 10 or 12 years earlier.

(1230)

The industry committee, in its report dealing with small business which we worked on for months and months and months, the whole idea was to make the banking institutions in Canada far more responsive to the needs of Canadian business, small business in particular. Then what is it about this new expanded Federal Business Development Bank that is going to change all that?

The role of opposition is to oppose legislation preferred by the government. The intent is to make the legislation better, to point out weaknesses in the government's legislation. Looking at it from that perspective and looking at this legislation and the rationale behind the change in the Federal Business Development Bank, we would first have to ask what the mandate is.

Looking at it from the devil's advocate point of view, what is the mandate of the new Federal Business Development Bank, renamed the Business Development Bank of Canada? According to a news release under the minister's hand the mandate of the new bank is to develop and deliver innovative responses to small business financing and managerial needs. If ever there was a motherhood statement, that has got to be it. How could we possibly argue with such a motherhood statement?

I am a small businessman. The Reform Party is 100 per cent behind the notion of incubating, helping and working with small business. However we are not in the business of competing with existing businesses, even if those competing and existing businesses are, God forbid, banks. Banks already exist.

There is no need for Canadian taxpayers, however tenuously, to be supporting or propping up yet another crown corporation which is what this new entity will be. We are at this very moment trying to get rid of crown corporations. There is the privatization of CN and the recent privatization of Air Canada. Why on earth would we want to set up a crown corporation in the banking sector?

I have already covered the point that there are many people in Canada represented by this side of the House, and I am sure many people in Canada represented by the people opposite, who feel that we should not be reinventing the wheel. We should not be putting our energies into creating something that already exists.

Then the question is: Will this new entity do something different? I tried to find out if it would or would not. I went into the historical record. A speech was delivered to the Board of Trade of metropolitan Montreal on October 25, 1994 by Mr. François Beaudoin. Mr. Beaudoin is now the president and chief executive officer of the new Business Development Bank. He quite accurately pointed out that there are three developing sectors of our economy that need attention: export markets, the

*Government Orders*

new economy, and working capital. He said that these are three areas in which business really needs some significant support.

He makes the case that 85 per cent of Canada's exports are generated by only 900 businesses. Only 900 businesses in Canada represent 85 per cent of our total exports. The majority of our total exports is in lumber and cars. That very clearly identifies the fact that we should have far more emphasis in our country on entrepreneurial zeal in exporting. What then is this new bank going to do that the Export Development Bank does not already do? We already have the Export Development Bank. Its mandate is to do exactly that.

(1235)

That portion of the business development bank's new mandate that has as its central purpose the incubation and education of entrepreneurs is something we can support very handily. This new bank is to be nothing more than a bigger, broader representation of the bank which is already in place.

The legislation allows the federally funded crown corporation business development bank which is eventually backed by the Government of Canada to have as an asset base almost \$20 billion. The total small business portfolio of all the banks in Canada combined is something in the region of \$40 billion. According to the banks, there is more money available than there are people asking for it, based on quality loans.

The last thing in the world we want is the situation whereby the existing banks in Canada are able to tell people who ask them for a loan: "Hey, we think you have a great idea but it is a little risky for us. Why not go over to the new business development bank and ask it for the money?" Therefore, the government is going to absorb the responsibility and liability for all these loans which should rightfully go to the chartered banks. They are the ones that exist in Canada and have the utility, ability and the experience to do everything that is already being done. Our role is to make sure they do the job. Our role is not to put together a complementary lender.

One area the Federal Business Development Bank wants to get involved in is providing working capital loans based on receivables and inventory. Well, where has it been? Does every bank not extend operating loans based on receivables and inventory?

In the vast majority of loans existing with the Federal Business Development Bank today, 53 per cent are in loans of \$100,000 to \$500,000. The loan portfolio for loans of less than \$25,000 for the Federal Business Development Bank which is really the incubator of small business is 1.2 per cent of its total portfolio. Writing these small loans is very risky and very expensive. Of course, the banks do not want to do it. However,

we in the House should be very careful that we do not increase the liability to individual Canadian taxpayers just so we can make it easier for the banks to slough off their responsibility to the government funded bank.

**Mr. Barry Campbell (St. Paul's, Lib.):** Mr. Speaker, I rise today to support Bill C-91, the Business Development Bank of Canada Act. The legislation represents the next step in the evolution of an institution that has a long and honourable tradition of helping Canadian business respond to the changing demands of the economy.

Fifty-one years ago the industrial development bank was created to help wartime manufacturers convert their facilities for peacetime operations. These businesses needed special attention because it was virtually impossible for them to obtain term loans. At that time chartered banks were prohibited by the Bank Act for making loans against mortgage security.

The majority of IDB loans during its early years went to companies such as machine shops, sawmills, textile and garment factories, flour mills and auto parts manufacturers. In other words, the bank responded to the emerging industries of the day in a nation that was converting its wartime industrial capacity to new challenges.

As the nation's economy changed, so did the nature of the bank's customers. The business community began to respond to new opportunities of the post-war boom and the bank began to lend to wholesalers, retailers, restaurants and the hotel industry among others.

In the 1950s and 1960s the bank began to open branches in non-metropolitan areas of the country. This was a bold move at the time. The chartered banks followed the experiment with a great deal of interest. By the end of its second decade, the IDB had 22 branches across the country.

(1240)

[*Translation*]

In 1971, the bank began to give businesses regular advice on how to run their operations efficiently. The bank became the only national organization to provide management services, such as consulting, training and planning, to small businesses.

In 1975, the Federal Business Development Bank was created as a crown corporation. Since then, businesses could no longer rely on government grants to execute their bank transactions. The new agency also decided to take up the challenge of providing risk capital to entrepreneurs. Today, the bank has offices in all provinces and territories. It employs 900 people who furnish financial as well as management services to Canadian small and medium size businesses.

*Government Orders*

Last year, the bank's share financing increased by 45 per cent, for a total of \$80 million. As the years went by, the bank acquired an excellent reputation in the field of customer services. According to the most recent survey, 97 per cent of the bank's customers said that they would deal again with the bank and the same proportion of customers said that they would recommend the bank to other people.

[English]

It has become apparent that the FBDB must continue to evolve to meet the changing demands of the economy. This need to change has been widely discussed. In its report "Taking Care of Small Business", the Standing Committee on Industry recommended that the mandate of the FBDB be "refocused as a complementary lender to small and medium sized businesses and that it be authorized to use new financial instruments to fulfil its mandate".

The small business working committee emphasized that government sponsored programs should be refocused to fill financing gaps that are not now served adequately by the private sector. Among its recommendations are the following: "To enforce the FBDB's mandate to ensure that its activities are filling the financing gaps, and funding small businesses in all regions of the country including those associated with small and micro businesses requiring loans of less than \$100,000, as well as addressing gaps in regional and sectoral lending and working capital requirements". The committee stated: "These objectives should be pursued on a full cost recovery basis".

The Federal Business Development Bank Act has not been amended since originally passed in 1974. It requires updating to reflect market developments such as the use of financial instruments that had not been invented in 1974. Moreover, the bank is now operating at near its statutory ceiling and financial ratios. To respond to forecasted business volume we need to act quickly to provide the legislated authority to increase the bank's equity. If the statutory lending cap is not changed soon, the bank could be forced to ration credit to businesses in the near future.

Under its proposed expanded mandate the Business Development Bank of Canada will be better positioned and equipped to address the specific needs of small business through innovative financing. It will operate where market forces fail to provide access to financing for promising business ventures.

Under its new mandate the bank will continue to be active in smaller loans and investments in its lending and venture capital programs. It will increase quasi-equity and working capital financings. It will also focus more on knowledge based firms without abandoning its traditional activities.

The Business Development Bank of Canada Act will provide the bank with the ability and resources to keep abreast of changing requirements at a time when the small business community in Canada needs the flexibility the bank can offer.

[Translation]

**Mr. Jean-Paul Marchand (Québec-Est, BQ):** Mr. Speaker, I am glad to rise in the House to talk about Bill C-91, which aims at changing the function and mandate of the Federal Business Development Bank and at renaming it the Business Development Bank of Canada.

I have a few questions to ask about the bill. It is a bit disturbing because the Federal Business Development Bank as we know it works very well.

(1245)

I met its president in Quebec City. As we know, the Bank lends almost one third of its money—about \$1.3 billion—in Quebec. Finally, it serves very well its purpose of bank of last resort. Moreover, the Federal Business Development Bank, as it is now, gives training courses for people who want to start new businesses. These are excellent courses and many Quebec entrepreneurs have taken them. Right now, the bank is self-financing and does not cost Canadian taxpayers one penny.

Nonetheless, Bill C-91 will change the mandate of the bank and radically transform its capital structure. The bank now has a statutory borrowing limit of about \$3.2 billion but it is proposed to eliminate that limit and to allow the new bank to borrow as much as it wants. I will come back to that later. This change in the capital structure is disturbing because it will allow the bank to enter into partnership with other organizations and other banks.

The capital structure and the mandate of the bank will be changed completely. Right now, the bank is a last resort lender. It makes loans to business people who cannot borrow from commercial banks via the usual channels. There is a real need for that kind of service. But the Federal Business Development Bank will not necessarily have this last resort mandate any longer since the new mandate will require the FBDB to support other projects through partnerships or through top-up funding. This compromises its original mandate which was to offer last resort funding to businesses.

This is quite disturbing because one has to wonder who will do this job if the Federal Business Development Bank is no longer doing it. If the FBDB changes its mandate and works increasingly in partnership with other banks, who will take over the mandate that is presently carried out so efficiently by the Federal Business Development Bank? It is just as though all last resort cases will be ignored.

But the most troubling question regarding this bill relates to the government's motive for introducing it. Why is the government proposing to change the bank's capital structure and mandate? Why is it removing the loan ceiling and telling the bank not to be a last resort lending institution any longer but to go into partnership with other banks and other agencies in projects related mainly to small and medium size businesses

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and exports? There are good reasons for trying to find out the motive for such changes.

(1250)

Do we really want to help small and medium size businesses or do we want to compete with existing financial institutions? We have to ask the question because this bill allows the Federal Business Development Bank, under its new mandate, to compete directly with existing financial institutions. It is troubling.

In fact, should the federal government compete with the private sector? The government has already made such an attempt in another bill, Bill C-52 brought forward by the Minister of Public Works, giving itself the power to compete directly with engineering and architecture firms. Strangely enough, this bill was withdrawn when we started to criticize the government after realizing that these engineering and architecture firms were concentrated in Quebec. We realized that 90 per cent of the businesses that the government would compete with were located in Quebec, and that is why the bill was withdrawn.

But the government is at it again, giving the Federal Business Development Bank a similar but broader mandate since we are no longer talking about one sector, engineering and architecture, but almost any kind of partnership for economic development. And anybody who takes the time to read the definition of the mandate in clauses 20 and 21 will see that it is very broad. There are no limits to this new bank's mandate.

This is what is troubling, because we know that some of the best examples of the growth of small and medium size businesses in Canada have been in Quebec. It is well known that, if there is one sector in Quebec that has distinguished itself, and is on the cutting edge, it is the small and medium size business sector.

We have established funds in Quebec for the development of small and medium size business, such as the solidarity funds of the FTQ and the CNTU, and a number of programs, such as those of the caisses populaires. It is a very active sector. Why, then, is Canada changing the mandate of the Federal Business Development Bank in order to enter this sector? Does it want to compete with Quebec's caisses populaires? Does it want to compete with the solidarity funds of the FTQ and the CNTU?

Ultimately, can it overstep the authority of the province, which has already established a regional development program, in order to once again increase the visibility of the federal government in Quebec, as it has done elsewhere in Canada furthermore, but particularly in Quebec? Is there a hidden agenda in this bill, a deliberate wish to weaken the many programs that have been established in Quebec by the banks and the solidarity funds, as well as the programs established by the Quebec government itself?

These are some of the questions that come to mind with respect to Bill C-91. There is no compelling need for the Federal Business Development Bank to have a new mandate, when the one it now has is perfectly sufficient. One could wonder whether beyond the economic purpose of this bill there is not another deeper political purpose. That, in fact, is why I personally will not support this bill. Basically, the purpose of this bill is a purely political one. Coming from Quebec, from the riding of Québec-Est, I can see that the Federal Business Development Bank, this new bank, holds nothing for us. It would be better to keep it in its present form.

(1255)

[English]

**Mr. Werner Schmidt (Okanagan Centre, Ref.):** Mr. Speaker, we are debating whether Bill C-91 should be referred to the committee before second reading. In many ways that is positive in the sense that it opens up the debate and allows elements to be raised which would otherwise be restricted because of the conventions of the House. I hope that will be the case and that it will not be a way to circumscribe or limit certain amendments or debate which might otherwise receive the light of day in the House.

I have concerns about Bill C-91 which we ought to look at before we submit it to committee. Changing the name of this bank I do not think will change anything at all. It will cost a lot of money to print new stationery, to put up all the new signs and all those things. What will changing the name do to the actual purpose, function and operation of the bank? I submit it will do nothing.

It sets up a crown corporation which has as its capitalization part a number of instruments which are being used. It has common shares which have a par value of \$100. It has preferred shares which are unlimited in number, as are the common shares. The preferred shares have no par value. Hybrid capital instruments will be part of the capitalization. These will be paid in capital by the Parliament of Canada by a parliamentary appropriation but there will be no indication as to how much. There will be retained earnings and contributed surplus to a maximum of \$1.5 billion.

There are other provisions which I will draw to the attention of the House, particularly sections 21 and 22, specifically section 22(e). Section 22 includes the ancillary powers but section 22(e) is particularly interesting. The bank may acquire, hold, exchange, lease, sell or otherwise dispose of any interest in real or personal property and retain and use the proceeds of disposition. That kind of provision raises some very interesting questions. How much real estate will the new business development bank of Canada be prepared to buy? What will it do with that real estate? Will it deviate from its traditional role, which

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has been to lease real property in which it carries on its business, or will it develop a series of branches throughout the country?

Other sections of the bill also give to the board, to the Minister of Finance and to the cabinet powers which rightfully belong to the Parliament of Canada.

Section 27 gives some very specific powers to the board:

Subject to the approval of the governor in council on the recommendation of the Minister of Finance, the board may make bylaws

(a) setting out the rights, privileges, restrictions and conditions attaching to preferred shares, creating one or more additional classes of preferred shares and generally determining the rights and obligations of the holders of preferred shares, including

(i) limiting the right of the shareholders to specific dividends or repayments, whether fixed or variable,

(ii) authorizing the purchase or redemption of the shares by the bank, either at the bank's option or at the shareholder's request, and

(iii) limiting or extending the rights of the shareholders in any other way;

That is the second class of shares which makes up the capital of this bank, which really gives to the board the authority to determine how the bank shall be structured. That kind of power ought not to be given to a cabinet. It ought to exist with Parliament because this bank through the Minister of Finance and the cabinet, given this provision, allows that group to create a liability of \$18 billion for the Canadian taxpayer.

Who is the shareholder talked about in section 27? The shareholder is the Government of Canada. The Government of Canada now will be told it may or may not own these preferred shares. It may or may not be paid a dividend. It may be paid this much of a dividend or this little of a dividend. That becomes the issue.

(1300)

Other provisions of the bill ought to be of direct interest to each of us. In particular, I would like to look at subsections 18(4) and (6).

Subsection 18(4) states that the bank may enter into any transactions for the financial management of the bank, including any financial instrument of financial risk such as interest rate or currency exchange agreements, options, futures contracts and any other similar agreements.

Another way of looking at this is that these are derivatives. It permits the personnel of the bank to enter into futures contracts, options, purchasing and selling of options with public money which should be considered a sacred trust. If we look at the way the options market operates and the futures contracts work it means the bank is speculating with Canadian money or has the opportunity to do so.

I am sure the argument will be presented that it will use this only for purposes of hedging interest rate and currency fluctuations. If the bill specified that there were limitations one might not have such grave concern. Because there are no limitations it does not prevent the manager or the president or whoever is in charge from getting into the market directly. It should be a major concern to all of us. Just remember what happened in the Barings bank.

Other sections of the bill should give us grave concern. The designated minister is identified in section 21. Who is the designated minister? At the moment it is the Minister of Industry. It is possible that cabinet could designate any other minister. For example, FORD-Q is one of the regional development portfolios. We heard the Minister of Industry say this morning that one of the purposes of the new mandate is to expand it so that it would include regional development and things of that sort.

Would it not be interesting if for certain matters the Minister of Human Resources Development were designated as the minister of the bank and could direct the bank? In another instance it could be the minister of FORD-Q and in a third instance it could be the Minister of Industry and so on down the line. There is nothing in the bill to prevent that sort of thing from happening.

The obvious questions we have to ask is what can this bank do that the other banks cannot do. What can the other banks do that this bank cannot do? If it is none of those things and this bank is doing nothing more or less than what the other banks are doing, what in the world are we doing this for?

Some specific arguments ought to be addressed as well. The indication is that this bank shall be complementary to the existing financial institutions, particularly the banks. Then the bill does not define the word "complementary". The only reference in the proposed bill that deals with the previous act is that complementary is taken as that section which deals with the previous section saying that it must be the bank of last resort. In other words, the applicant has to be refused by some other institution before he can apply for money here.

Does complementary mean that it will make loans of an operational capital requirement? Does it mean that it will become a deposit taking institution? What will the Business Development Bank of Canada do that other banks do not? I submit that it will do nothing more or less than is currently available in the marketplace and it is not required.

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I want to throw out two more questions. First, will the bank be able to expand its network of offices? Second, which is more important, is: What is a hybrid capital instrument? It is not defined in the bill. When asked what this means certain officials were unable to answer that question but more significantly than that hybrid financial instruments are different from any other capitalization that is provided for in the other sections of the bill.

(1305)

The other one says that common shares, preferred shares and hybrid capital instruments are not given to the government but may be given to private individuals or persons other than the government. What does it mean?

We must answer these questions before the bill is presented seriously to the House.

**Mr. Harbance Singh Dhaliwal (Parliamentary Secretary to Minister of Fisheries and Oceans, Lib.):** Mr. Speaker, I would like to contribute to the debate on sending Bill C-91 to committee before second reading.

Before that however I would like to address a couple of statements made by the hon. member from Edmonton who questioned the need of the FBD bank and indicated in his earlier remarks that when there are already banks out there servicing the community, do we need this?

I want to address those concerns because it is a fair question. The very existence of this bank shows that the present banking system does not meet the needs of small and medium sized businesses. If it did, we would not need it. The present banks do not service the financial requirements, sometimes the operating line, and other needs.

As a small business person I and the hon. member who was also in small business, know that there are a lot of good ideas out there that often do not get financing, that do not get the funds or the financial support from the community. For example, small businesses may start as one or two person operations and expand to become 100 and 200 person operations. As a government we always have to look into the long term. We have to ensure that we have a financial infrastructure to provide small business people with the opportunities to expand and to create new opportunities and employment.

As the hon. member knows, it is the small businesses that are creating the jobs right now. We want to make sure that the infrastructure is there for them to continue to do that. He will know that many times many good ideas get lost because they are not financed.

We can bury our heads in the sand and say: "Everything is fine. Everything is great out there. Every businessman, small or medium, will be able to get financing. They will be able to get the money when they need it for a very good idea that has great opportunities," but that is not the reality.

Reality is a need for an organization such as the FBDB to ensure the financing of those ideas that exist, that have a future, that have potential. The government understands there is tremendous opportunity not only in the short term but in the long term to create employment and to create a strong, dynamic, vibrant economy. That is what we have to do as a government.

We cannot stick our heads in the sand and say: "Everything is fine. We will leave it up to the big banks. We will leave it up to the financial institutions. They will take care of small business. They will do all the funding. They will fund the new opportunities in the new economies". That is not reality.

Innovation has always been the hallmark of the Federal Business Development Bank. The secret of a bank's success has been the close co-operation it has enjoyed with entrepreneurs across the country. The bank has been able to stay abreast of rapidly evolving markets and major trends such as the use of information technology. It has always sought ways to offer new services tailored to meet the increasing, complex needs of entrepreneurs.

For example, a year ago the FBDB introduced a \$50 million financing program called working capital for growth. The hon. member knows that one of the problems small businesses have is getting working capital which is very important for their success and growth.

Hon. members will recall that last year, the economy was starting to gain momentum. For many businesses the new opportunities were not matched by sufficient cash flow after several years of a recession. They lacked sufficient cash to finance the opportunities that arose.

The FBDB created its working capital for growth loans that top up financing when conventional lending institutions that the hon. member said would be able to provide these do not offer sufficient lines of credit to support a company's growth.

In addition, FBDB business counsellors work with business owners to ensure that their growth plan is well managed. The maximum loan amount under this program is \$100,000 and repayment schedules are flexible and tailored to individual needs.

(1310)

Another example of innovation by the FBDB is the pilot program called patient capital where returns take a long time and where the return is not over a year or two years but a much longer time. It responds to the needs of companies that do not have the necessary financial resources to service debt during their development stages. This is a problem particularly for new companies in the knowledge based economy that may not have tangible assets to offer as security.

These knowledge based economies have incredible barriers to financing because they are difficult to assess. It is very difficult for many bank managers to look at anything but basic fixed, hard, tangible assets and assess the knowledge based assets, the engineering, design and all the software knowledge. It is so hard

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to grasp the value of that and are very difficult to finance. They do not have tangible assets to offer as security and therefore financing is difficult.

The FBDB offers patient capital in quasi-equity forms of financing which provides firms with long term capital on flexible repayment terms. The repayment of patient capital can be postponed for up to three years until a company begins to generate revenues and a royalty on sales can be arranged.

The bank has been pilot testing this patient capital program in Kitchener-Waterloo in co-operation with the Royal Bank and Innovation Ontario. We hope that the test will prove successful so that the FBDB can begin to offer this service across the country. In this way the bank will help to close what the Minister of Industry has referred to as the flexibility gap, one of the four critical gaps that prevents small business from obtaining the financing they need.

The flexibility gap refers to the problems small businesses encounter when conventional lenders require a stream of payment over the term of the loan. This can be impractical, for example, for viable firms in the product development stages which are not yet generating a mature cash flow.

The FBDB has already demonstrated innovative solutions by providing quasi-equity financing approaches through long term loans with flexible repayment requirements. This is what Canada's small business communities need to obtain their capital requirements and the FBDB is leading the way.

The other four gaps that the minister described have also been addressed by the FBDB. Hon. members will recall that he spoke of the risk gap. Conventional financial institutions, to which the member would like to leave everything, are reluctant to set an interest rate for high risk, smaller term loans that would compensate them for increased risk. They tend to adopt self-imposed ceilings with respect to the rates that are charged.

This has advantages for companies that are able to secure financing. They will rarely pay more than the prime plus 2 per cent. But many companies will be willing to pay higher rates in acknowledgement of the increased risk the lender is taking.

A third structural weakness in the conventional financing requirements in Canada the minister has described as the size gap. I am sure many hon. members who have been involved in business know about this. It is a result of the overhead costs that a lender must incur in administering any loan, whether large or small. The administrative costs associated with loans are similar for the lender, whether it is a \$50,000 loan or a \$5 million loan. Comparing the profits that the lending institution can make by providing the two loans, there is no question that a conventional lending institution tends to serve its larger customers first.

In Canada today we can point to hundreds of examples of small customers who have grown to become big customers. The \$50,000 loan of today may become the \$5 million loan of tomorrow. The FBDB has been created precisely to respond to the needs of the smaller customer.

The fourth gap in lending institutions the minister has referred to is the knowledge gap. It is carefully interrelated to each of the other gaps but has a particular emphasis on what the lender understands about the nature of the new economy.

How does the lender take into account the assets that leave the building each night? I am referring to the human assets, the ingenuity, the creativity of engineers, the vision of the design teams, the basic entrepreneurial skills of the owners? In the knowledge economy these are perhaps the most valuable assets of all.

(1315)

How can lenders assess the viability of new forms of enterprise? By what standards can they compare the economic performance of young companies in the newly emerging field of environmental technologies? For example, how can they measure the potential benefits and risks of a new software design?

Industries emerging in the new economy have trouble securing appropriate financing because they are knowledge based and may not possess assets that could be realized in the event of a default.

The team at the FBDB has made it its business to understand the needs of the new economy. Its clients have evolved with changes to Canada's industrial base. It is precisely because those gaps do exist under the present situation that we need the FBDB. That is why I am supporting this bill; to ensure small and medium size businesses that we have the infrastructure to fulfil their financial needs and create more jobs for Canadians and greater opportunity.

[*Translation*]

**Mr. Jean-Guy Chrétien (Frontenac, BQ):** Mr. Speaker, my colleagues before me did a good job explaining the subject matter of Bill C-91. Therefore, I will only say that it is mainly aimed at transforming the Federal Business Development Bank, commonly known as the FBDB, into the Business Development Bank of Canada.

To create this new entity, the government is not amending the Federal Business Development Bank Act; it is introducing a new piece of legislation, Bill C-91.

I will deal with three aspects of this bill. The mandate of the FBDB, as we know it, will be extended. Consequently, the

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modified FBDB will no longer be solely a financial institution geared to last resort funding. From now on, the new Business Development Bank of Canada will be able to provide complementary funding to other financial institutions.

Second, it will now be easier for the Business Development Bank of Canada to enter into agreements with public and private partners, either at the federal or provincial level, to set up financing syndicates.

Third, the bank will have financial instruments, such as shares, which will enable it to increase its capital without depending on government funds.

I will therefore focus on the disastrous consequences of this amendment on regional development. Unfortunately, it would appear that, under the guise of regional development, Bill C-91 is the new way the federal government has found to once again interfere in provincial affairs.

As in many other areas, it has not been clearly established whether regional development is a provincial or a federal responsibility. Some provinces, such as Quebec, have long demanded exclusive powers in this area. As you might expect, the federal government has always refused to recognize regional development as a strictly provincial responsibility.

At each round of constitutional negotiations, this claim was summarily rejected. However, under Quebec-Canada framework agreements the federal government had made a commitment to the Quebec government to limit its regional interventions.

(1320)

The Economic and Regional Development Agreement for Quebec came to an end in December 1994 and the federal government refused to renew it. Clauses 20 and 21 of the bill will make the Business Development Bank of Canada more visible in the outlying regions since it will have the authority to sign agreements directly with other federal departments, regional agencies like the conseils régionaux de développement, and, eventually, with the corporations de développement économique and even with individuals.

If the bank can deal directly with local stakeholders, it could have a negative impact on provincial strategic plans since it could induce the CRDs to model their priorities on Ottawa in order to get money. Therefore, the bill disregards the joint efforts made by the provincial governments and the local business community. Once again the federal government comes trampling in, saying: "Make way, here we come with our spending power!"

Let me remind you that this famous spending power has given the federal government a debt which now stands at \$550 billion. Let me remind you also that this \$550 billion debt has been accumulated largely, if not totally, over the last 25 years. And

except for a period of nine years, who were the leaders of this country during those last 25 years? We all know that the Liberal Party of Canada was in office during those years. That is what spending power gives us. They meddle in everything and often spend ill-advisedly. Just look at the facts. In the present case, a simple name change will cost Canadian taxpayers millions.

**Mr. Nunez:** It is a disgrace.

**Mr. Chrétien (Frontenac):** This is indeed a disgrace. What is even more regrettable is that the federal will, once more, impose the same medicine to all the regions of Canada. Well-meaning civil servants will decide, from Ottawa, what is good for the regions and other civil servants, also well-meaning, will apply the decisions made in Ottawa.

Decentralization is presented as the way of the future but Bill C-91 shows that the federal government has no use for regionalization. The Government of Quebec is trying to decentralize certain powers and give regions the money they need to exercise them. Bill C-91 goes blindly in the opposite direction. At a time of cuts, when money is getting scarce, with Bill C-91 the federal government is opting for a less cost effective solution simply because it will get increased visibility. This is very sad for taxpayers.

The federal government would rather withdraw from social programs and use taxpayers' money to intrude needlessly on Quebec structures designed to deal with small and medium size businesses. These political choices are not made in the interests of regions but rather in the interests of the federal government. Therefore, I will oppose Bill C-91 because I respect the work done by the Government of Quebec and by regional stakeholders, and because I also respect the choices they have made. Using these means to foster the popularity of the federal government among the people cannot be justified.

(1325)

I could mention all the duplications that are already costing taxpayers so much because they always end up paying the bill through their municipal, school, provincial and federal taxes. Let us take for example manpower training. It should come under provincial jurisdiction. Yet, because of this duplication, the federal government spent needlessly, in Quebec alone, \$265 million in administrative costs. We are literally stepping on each others toes.

I have no objection to the federal government meddling in provincial affairs. It can show off its spending power all it wants. But it should start by paying its own debts. We had to fight, in this House, to obtain that the federal government pay its share of the 1992 referendum, a promise made by the previous Prime Minister that the present Prime Minister wanted to renege on.

The native crisis in Quebec cost hundreds of millions of dollars and we are still negotiating the federal government's

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share. Therefore, Mr. Speaker, rest assured that the Bloc Quebecois will oppose this bill that we consider totally useless.

[*English*]

**Mr. Jim Abbott (Kootenay East, Ref.):** Mr. Speaker, I was very interested in the comments of the hon. member for Vancouver South in response to the speech of my colleague from Edmonton Southwest. He said the Liberals feel we have to have a financial infrastructure to create a strong, vibrant and dynamic economy. That is exactly the problem with Canada at this point. The Liberals today feel the way they have felt for the last 25 years, that if the government does not do it then probably it will not happen.

The Liberals consistently are coming forward with legislation like this which will interfere even further in the affairs of ordinary Canadians in its own small insidious way.

I will speak about this issue from the point of view of what I call coffee shop common sense. There is a real vacuum of talk in the Chamber which comes from the common sense that we hear from Canadians as they gather in coffee shops, in their living rooms or around their kitchen tables at home. There is very little talk using the ordinary English or French used there. We always seem to end up hearing speeches from people using wonderful 75 cent words to describe dead end situations.

I suggest to my friend from Vancouver South that the Liberals, when using this act along with other acts to create a financial infrastructure, to create a strong, vibrant, dynamic economy, might do well to take a look at what capital is and where capital comes from.

As far as the Liberals are concerned, and many people of that thought process, the idea of taxation is to gather in the capital so it can be redistributed as the people who supposedly know best think it should be.

I believe, as do many people in my constituency, the big banks are failing small business. There may be a good intention on the part of the big banks, and certainly they do a lot of advertising and window dressing, but the biggest single problem is there is no real competition in the banking industry as it presently sits. I would be in favour of our looking at creating a situation, not as set out in Bill C-91, but a situation in legislation that would create some real competition between banks so that we could have a pool of capital.

(1330)

We know the big banks are asking to get into non-traditional banking services. Of course they have gone into brokerage and now they are asking to break into insurance. They are looking at the fact that although they have countless billions of dollars flowing through their coffers on a day by day basis, nonetheless they can extract only a very small percentage of those dollars. They are therefore looking to insurance, to brokerage. I do not know what is going to come next.

The difficulty is that the banks are not in a situation where there is real competition so that they have to go out and gain the business. I say this on the basis of what I call coffee shop common sense. If I were to walk down Baker Street in my hometown of Cranbrook, or a street in Invermere, Fernie, Creston, Golden, or any of the towns in my constituency, and walk into a coffee shop and sit down with the local business people and ask what the real problem was that they were having, almost invariably they would tell me that the real problem they are having is in getting a sufficient amount of working capital. They are constantly constrained in the area of capital.

This government should really be looking at, and perhaps it can be looked at under Bill C-91 in committee, the creation of an independent investment pool of real dollars. These would not be dollars that are extracted from business by way of a tax grab, not dollars that are extracted from individuals by way of a tax grab, not money lost under regulation harassment that businesses are under these days, but real dollars that people would put into an investment pool.

Let us look at why businesses are having difficulty maintaining a capital base. They pay school tax and municipal tax. In many cases they pay water, sewer and garbage collection tax and provincial taxes. In my home province of British Columbia if a person has the audacity to have too much money, and it can be borrowed money invested in equipment in a business, that person will be taxed on the money that is invested in the items that are actually generating the profits in the first place. There is federal income tax.

There is the GST compliance costs, which of course we should talk very briefly about as a side bar issue. This government came to Parliament telling Canadians it was going to be doing away with GST and has done nothing. Anyway, there is the GST compliance costs and regulation harassment. There are good reasons for having municipal, provincial and federal regulations, but in many cases the application of those regulations for businesses becomes a harassment.

Why do many businesses have a problem keeping dollars in the business? Let us look at the list. The dollars go out to school tax, municipal tax, water, sewer, garbage, provincial tax, federal income tax, GST compliance costs and all of those things. It is no wonder that small business is having a difficult time retaining capital. There is a tax grab by all levels of government as they scrounge to find more dollars rather than doing the obvious which is to cut down on the expenditures.

This bill is going to committee. It is excellent that this bill has come to the House and under an agreement between the government and the opposition parties will be going into committee. There is the opportunity in committee for my very competent and capable Reform Party colleagues to bring some coffee shop common sense to that committee in order to move forward in an active and proactive way to make something of this bill which quite frankly I find to be a little questionable at this time. They

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could bring it forward with the provision that there is no attempt on the part of the industry committee to repeat the shenanigans of the human resources and development committee. This process has the opportunity to be open, constructive and positive. I encourage all members who will be working on that committee to be sure that process is capable of happening.

(1335)

I say again, the Liberals have the idea that if it is worthwhile doing then surely the government has to do it. The Reform Party believes that the government should get out of the lives, get out of the faces, get out of the pocketbooks of ordinary citizens and ordinary businesses and let them get on with doing what they do best, which is to make profits, to reinvest them and to get this country going.

*[Translation]*

**Mr. Osvaldo Nunez (Bourassa, BQ):** Mr. Speaker, I want to talk today to Bill C-91, an Act to continue the Federal Business Development Bank under the name Business Development Bank of Canada, that was tabled on May 15 by the Minister of Industry. According to its drafters, over and above changing its name, the bill aims at streamlining the bank and modernizing its operations.

As we all know, the role of the Federal Business Development Bank is to promote and support companies which are starting up or at any other stage of development. It was created in 1944 under the name Industrial Development Bank. In 1974, it was incorporated under its current name as a crown corporation in accordance with a law passed by Parliament.

The Federal Business Development Bank offers three types of services to companies: financial services, venture capital financing and management consulting services, including consulting, planning and information.

This bill broadens the bank's mandate so that it will not only be a financial institution responsible for last resort financing. It will also, from now on, be authorized to offer complementary financing to other financial institutions and to set up subsidiaries.

Moreover, clause 21 of the bill allows the Minister of Industry to use the bank to promote entrepreneurship in Canada. Clause 20 gives more leeway to the bank to negotiate agreements with other federal departments and provincial and local agencies in carrying out its specific mandate and any other mandate that the minister could assign to it under clause 21.

My first criticism is that I do not see the need to change the bank's name. We are only wasting taxpayers' money.

However, the most important flaw of this bill is without a doubt the fact that the federal government is going to interfere even more in regional development throughout Canada. In Quebec alone, it intervenes through the Federal Office of Regional Development which implements all of the federal programs. The mandate of this office is to create a dialogue between federal stakeholders in Quebec. This office has already established contacts with these consultation structures in Quebec and even wants to sit at the consultation table for Montreal.

Bill C-91 constitutes another centralizing offensive from the federal government resulting in costly and needless overlaps.

(1340)

This bill completely negates the role of provincial governments regarding support to small business. This goes against the declarations of the Liberal government which said it wants to eliminate overlapping and duplication with provinces.

Clause 20 of the bill allows the Federal Business Development Bank to enter directly into agreements with a person or agency, which means it will be able to sign agreements with regional development councils among others.

However the Quebec act respecting the Ministère du Conseil exécutif du Québec prohibits provincial agencies from entering into agreements with the federal government without the minister's authorization. Once more the federal government dismisses the responsibilities of the Government of Quebec and its very existence by giving itself the power to act without consulting provinces.

In the area of regional development the centralizing offensive of the Chrétien government goes directly against Quebec's regionalization policy. The federal government has always refused to recognize regional development as an exclusive provincial jurisdiction. The government dismissed this claim in all constitutional negotiations. Yet, the federal government had promised Quebec it would limit its action in regions under general agreements between Canada and Quebec. However, the regional economic development agreement expired in december 1994 and the federal government has refused to renew it.

Federal intervention in regional development is becoming scattered, without consultation with the Quebec government. It is competing with Quebec programs while trying to increase the federal government's visibility in the outlying regions and is using the Federal Office of Regional Development to establish Canadian standards in various departments.

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What I find really shocking is that the federal government is financially getting out of social programs and using taxpayers' money to unnecessarily overlap Quebec structures that are dealing with small and medium size businesses. On the other hand, it refuses to get out of manpower training, as was asked by the Quebec government, labour and employer organizations, as well as by economic and social sectors in general.

In my riding of Bourassa, where there are numerous very small businesses, the Federal Business Development Bank has been involved with several projects that have created or maintained jobs. However, some business people tell me that this institution is taking too long to examine and respond to their requests or is asking for too many guarantees.

This institution should also be providing more consulting services and in particular, more consulting and training services to students who wish to operate small businesses during the summer. The government is already giving it grants large enough to allow it to carry out that part of its mandate. I hope that the FBDB will always be different from other financial institutions in that it will not try to maximize its profits, but only to recover its costs.

The Bloc Québécois does not want the FBDB to compete with other development tools available to Quebecers, such as the Fonds de solidarité de la FTQ and the caisses populaires. Also, we would like it to have the means to support Quebec businesses.

I would like to take this opportunity to highlight the accomplishments of the FTQ's Fonds de solidarité over its ten year existence. I took part in the last annual meeting, during which the fund's 10th anniversary was celebrated. This fund has invested in, and helped, hundreds of businesses and has created or saved over 25,000 jobs in Quebec. I would like to pay tribute to its leaders, Louis Laberge, Fernand Daoust and Claude Blanchet. I would not like to see the Federal Business Development Bank duplicate the exceptional work already being done by the Fonds de solidarité.

The potential impact of Bill C-91 on the bank's role as an instrument of economic development is very worrisome.

(1345)

Firstly, the bank is no longer restricted to its role of a last resort lender and will be able to offer complementary financing. The danger lies in the fact that the bank is moving away from its mandate of last resort financing and more towards complementary financing.

The bill must clearly stipulate that the bank's primary role is to offer last resort financing. Clause 21 gives the minister the discretion to involve the bank in initiatives which have nothing to do with its primary activity. Such a measure is unacceptable,

because it could prevent the bank from concentrating on what it does best, which is providing last resort financing.

Clause 36 of the bill restricts access to information regarding the bank's clients. This practice is normal for a financial institution. It would be useful, however, to add a provision stipulating that Parliament could access this information for a parliamentary inquiry.

Like the other Bloc Québécois members who preceded me, I would like to state that I do not support this bill.

[English]

**Mr. Elwin Hermanson (Kindersley—Lloydminster, Ref.):** Mr. Speaker, it is a pleasure to speak to Bill C-91, the motion to refer the bill to committee prior to second reading.

I know other members before me including my colleagues the member for Edmonton Southwest, the member for Okanagan Centre and the member for Kootenay East have spoken to the contents of the bill and what they hope to accomplish in committee, the weaknesses and strengths of the bill regarding the Federal Business Development Bank.

I will take a slightly different attack. This motion refers the bill to committee prior to second reading. As members know, this is a new process which has just been implemented in this 35th Parliament. We are doing some experimentation with regard to how we pass legislation.

The Reform Party agreed with the procedure of sending bills to committee prior to second reading because the Liberals had promised that under this new process there would be ample time for substantive amendments to be debated and discussed in committee before the bill was approved in principle as it is during second reading debate.

I will read what the standing orders say with regard to referring bills to committee prior to second reading. Bill C-91 falls into this category. Standing Order 73(1):

Immediately after the reading of the order of the day for the second reading of any public bill, a minister of the crown may, after notifying representatives of the opposition parties, propose a motion that the said bill be forthwith referred to a standing, special or legislative committee. The Speaker shall immediately propose the question to the House and proceedings thereon shall be subject to the following conditions:

In the case of Bill C-91 these requirements were followed. The minister did make a request that the bill go to committee prior to second reading and there had been consultation with the other parties.

Standing Order 73(1)(b) says: "the motion shall not be subject to any amendment".

That means as we debate this motion today we cannot implement any amendments. I can understand that because we are not dealing with the substance of the bill. We are dealing the

*Government Orders*

procedural matter, whether the bill should go to committee prior to second reading. The standing orders preclude any amendments to this motion.

Standing Order 73(1)(c) states no member may speak more than once nor longer than ten minutes. Standing Order 73(1)(d) states that after not more than 180 minutes of debate, three hours, the Speaker shall interrupt the debate and the question shall be put and decided without further debate.

We are not having a second reading debate right now. We are debating a motion to refer Bill C-91 to the Standing Committee on Industry. The committee will be challenged with the task of reviewing the bill, listening to witnesses, proposing amendments and having a vigorous debate on the value of Bill C-91; whether it is a strong and good piece of legislation, whether it needs to be substantially changed or whether it should be defeated. I am sure when the bill goes to committee these issues will be looked at.

(1350)

I am really concerned about whether we can take the government at face value when it says it will permit open and complete debate in committee prior to second reading. When we agree to this process we forego debate at second reading.

We are not really having a full blown debate right now because we are limited to 180 minutes. We cannot make amendments because we are dealing with a motion, not with the bill. It is critical that if we also lose our second reading debate we have a committee that functions well, is open to amendments, takes time to consider the bill and will not rush the bill through committee stage without proper analysis, without enough witnesses being called and without time taken at the clause by clause review of the bill.

I am concerned, not because of Bill C-91 and the industry committee, but about what happened in the human rights and disabled persons committee which also received a bill through this process. The member for Kingston and the Islands said that bill was before the committee for five months. Let me tell the House what the committee did for five months.

I think members of the committee allowed only four witnesses Reform suggested to appear before the committee. All others were government witnesses. That does not sound like a very open process. Maybe the Bloc had a few, I am not sure. Certainly the appearance of witnesses before the committee was restricted. That does not sound like the spirit of Standing Order 73. It certainly does not fall under the spirit of the red book. We are having some real problems with the credibility of the red book in light of all the broken promises we see amassing at a rapid pace. Almost on a daily basis we see new broken promises.

The bill came before the committee and it refused to hear our witnesses. We were let to sit a simmer for a long time. Suddenly

it was time for clause by clause debate. Our members brought forward amendments, some prior to the clause by clause debate and some on the day of the clause by clause debate. These amendments were refused contrary to Standing Order 62 because the chairman said they were only submitted in one official language. I hope that does not happen with Bill C-91.

I understand the industry committee functions a little better than the human rights committee. It almost sounds like an oxymoron to use the term human rights when we are talking about the actions which transpired in the committee the other day.

The chairman ruled contrary to Standing Order 62 and refused to even consider debating amendments put forward by my Reform colleagues. Initially the committee refused to accept amendments from the floor, saying they had to be submitted ahead of time. It is contrary to the rules and spirit of the motion to submit these bills to committee prior to second reading.

There were some other problems. Suddenly a motion was passed limiting debate per clause to five minutes. I hope this does not happen with Bill C-91 because this makes a sham of the committee process. That five minutes included reading the clause; some clauses were a whole page, some clauses were difficult to complete in the time limit. After reading a clause all three parties had far less than five minutes to comment on each clause. That is not meaningful debate. It is not in the spirit of Standing Order 73. It is not why Reform supported this change to the committee process.

I trust this will not happen with Bill C-91. If this reoccurs it will indicate the government did not bring the changes to the standing orders forward in good faith. It was using this as a mechanism whereby the debate on bills could be shortened, particularly on contentious bills such as C-64, and therefore prevent the House from dealing with the bill at a second reading debate. This is a very serious matter and why I bring it to the attention of the House.

(1355)

Furthermore, in the committee the chairman refused to hear points of order. I know, Mr. Speaker, you have never in the Chamber refused to hear points of order; neither have the Deputy Speaker nor any of the acting speakers. The standing orders indicate points of order must be heard. The chairman in the human rights committee refused to hear points of order, again a breach of the standing orders and the common procedures we follow in the House.

Therefore I hope Bill C-91 when it goes to committee prior to second reading will not face this type of abusive procedure on the part of the committee. I am sure it will not because I understand that committee works quite a bit more co-operatively.

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In this committee the chair, if challenged on a point of order, said: "Do I have the agreement of the committee to proceed? Is my ruling sustained?" The Liberal members would jump up and say "sustained", and there was no debate on the issue.

The debate on the Federal Business Development Bank is important. It could be equally as important as the debate on employment equity, although the employment equity bill is certainly a more emotional issue. However, all bills are important. If they are brought to the House we expect them to be dealt with in a serious manner. We expect the rules of the House and the rules as they apply to committees to be followed.

I implore the government to review whether it is really open to honest debate in committee prior to second reading. When we use Standing Order 73 and refer bills to committee prior to a second reading debate, I challenge the government never again to implement draconian measures which would restrict debate on a particular clause to five minutes or less. That cannot happen. That takes away all credibility from the legislative process. It is demeaning to members of Parliament and, most important, it is absolutely wrong.

We will in good faith agree to send the bill to committee prior to second reading. I expect the discussion will be of a far higher quality than was the case in the human rights committee. Not only would I expect it, I think the House should demand it. Members of Parliament deserve to be heard and deserve to have their positions adequately expressed so there can be a vote taken after full and free debate. I recommend that for Bill C-91.

[Translation]

**The Speaker:** My colleague for Abitibi will have the floor immediately after Question Period.

It being 2 o'clock, pursuant to Standing Order 30(5), the House will now proceed to Statements by Members pursuant to Standing Order 21.

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## STATEMENTS BY MEMBERS

[English]

### EMERGENCY PERSONNEL

**Mr. John Maloney (Erie, Lib.):** Mr. Speaker, I have grave concerns respecting the current status of infectious disease notification in Canada. Without regard for their personal safety firefighters, police and ambulance workers routinely provide emergency medical treatment in unsanitary field conditions on patients they know nothing about. As a consequence they can be exposed to an increasing variety of dangerous, contagious and sometimes deadly diseases.

Is it asking too much that these brave men and women be entitled to notification about possible exposure to an infectious disease? Is it asking too much that our emergency response personnel themselves be given the right to early treatment? Is it asking too much that their family, friends and literally everyone they come into contact with be protected from further transmission?

The answer is obvious. I implore the government through Health Canada to set the standard for uniform notification protocols in conjunction with those provinces that have endorsed national guidelines. The confidentiality of patients can and will be protected. The health of our emergency response personnel can and must be protected.

Canadians are entitled to nothing less.

\* \* \*

[Translation]

### JACQUES VILLENEUVE

**Mr. Benoît Sauvageau (Terrebonne, BQ):** Mr. Speaker, racing driver Jacques Villeneuve won a brilliant victory at the 79th Indianapolis 500 on the weekend.

Overcoming a two lap penalty, Jacques Villeneuve made up his time, caught and then passed all the other drivers, moved into the lead, and stayed there to the finish.

This was the twenty-four year old driver's second time only at this American racecourse and his first victory. Quebecers will remember his father, Gilles, a Formula 1 driver and his brilliant victory at the Montreal Grand Prix. They will also remember with sadness his tragic death in 1982, during race trials in Belgium.

Quebecers will now be keen to follow the exploits of Jacques Villeneuve who, this weekend, reached the first milestone in a motor racing career that we hope will be long and happy.

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[English]

### IMMIGRATION

**Mr. Randy White (Fraser Valley West, Ref.):** Mr. Speaker, the Minister of Immigration says he is going to fix the refugee system, so let us look at a typical case.

I have the selection criteria he has laid out for fast-tracking refugees into Canada from Colombia. These are the people the Liberals say are at risk in Colombia: the police, military, judiciary, peace and human rights activists, political activists, former guerrillas, union leaders, peasants thought to be guerrillas or having perceived political affiliation, women, homeless youth perceived to be involved in criminal activities, journalists covering political or criminal issues, homosexuals, deserters from criminal organizations, members of wealthy families and prostitutes.

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Tell us dumb Canadians, Mr. Minister, will there be anyone else in Colombia after you have opened the floodgates, or should Canadians apply for immigration to Colombia? By the way did the Liberals not leave Juan Valdez, the coffee man, off their list?

\* \* \*

#### CHILD ABDUCTION

**Mr. Ronald J. Duhamel (St. Boniface, Lib.):** Mr. Speaker, child abduction is a serious problem in Canada. Each year thousands of our precious young loved ones are reported missing. They are either lost, runaways, or have been abducted by parents or strangers.

Child Find Canada gives us hope in recovering our cherished children and preventing the disappearance of many others.

The month of May has been designated the Green Ribbon of Hope Campaign to stimulate awareness across Canada about the serious nature of child abduction.

On May 25 National Missing Children's Day acted as a reminder of the children who remain missing and the work that still needs to be done.

[*Translation*]

Our children are important for the future. We must protect them. The Missing Children's Network is vital in safeguarding our children. However, the responsibility for finding children and protecting them rests with the community as a whole. Let us take our children to heart.

\* \* \*

[*English*]

#### NATIONAL ACCESS AWARENESS WEEK

**Mr. Rey D. Pagtakhan (Winnipeg North, Lib.):** Mr. Speaker, National Access Awareness Week, which begins today, is about learning, be it academic, vocational, or on the job training.

Halls of learning and new technologies that facilitate the learning process should be accessible to persons with disabilities. Technology, remember, enabled physicist Stephen Hawking, despite his disabilities, to share his brilliant scientific insights with all mankind.

Technology has allowed many Canadians with disabilities to share their special talents, one of whom is recognized annually with the Centennial Flame research award of Parliament.

All Canadians benefit when citizens with disabilities are integrated fully in our homes, schools, workplaces, and in sports. This special week reminds us of our national dream for our citizens with disabilities and of our will to realize this dream.

I am pleased this government has heightened its resolve to tear down the barriers that limit participation and to supply the tools that facilitate integration.

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#### READER'S DIGEST LEADERSHIP IN EDUCATION AWARD

**Mr. Bob Wood (Nipissing, Lib.):** Mr. Speaker, it gives me great pleasure today to rise on behalf of the District of Nipissing to congratulate Sunset Park public school principal Rick Ferron and vice-principal John Stephens for being named winners of the 1995 national Reader's Digest leadership in education award.

These gentlemen were selected from 197 nationwide nominations for their efforts in creating a living community where outside social agencies come into the school to counsel at risk students and their families in a warm, nurturing setting. Their approach is based on the old African proverb that "it takes a village to raise a child".

Each gentleman will receive a \$5,000 award and the school will receive \$10,000. This foundation award, initiated in 1989, is considered one of the top prizes from a non-educational or non-government body.

As word of the Sunset Park initiative spread, some of the province's top education researchers jumped in to support it and have held it up as a model for the rest of the country.

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[*Translation*]

#### PEACEKEEPERS

**Mr. Réjean Lefebvre (Champlain, BQ):** Mr. Speaker, more than 370 UN peacekeepers and military observers have been taken hostage or are surrounded by Bosnian Serbs. Seventeen of them are literally being used as human shields.

(1405)

We would like to express our deep concern for the Quebec and Canadian peacekeepers who are among the hostages and we wish to express our profound empathy with their families in this time of anguish and fear for them.

Of the 2,100 members of the Canadian military currently deployed in the former Yugoslavia, ten have been taken hostage. Eight of these ten are Quebecers, who are members of the third battalion of the Royal 22nd Regiment from Valcartier. Forty-five other members of the armed forces are confined to their observation post.

We all hope that the current negotiations will quickly lead to their release.

[English]

### INTEGRITY IN POLITICS

**Mr. Herb Grubel (Capilano—Howe Sound, Ref.):** Mr. Speaker, during the election campaign the Liberals emphasized strongly the issue of integrity. They claimed the Conservatives had callously broken election promises and destroyed public confidence in politicians. The Liberals promised to be different, but they were not. During the coming months you will see just how many promises they have broken. Reformers will parade them before you.

Reformers are happy the Liberals adopted so many Reform policies, but Canadians are rightly disappointed with the Liberals' broken promises. They are asking if the broken promises are a sign of Liberal incompetence or a sign of total disrespect for the intelligence of Canadian voters.

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### CRTC

**Mr. Simon de Jong (Regina—Qu'Appelle, NDP):** Mr. Speaker, last November the Minister of Industry assured this House that the appointment of a panel to review the CRTC's decision on direct to home satellite services was "in no way an overruling or the setting aside of the CRTC decision with respect to the exemption order that was issued. That order stands."

Now the government is changing that order. The government should not hold things up by retroactively changing CRTC decisions and creating new hurdles. Already we have a large grey market. Many Canadian homes are pulling in U.S. signals without any Canadian content regulations and sending money across the border.

We welcome Canadian competition. We urge more competition and the public wants more competition. However, further delaying the entrance of regulated D to H services will make it more difficult to reintegrate grey market users into Canadian regulated services.

Fairness to the public and program producers would—

**The Speaker:** The hon. member for Ottawa West.

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### FAMILY VIOLENCE

**Ms. Marlene Catterall (Ottawa West, Lib.):** Mr. Speaker, for two children in my community the opportunity to learn, to play, to grow, and to love will never come again.

Last Friday, 10-year old Wilson and 8-year old Margret Kasonde were shot to death in their father's west end apartment. I can think of no greater horror for a family to face than the one

*S. O. 31*

their mother and little brother now face. Our hearts go out to them as they try to survive this terrible tragedy.

The children's school and others in the neighbourhood are seeking to reassure hundreds of children who have lost their sense of security and innocence with this tragic event. The pain of these two deaths permeates the whole community.

Tonight the people of Carlington will hold a candle light vigil in memory of Wilson and Margret and to declare their determination to end violence that destroys so many lives and to control the instruments of violence that can kill so quickly and so finally. I ask us all to join them in that determination.

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### INDIANAPOLIS 500

**Mr. Réginald Bélair (Cochrane—Superior, Lib.):** Mr. Speaker, it is with great pride that I also take this opportunity to congratulate Jacques Villeneuve on overcoming a two lap penalty to win the race and that coveted purse at the Indianapolis 500 over the weekend. At age 24, he is the youngest Indy driver in history to earn \$1 million U.S. and the first Canadian to be victorious at the distinguished race.

[Translation]

Jacques Villeneuve has obviously inherited the courage, intrepidity and skill of his father, the famous Formula One racer Gilles Villeneuve. He already demonstrated in competition last year that he had a glorious future ahead of him.

I join all Canadians and Quebecers in congratulating him on this great first Canadian victory in a world class race.

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[English]

### ONTARIO ELECTION

**Mr. Stan Keyes (Hamilton West, Lib.):** Mr. Speaker, Ontario Conservative leader Mike "just call me common sense" Harris says if elected he would offer \$4 billion in tax cuts, \$3.9 billion in spending cuts, and a balanced budget in three to five years. Imagine that.

(1410)

Despite his slash and burn approach, Mr. Harris claims that he can gut provincial programs without damaging the delivery of essential services such as health and education. Furthermore, by forcing the needy to work for welfare the Ontario Tories are typically trying to carry out those massive spending cuts, as usual, on the backs of the most vulnerable people in our society. I wonder if Mr. Harris thinks a single parent struggling to survive with children while conducting a job search has the time and the energy to work for welfare.

*S. O. 31*

Mr. Harris's numbers just do not add up. I am sure that on June 8 the people of Ontario will realize that what he is proposing is actually a nonsense revolution.

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[Translation]

**POVERTY**

**Mrs. Christiane Gagnon (Québec, BQ):** Mr. Speaker, hundreds of Quebec women are marching on Quebec City to draw attention to poverty, which is rampant in our society, particularly among women. These women left Montreal, Longueuil and Rivière-du-Loup to reach Quebec City on June 4, when 10,000 women will hold a protest rally.

One of their nine main demands is that the Quebec government substantially increase the minimum wage so that lower paid workers can break out of poverty. This is an exceptional show of solidarity that is worth mentioning and supporting.

On behalf of the Bloc Québécois, I wish to commend these women, and particularly Françoise David, president of the Fédération des femmes du Québec, who had the idea for this march and organized it.

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[English]

**REFORM PARTY OF CANADA**

**Mrs. Diane Ablonczy (Calgary North, Ref.):** Mr. Speaker, on May 29, 1987, a group of concerned Canadians made a decision that in a few short years would change the course of Canadian history. On that day delegates from the four western provinces gathered in Vancouver to discuss Canada's economic and political future. Most of these people had never met before, but they were united by their desire to build a better Canada and by a common belief that our political system was in need of urgent and fundamental change.

After much debate, this assembly made an historic decision by resolving to launch the Reform Party of Canada and thereby revitalize Canadian politics. On the anniversary of this event, I salute the visionary women and men whose courage eight years ago provided hope to Canadians that we could build a more prosperous and more democratic Canada for ourselves and our children.

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**BOSNIA**

**Mr. Leonard Hopkins (Renfrew—Nipissing—Pembroke, Lib.):** Mr. Speaker, in Bosnia our peacekeepers and those of our close allies are being used as human shields by those who have no respect for humanity and no allegiance to international law.

At a time when the entire United Nations system is being put through a severe test, it is important that we remember Edmund Burke's words: "All that is essential for the triumph of evil is that good men do nothing".

As of this moment, when many Canadians are going through a trauma in the former Yugoslavia, it must serve to remind all Canadians of the necessity to fully support and understand what our Canadian forces personnel may well face on any day while serving their country and while serving humanitarian principles at the international level.

Our hearts go out to those soldiers and our support and thoughts must be with their families. We must change and improve the United Nations operations to deal with a vicious and unpredictable world.

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[Translation]

**PARTI QUEBÉCOIS**

**Mr. Eugène Bellemare (Carleton—Gloucester, Lib.):** Mr. Speaker, if we are to believe what the leader of the Parti Québécois said at his party's general assembly over the weekend, the PQ is grappling with a communications problem. The PQ Premier tried to explain his party's decline in popularity among the electorate by saying that his government is better at taking action than at communicating.

By its lack of conviction, this remark is surprisingly reminiscent of the moral victories the PQ used to claim in the old days. The PQ Premier need not look very far for the reason why his government's popularity is dwindling. The people of Quebec do not want to separate and they are sick and tired of seeing their government waste time and money on trying to come up with one question after another.

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(1415)

[English]

**GOODS AND SERVICES TAX**

**Mr. Jim Silye (Calgary Centre, Ref.):** Mr. Speaker, I rise today to question the statement of an hon. member who promised voters that she would resign if the GST was not killed within a year of the Liberals taking office. It has been almost two years now since the election and the Deputy Prime Minister and her cabinet colleagues have failed to follow through on their commitment to kill the dreaded GST.

Reformers believe that a promise is a promise and the time has come for the hon. minister to do the honourable thing, own up to her promise and resign. After she demonstrates that kind of honesty in politics I have no doubt in my mind that the Deputy Prime Minister will have little trouble establishing herself in the private sector. I am sure that the severance package and the \$2

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million pension plan will help her through that difficult transition to private life.

It would be truly encouraging to see a member of the government fulfil a promise. We in the Reform Party would be so overwhelmed with that display of integrity that we would volunteer to throw the Deputy Prime Minister's retirement party ourselves.

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## ORAL QUESTION PERIOD

[*Translation*]

### BOSNIA

**Hon. Lucien Bouchard (Leader of the Opposition, BQ):** Mr. Speaker, last Thursday, in retaliation against the UN air strikes, the Bosnian Serbs bombed civilian populations, in Tuzla in particular, and took some 370 peacekeepers hostage, including 10 Canadians. The Serb forces went so far as to keep some peacekeepers chained to ammunition depots to be used as human shields against further raids by NATO.

My question is for the Prime Minister. What concrete measures does the government intend to take to free the 10 Canadian peacekeepers being held hostage by the Bosnian Serbs?

**Right Hon. Jean Chrétien (Prime Minister, Lib.):** Mr. Speaker, first of all, I would like to state that the Canadian population is appalled by the events mentioned by the Leader of the Opposition. As you know, all the troops engaged in the humanitarian work that needs to be done in that troubled part of the world are doing an exceptional job, and I would like to take this opportunity to tell the soldiers posted over there and their families that the government and Canadians are very concerned, and that we will make every effort to support them.

We are currently in contact with most of the 10 Canadian hostages. As members know, the same thing happened last year, and we managed to have the hostages released after two weeks. The current situation is no worse than last year's. We are now making arrangements to talk with the Serbs. We may be in a slightly better situation than the French or the British, because our soldiers, those who were seized are only a few kilometres away from the base at Visoko. We hope that, once the situation calms down, our soldiers will be able to return to their base, and to safety.

In the meantime, we spent the weekend in contact with our allies who have troops over there to try, through diplomatic means, to bring things back to normal in that very complex part of the world. I spoke with the British Prime Minister, the French President and the Secretary General of the United Nations over the weekend. In particular, we want to change the troops'

mandate because of the imbalance between the resources at their disposal and the positions they must take. The mandate must be redefined to make it difficult for any one of the warring factions over there, especially the Serbs, to engage in such hostage takings.

**Hon. Lucien Bouchard (Leader of the Opposition, BQ):** Mr. Speaker, if this can be any encouragement to our fellow citizens being held hostage, they should know that they have the support and sympathy of all Canadians and Quebecers.

**Some hon. members:** Hear, hear.

**Mr. Bouchard:** As he just reminded us, the Prime Minister consulted with his French and British counterparts and with the Secretary General of the UN, Boutros Boutros-Ghali, over the weekend. In the light of those discussions, can he tell us what position his Minister of Foreign Affairs will defend at the NATO meeting tomorrow with respect to the peacekeepers' mandate and the safety of our fellow Canadians?

**Right Hon. Jean Chrétien (Prime Minister, Lib.):** Mr. Speaker, tomorrow, the Minister of Foreign Affairs will meet with his NATO colleagues and defend Canada's position that the time has come for the United Nations to redefine the peacekeepers' mandate.

(1420)

As I said earlier, the work to be done by our troops and the resources available to them must be reviewed so that small groups of peacekeepers are not as exposed as they are at present.

Through our ambassador to the United Nations, we outlined our position. I spoke with Secretary General Boutros Boutros-Ghali yesterday to express Canada's views before he submits a new plan to the Security Council tomorrow. This position will be defended by the Minister of Foreign Affairs at the meeting of NATO foreign affairs ministers tomorrow.

**Hon. Lucien Bouchard (Leader of the Opposition, BQ):** Mr. Speaker, I understand that the government is surrounded by advisers, that the Prime Minister and his Minister of Foreign Affairs have the opportunity to talk with their counterparts in other countries, that they are well informed, and so on, but very complex questions are being raised.

Many people in Canada and Quebec are asking themselves whether we should keep sending troops over there, whether changes should be made to the peacekeepers' current mandate, and if so, what those changes should be. Will they continue to stand helplessly by and fall victim to the events? If we maintain a military presence over there, why, and on what conditions, will we do so?

In other words, Parliament must be consulted on this. In this context, can the Prime Minister tell us whether he will approve the opposition's request that an emergency debate be held today

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on the safety of the peacekeepers in Bosnia and the mandate of UN forces?

**Right Hon. Jean Chrétien (Prime Minister, Lib.):** Mr. Speaker, the House had the opportunity to debate our presence over there on three occasions—and I am very glad that it did.

I do not know the status of the discussions between the opposition parties and the government. Tomorrow is an opposition day and would be a very good opportunity to raise this issue. There would be more time available, instead of holding a debate late tonight.

I think that tomorrow's opposition day is reserved for the third party, and I hope they will use the opportunity to debate this issue. I know that the British Parliament will debate its position on Wednesday. I would welcome a debate in this House tomorrow.

**Mr. Jean-Marc Jacob (Charlesbourg, BQ):** Mr. Speaker, first of all, I would like to remind the Prime Minister that it is important that the debate be held today since the meeting is to take place tomorrow morning. If we want the debate to be relevant, it must be held today.

**Some hon. members:** Hear, hear.

**Mr. Jacob:** My question is for the Prime Minister. In the context of the mandate, the French Prime Minister set certain conditions on maintaining troops in the former Yugoslavia. First, that UN soldiers be regrouped in order to minimize the likelihood of further hostage takings; second, that those soldiers be provided with heavy artillery and given permission to use it; and, third, that a standing response force under UN and NATO control be set up.

Can the Prime Minister tell us if he agrees with the French Prime Minister on redefining the mandate, which he just mentioned, for UN soldiers in the former Yugoslavia along these lines?

**Right Hon. Jean Chrétien (Prime Minister, Lib.):** Mr. Speaker, this is exactly what we are discussing with the UN Secretary General.

In my answer to the Leader of the Opposition, I indicated that it was important to redefine the role of our soldiers and to ensure that they are not exposed, as they are right now, several kilometres from their base, in small numbers and completely on their own; we have been adamant on this. As for the right to attack or take firmer defensive actions, they have the power to do so, but right now, the engagement rules need to be reviewed.

As far as setting up a standing response force, I would like to know exactly what they mean. In our view, we are there to maintain peace, not to start a war with parties which are already fighting with one another.

**Mr. Jean-Marc Jacob (Charlesbourg, BQ):** Mr. Speaker, by his answer, the Prime Minister has shown once again that we should have a debate today, and not wait until tomorrow.

This morning, the Minister of Foreign Affairs said that Canada intended to step up its diplomatic efforts and that a military approach would be a disaster.

Are we to understand from this statement that the Canadian government is opposed not only to redefining the mandate of the UN troops, as proposed by France, but also to any new air strikes?

(1425)

**Right Hon. Jean Chrétien (Prime Minister, Lib.):** Mr. Speaker, we are not against any new air strikes. Last week we said that we thought, and this was echoed by the French and the British Prime Ministers, that the air strikes had probably not been planned as well as they could have been.

Had we been given earlier notice, we could have taken the necessary steps to protect our soldiers. I raised this issue with the UN Secretary General who, to a certain extent, recognized the validity of my argument. I was pleased to hear the new French Prime Minister express the same point of view, yesterday, on French television.

A review of the situation is needed, but we cannot say that there will never be other air strikes because that would mean that, if we were attacked, we would not defend ourselves.

[*English*]

**Mr. Bob Mills (Red Deer, Ref.):** Mr. Speaker, Canadians are rightly outraged that our soldiers are being held hostage and their lives endangered. The government has failed our peacekeepers and has failed Canadians. It renewed our mandate in Bosnia without any criteria for evaluating the mission.

The facts are plain. The warring factions continue to target UN troops. Ceasefires are not respected. Humanitarian efforts are impossible and there is no peace to keep. The government knew this in October, it knew this in March and it knows it now. Will the government commit itself to the withdrawal of Canadian troops as soon as possible?

**Right Hon. Jean Chrétien (Prime Minister, Lib.):** Mr. Speaker, I would say to the hon. member that at this moment when Canadian soldiers have been kidnapped it is not the time for the Canadian government to run for cover and be subjected to blackmail.

We are there to play a useful role. Thousands and thousands of lives have been saved because our troops are there. The Canadian troops are among the best, if not the best. I would like to tell our soldiers that we support them. When they went there they knew they were not going to a picnic. I am grateful to the Leader of the Opposition who said that we are backing the Canadian troops.

We have had similar incidents before and there will probably be more. In the meantime we are saving thousands of lives there, making sure that medication and food gets to the population.

*Oral Questions*

The Canadian people are proud of this role and the Canadian people are backing the troops who at the moment are in difficulty.

**Some hon. members:** Hear, hear.

**Mr. Bob Mills (Red Deer, Ref.):** Mr. Speaker, no one is questioning the calibre and the jobs our peacekeepers have done.

The Liberal red book promised that Canada would no longer be a foreign policy camp follower. In Bosnia however, we have become a camp follower to all of NATO and to a contact group with limited involvement in the conflict. Germany for example, does not have one single soldier on the ground, yet has more voice than Canada. Our soldiers are being chained to posts outside ammunition dumps. Why is the government being diplomatically correct in letting the governments of France and Britain make our decisions for what we do in Bosnia?

**Right Hon. Jean Chrétien (Prime Minister, Lib.):** Mr. Speaker, we are not part of the contact group. As I said before, 25 countries are there, some with more troops than Canada in Bosnia, and they are not part of the—

**Mr. Mills (Red Deer):** Not troops.

**Mr. Chrétien (Saint-Maurice):** Some are and they are not members of the contact group. This is a diplomatic effort by the Russians, the Americans and three European countries which have more direct influence than we have. We do not have a traditional presence there and I admit that. However neither are the Dutch, nor the Belgians, nor the Spanish and many others. We should not take offence at that.

We are on the ground and we are making the decisions in relation to Canadian soldiers. We are participating in the discussions at NATO. We are participating in the discussions at the UN.

(1430)

I had the chance to talk to many of the leaders, the president of Croatia, Prime Minister Major and President Chirac, and the minister of foreign affairs in Bosnia who unfortunately was killed over the weekend. I met him in Paris. He told me the best soldiers in that very difficult situation were the Canadians. Therefore we will keep backing them up.

**Mr. Bob Mills (Red Deer, Ref.):** Mr. Speaker, we agree we have the best soldiers. They should also have a say in the decisions.

The Reform Party warned the government not to renew Canada's mandate. The situation was unstable and the lives of Canadians would be placed in unacceptable danger if they were recommitted to Bosnia. The government ignored this advice and for a third time Canadian soldiers are being held hostage.

Canadians are demanding action. According to a recent poll of thousands, 90 per cent wanted Canada to pull out now. Why is the government refusing to listen to Canadians? Why is it showing such a total lack of good judgment in setting its policy toward Bosnia?

**Right Hon. Jean Chrétien (Prime Minister, Lib.):** Mr. Speaker, we have had discussions with the Canadian military and we are supported by people who know something about this very difficult circumstance. Canadians have always been there in difficult circumstances. I am very happy that all parties except the Reform Party are supporting Canadian troops and the Canadian position.

It has been a tradition that when lives of Canadians are at stake in a difficult circumstance we back them up. The government is participating in discussions and decisions. We will make the best judgments to save lives.

In the meantime I know the millions of people living in that region are very grateful that Canadians are there to save lives and provide food and medication in a terrible situation.

\* \* \*

[Translation]

**WINNIPEG JETS**

**Mr. Jean-Paul Marchand (Québec-Est, BQ):** Mr. Speaker, my question is for the Minister of National Revenue.

It is unjustifiable on the part of the federal government to help a professional hockey club to the tune of \$20 million, while cutting billions of dollars in social program funding.

After deciding that the federal assistance was inadequate, the Manitoba Entertainment Complex Save the Jets group applied to Revenue Canada for charitable status, so as to become eligible for indirect federal assistance in the form of tax deductions.

Can the Minister of National Revenue tell us what is the status of the application made by Manitoba Entertainment Complex and whether he intends to increase federal assistance to the Winnipeg Jets through tax deductions?

[English]

**Hon. David Anderson (Minister of National Revenue, Lib.):** Mr. Speaker, the rules governing charities are set out by the courts, not by Parliament or the government. They are set out by a series of court decisions.

It has been determined over a fairly lengthy series of court cases that an organization entirely for the promotion of a sport is not a charitable organization. I cannot comment on the particulars of any one organization and where it stands within the process. I can as a general rule assure the hon. member that any

*Oral Questions*

organization strictly for sporting purposes would not qualify for charitable status.

[Translation]

**Mr. Jean-Paul Marchand (Québec-Est, BQ):** Mr. Speaker, will the Minister of National Revenue confirm information suggesting that the donations made to Manitoba Entertainment Complex would be considered as donations to the state or to a provincial Crown corporation, thus substantially increasing federal assistance to the Winnipeg Jets by allowing the deduction of such donations for federal income tax purposes?

[English]

**Hon. David Anderson (Minister of National Revenue, Lib.):** Mr. Speaker, once again it is difficult to comment directly about a specific case. It is not our practice to do that.

However, in general terms I can assure the hon. member any attempt to avoid the existing law as it has been laid down by the courts will be objected to by Revenue Canada. The law should be applied directly and fairly to all, as it has been in the past. It is always possible for people to attempt to alter the nature of an organization's objectives or to alter the nature of gifts to a charitable organization or to bring it within a charitable status. That is within their right. We will examine it thereafter when we receive that information and determine whether it meets the law.

(1435)

We insist any organization that attempts to get charitable status meet the full requirements of the law.

\* \* \*

**BOSNIA**

**Mr. Jack Frazer (Saanich—Gulf Islands, Ref.):** Mr. Speaker, I will make it plain from the outset that the Reform Party, like all parties in the House and all Canadians, supports and has great respect and admiration for our troops in Bosnia.

The Bosnian Serb reaction to NATO air strikes on Pale last week was entirely predictable, indeed a forgone conclusion. Was the Canadian government consulted on the decision to carry out the air strikes and if so did it approve?

**Right Hon. Jean Chrétien (Prime Minister, Lib.):** Mr. Speaker, it is a decision made by NATO and the UN. In my discussion with the secretary general of the UN yesterday he said he had agreed.

We have not been formally consulted like the others. It was a decision made at that moment by the people who have the authority. We were not formally consulted for this air strike. We discuss policies all the time but the people on the ground make these decisions. It was approved by the UN, as requested in the policy of double keys.

**Mr. Jack Frazer (Saanich—Gulf Islands, Ref.):** Mr. Speaker, while Canada may not have the largest contingent of troops in the former Yugoslavia, we certainly have had a substantial commitment throughout the conflict and that commitment is highly rated.

Why, with so many Canadians vulnerable to the hostage taking which resulted, did the Canadian government not insist its approval be sought before NATO air strikes were approved?

**Hon. David M. Collette (Minister of National Defence and Minister of Veterans Affairs, Lib.):** Mr. Speaker, I have to reiterate what the Prime Minister said.

A procedure was put down a year ago when NATO discussed the possibility of using air strikes. The United Nations has the authority in certain circumstances where warranted to ask NATO to perform those air strikes.

That procedure was followed last week and there was nothing abnormal about the procedures.

\* \* \*

[Translation]

**REGIONAL DEVELOPMENT**

**Mr. Yves Rocheleau (Trois-Rivières, BQ):** Mr. Speaker, my question is for the Prime Minister.

With its bill redefining the mandate of the Federal Business Development Bank, the federal government is once again going over the head of the provinces by assuming the right to sign agreements directly with organizations which come under the exclusive jurisdiction of the provinces.

How can the Prime Minister justify this new federal interference in regional development through the signing of agreements with organizations which come directly under Quebec's jurisdiction? Is this another example of what the Prime Minister calls flexible federalism?

**Hon. John Manley (Minister of Industry, Lib.):** Mr. Speaker, Canada's constitution clearly states that banks come under federal, not provincial, jurisdiction.

**Mr. Yves Rocheleau (Trois-Rivières, BQ):** Mr. Speaker, my supplementary is for the Prime Minister.

By refusing to renew the federal-provincial agreement on regional development, Ottawa rejected any form of dialogue with the Quebec government.

Will the Prime Minister recognize that the federal government is laying the foundations of another confrontation with Quebec by allowing the new Business Development Bank of Canada to sign agreements directly with organizations which come under Quebec's jurisdiction, and also by keeping the province from playing any role in the process?

*Oral Questions*

**Hon. Paul Martin (Minister of Finance and Minister responsible for the Federal Office of Regional Development—Quebec, Lib.):** Mr. Speaker, I believe the question is related to ERDA, that is the agreement between the federal government and the provincial government. I should tell the hon. member that, unless I am mistaken, I already had one meeting with Mr. Chevette. Two letters were written, and I told Mr. Chevette that we are ready, right now, to sit down to renegotiate an agreement. The ball is definitely in the provincial government's court.

\* \* \*

[English]

**INFRASTRUCTURE**

**Mr. Randy White (Fraser Valley West, Ref.):** Mr. Speaker, more questions have surfaced concerning the diversion of funds from highway 104 in Nova Scotia and the role of the public works minister.

The Prime Minister has said this is an issue for the Minister of Transport, and when one of his caucus members called it misappropriation of funds she was told to keep quiet.

If the minister of public works was such a minor player in all this, how could he have announced the funding diversion in February 1994 when according to a letter from the minister of transportation federal and provincial officials amended the agreement only three months after that? On whose authority was the minister of public works acting?

(1440)

**Hon. Douglas Young (Minister of Transport, Lib.):** Mr. Speaker, the hon. member has been on a bumpy road with this line of questioning.

A meeting was held with the minister of transportation for Nova Scotia in January during which agreement in principle was achieved on the reallocation of the funds. In February the minister of public works on my behalf announced we had agreed to the funds being spent as was consented to by the province of Nova Scotia and the Government of Canada.

I reassure my hon. friend this situation has occurred over and over again in these agreements. The reason it occurs is that, unlike my hon. friend, most of us on this side of the House understand that the construction of highways and the choosing of routing for highways are within provincial jurisdiction.

**Mr. Randy White (Fraser Valley West, Ref.):** Mr. Speaker, it is ironic the minister said that because in 1986 the Tory revenue minister diverted \$20 million from a federal-provincial agreement to a road through his Nova Scotia riding and the Liberals here were incensed. Now the Liberal minister of public works has diverted \$26 million from a federal-provincial agree-

ment to his Nova Scotia riding and the Tories are incensed. It is déjà-vu.

Since the minister of public works refuses to answer anyone's question on this serious issue, we would like to borrow the words of the minister. Would the Prime Minister "put up or shut up?" Will he refer this issue to the ethics lap-person or is he content to go down in history as being just as big a hypocrite as Brian Mulroney?

**Hon. Douglas Young (Minister of Transport, Lib.):** Mr. Speaker, it is very unfortunate the hon. member does not understand that when the Government of Nova Scotia looked at the funding available for the highway to which the funds were originally dedicated it understood very little would be achieved in the spending of the very limited amount of money available.

It deemed it was in the best interest of Nova Scotians to allocate the funds to another highway. We consented to that, as is provided for under section 12.2 of the agreement where the agreement can be amended by consent. That is what occurred.

Unfortunately for the hon. member he will have to keep beating his dead horse because he does not seem to be able to find another one these days.

\* \* \*

[Translation]

**MONETARY POLICY**

**Mr. Gilles Duceppe (Laurier—Sainte-Marie, BQ):** Mr. Speaker, according to John McCallum, chief economist with the Royal Bank, the Bank of Canada's policy has been responsible for the steady drop in the standard of living of Canadians since 1990. And the new governor of the Bank of Canada has admitted that the bank is still implementing the policy introduced under the Conservatives by his predecessor, John Crow, a policy which the current Minister of Finance at one time denounced.

Does the Minister of Finance realize that the Bank of Canada's current monetary policy and the Conservatives' monetary policy are one and the same and that the policy is the direct cause of high unemployment rates and the drop in our standard of living, as he himself claimed during the last election campaign?

**Hon. Paul Martin (Minister of Finance and Minister responsible for the Federal Office of Regional Development—Quebec, Lib.):** Mr. Speaker, I must say that I find it difficult to understand why the hon. member has chosen this time to raise this point, since over the past two months, interest rates have dropped a total of close to 100 basis points.

It is very clear that the Bank of Canada's policy, which is to anticipate inflation, has a big impact on job creation. We cannot compare today's monetary policy to the monetary policy of four or five years past. There is an enormous difference and that is why the hon. member's claims do not wash.

*Oral Questions*

**Mr. Gilles Duceppe (Laurier—Sainte-Marie, BQ):** Mr. Speaker, in my opinion what does not wash is that the Minister of Finance sang a different tune altogether when he was still a member of the opposition. That is what does not wash.

I would like to know whether the Minister of Finance realizes that since he took office—I am not talking just about the past five months—interest rates have gone up by one third. This stopped the weak economic recovery dead in its tracks, for, over the past five months, there has been no net job creation in Canada—a figure supported by Statistics Canada.

**Hon. Paul Martin (Minister of Finance and Minister responsible for the Federal Office of Regional Development—Quebec, Lib.):** Mr. Speaker, first of all, 100,000 jobs were created in the private sector in the last quarter. That is nothing to sneeze at.

(1445)

We must compare the Bank of Canada's current policy to that of four or five years ago. As we all know, interest rates were at their peak in 1989. Therefore, there is no comparison.

The hon. member was right to quote me and the solicitor general, who was finance critic when we were both in the opposition. We were opposed to the monetary policy of the Bank of Canada then. The government of the time, in which the Leader of the Opposition was a cabinet member, and many erstwhile Conservative members who are now Bloc members, defended the policy.

So, instead of putting his question regarding the McCallum report and the Bank of Canada's policy to the government, I would suggest that the hon. member talk to members of his own caucus and maybe even have a private conversation on the issue with his leader.

\* \* \*

*[English]***CHILD SUPPORT PAYMENTS**

**Mr. John O'Reilly (Victoria—Haliburton, Lib.):** Mr. Speaker, my question is for the Minister of Justice.

Can the minister please inform this House as to when he intends to introduce proposed changes to the child support payment system that would prevent parents from neglecting their responsibilities for their children?

**Hon. Allan Rock (Minister of Justice and Attorney General of Canada, Lib.):** Mr. Speaker, while the judgment of the Supreme Court of Canada last week in the Thibaudeau case may have resolved the question with respect to the constitutionality of the present tax system in relation to child support, it remains for the government to determine whether that system is the fairest and most effective in providing for children.

I have been working with my colleagues, the Minister of Finance and the Minister of Human Resources Development and the Minister of National Revenue and the Secretary of State for the Status of Women in reviewing not only the tax system but the importance of enforcement mechanisms as well, as the hon. member has pointed out.

We have also looked at and published proposals for the establishment of guidelines to assist in the determination of the amount of child support to be paid, depending on the income of the parties.

Before the House rises at the end of June, we hope to put before the House proposals for change in those areas.

\* \* \*

**CANADIAN WHEAT BOARD**

**Mr. Jake E. Hoepfner (Lisgar—Marquette, Ref.):** Mr. Speaker, in January the solicitor general was asked to initiate an investigation into allegations of criminal activity by the Canadian Wheat Board. The solicitor general wrote to me, saying that the RCMP concluded there was not sufficient evidence to support these allegations.

Could the solicitor general provide me with a copy of the RCMP report, as was promised by his office to be done by May 22?

**Hon. Herb Gray (Leader of the Government in the House of Commons and solicitor general of Canada, Lib.):** Mr. Speaker, I will check with the RCMP. I am not sure if it is customary for them to release details of their investigation beyond stating the conclusion of their work, but I will check into it further.

**Mr. Jake E. Hoepfner (Lisgar—Marquette, Ref.):** Mr. Speaker, I met with the chief superintendent of the commercial crime division and two inspectors of the RCMP in Winnipeg and I was advised that there had never been a request for an investigation from the solicitor general. The information commissioner validated this by confirming that no RCMP report on this issue could be found.

Why did the solicitor general lie to me?

**Some hon. members:** Oh, oh.

**The Speaker:** My colleagues, sometimes in forming our questions we use words that are inappropriate. I would ask the hon. member for Lisgar—Marquette to reconsider and please withdraw the word "lie".

**Mr. Hoepfner:** Mr. Speaker, for four months I have tried to get to the bottom of this. The facts speak for themselves. I have two letters confirming—

**Some hon. members:** Oh, oh.

(1450)

**The Speaker:** My colleagues, in the course of the question period, in order to facilitate matters and to keep the flow of the questions and answers, sometimes your Speaker has to in-

tervene. Usually when words that are unparliamentary are used hon. members will reflect and under the urging of the Speaker most of the time they withdraw.

I would put it to the hon. member for Lisgar—Marquette, would the hon. member please withdraw the word “lie”, a simple yes or no.

**Mr. Hoepfner:** Mr. Speaker, I came to the House with standards and I will not lower them.

**The Speaker:** My colleagues, I do not want to take the time of this question period. Therefore, I will ask the hon. member to please stay in his seat and I will deal with this matter after the question period.

\* \* \*

[Translation]

### INDIAN AFFAIRS

**Mr. Michel Bellehumeur (Berthier—Montcalm, BQ):** Mr. Speaker, my question is for the Minister of Indian Affairs.

The Quebec Minister of Public Security has criticized the federal government's inertia vis-à-vis the expansion of the Mohawk cemetery in Oka. According to the minister, the federal government, which is paying its negotiator a handsome salary, still refuses to buy the 60,000 square foot piece of land being offered by the Municipality of Oka for the Mohawks.

How does the Minister of Indian Affairs justify the fact that he and his department are dragging their feet and have yet to purchase the land made available by the municipality to expand the cemetery?

[English]

**Hon. Ron Irwin (Minister of Indian Affairs and Northern Development, Lib.):** Mr. Speaker, I disagree with the premise. On the houses north of 344, it was 100 per cent federal money, several million dollars. On the houses the Province of Quebec requested we purchase south of 344, there was not one cent of contribution from the Province of Quebec.

We went in there and set up the Mohawk negotiator, the facilitator and the mediator and we purchased those houses. All the money being spent north and south of 344 has been 100 per cent federal money.

It is okay for Mr. Ménard to sit there and give me a lecture, but if he is serious about doing it they should be at the table offering some kind of contribution, more than just tokenism.

[Translation]

**Mr. Michel Bellehumeur (Berthier—Montcalm, BQ):** Mr. Speaker, all I know is that the problem is not resolved. It has cost over \$350,000 for a negotiator to do nothing and leave.

### Oral Questions

How does the minister explain the fact that the negotiations conducted by the federal government with the Mohawks, which have cost a fortune to date, have resulted in absolutely nothing tangible, when a matter such as the purchase of land, if settled by the federal government, would prevent another confrontation between the Mohawks, the City of Oka and the Government of Quebec?

[English]

**Hon. Ron Irwin (Minister of Indian Affairs and Northern Development, Lib.):** Mr. Speaker, once again the hon. member says there is nothing tangible. When we took over the government there were 70 or 80 illegally held houses north of 344. Now I believe we have it down to a dozen. We have a housing authority. South of 344 most of the houses are purchased; there are only three that are illegally held, and we are working on those. So there have been tangible results. There have been tangible results at the Mohawk round table and tangible results in individual negotiations with each of the three First Nations.

We are supposed to be honourable here. When the hon. member uses the death of two Mohawks and a funeral to further a political agenda, I think the hon. member falls below what is honourable in this House.

(1455)

**The Speaker:** I wonder if the hon. minister would please reconsider his last words. They are, in my view, a personal attack and are not necessary in the course of the question period. Would the hon. minister please consider withdrawing that any other hon. member's conduct is less than honourable?

**Mr. Irwin:** Mr. Speaker, unlike the Reform, I unequivocally withdraw that remark.

\* \* \*

### INFRASTRUCTURE

**Mr. Jim Abbott (Kootenay East, Ref.):** Mr. Speaker, earlier today the Minister of National Revenue, in answering a question about the Manitoba entertainment complex applying for charitable status, thereby extending the \$20 million this government has decided to throw at a professional hockey team to a further loss of about an extra \$22 million if it is granted charitable status, bobbed and weaved as though there was a jet going overhead.

Can he not take a position in this House that he will ensure there will be no charitable status, no additional money coming out of Canadian taxpayers' pockets for this professional hockey team?

**Hon. David Anderson (Minister of National Revenue, Lib.):** Mr. Speaker, the premise of the hon. member's question is incorrect. No money from the federal government is going to the Jets hockey team, as has been said by the Prime Minister and

*Oral Questions*

every other member of the government time after time. The basic premise of his question is incorrect.

With respect to the issue of whether any organization is entitled to charitable status, I have to tell the hon. member what I told my hon. friend from the Bloc a moment or two ago. That is, past decisions of the courts have said that organizations that are strictly for sporting purposes are not charities within the definition that has been put forward by the courts over the years. That is the situation in law. That is the law I must follow.

**Mr. Jim Abbott (Kootenay East, Ref.):** Mr. Speaker, the point is that this government, which is cutting \$7 billion from public spending in the area of health care, social assistance, and post-secondary education, suddenly found \$20 million to put into a building to house a professional sports team.

Why cannot the minister do something very simple? He has given us the definition. Will he absolutely guarantee as a minister of the crown that the people of Canada will not be putting any more in than they are already going to be putting in at the figure of \$20 million?

**Hon. David Anderson (Minister of National Revenue, Lib.):** Mr. Speaker, on a number of occasions it has been explained to the Reform Party that Calgary and Edmonton are using infrastructure money for hockey arenas. It is strange to me that in Winnipeg they want different rules. They want things to be done differently from the two Alberta cities that are receiving money in this regard.

With respect to the position in law, I cannot guarantee that I will refuse any application that comes before me. They are judged on the merits in accordance with the law. The hon. member may not like that, his party may not like the application of the law, but on this side of the House we obey the law in these situations.

\* \* \*

**YOUTH EMPLOYMENT**

**Mr. Sarkis Assadourian (Don Valley North, Lib.):** Mr. Speaker, my question is for the Minister of Human Resources Development.

The government is restoring hope to young Canadians and delivering on promised initiatives made in the red book. Youth-oriented programs such as Youth Service Canada and the youth internship program are giving young people the tools to build better lives for themselves and for our society.

Will the minister outline for us some of the actions the government has taken to ensure that Canada's youth gain valuable work experience this summer?

**Hon. Lloyd Axworthy (Minister of Human Resources Development and Minister of Western Economic Diversification, Lib.):** Mr. Speaker, the first thing I should point out is that we have made a substantial addition to the budget for youth

employment this year. We have increased the actual employment program from \$193 million to \$236 million so that we could ensure young people would have effective work.

We have enough money to provide approximately 30,000 jobs and to provide wage subsidies to private business and community organizations. A major investment has gone into loans so that students can start their own businesses, thereby creating their own employment. There is a substantial amount going into the summer youth service corps in order that they will be able to work with the municipalities to provide better policing and better environmental controls.

Overall, we are providing direct employment through federal resources of well over 50,000 jobs for young people. That is an indication of our interest in ensuring that not only do they have a job, they have a job that will enable them to get the kind of training they will need for permanent employment in the future.

(1500)

**The Speaker:** That concludes question period.

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**HOUSE OF COMMONS**

**The Speaker:** I have the very pleasant task in the next few minutes to tell the House there are 507 parliamentarians who have served this House that are now outside of the House. Once a year they come back to Ottawa to meet with their former confrères, if you will, the former parliamentarians.

[*Translation*]

Today there are, on both sides and at the end of the gallery, 133 of our former colleagues who have come back to pay us a visit.

[*English*]

It is my pleasure on behalf of the House of Commons to welcome back our brother and sister parliamentarians from years gone by, and to thank you for the service you gave to Canada.

**Some hon. members:** Hear, hear.

\* \* \*

**NAMING OF MEMBER**

**The Speaker:** Colleagues, we are dealing as a House with a problem that affects all of us. During the course of question period one of the hon. members used the word lie in putting a question.

The word lie used in this context, the word lie used the way it was, I judge to be unparliamentary.

I ask the hon. member in the name of the authority that has been placed in me by the House, squarely will he withdraw the word lie, yes or no?

*Routine Proceedings*

**Mr. Hoepfner:** No.

**The Speaker:** Mr. Hoepfner, I have to name you for disregarding the authority of the Chair.

Pursuant to the authority granted to me by Standing Order 11, I order you to withdraw from the House for the remainder of this day's sitting.

[*Editor's Note: And Mr. Hoepfner having withdrawn:*]

\* \* \*

(1505)

### REQUEST FOR EMERGENCY DEBATE

#### BOSNIA

**The Speaker:** Colleagues, I have received notice of a request for an emergency debate from the member for Red Deer.

**Mr. Bob Mills (Red Deer, Ref.):** Mr. Speaker, as you have mentioned, Standing Order 52(2) allows members to rise on a point of order when they feel it is in Canada's best interest that we debate a subject immediately.

For Canadians the lightning rod that created this urgency was the picture of Captain Patrick Rechner chained in that ammunition dump. That is the lightning rod that has Canadians demanding action. To them it was like that GI dragged through the streets of Somalia for the U.S. citizens.

The Canadian people have started to speak. Polls are asking us as parliamentarians to make—

**Hon. Herb Gray (Leader of the Government in the House of Commons and Solicitor General of Canada, Lib.):** Mr. Speaker, a point of order. I wish to draw to your attention, with the utmost respect, Standing Order 52(3) which reads as follows:

When requesting leave to propose such a motion—

That is for an emergency debate.

—the Member shall rise in his or her place and present without argument the statement referred to in section (2) of this Standing Order.

Section (2) states:

A Member wishing to move, "That this House do now adjourn", under the provisions of this Standing Order shall give to the Speaker, at least one hour prior to raising it in the House, a written statement of the matter proposed to be discussed.

I respectfully ask you, Mr. Speaker, to insist that the hon. member comply with the rules of the House.

**The Speaker:** The hon. House leader is quite correct. I did receive notification one hour prior to this time. I would ask the hon. member if he would put his case forthwith.

**Mr. Mills (Red Deer):** Mr. Speaker, the case that I am trying to present is why you should rule in favour of us debating this now. I am asking for your guidance. Can I present a case for why

the Canadian people are asking for this to be debated immediately?

(1510)

[*Translation*]

**Mr. Michel Gauthier (Roberval, BQ):** Mr. Speaker, I made the exact same request, therefore, I will join the member in asking, pursuant to Standing Order 52, if we could have an emergency debate tonight, after the adjournment, on the situation of the UN troops in the former Yugoslavia.

We know that the Minister of Foreign Affairs will be meeting with his NATO counterparts tomorrow. In this context, it is important for the House to give the minister its point of view.

The debate should enable us to assess the situation, analyze and evaluate the new developments and, finally, determine the conditions under which UN troops would remain in the former Yugoslavia.

It is in the public interest that parliamentarians be able to debate this matter before the government presents them with a fait accompli and, given the importance of the positions the government must take, it seems undeniable that there is every advantage in having this Parliament debate this matter tonight.

**The Speaker:** As my colleague said, I did receive a letter from the Official Opposition House Leader.

[*English*]

I would like to consider everything that has been said and everything that has taken place concerning this topic. I will return to the House as soon as possible, but I will return today before the adjournment motion.

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## ROUTINE PROCEEDINGS

[*Translation*]

### REPORT OF PARLIAMENTARY LIBRARIAN

**The Deputy Speaker:** I have the honour to table the report of the Parliamentary Librarian for the fiscal year ended March 31, 1994.

\* \* \*

[*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 10 petitions.

## Routine Proceedings

[Translation]

(1515)

## COMMITTEES OF THE HOUSE

## OFFICIAL LANGUAGES

**Mrs. Pierrette Ringuette—Maltais (Madawaska—Victoria, Lib.):** Mr. Speaker, I have the honour to present the second report of the Standing Joint Committee on Official Languages on concurrence with vote 25, Official Languages Commissioner, for the fiscal year ending March 31, 1996.

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[English]

## PETITIONS

## INCOME TAX ACT

**Mr. Jim Silye (Calgary Centre, Ref.):** Mr. Speaker, I am pleased to rise to present a petition on behalf of 25 Manitobans.

The petition calls on the government to amend the Income Tax Act to provide a child care expense deduction that is available to all families regardless of the income level of the parents, the amount of child care expenses incurred or the form of the child care chosen.

## RIGHTS OF THE UNBORN

**Mr. Art Hanger (Calgary Northeast, Ref.):** Mr. Speaker, I have three petitions. The first bears 100 signatures of petitioners from my riding.

They pray that Parliament 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.

## HUMAN RIGHTS

**Mr. Art Hanger (Calgary Northeast, Ref.):** Mr. Speaker, the second petition bears 125 signatures.

The petitioners pray and request that Parliament not amend the Canadian Human Rights Act or the charter of rights and freedoms in any way which would tend to indicate societal approval of same sex relationships or of homosexuality, including amending the human rights act to include in the prohibited grounds of discrimination the undefined phrase sexual orientation.

## ASSISTED SUICIDE

**Mr. Art Hanger (Calgary Northeast, Ref.):** Mr. Speaker, the third petition also bears 100 signatures.

The petitioners pray that Parliament not repeal or amend section 241 of the Criminal Code in any way and to uphold the Supreme Court of Canada decision of September 30, 1993 to disallow assisted suicide or euthanasia.

## JUSTICE

**Mr. Nelson Riis (Kamloops, NDP):** Mr. Speaker, it is my privilege and honour to present a petition on behalf of residents of Kamloops, Clear Water, Barriere, Vavenby, Chase, Logan Lake, Little Fort, Birch Island, Blue River, Savona, Westwold and Cherry Creek, which brings to a total of 87,422 signatures on a petition circulated by JC-55 SuperCountry radio in Kamloops.

The petition basically points out the need to have the Minister of Justice take whatever steps are necessary to amend Canada's Criminal Code and parole system to ensure safety and peace in our neighbourhoods.

## DANGEROUS OFFENDERS

**Mrs. Jan Brown (Calgary Southeast, Ref.):** Mr. Speaker, I rise to present a petition from citizens concerned about making our streets safer for the citizens of Canada. They are opposed to the current practice of early release of violent offenders prior to serving the full extent of their sentences. They pray that we make our streets safer for law-abiding citizens and families of victims of convicted murderers.

## HUMAN RIGHTS

**Ms. Marlene Catterall (Ottawa West, Lib.):** Mr. Speaker, I have a petition to present on behalf of approximately 125 residents of Canada. They point out that discrimination against lesbian, gay and bisexual Canadians exists in every region of Canada and that this is unacceptable in a country known for its commitment to human rights equality and dignity for all citizens. It calls upon Parliament to amend the Canadian Human Rights Act to prohibit discrimination on the basis of sexual orientation and to adopt measures to recognize full equality of same sex relationships in Canada.

\* \* \*

[Translation]

## 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. 181 will be answered today.

[Text]

Question No. 181—**Ms. Beaumier:**

With respect to the Department of National Revenue's Assessment 2000 effort, (a) why is there a provision for backhauling from a CW licensed warehouse to a BW licensed warehouse in cases where the department will not grant a BW licence, and (b) what is the threshold in terms of volume of business for granting a BW rather than a CW licence where all other criteria have been met?

**Hon. David Anderson (Minister of National Revenue, Lib.):** A BW sufferance warehouse is a primary public facility licensed by Revenue Canada for the receipt of in bond freight

imported by highway. These facilities are serviced by Revenue Canada and are licensed when a demonstrated need exists for either a new or additional highway sufferance warehouse in a customs area.

A CW sufferance warehouse is a secondary facility for the private use of an operator for the deconsolidation of in bond freight arriving by any mode of transportation. In the case of highway freight, goods must first be reported to the primary BW highway warehouse before being transferred to a CW warehouse for customs clearance. These facilities are operated by freight forwarders, consolidators and deconsolidators for freight carried in their system.

In reference to part (a) of the question, an increasing number of companies have been applying for CW sufferance warehouse licences in the Toronto area. Faced with limited resources, local Revenue Canada officials introduced a system to allow freight forwarders to backhaul goods requiring customs examination to the BW sufferance warehouse rather than having Revenue Canada provide the service to the CW facility. This arrangement has permitted the department to license additional CW warehouses since no on site customs service is required for examination purposes.

In reference to part (b) of the question, the policy on the licensing of BW highway sufferance warehouses is one per customs area, with exceptions made for high volume locations. Current departmental policy provides for the licensing of an additional type BW facility if the volume of commercial highway traffic handled at a particular customs office exceeds 40,000 shipments per year over a sustained period of time and the potential operator demonstrates the ability to attract a minimum of 20,000 shipments per year.

There is no volume of business criteria for CW facilities, however the department must be able to service them within existing resource levels.

[*Translation*]

**Mr. Milliken:** Mr. Speaker, I would ask that the remaining questions be allowed to stand.

**The Deputy Speaker:** Is that agreed?

**Some hon. members:** Agreed.

[*English*]

**Mr. Collins:** Mr. Speaker, I rise on a point of order. I want to present a petition.

**The Deputy Speaker:** Are colleagues agreeable to going back to petitions so that the member can present his petition?

### *Government Orders*

**Some hon. members:** Agreed.

\* \* \*

### PETITIONS

#### ASSISTED SUICIDE

**Mr. Bernie Collins (Souris—Moose Mountain, Lib.):** Mr. Speaker, on behalf of the residents of my riding of Souris—Moose Mountain, I have the privilege under Standing Order 36 to pray on behalf of the petitioners that Parliament ensure that the present provisions of the Criminal Code of Canada prohibiting assisted suicide be enforced vigorously and that Parliament make no changes in the law that would sanction or allow the aiding or abetting of suicide or active or passive euthanasia.

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## GOVERNMENT ORDERS

[*Translation*]

### BUSINESS DEVELOPMENT BANK OF CANADA ACT

The House resumed consideration of the motion.

**Mr. Bernard Deshaies (Abitibi, BQ):** Mr. Speaker, I am happy to rise today to speak to Bill C-91 on second reading.

Through this bill, the government wants to streamline the Federal Business Development Bank and modernize its operations, two words that are undoubtedly tied to the reality of markets as we near the end of this century, but which fool nobody as far as the intentions of the federal government are concerned. The government simply wants to interfere even more in regional development, and in the case of Quebec, to increase its presence in the most important economic development mechanisms of the Quebec state.

The government is proposing major changes with this entirely new act, the Business Development Bank of Canada Act, which changes the name of the Federal Business Development Bank and repeals the FBDB Act.

The Bloc Quebecois is therefore opposed to any amendment of the actual Federal Business Development Bank Act. This bank must not lose its role as banking service of last resort for small and medium size businesses in Quebec looking for venture capital and development capital.

In the past, the FBDB has always been a very efficient development tool, greatly appreciated by Quebec's small and medium size businesses.

*Government Orders*

(1520)

It should be noted that more than 33 per cent of current FBDB loans are made in Quebec, that 23 per cent of the bank's offices are located in Quebec, that the annual volume of FBDB loans to Quebec is in the order of \$310 million, or 38 per cent of the annual volume for the whole of Canada, and that 50 per cent of the organization's staff is active in Quebec.

That is why the Bloc Québécois is proposing the status quo with respect to the FBDB. We should not forget that the Quebec state exists and that it is trying to create its own development mechanisms, despite strong federal interference in regional economic development. The FBDB remains a parallel structure, an administrative duplication, when it cannot adapt to regional specificity because of so-called national policies.

Several structures and programs of the government of Quebec are already geared to small and medium size enterprises in Quebec. The Société de développement industriel (SDI), with programs such as Aide à la production, which can contribute up to 35 per cent of capital expenditures for a minimum investment of \$100,000, or Reprise de la PME, a program which provides loan guarantees covering up to 80 per cent of the net loss on a loan made by a financial institution, are among the many examples that attest to the economic involvement of the Quebec state in small and medium size businesses.

There is also the Fonds d'aide aux entreprises that is administered by the Conseils régionaux de développement, an association of individuals where a greater importance can be given to the specific policies of these same regions. There is also the Fonds décentralisés de création d'emplois that are administered by the Secrétariat au développement des régions, and other programs for small businesses, including Innovation, administered by the Quebec department of industry, commerce, science and technology, that also attest to the existence of a small business financing structure in the province of Quebec.

Moreover, in his last budget, Quebec finance minister Jean Campeau announced that he intends to really play the venture-capital card by increasing regional funds and by creating the Fonds de solidarité de la CSN. We already had the FTQ solidarity fund. By adding another solidarity fund, we expect to be able to create many more jobs. I would like mention one of these regional funds in particular: SOLIDE, a venture capital fund related to the SOLIDEQ program and designed to promote local development. SOLIDEQ is a joint venture of the Fonds de solidarité du Québec and the Union des municipalités régionales de comté du Québec.

I must also mention the Caisses populaires Desjardins, which play a major role in financing small business by granting loans at the local community level. This network of more than 1,232 credit unions accounts for nearly 25 per cent of all commercial loans in Quebec. This is unequalled anywhere in Canada.

There is no point in looking for more evidence of the fact that the new bank will not operate at that level, that broadening the Federal Business Development Bank's mandate as suggested in Bill C-91 constitutes not only duplication of small business assistance structures in Quebec and every other province in Canada, but also overlap of responsibilities.

The question we must ask ourselves regarding the role of the FBDB in Quebec is: How can this last resort institution be integrated into the assistance facilities already available in Quebec without causing duplication or overlap? For many years now, the FBDB has been moving away from venture capital financing and development assistance for new businesses.

The FBDB had its place in remote areas, where capitalization through the creation of medium or large size businesses often proves impossible. Why then mess with this assistance that remote areas need so desperately and start competing with provincial governments and traditional banking institutions?

The Bloc Québécois members sitting on the Standing Committee on Industry prefaced their dissenting report by saying that the Quebec government is in a better position to assess the financial requirements of small and medium size businesses, as well as to develop and implement appropriate programs; yet, the federal government has currently taken over most of this area of jurisdiction, thereby causing many costly instances of overlap. It is obvious that, with Bill C-91 broadening the FBDB's mandate, the federal government is only reinforcing this tendency.

(1525)

Furthermore, this bill could also have a very worrisome impact on the FBDB's role as an instrument for economic development. Indeed, since the bank will no longer be limited to its role of lender of last resort, it could provide complementary financing.

The risk, of course, is that the FBDB might go the easy way and concentrate on complementary financing, rather than on last resort financing such as stock or risk capital. Since complementary financing is less risky, the FBDB may naturally be inclined to concentrate its activities on that type of financing.

The expansion of FBDB's mandate, combined with the fact that it will now be able to issue hybrid capital instruments, is likely to distort the bank's role of supporting economic development, while also changing the nature of its mandate.

Before concluding, I want to draw the members' attention to clauses 20 and 21 of Bill C-91, which are totally unacceptable to the provinces, and particularly Quebec. Clause 20 reads: "The Bank may enter into agreements with, and act as agent for, any department or agency of—a province—for the provision of services or programs—on their behalf—"

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That provision in the bill goes against the decentralization process undertaken by the Quebec state within its territory, where the regions want to take control of their own development.

With this clause, the federal government pursues its centralizing strategy, a political strategy the objective of which is to significantly reduce the power of the Quebec state to become involved in economic development and, ultimately, to keep it from achieving political independence.

By assuming the right to act, through the FBDB, as agent for Quebec organizations or departments, the federal government totally ignores the authority of Quebec's National Assembly and its executive council act, which provides that any Quebec organization or department must seek the authorization of the Quebec government prior to dealing with the federal government.

The new Federal Business Development Bank, or the Business Development Bank of Canada as it is called in Bill C-91, is now the federal government's main means of interfering in Quebec's economic and regional development. This government wants to act as a banker and take over the role of financial institutions in Quebec and Canada.

This is a definite departure from the FBDB's current mandate. The federal government wants to use the FBDB as a tool to limit the powers of the Quebec state to become involved in economic and regional development so as to take over provincial fields of jurisdiction and, ultimately, weaken the Quebec government's autonomy.

This is why the Bloc Québécois opposes Bill C-91 and is in favour of maintaining the existing structure if the government is not prepared to propose new ways which would truly promote regional development and which would also help the regions take control of their development.

[*English*]

**Ms. Marlene Catterall (Ottawa West, Lib.):** Mr. Speaker, I would like to add some observations about Bill C-91 before the legislation is sent to the Standing Committee on Industry.

[*Translation*]

This new bill will enable the Business Development Bank of Canada to expand its activities and to provide programs and services to meet the changing needs of Canadian small business, particularly with respect to improved access to financing.

[*English*]

It has been 20 years since the current Federal Business Development Bank was established by legislation. At that time the hon. member for Windsor West spoke in the House on the incorporation of the FBDB saying it would further encourage and assist the establishment and growth of Canadian small business and indeed it has. The bank has lent over \$4 billion to Canadian entrepreneurs at no cost to taxpayers. This amount is

estimated to have created more than 30,000 jobs in the past six years alone.

(1530)

Hon. members are well aware of the important role small businesses play in the new knowledge based economy that has emerged in the 1990s, an economy characterized by rapid technological change, intense global competition and innovation.

As the economy becomes global the smaller players are becoming more influential. Small businesses have the flexibility to respond quickly to niche market opportunities; they can keep up with change and innovate aggressively. This was summarized by the Standing Committee on Industry in its report last October entitled "Taking Care of Small Business". The committee wrote: "The smallness of these firms is a clear advantage. It makes it easier for them to sustain innovation and an entrepreneurial spirit. Indeed, several of the most prosperous and competitive economies in the world today are based on small firms."

Canada now has about two million small businesses, an increase of one-third since 1982. Today, 99 per cent of all registered businesses have fewer than 100 employees. Since 1992, in the last three years, small businesses have created virtually all of the net new jobs in Canada. Canadians will continue to look to small business for new jobs and economic growth. Small businesses, including the self-employed, now account for almost two-thirds of private sector employment and 60 per cent of our economic output.

However, small businesses face unprecedented challenges. In the face of intense global competition, small businesses need to upgrade their management skills, find employees with the right skills mix for their market niche, develop or acquire technology that helps them to innovate, and develop very quickly the ability to tap into foreign markets.

The government has addressed small business issues in a variety of ways. I will point out that this government has placed a high priority on responding to the challenges faced by small businesses. We made small businesses the centre of our economic platform in the red book. We published a position paper entitled "Growing Small Businesses" to accompany the 1994 budget. Since that time we have received valuable input on small business issues from a wide variety of informed sources from within government, the private sector, and parliamentary groups.

We have had numerous combined discussions within our federal Liberal caucus, a working group set up under Industry Canada with the private sector and leadership from within Industry Canada. Throughout these various studies several recurring themes emerged. One message was that small business has a vast untapped potential for creating more jobs and more wealth. Another theme was the government role must be to facilitate the efforts of those outside government to build an innovative and entrepreneurial economy. Finally, the various

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studies brought home the point that government programs must become more efficient, effective and relevant to the needs of small business.

This government has responded through initiatives announced in the 1995 budget and in the report, "Building a More Innovative Economy". This legislation is not in a vacuum; it is in the context of a whole series of initiatives to allow small business to do what business does best, which is to grow the economy, grow new opportunities and new jobs for Canadians.

The Federal Business Development Bank has from its inception been designed to help tap the potential of small businesses to create jobs and wealth, and it has done so in a way that is self-financing. This legislation has been drafted so the new Business Development Bank of Canada can become more efficient, more effective, more relevant to the needs of small business.

The Business Development Bank of Canada will not compete with private sector lending institutions but it will provide complementary services.

(1535)

The private sector banking community still faces many challenges in adequately serving the needs of small and medium-sized businesses. Four gaps particularly exist in the financing of small business. The first is the so-called risk gap, the unwillingness of lending institutions to provide certain small businesses loans even at interest rates that reflect the higher risks associated with those loans. The second is the size gap, the high transaction costs associated with smaller loans and investments relative to larger ones. Third is the knowledge gap, the reluctance of lenders to provide financing to knowledge based, soft asset firms. Finally, the flexibility gap, the unwillingness of lenders to provide flexible financing to promising businesses that have yet to reach cashflows sufficient to service debts.

The FBDB has been one of the government's primary policy instruments for responding to these gaps as well as to the need of small business for management services.

It is important that we move quickly on this legislation. I do not think there is a member of Parliament in the House who does not regularly hear from and meet with small business constituents who say consistently that lending, financing, dealing with their bank is a major problem for them. There has been a substantial change in that relationship. Whether it is an existing small business that has been going for many years and suddenly finds itself in a different situation because of a changing economy or whether it is a new entrepreneur wanting to start up and needing the foundation to get started, the problems we hear from our constituents, and certainly I do from many small

businesses in Ottawa West, all focus around the problem of financing, either start-up or continuing or expanding business.

The initiatives being taken to give the Federal Business Development Bank more flexibility under its new name to allow it to seek out new partnerships will allow it to ensure that small business can continue to drive the Canadian economy forward into the 21st century. By supporting small businesses through the evolving stages of their development, the FBDB helps them create jobs and succeed. Now as the Business Development Bank of Canada it will have greater flexibility to respond to the changing needs of Canadian entrepreneurs.

I look forward to the range of debate that can take place in the industry committee on this bill and to seeing it reported back to the House of Commons quickly so that we can get on with the task of helping small business in this country grow the economy and grow prosperity for Canadians.

[Translation]

**The Deputy Speaker:** Is the House ready for the question?

**Some hon. members:** Question.

**The Deputy Speaker:** Is it the pleasure of the House to adopt the motion?

**Some hon. members:** Agreed.

**Some hon. members:** No.

**The Deputy Speaker:** All those in favour will please say yea.

**Some hon. members:** Yea.

**The Deputy Speaker:** All those opposed will please say nay.

**Some hon. members:** Nay.

**The Deputy Speaker:** In my opinion the yeas have it.

*And more than five members having risen:*

**The Deputy Speaker:** Call in the members.

*And the division bells having rung:*

[English]

**Mr. Don Boudria (Glengarry—Prescott—Russell, Lib.):** Defer until tomorrow at 5.30 p.m.

**The Deputy Speaker:** A recorded division on the proposed motion stands deferred.

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### ROYAL CANADIAN MINT ACT

The House resumed from May 19 consideration of the motion that Bill C-82, an act to amend the Royal Canadian Mint Act, be read the second time and referred to a committee.

*Government Orders*

(1540)

*[Translation]*

**The Deputy Speaker:** When we last examined Bill C-82, there were 12 minutes remaining to the hon. member for Edmonton Southwest.

*[English]*

**Mr. Elwin Hermanson (Kindersley—Lloydminster, Ref.):** Mr. Speaker, it is my privilege today to speak to Bill C-82, a bill that would see the Canadian Mint issue a new coin for use by Canadians. This would be a \$2 coin to replace a \$2 bill.

There apparently was a survey done by the mint that stated that Canadians would support converting the \$2 bill to a \$2 coin. It also stated that if this was implemented it would save Canadian taxpayers \$250 million. It may seem odd that perhaps Reform would oppose a cost saving measure, but I do not think the whole story was told when this survey was implemented. It almost seemed like a bit of a fixed survey. Obviously the \$2 bill is costing Canadian taxpayers because of its short shelf life. However, there were a lot of questions that were not asked in the survey such as whether Canadians are in favour of having a \$2 denomination at all. Do we need a \$2 denomination? In fact if we were to remove the \$2 bill and not replace it with a \$2 coin we would save even more dollars. However, I do not believe that option was included in the survey the mint used.

I think it is important that we not let this thing quickly slip through but that we do point out that perhaps there were some flaws in the survey and we do need to consider this matter a little further.

Before I get into this, it does surprise me that this is a high priority on the government's legislative agenda, that we are talking about the minting of a \$2 coin. The House denied unanimous consent to debate the Bosnia situation. I guess the government members felt that the debate of a \$2 coin was more important than our concern for our peacekeepers in Bosnia, because this is on the Order Paper and we are debating it now rather than debating the work of our peacekeepers in that very ugly situation.

One would have thought the government would have hurried the drunk defence bill through committee and to the floor of the House so we could debate that. There are several justice bills that the government tabled months and months ago. However, it seems to be willing to let them lay dormant until the very end of the session. It must want to just ram this legislation through at the end of the session to try to avoid public exposure to its bills.

Here we are today, very near the end of the month of May with just a few sitting days left and we are debating the minting of a \$2 coin. I wonder what Canadians think of the Liberal government's priorities in this case. One would think that it would be

more important to be talking about balancing a budget than creating new coins. This is just more money to go into the hole with. It is really strange that we are debating the minting of a \$2 coin.

There has been lots of discussion as to what will be on this coin. I may get to that later in my speech. However, I do want to talk a bit about the survey the Royal Canadian Mint submitted. Approximately 80 per cent of respondents in the survey favoured the introduction of a \$2 coin to replace the \$2 bill. However, as I said, this result was achieved only after telling Canadians that they would be saved \$250 million of their own taxpayers' money.

The Reform Party is not questioning the fact that the government will save the \$250 million, which is over 20 years by the way, but we are having a problem with the Liberal government not taking the time to examine particularly what the cost would be to the private sector. At odd times the government pays lip service to the private sector and says it is supportive of the private sector. But when the rubber hits the road, actions always speak louder than words. Here we go again: the Liberal government is making a proposition that will cost the private sector a big bundle of their own cash.

My colleague from Elk Island outlined many of the different groups that were not consulted in this survey and that had opposition to the bill. The vending machine operators will take the brunt of the cost. It is vending machine operators who are dependent on coinage in their machines. The conversion of existing vending machines to accept the new \$2 coins could cost up to \$800 per machine. That is an additional cost to the private sector, small business.

(1545)

What will it do with these added costs? Will it swallow them and see lost profit? I doubt it very much. Business is usually a little smarter than that. It will more than likely pass that cost on to the consumer. It will come out of the same old pocket again. The consumer taxpayer will be paying not only for the minting of this coin but the additional cost passed on by the vendors.

It is interesting to note that soft drink manufacturers such as Pepsi and Coca Cola are furious about the changes. Vending machine operators have still not converted all of their machines to accept the loonie. It has been eight years since the loonie was introduced. We still do not have all the vending machines accepting loonies and now we are talking about minting a \$2 coin and all of the vending machines have to be adjusted to accept the new coinage.

The Canadian Banking Association has concerns. I know there is a member on the other side who was involved with the Canadian Banking Association. It has some real problems with issuing the new \$2 coin. It estimates that right now it has

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between 30 and 50 million surplus loonies in its vaults. That is a lot of money. If those are recirculated perhaps we would not need a \$2 minted coin.

Heather Sinclair, president of the Canadian Banking Association, suggested recirculation of the surplus loonies would provide all the coins needed during the removal of the \$2 bill from circulation. We may be able to save Canadian taxpayers much more than \$250 million if we take a longer look at this and do the right thing. The cost of this survey was approximately \$20,000. It seems a shame to spend \$20,000 on a survey that was incomplete and perhaps leads us to the wrong conclusions.

In the survey the mint also asked what 10 themes Canadians would prefer on the tail side of the coin. That is an interesting question to ask Canadians. I can imagine some of the answers. I imagine dead politicians were on the list, perhaps heroes, wildlife, landscapes. I wonder if anyone suggested putting Brian Mulroney's picture on the \$2 coin. Nobody would use it in that case. It would be a symbol of bad luck, bad taste and would settle the matter right there and the coin would not be issued.

It seems the government wants to mint a new \$2 coin and that this bill will follow the usual passage through the various stages. The Liberals will line up and like little voting machines they will vote for this piece of legislation without giving it very much consideration and we will have a \$2 coin.

A number of groups have proposed designs for the new \$2 coin. Some of them are rather plausible and certainly have some credibility. Others we kind of smile at a little and say we doubt very much whether Canadians would want that image stamped on to the new \$2 coin. Apparently Glendon, Alberta has proposed the new coin take on the likeness of the town's symbol, a giant perogie on a giant fork. That would be great. We also have a big oil can in the town of Rocanville, Saskatchewan. I do not know if it has submitted that but it would be another worthy suggestion. There is the Ukrainian Easter egg from Vegreville. I am sure if we had the former finance minister with us that would be his suggestion.

I thought of a great Canadian symbol, probably the greatest symbol we have of a white elephant in Canada, the Mirabel airport. I do not know how we would stamp Mirabel airport on a \$2 coin, but I am sure our former Prime Minister, Mr. Trudeau, would be very happy to see that stamped on a \$2 coin in memory of his great project, probably the most under used airport in Canada.

We know the minister of public works is looking at a number of plausible suggestions for design on his coin. Perhaps the minister would want a dingy on it. Perhaps the minister of fisheries would want a turbot on it. If it were a turbot we would have to make sure it was not a small one. I am sure the minister would insist on a sexually mature turbot. That would be only reasonable.

(1550)

We know the Liberal government is to implement this new design. It is very unlikely it will change its mind. It seems to be bent on minting a new \$2 coin. I thought in all seriousness, if the House goes against my wishes and decides to mint a new \$2 coin without looking further at the cost perhaps it would be time to have a prairie symbol stamped on a coin. The prairies have often been overlooked and they have much to contribute to the national perspective. We have contributed a great amount of money to the national economy, as my hon. colleague from Lethbridge has said. Canadians hold the prairies in high esteem and it is only fitting the new \$2 coin, if it is passed by the House, be stamped with a prairie symbol.

I am sure even hon. colleagues from Ontario and Quebec, the Atlantic provinces and our western maritime province in the north realize they have had their fair share of symbols stamped on our currency. Perhaps it would be time to show some more recognition to the prairie region.

I have a proposal for the new coin. It is in the image of a white tailed deer. These deer are common species on the prairies. They are one of the primary game animals of the region. They are still plentiful across the prairies and can be found in northern Ontario and northern Quebec.

They are beautiful animals. They are enjoyed by sportsmen, by shutterbugs, by artists and by nature lovers alike. They are synonymous with Canadian history and the development of the prairie region. They helped sustain our aboriginal peoples long before white man even discovered the prairie region.

They were important to the pioneers who settled the area in the late 19th century. They are very much an appreciated species on the prairies.

White tailed deer hunting brings more money into Saskatchewan than any other hunting or fishing activity. The Saskatchewan ministry of the environment and resource management calculates \$800,000 per year is put into provincial coffers alone from the sale of deer licences and a further \$3 million is brought into the province each year by out of province and out of country hunters.

In 1993 a constituent of mine, Mr. Milo Hansen of Biggar, Saskatchewan, a progressive community in the Kindersley—Lloydminster constituency, was fortunate enough to shoot the world record white tailed buck. The old record was set in Nebraska in 1914.

That is an incredible accomplishment on the part of Mr. Hansen. It has become famous in my part of the world and it needs some national exposure. Since the Hansen buck was taken, hunting activity in the area has increased and more American hunters are coming to Canada.

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A new \$2 coin featuring the Hansen buck would be a fitting way to commemorate this internationally acclaimed achievement of my constituent.

Here are some historical reasons why a prairie symbol should adorn the new coin. While other parts of Canada have been represented on our coins in the past, none have strictly represented the prairies. For example, the maple leaf on the penny and the beaver on the nickel represent central Canada for the main part. The sailing ship on the dime, the beautiful and famous *Bluenose*, represents the Atlantic region. The moose on the quarter and the loon on the dollar represent the Canadian shield in the north. Putting a prairie symbol on the new \$2 coin would create a regional balance on our nation's coins.

I understand the mint has done some public consultation about the nature of the new coin and I trust the continuing tradition of representing Canadian wildlife remains a popular option. I assure the House that the town of Biggar, Saskatchewan is supporting this proposal, as are many other Saskatchewan and prairie members of Parliament.

The Hansen buck is truly a great Canadian achievement and therefore I propose the new coin be designed in the image of a white tailed deer as nearly as possible in the minting of coins to the actual Hansen buck. I have a poster of it in my office. If any members would like to see this beautiful animal they are more than welcome to stop by. I would be very happy and very proud to show them how beautiful this specimen is.

I have been a bit facetious in some of my remarks about some of the potential images that could go on the coin. Probably we should not even mint the coin unless we are absolutely sure Canadians understand all the alternatives.

If that does not happen, if that dialogue is not permitted, if the mint goes ahead with this plan after it is approved by the House I would ask the House and the mint, the department of public works, to give serious consideration first and foremost to a prairie symbol being on the coin. Second, if it pleases Canadians, members of the House and the mint, and I hope it would, I ask they give serious consideration to stamping an image of the Hansen buck on the new \$2 coin.

(1555)

*[Translation]*

**Mr. Réginald Bélair (Parliamentary Secretary to Minister of Public Works and Government Services, Lib.):** Mr. Speaker, I listened with interest to the remarks of the hon. member for Kindersley—Lloydminster.

First of all, I would like to remind him that during the last election campaign and in our red book we undertook to reduce the deficit, and we believe that by introducing this new \$2 coin we will realize some extremely interesting profits on the order of \$250 million.

I am a little confused because, since their arrival in the House, the members of the Reform Party have repeatedly told us that we must make cuts in every way possible and now what do I hear but this member and the member for Elk Island telling us "yes, but". The member for Elk Island actually said that the Reform Party would go so far as to vote against the bill. I can hardly believe my ears, and I would like some further explanation from my colleague.

As for vending machines, it should be pointed out that operators will not be obliged to conform immediately to the new legislation and adjust to the new coinage.

It should also be said that vending machine operators will undoubtedly take the opportunity to increase their profits, since this \$2 coin will make it possible to offer complete meals, that is meals that will cost a bit more. With the new technology, it will be possible to have hot meals, just as it will be possible to have larger refrigerated meals.

I ask my colleague, in all fairness to the Canadian men and women listening to us, to comment on what I have just said.

I would also like to say that during the survey done with respect to this \$2 coin, Canadians were split almost equally in their response to the first question concerning their wish to have such a coin. In response to the second question, which pointed out that there would be savings of \$250 million over twenty years, the percentage in favour rose sharply to 79 per cent. I would like my colleague's comments on this matter.

*[English]*

**Mr. Hermanson:** Mr. Speaker, I thank my colleague for his question. I took a stab at answering that question in my speech but I would be happy to review some of those facts with the hon. member.

As I said in my speech, all the options were not considered in that survey. We really should have asked Canadians whether they felt there should be a \$2 currency at all. Maybe we should eliminate the \$2 bill, which is very expensive, and not replace it with a \$2 coin. Perhaps in five years with inflation having done its thing there would be a recommendation for a \$5 coin. Then we would have to revamp all the vending machines, mint a new coin and go through the procedure once again.

We should be talking how we can save Canadian taxpayers the most money. I suggest in that consideration we look at whether there should be a \$2 currency period, coin or bill. If it were determined we do not need that it would save much more than \$250 million. That is what I was trying to get across to hon. members on the other side, had they been listening a little more closely.

(1600)

Another thing we should be looking at is whether we still need the penny in Canada. Pennies are extremely expensive. We have been minting pennies because people hoard them. Pennies are put into jars and never get back into circulation. It is even worse

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than the loonie which apparently is being stored in bank vaults. There are millions of them.

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## ROUTINE PROCEEDINGS

[English]

### REQUEST FOR EMERGENCY DEBATE

#### BOSNIA—SPEAKER'S RULING

**The Speaker:** My colleagues, forgive me for interrupting the answer. Of course, the hon. member will have the floor when we have finished.

Earlier today we had a request from the hon. member for Red Deer and the hon. member for Roberval and I am prepared to make my ruling in the application for an emergency debate.

I have listened carefully to the application of the hon. members for Red Deer and Roberval under Standing Order 52 for an emergency debate on the current crisis in Bosnia-Herzegovina. I have decided that the two applications do meet the exigencies stipulated in Standing Order 52. Consequently a debate will take place this day at 8 p.m.

**Mr. Boudria:** Mr. Speaker, I rise on a point of order.

There have been conversations among the parties in the House in anticipation of the ruling of the Speaker. I think you would find unanimous consent that the debate commence at 6.30 p.m. rather than 8 p.m. and that the debate finish at 10.30 p.m. rather than at midnight. The effect would be to have the usual four hours for the emergency debate but to allow for the debate to proceed immediately after adjournment at 6.30 p.m.

Mr. Speaker, if you were to offer that to the House, I believe you would find in the spirit of co-operation that such an agreement has been made among the parties and you would find consent to commence the debate at the time I have just suggested and to end it accordingly.

**The Speaker:** My colleagues, you have heard the explanation of the government whip. Is there unanimous agreement that the debate do begin at 6.30 p.m. and terminate at 10.30 p.m. this day?

**Some hon. members:** Agreed.

## GOVERNMENT ORDERS

[English]

### ROYAL CANADIAN MINT ACT

The House resumed consideration of the motion that Bill C-82, an act to amend the Royal Canadian Mint Act, be read the second time and referred to a committee.

**Mr. Hermanson:** Mr. Speaker, I was speaking about the penny in answering the hon. member's question. I suggested we should view whether or not we need the penny in circulation because it is of an extremely high cost to Canadians because they hoard them.

The real problem why we need the penny is rather ironic. It is because we have the GST which adds 7 per cent to everything. The Liberals promised to do away with the GST. I am sure that retailers and businesses across the country would be happy to deal in increments of 5 cents and we could do away with the penny. But how do they not charge GST on 39 cents or 59 cents of goods? If the government had kept its promise to eliminate the GST, perhaps we could be talking about not only doing away with the \$2 currency but doing away with the penny as well and saving considerably more than \$250 million for Canadian taxpayers and consumers.

**Ms. Judy Bethel (Edmonton East, Lib.):** Mr. Speaker, it is my understanding that a bimetallic \$2 coin requires new technology. My opinion is it would be a terrific advantage. The Royal Canadian Mint and Canadian suppliers are working together to compete for foreign production contracts for bimetallic coins.

I would be interested to hear from the hon. member about the advantages and the source of revenue this might provide.

**Mr. Hermanson:** Mr. Speaker, I tried to follow the question but I missed a little bit of it there.

(1605)

It seemed to me that the hon. member was talking about the opportunities to market the minting of coins which would stimulate jobs and would have some economic spinoff. Certainly, if we can do that internationally that is fine. If the Mexicans want to mint a new peso and they ask us to provide the technology, that is wonderful. If we can have a long term plan to improve the minting of our own Canadian coin that would be wonderful.

However, there are flaws with this survey. It states that there are two main concerns with the implementation of the \$2 coin. First, it seems as though there is no overall strategy with regard to our currency. We are talking about different weights and the

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fact that we may have to re-mint all of our coins. Why are we going to implement a new \$2 coin and then find out that we have to change our loonie, quarter, nickel and dime because the weights are not right?

It is going to be a cruel joke on Canadian business. Certainly it will be a cruel joke on those who are manufacturing vending machines because they are going to have to refit those machines annually or every two or three years. It is just not well thought out. We also have to consider the cost to the Canadian consumer which would be immense, far more than \$250 million and far more than any economic stimulus generated by the minting of new coins in Canada.

[*Translation*]

**Mr. Gérard Asselin (Charlevoix, BQ):** Mr. Speaker, it is with pleasure that I rise in the House today to speak about Bill C-82, an act to amend the Royal Canadian Mint Act.

Allow me to begin my speech with a digression. I am making my comments in the House of Commons today as the Bloc Québécois' deputy critic for Government Services and Public Works; the Bloc Québécois' main critic for this department is the hon. member for Québec-Est, Jean-Paul Marchand.

As deputy critic and member for Charlevoix, it is my pleasure to take the floor regarding this bill. I may be present in the House today, but my thoughts are elsewhere. In my riding, workers are threatened by the closure of employment centres in La Malbaie, Forestville and Baie-Comeau. I am also thinking of all of the problems associated with unemployment in my riding, which affect all workers, unemployed persons and welfare recipients in the RCM of Charlevoix East and West.

The parliamentary secretary may feel that this has no bearing on the bill. If he lets me continue, he will realize that what the people of Charlevoix want is to work in order to have money in their pockets, whether it be in the form of a bill or a coin. This is a superficial issue and, in my opinion, discussing whether the denomination is made of paper or another material is a waste of time: the people of Charlevoix are concerned with working and earning money.

I would also like to remind the parliamentary secretary of what he mentioned earlier to the Reform member regarding the red book, and I would ask him to reread the three little words which got the government elected: "jobs, jobs, jobs". Closing employment centres, declaring the employees of manpower centres surplus and determining unemployment zones will not stimulate local economies.

If this legislation is passed, the two dollar bill will be replaced by a two dollar coin at the beginning of 1996. All two dollar bills will be returned to the Bank of Canada for disposal. The federal government can only introduce this new two dollar coin if it

obtains Parliament's approval, since the proportion of nickel, bronze and aluminum in this new coin is not specified in Part II of the schedule to the Royal Canadian Mint Act.

If Part II of the schedule to the Royal Canadian Mint Act already specified the coin's composition, the government would not be required to obtain Parliament's approval prior to minting it.

(1610)

The government's main argument in an effort to get the House to adopt the bill is that the introduction of a \$2 coin will generate savings of approximately \$250 million over 20 years. They do say every little bit counts, but, taken over 20 years, this amount is almost negligible compared with the amount of the deficit.

In its information paper, the Royal Canadian Mint states that the introduction of a \$2 coin, which, in passing, will be larger and heavier than the \$1 coin, serves the needs of business. They should have said, "some businesses", because not all business people look kindly on this bill. The proof lies in the fact that the federal government had to conduct two surveys of businesses and consumers, since the results of the first survey were not in favour of introducing the \$2 coin.

The surveys were done by the Environics firm. It surveyed 1,020 people in Sherbrooke, Toronto and Calgary—far too few in my estimation. The first survey revealed strong opposition of 46 per cent and weak support of 50 per cent. In the second survey, they let it be known that the federal government would save \$250 million over 20 years. The government's project then received the approval of 80 per cent of respondents.

Clearly the Royal Canadian Mint wanted immediate public support for the introduction of a \$2 coin. Further on in the report, we note that some survey respondents felt that any saving made by introducing a \$2 coin would be offset by the start up costs of producing the new coin and that jobs would be lost in the pulp and paper industry as a result.

The government report also indicates, and I quote: "The introduction of the \$1 coin was accompanied by increased use of the \$2 bill, indicating that the public might resist the introduction of a \$2 coin".

Given that the trial coin chosen for the new \$2 coin is heavier and larger than the loonie, I am sure the public will not support the introduction of such a coin.

Here is a surprising point about the survey questions. At no point did the Environics survey include a question about completely eliminating the \$2 denomination. It is a bit odd, is it not? Instead of introducing a \$2 coin, the federal government should simply eliminate the bill and the \$2 denomination and encourage people to use the loonie more.

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Many countries, such as the United States and Great Britain, have never had a \$2 denomination or have simply done away with it. So, we can certainly do without it.

This is how the federal government could make real savings. There would be no new coin to strike nor new bills to print for the Royal Canadian Mint. There would be no expense for retailers. And, finally, better use would be made of the \$1 coins. The Canadian Bankers' Association speaking on behalf of the financial institutions, has reached the same conclusion. What is more, many retailers' and consumers' associations have no official position on Bill C-82, quite simply because they do not know the government is preparing to introduce a \$2 coin. They have heard nothing about it and are surprised to discover that the bill has gone so far.

(1615)

Once again, the government seems to be trying to pull the wool over our eyes, if I may say so. If it had really wanted to take the pulse of the nation, it would have launched an information campaign on the possibility of legislating the replacement of the \$2 bill by a \$2 coin. The response to such proposed legislation would certainly have been negative. People are still having a hard time accepting the loonie, and eight years later, the government wants to burden their pockets with yet another coin.

Contrary to what the parliamentary secretary to the Minister of Public Works and Government Services would have had us believe, last week, the \$1 coin is not as popular as the government would like it to be. The proof is that more than 50 million \$1 coins lay dormant in the vaults of Canadian banks. According to its own management, the Royal Canadian Mint must manufacture 1.25 times more \$1 coins than it did \$1 bills, because people empty their pockets, stockpile the coins at home, and then deposit them in their bank or credit union account. It is estimated that there are around \$10 million worth of \$1 coins in Canadians' piggy banks. This is really incredible. Subsequently, financial institutions must store these coins in their vaults. I have trouble imagining the amount of space necessary to store all these coins and the personnel required to handle this job.

Moreover, I would like to point out to my colleagues that financial institutions do not earn interest on the coins they have in their vaults, which translates into lost revenues for them, and that they cannot return them to the Bank of Canada. It does not take back uncirculated coins, and banks and credit unions will have to manage their own stock of coins.

Although the government is anticipating savings of \$250 million over 20 years, one should not forget that there are costs associated with the introduction of this new coin. We only have to think of all the cash registers, the vending machines, the parking meters, and the laundromat machines, and other auto-

mated dispensers of all kinds which will have to be modified in order to accept this new coin.

The government estimates that it will cost \$25 million to modify vending machines. Owners, for their part, will have had to modify their machines twice in less than 10 years since, as you may recall, the federal government introduced the \$1 coin—also known as the loonie—eight years ago. And if that was not enough, the government now wants to alter the composition of the penny, the nickel, the dime, the quarter and the fifty cent coin to make them lighter. This will entail the additional cost of altering vending machines so that they can take all Canadian coins whatever their composition. In addition, the alloy used for the penny would be of much lower quality than the current version. This will result in premature rusting of the coin.

Who will pay for all these changes? You and I, Mr. Speaker, along with all Quebecers and Canadians. The items now available for \$1.75 or \$1.90 from vending machines will cost \$2 tomorrow, as happened after the \$1 coin was introduced, when the cost of items formerly priced at 80 or 90 cents quickly rose to \$1. This point was also raised by the people polled by Environics. As usual, the government passes the cost of the changes on to retailers, who can only pass it on to their customers.

(1620)

In conclusion, I suggest that the federal government should launch a publicity campaign aimed at finding out the opinion of the Canadian people on this issue. However, the government must play fair and promote all possible alternatives, that is, to issue a new \$2 coin, keep the \$2 bill or simply eliminate the \$2 denomination.

I am sure that, in the end, the people would choose to abolish the \$2 denomination in order to achieve greater savings in the short, medium and long term. Finally, with the developments in debit card technology, people will see a gradual reduction in the number of bills and coins in circulation, as they are being replaced with electronic money.

**Mr. Réginald Bélair (Parliamentary Secretary to Minister of Public Works and Government Services, Lib.):** Mr. Speaker, I listened carefully to what my hon. colleague from Charlevoix said, and I note that he recognizes that substantial savings, to the tune of \$250 million, will be made.

Must I point out at this time that, if this measure were also applied to the penny, nickel, dime, quarter and 50 cent coin, we would save an extra \$500 million? That is a rather significant amount.

I must say that the technological know-how gained while producing this new \$2 coin will certainly be used in the future for other Canadian coins and, as a bonus, we can export this technology anywhere in the world for a profit.

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Although my hon. colleague from Charlevoix did not refer to it specifically, I would like to address the initial remarks made by the public works critic, my hon. colleague for Québec—Est, who put forward extremely alarmist figures in his remarks, stating that it would cost coin-operated vending machine operators approximately \$400 million to adjust to the introduction of the new \$2 coin. I am sure that my hon. colleague from Charlevoix, who just spoke in support of his colleague from Québec—Est, will be able to explain to this House and to all Canadians where this \$400 million figure comes from, so as to not scare people needlessly.

Vending machine operators will have a full year after this bill receives royal assent to adjust. Even then, they will not be required to do so. We must always bear in mind that any vending machine operator who decides to raise his prices will have to hold up to the competition.

I would like my hon. colleague from Charlevoix to comment on these two points, explaining where this \$400 million figure comes from and whether competition should continue to come into play with respect to vending machines.

**Mr. Asselin:** Mr. Speaker, first, it goes without saying that we support the idea of saving money; the government mentioned the figure of \$250 million over a 20-year period by replacing two dollar bills with two dollar coins. True, the coin would last much longer; but there are costs involved in issuing such a new coin. The government does not need to issue another coin; it should simply abolish that denomination.

If the two dollar bill is replaced by a two dollar coin, it will result in savings of \$250 million over 20 years, but how much would be saved if we issued more two dollar bills?

In reference to the figure of \$400 million mentioned in the speech made on Friday by the Bloc critic, the hon. member for Québec—Est, Jean-Paul Marchand, it may be that I am missing some element, but I said that, in my opinion, it would be possible to save \$25 million, in the short term.

I challenge anyone in this House to tell me just how much, give or take two dollars, it would cost the municipalities to make the necessary changes to their parking meters, not to mention such other items as vending machines. What would be the costs of such changes?

(1625)

I doubt anyone here can provide such an accurate figure. However, before passing such legislation, we have to take a look at the costs involved for those who own vending machines. These costs will also be passed on to consumers. Indeed, consumers always end up footing the bill.

In conclusion, the government should seriously consider abolishing the two dollar denomination. This would help circulate the \$10 billion in one dollar coins which are currently unused and kept in Canadian banks. The minute people have a couple of one dollar coins in their pocket, they exchange them for a two dollar bill, because they find these coins to be cumbersome.

Indeed, when we have a few of these coins, we quickly exchange them for bills. Consequently, if you add an even heavier and more cumbersome two dollar coin, you will create a problem for everyone, and that becomes a real nuisance.

[*English*]

**Ms. Judy Bethel (Edmonton East, Lib.):** Mr. Speaker, I listened with interest to the hon. member. It would seem to me that if someone gets \$4 in change, four loonies would certainly be heavier than two \$2 coins, so I am having difficulty understanding that argument.

Has the hon. member taken into consideration in any of his numbers the value of the new technology and the advantages we as Canadians could receive from exporting such technology?

[*Translation*]

**Mr. Asselin:** Mr. Speaker, I explained that earlier. Consumers are turning increasingly to electronic money, to cards from various financial institutions. We must get used to this technology. But I think that the purpose of today's debate is not to determine whether four loonies weigh more than two \$2 coins. Let us get real.

We are ready to help the government reduce the deficit, and we are ready to eliminate the \$2 denomination, and I am convinced that, in the interest of eliminating the deficit, the Canadian public will certainly agree. The loonie which was put into circulation eight years ago, can be used for a much longer period of time that the dollar bill it replaced. If we did away with the \$2 denomination, the loonie could be used more effectively.

The United States and Great Britain have eliminated the \$1 coin and the \$2 bill and the two pound note. Let us follow their lead and we might save even more that what we are now contemplating. The government just decided one day to issue a \$2 bill and today finds itself wondering whether this denomination continues to serve any purpose.

**Mr. Jean-Paul Marchand (Québec—Est, BQ):** Mr. Speaker, I would like to congratulate my colleague for Charlevoix for taking such a responsible stance. He demonstrated, for example, that we in this House are reduced to discussing bills of this kind which are of little or no importance. This bill does not really create savings, will actually cost consumers money and, to top it off, does not even create any jobs. I agree that we should use more of our time to debate bills that are much more serious than this one.

I would also like to ask my colleague, if you will allow me Mr. Speaker, if in effect he can see any good in this bill? Regarding

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the \$400 million he mentioned, we calculated that business people are going to have to buy new cash registers, that municipalities may have to install new parking meters and that all vending machines will have to be recalibrated and changed. This will cost the private sector a lot of money and consumers will ultimately foot the bill.

(1630)

The consumer will be the one who pays. In fact, the only party that this bill will help is the Royal Canadian Mint. So I ask my colleague for Charlevoix if he can see anything good about this bill.

**Mr. Asselin:** Mr. Speaker, I would like to thank the hon. member for Québec—Est for his question. It has enabled me to digress and say that, this afternoon, I felt I was wasting my time in the House. I would have preferred to be in the riding of Charlevoix, working with the people there who are threatened with losing their jobs and who will be declared redundant as the result of the Axworthy reform.

I think we are wasting our time discussing such a trivial matter as the introduction of a \$2 coin. We are not talking about the real problems of the economy. We are going to create problems. The purpose of government is to resolve problems, not to create them.

I am a bit embarrassed knowing that, in my riding of Charlevoix, the unemployed have mobilized to combat the Axworthy reform. Some of them are now on welfare. As I was saying, as far as paying for groceries is concerned, it makes little difference whether \$2 is a bill or a coin; the main thing is to have some money. People are willing to work to earn some money.

**Mr. Benoît Sauvageau (Terrebonne, BQ):** Mr. Speaker, to start with, I would like to tell my colleague from Charlevoix that I am in complete agreement with him, especially on what he said in the conclusion of his speech. Not knowing that he would talk in the House about the workers in Charlevoix, and the relevance of the \$2 coin, I will start my speech this way.

I was pleasantly surprised to hear that the Liberals had given in to the joint demands of the Bloc and of the Reform Party and agreed to an emergency debate on Bosnia, but not before this evening. In spite of the fact that 326 hostages, including 55 Canadians, are being held in Bosnia, that we have learned that the head of Bosnian diplomacy was killed yesterday, that the conflict has led to 200,000 deaths, that the Reform Party and the Bloc Québécois are asking for an emergency debate to be held immediately on a matter of extreme urgency, we are told that there are too many emergencies, too many important debates, such as this one on the \$2 coin.

We now know what the priorities of our colleagues opposite are. Canadians soldiers and UN troops have to take a back seat to the debate on the relevance of the \$2 coin. In this context, I will

be pleased to spend a few minutes discussing whether the \$2 bill should be maintained or withdrawn from currency.

First, I would be pleased to provide you with a few facts and figures. Today, in Canada, it costs around \$30 million a year to produce, print and issue \$2 bills. They have approximately a one year life expectancy, some do not last as long, but the average life expectancy is around one year; as I said, the total cost of producing \$2 bills is approximately \$30 million.

So, we question and rightfully so—the thinkers and mandarins are probably conducting studies on the subject and they will spend tens of thousands of dollars, maybe millions—whether we should continue this great Canadian tradition of a \$2 bill with the Queen's effigy.

A \$2 coin could save \$250 million over a 20-year period. Therefore, many Canadians will say: "Down with the \$2 bill and up with the \$2 coin which will make us save \$250 million over 20 years". A simple decision.

However, we should go a little deeper and look at more rational arguments. Earlier we were talking about technology. If we do not proceed with a \$2 coin will we still have nickels, dimes, quarters and loonies? Why not apply technology to this? Do not try to make us believe in a lot of things which make no sense.

First of all, the Royal Canadian Mint and it alone will save money, not you and me, not the taxpayers, not the merchants and certainly not the people operating vending machines.

(1635)

There was no lobbying from vending machine manufacturers because the whole thing was obvious. We had estimations based on the same principle as the figures given to us earlier. As the member for Charlevoix said, it is estimated that the \$2 coin will necessarily cost vending machine manufacturers around \$300 million.

This is an estimate just as our colleagues opposite used the word "estimated" to say that there will be savings of around \$250 million. Why an estimate? Because there has been no serious study on a change like the introduction of a \$2 coin.

Therefore, I and the Bloc Québécois propose to abolish the \$2 bill or at least to undertake a serious study showing the real savings that could result from the replacement of the \$2 bill with a \$2 coin.

While bringing these changes to the Canadian monetary system we could take the opportunity to abolish the penny, which costs one and a half cents to produce. There are presently an estimated 10 billion of those coins in circulation. Ten billion one cent coins which cost one and a half cents each to produce. It is important to repeat it. Lets put an end to that waste by eliminating the one cent coin and the two dollar bill. For once the government could recover that money, that is tens of

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millions of dollars a year, and put it clearly and totally into a definite policy designed to create jobs and help the poor.

Tens of millions of dollars, even billions of dollars, are currently being cut in transfer payments to provinces and systems such as these will be allowed to continue.

What we are saying is that we will save tens of millions of dollars by abolishing the \$2 bills, but instead of losing this amount in overall public spending, we should develop a good framework and put in place a specific program of job creation or assistance to poor people.

In view of the current economic and social situation, we have neither the right nor the means to invest funds in areas such as these, when thousands of our fellow citizens live below the poverty line and destitute people are knocking at our doors every day.

To quote only one example, a lady came to my riding office. This 62-year old lady cannot get old age benefits from the federal government and does not have any salary insurance because she never had a job. Many women of her generation stayed at home, so they are not eligible for salary insurance. So, this woman is getting welfare payments of \$642 a month. She came to me asking: "Is there a solution to my problem?" Situations such as these, how many dozens are there in my riding, how many thousands are there in Quebec and in Canada? And here we are discussing changing \$2 coins for paper bills. As my colleague for Charlevoix was saying earlier, I think that it is a shame to brag about such things in the House.

Do not tell me that the government has no other possibility or place to spend the savings that could be made, to help people like that woman or thousands of others in our ridings, rather than perpetuating a timeworn system or replace it with a system just as inappropriate, because the \$2 coin would be inappropriate. Our American neighbours have no \$2 bill, and they are not any worse off for it. The same can be said of other countries. It is a very easy system to understand.

The Royal Canadian Mint—someone talked earlier about the Royal Quebec Mint but there is no such thing—says its position is based on a survey. Before we go to the questions and comments period, it is important to put this survey in its true context. This survey was biased because of the questions it contained. You will ask how it was biased. Simply because it asked people if they were in favour of keeping the \$2 bill or if they preferred to save tens of millions of dollars. People were never asked if they were in favour of abolishing the \$2 denomination, because the answer was known already. Quebecers are used to biased surveys. They have seen many of them in the past.

People never had a chance to ask themselves if they were for or against the abolition of the \$2 denomination. I am convinced that we cannot allow such a waste of public and private money at

a time when our society faces serious problems and our country is sick.

(1640)

My speech is a drop in the ocean of words spoken in this House on this debate. However, it is through such savings that we must show our concern for the population. If we wish to restore people's confidence in politics, politicians and the House of Commons, minor debates that may not seem very important can enable us to save tens of millions of dollars per year, as we have seen in this case, perhaps even hundreds of millions of dollars with one cent coins and two dollar bills, in order to ensure proper redistribution among our businesses, create jobs and help the disadvantaged, as I said earlier.

Concrete examples such as those I just listed would allow us to save millions of dollars and hopefully create thousands of jobs.

In closing, simply eliminating the \$2 denomination would save some \$30 million a year and the one cent coin, several millions of dollars. In addition, except for children with piggy banks, everyone would be happy not to have these coins in their pockets.

**Mr. Réginald Bélair (Parliamentary Secretary to Minister of Public Works and Government Services, Lib.):** Mr. Speaker, I have a very simple question to ask my hon. colleague for Terrebonne. He nevertheless recognizes that rather substantial savings will be made, to the tune of \$250 million. I would like to say a few words about the metal content of the new coin. It will be made of copper, aluminum and nickel. Would it be more acceptable to the Bloc members if the base material for this coin came from Quebec?

**Mr. Sauvageau:** Let me just say this to my hon. colleague that I do not know the periodical chart by heart; perhaps a chocolate coin wrapped in gold foil would be better. Seriously, our point is that the \$2 coin you are proposing makes no sense. The people of Canada know it. Content—whether nickel, plutonium or what not—is not the issue, but rather the basis or rationale for this bill. Tell me which clause deals with coin alloys in the bill before us, then I will take your question seriously.

**The Deputy Speaker:** Is the House ready for the question?

**Some hon. members:** Question.

**The Deputy Speaker:** Is it the pleasure of the House to adopt the motion?

**Some hon. members:** Agreed.

**Some hon. members:** No.

**The Deputy Speaker:** All those in favour will please say yea.

**Some hon. members:** Yea.

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**The Deputy Speaker:** All those opposed will please say nay.

**Some hon. members:** Nay.

**The Deputy Speaker:** In my opinion the nays have it.

*And more than five members having risen:*

**The Deputy Speaker:** Call in the members.

*And the division bells having rung:*

**The Deputy Speaker:** Pursuant to Standing Order 45(5)(a), the recorded division on this motion stands deferred until 5.30 p.m. tomorrow.

\* \* \*

[English]

**AGREEMENT ON INTERNAL TRADE  
IMPLEMENTATION ACT**

The House resumed from May 15 consideration of the motion that Bill C-88, an act to implement the agreement on internal trade, be read the second time and referred to a committee.

**Mr. Ed Harper (Simcoe Centre, Ref.):** Mr. Speaker, this afternoon I will finish the speech I started a couple of weeks ago on Bill C-88, an act to implement an agreement on internal trade.

Just to set the stage, Bill C-88 is like Bill C-85, which is the bill dealing with pension reform. There is a lot more fluff than real substance in this bill. Indeed it is another failure to deal with the serious problems that we have in Canada.

Past federal governments have preoccupied themselves with provincial concerns such as social programs. They have spent time rewriting our Constitution over and over while failing to live by the one already in place. They have stepped on provinces, taken their resource revenues and used them to fund their grant infrastructure projects, but they have not enforced the constitutional provisions which require free trade among provinces.

(1645)

The federal government has also been and continues to be the instigator or accomplice in a number of interprovincial barriers. Because of various fiscal transfer programs such as regional development and block funding, Ottawa manages to hide the true costs to provincial residents of the barriers their provinces have erected.

If jobs are killed in one province due to barriers, then federal welfare dollars and federal grants to inefficient business help to alleviate the fiscal pain that a province would otherwise suffer. In fact, the more inefficient a province is, the more it is compensated by Ottawa. There is no incentive here for a province to correct its mistakes.

Ottawa also inhibits the free movement of labour. The unemployment insurance scheme the Liberals so cherish has provided incentives for the unemployed to remain in place rather than moving to regions where jobs are more plentiful. This is indisputably borne out by the facts.

For example, our Atlantic provinces continue to suffer from chronic higher unemployment than the rest of the country. This is due in most part to the incentive provided by unemployment insurance for the unemployed to remain in place. The problem is especially severe because in regions that do not fare worse than others, the federal government has increased the benefits available, sinking those who use the benefits further into dependency on the government.

We have been hearing for a long time now about social program reform and the wonderful job our human resources development minister is doing, but we have yet to see meaningful changes to the system that will actually give a hand up to Canadians rather than just a hand out. When this happens, consumers will see more clearly that certain provincial policies have worked to their detriment and that eliminating barriers is in everyone's best interests.

It is long past time for the federal government to take leadership on these issues. This problem is costing the economy billions of dollars and thousands of jobs. Yes, the Liberals were given a mandate to govern using the methods they find most appropriate, but this was based on a series of promised outcomes contained in the red book, most of which have been broken.

The red ink book promised: "A Liberal government will be committed to the elimination of interprovincial trade barriers within Canada and will address this issue urgently". Where is the elimination of trade barriers which was so clearly promised in the election rhetoric? Yes, it looks fairly certain that a few barriers may be reduced with this agreement but as I have already pointed out, new barriers could also arise.

We are a long, long way from barrier elimination. Based on the current pace of progress, we are not going to see this promise fulfilled by the next election. This is the time the Canadian people will have an opportunity to judge these Liberals for their failure to keep their promises. By then the Liberal inaction will have cost billions more dollars and will have prevented thousands of Canadians on the welfare and unemployment lists from finding meaningful employment.

Reformers have the policies and the people to implement a Canada-wide free trade plan. If the Liberals will not do this, then I believe the Canadian people will give Reformers the mandate to do it.

What are the problems I am talking about? Where are the barriers today? Obviously, I am not going to list each of the several hundred, but I would like to mention a few major barriers that must come down quickly.

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The first barrier which comes to mind is one that has a large effect on employment in my riding. There is a modern brewery in Simcoe Centre that employs hundreds of Canadians. Over the years this brewery could have employed more people, expanded its operations and even become efficient enough to compete with major American brewers. This did not happen because its market has been restricted by trade walls erected by provinces, including Ontario, in an attempt to protect their local brewers.

The protectionism that insulated and sustained these inefficient brewers for so long will now be the death of many of them. International trade pressures are already forcing smaller, inefficient breweries out of business. Brewing is a \$9.6 billion retail industry in Canada so even small reductions in production costs due to greater economies of scale will produce better prices for consumers and a more competitive economy.

To their credit, some brewers have taken the initiative and have used our external free trade agreements to their benefit. As a result, it is now easier to find certain New Brunswick brands of beer on store shelves in San Antonio and Los Angeles than it is to find them in Toronto or Montreal. It saddens me that this is the current twisted reality.

(1650)

Unfortunately, the success story I just described has a downside at least for those breweries that are not ready to compete. American brewers are gaining more and more access to our domestic beer market through GATT, NAFTA and free trade and will force out those who cannot compete.

As an example, a single brewery in Colorado Springs, Colorado produces all the beer under a particular label for the entire United States market, a market of 250 million people. The facility is so large it ships bulk product 3,000 kilometres to Virginia for canning. Then it is distributed up and down the east coast of the United States. How can we expect breweries that produce only enough product for a few hundred thousand consumers to remain in business? It is difficult to compete with that economy of scale.

I believe Canadians wish to see these impediments to freedom done away with and receive the most efficient and economic value possible for their hard earned wages. Beer is such an obvious area of concern for consumers that I was amazed to learn the industry had been exempted from the provincial agreement altogether. We need to focus serious efforts in this area or risk losing thousands more jobs in an increasingly competitive world.

Another barrier of major importance that must be dealt with quickly is the barrier each province erects when conducting its own government procurement. The provinces have a long history of purchasing from within their own borders regardless of cost. This raises the cost of purchasing.

According to the Consumers' Association of Canada some provinces pay up to 10 per cent more for local products, which in turn raises government expenditure and taxes. It also costs jobs in other provinces because the most efficient producers cannot sell outside their own provinces. Some jobs may be protected locally but just like the brewing industry, these local producers are insulated and inefficient.

The higher taxes affect all Canadians and cost more jobs in total than attempting to protect the local industry they will save.

One writer on economics remarked 200 years ago: "It is the maxim of every prudent master of a family never to attempt to make at home what it will cost him more to make than to buy. The tailor does not attempt to make his own shoes, but buys them from the shoemaker. The shoemaker does not attempt to make his own clothes, but employs a tailor. The farmer attempts to make neither the one nor the other, but employs those who can.

"All of them find it for their interest to employ their whole industry in a way in which they have some advantage over their neighbours, and to purchase with part of its produce, whatever else they have occasion for. What is prudence in the conduct of every private family can scarce be folly in that of a great kingdom".

Adam Smith wrote that in *The Wealth of Nations*. Yet it would seem that centuries later our brilliant political elite has not yet been able to grasp this simple truth.

The industry minister attempted to achieve a deal on the issue of government procurement but due to the shortsightedness of some provinces their agreement was window dressing only. Crown corporations which do much of the procurement in question are completely exempt from this arrangement. With all the exemptions available elsewhere in the agreement it is unclear if there will be any meaningful improvement in government procurement either.

It is important that we make it a high priority to get the provinces back to the table and to remove these barriers to competitiveness. Interprovincial barriers to trade and financial services create once again a higher cost to consumers, cost financial institutions their competitive position and cost Canadians jobs.

This also affects another major employer of my riding, a trust company which finds restrictions on selling its services outside Ontario. Conversely, trusts from outside Ontario also find difficult and expensive barriers to entry to the Ontario financial markets.

Trust companies find barriers to trade in the different regulations each province sets up. A highest common denominator approach must be taken to selling services in more than one market, thereby increasing costs. A standard set of regulations for all provinces would eliminate administrative overhead,

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would produce more competitiveness, would lower costs for consumers and ultimately would create more jobs.

A further barrier to trade is the restriction placed on various types of labour mobility between provinces. This is a particular concern to an area such as Ottawa–Hull which straddles a provincial boundary but it still affects other Canadians in serious ways.

(1655)

Many of us are familiar with the dispute which erupted last year between Ontario and Quebec on the issue of construction. It was one of many trade barriers which prevented professionals and labourers from offering their services across Canada. It meant that competition was reduced and it resulted in higher costs and taxes for consumers. Fortunately, Ontario and Quebec managed to resolve their differences on this single issue to the benefit of both.

That deal is the exception rather than the rule. It is time for us to dispense with these issues once and for all. For generations we have allowed the inefficiencies of small, protected, regional markets in many goods and services to constrict the economy, hurt our political and cultural objectives and cost us jobs.

Labour mobility is an area of trade which has been opened up between Canada and the United States under the free trade agreement. Once again as with beer, professionals such as accountants and engineers can more easily ply their trade between Ontario and the American states than they can between Ontario and Quebec. If we are to remain a developed country we must keep on developing our resources, especially our human resources, or risk losing them to more developed countries.

It is important to look at other examples of trade arrangements to determine what is best for us. The United States is a good example of a country where wide open commerce between jurisdictions negotiated and enforced by a national government has led to greater prosperity for the whole nation. Barriers were challenged and eliminated in the United States early in the history of the country and it has prospered ever since. The previous example of the Colorado brewery is a good example of the reason that Canadians need the same freedoms.

In Canada we have spent great energy concentrating on our external trading relationships which account for 25 per cent of our economy. The Americans count on exports for only 8 per cent of their economy and yet are a far more prosperous nation. There is certainly a message for Canada in this. We must become more focused on reducing barriers when it comes to domestic trade.

The European Union is a modern day example of a trading relationship which has sprung out of the realization that free

trade benefits everyone regardless of language or region. There are some real lessons for Canadians in this. The European Union has not only established free trade in goods, produce and capital, but also has free trade in labour as well. The citizens of any European country now have the right to work in any other European country. Because labour was made more transferable, common certification had to be implemented in a number of areas.

While the system has not achieved perfection yet, it is an improvement in the lives of all citizens. Surely if Europeans of different languages and ethnic backgrounds can achieve such an agreement over the borders of nations, then Canadians must be able to resolve the few differences which exist between provinces.

In present day Canada there is over \$146 billion worth of trade between the provinces. There are also at least 500 barriers to interprovincial trade in Canada and each one costs jobs, money, growth and competitiveness which has hurt all Canadians directly. They are forced to pay higher prices for products such as eggs, milk, beer and financial services. They have to pay higher taxes in order that the provincial government can favour inefficient local producers over best value for money producers elsewhere.

These barriers are a problem which can be solved unilaterally in many cases by a determined federal government. Even small improvements in reducing barriers can mean big gains for the country. It is time for us to get serious about dealing with them.

Reformers have written policies on these issues. I will share them with the House.

The Reform Party supports the removal of interprovincial barriers to trade through agreements which include trade dispute settlement mechanisms among the provinces. Should the provinces fail to co-operate in the removal of interprovincial trade barriers, the Reform Party supports constitutional challenges to such impediments wherever possible.

I believe this statement is self-explanatory and I mentioned earlier that Reformers have a plan to deal with trade barriers. It is the constitutional law already set in place to deal with exactly such problems.

Section 121 of the British North America Act states: "All articles of the growth, produce, or manufacture of any one of the provinces shall, from and after the union, be admitted free into each of the other provinces". Also, section 91 of the British North America Act states: "The exclusive legislative authority of the Parliament of Canada extends to the regulation of trade and commerce".

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(1700)

It is obvious from these two sections that interprovincial trade is an exclusive federal jurisdiction and the provinces are violating the intent of the Constitution when they erect barriers to trade. A Reform government would do everything necessary to enforce these constitutional principles.

The industry minister stated, after signing the deal last July, that: "Our governments have achieved this voluntarily, not through arbitrary and contentious attempts to use federal powers or other forms of coercion". This statement underlines the fundamental difference between Liberals and Reformers. Liberals, always anxious never to rock the boat or step on any toes, are happy with tiny steps or even stepping backward if they think they can put a good face on it.

Reformers are much more interested in dealing with reality and solving problems. It is plain to see that the provinces are violating the intent of the Constitution. In the best interest of all Canadians, Reformers wish to see the situation rectified. If this means using some federal power or coercion to see fundamental constitutional law complied with, then so be it.

The Canadian Charter of Rights and Freedoms, also a constitutional appendix, states:

Every citizen or permanent resident of Canada has the right to move to and take up residence in any province and to pursue the gaining of a livelihood in any province.

This right has been successfully used in court challenges to strike down provincial laws that prevent professionals from working in different jurisdictions. Most notable was the case of a New Brunswick accountant who wished to conduct some affairs in P.E.I. Because island law prohibited him from working there, he took P.E.I. to court and won, based on his charter mobility right.

Reformers support the free movement of labour across provincial borders. We believe the government must work quickly to ensure that these goals are achieved.

In analysing the facts, it is all very well and good to say that Canadians have these rights, but what businessman has the time, money and patience to pursue court cases in every jurisdiction just so he can go to work? This has to be recognized as an impediment to the free flow of labour and it is past time for the provinces to remove these impediments. They have significantly added to the cost of doing business and have deterred new business. We benefit our American cousins when we abuse our own citizenry. Many now look south to expand because the walls east and west in Canada are too high to climb over.

Governments, not private citizens, have the responsibility to deal with these issues and to do so urgently, as the industry minister stated.

Reformers find themselves unable to support a bill that lends credibility to the first ministers' failure of last summer. We demand that the federal government enforce the Constitution which contains the necessary authority to allow free trade between the provinces, especially section 121, section 91 and the charter mobility right and to do everything in its power to ensure that all provincial barriers are eliminated.

We also demand that federal programs that compensate for provincial barriers by redistributing wealth and programs that inhibit the free trade of labour be eliminated.

The bottom line is that interprovincial trade barriers mean lost jobs for Canadians, higher taxes and product costs, and a less competitive economy with which to face the world.

As I said at the opening of my remarks, Bill C-88, approving the trade agreement in its present form is a major disappointment for two major reasons. The first is that it fails to give Canadians a golden opportunity to create the thousands of jobs so desperately needed today.

The second and perhaps more important reason is that it is another broken red book promise. This is at a time when all of us here should be doing all we can to restore that lost trust between voters and the politicians. Another lost opportunity, another step backward.

For all the reasons stated, I move:

That the motion be amended by deleting all the words after the word "that" and substituting the following therefor:

That this House declines to give second reading to Bill C-88, an act to implement the agreement on internal trade because it fails to eliminate all interprovincial trade barriers.

(1705)

**The Deputy Speaker:** The amendment of the member for Simcoe Centre is receivable.

[*Translation*]

**Mr. Yves Rocheleau (Trois-Rivières, BQ):** Mr. Speaker, I am very pleased to participate in the debate on this very important bill, which has almost gone unnoticed and has the potential to alter the very basis of internal trade in Canada. That is why I welcome this opportunity to speak on Bill C-88, an act to implement the Agreement on Internal Trade.

We will recall that this agreement is the fruit of very difficult, very strenuous negotiations that went on from 1987 to July 1994, less than a year ago, when 11 governments, together with the governments of the Yukon and the Northwest Territories, finally came to an agreement. The purpose of the agreement was obviously to enter into some kind of domestic free trade agreement for Canada.

This agreement affects 11 main fields of economic activity, which I shall list for the sake of clarity. These fields of activity are as follows: government procurement, investments, work

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force mobility, consumer standards, agri-food production, alcoholic beverages, natural resources processing, communications, transportation, energy and environmental protection.

At this stage, I want to tell this House that the Bloc Québécois, as the official opposition, is for internal trade and, in that sense, supports the bill. On the other hand, the Bloc Québécois flatly rejects the role, powers and importance the federal government gives itself in this bill. And this is what we will be illustrating.

We disagree with this bill in three regards: first, the context in which this bill was introduced; second, the actual wording of clause 9, which is the main clause in Bill C-88; and third, the rationale behind clause 9.

First, with respect to the context in which Bill C-88 was presented, it is very shocking as it exemplifies this government's logic, its habit of making decisions without prior consultation with the provinces, preferring to do things on the sly, while at the same time having no mandate to do so. We learned from a reliable source that, at the last meeting of the federal and provincial ministers responsible for internal trade in Canada, which was held on April 10, 1995 in Calgary, the federal government never stated its intention and never received from the parties the mandate to do what is being proposed today.

Second point with respect to the context, although the parties agreed that the dispute settlement mechanism, which is often the stumbling block in this type of agreement, should be based on the good faith of the parties and not on judicial procedures, that is what the federal government chose to do, again without consulting anyone. It chose the judicial route through clause 9, to which I will come back in a moment.

Finally, still as regards the context, this bill shows how the federal government sees its role in internal trade and gives itself the power to interfere in interprovincial disputes, although this power is not granted anywhere in the agreement.

(1710)

I now come to clause 9 which, as I said earlier, is the cornerstone of this bill. I will read it to you because it is worth reading. I can assure you that this clause will soon change the way this country is run. Through clause 9, the federal government gives itself the following powers:

9.(1) For the purpose of suspending benefits or imposing retaliatory measures of equivalent effect against a province pursuant to Article 1710 of the Agreement, the Governor in Council may, by order, do any one or more of the following:

- (a) suspend rights or privileges granted by the government of Canada to the province under the Agreement or any federal law;
- (b) modify or suspend the application of any federal law with respect to the province;

(c) extend the application of any federal law to the province; and;

(d) take any other measure that the Governor in Council considers necessary.

(2) In this section, "federal law" means the whole or any portion of any Act of Parliament or any regulation, order or other instrument issued, made or established in the exercise of a power conferred by or under an Act of Parliament.

Two phrases are worthy of note: "by order" and "pursuant to Article 1710 of the Agreement". I will look at this clause more closely with the emphasis on the words "by order".

Therefore, the governor in council may, "by order", suspend benefits or impose retaliatory measures of equivalent effect against a province. "By order" means that, without consultation, debate, or resolution of the House of Commons, the rights or privileges granted by the Government of Canada to said province at fault may be suspended under the agreement or a federal law.

The governor in council may, "by order", modify or suspend the application of any federal law with respect to the province. The governor in council may, "by order", extend the application of any federal law to the province. And, as if this were not enough, the federal government may, again without any mandate, "by order", take any other measure considered necessary.

This is why Premier Parizeau referred to this as a trade war measure. This is quite a statement, considering it comes from the Premier of Quebec.

There is also the reference "pursuant to Article 1710". Let me read you quickly the provision which, I feel, is the most important one of the 13 paragraphs of Article 1710.

Paragraph 7 reads:

In considering what benefits to suspend, or retaliatory measures to impose, the complaining Party shall:

(a) suspend benefits or impose measures in the same sector as the measure found to be in violation of the Agreement; and

(b) only if such suspension or imposition would be impracticable or ineffective, suspend benefits or impose retaliatory measures in other sectors covered by the Agreement.

We are referring to Article 1710 which implies that, if there is a problem with manpower mobility, and if it is not possible to impose a similar retaliatory measure against the province at fault, it is implied that retaliatory measures could be taken regarding natural resources, communications or investment, for example. This is what is provided.

It must be pointed out that this whole agreement, and particularly Article 1710, is very vague as regards the role of the federal government. Can the government intervene in a dispute between two provinces, once it is determined which province is at fault? This is not at all clear in the agreement as it is worded.

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Given our Canadian history, we know how much the federal government resents any vacuum.

(1715)

Now, we are faced with a legal vacuum. We know how much the federal government abhors a vacuum. Given the way it has used its spending and residual powers in the past, we can count on the federal government to take full advantage of vague wording in the bill. As a matter of fact, it just took the necessary means to be able to interfere freely to have unruly provinces toe the line.

Reactions have been quite interesting. The Minister of Industry, who is the minister responsible under the act, said that the official opposition's reaction is paranoid and that our remarks are weird. However, Manon Cornellier, who has been following this issue for years, questioned two officials of the internal trade secretariat, Mr. Lecherson and Mr. Knox, hours after the tabling of the bill.

Mr. Lecherson is a senior strategy advisor. When asked about the scope of the bill and its compliance with the intent of the agreement and the scope of the bill, he said: "As a matter of fact, the bill goes further than the agreement itself". Mr. Knox, who is the executive director of the secretariat, said: "In theory, the government could take retaliatory measures deemed appropriate in any sector, but that is very unlikely. They would be basically economic measures".

Now, we are dealing here strictly with economic issues. These remarks suggest that the federal government would even target social programs in order to make an unruly province, Quebec for example, toe the line. That door has been opened, and that is why it seems legitimate to impute motives. Given the lack of openness of this government, we are justified in imputing motives.

There was an official reaction, and I want to quote paragraphs 3 and 4 of a letter Daniel Paillé, the Quebec Minister of Industry, Commerce, Science and Technology, sent to his Canadian counterpart, on May 10, 1995: "The government of Quebec thinks it is unacceptable, pursuant to a Canada-wide agreement where the federal government enters into a partnership with the other parties to an agreement and where the scope of action given to the various partners is well defined by chapter 17 of the agreement, that the federal government found it important to give itself such extended powers as those mentioned in clause 9 of the implementing bill. Therefore, the government of Quebec is opposed to this provision, which gives the federal government very extended powers that go beyond what is needed to implement the retaliatory measures provided for in chapter 17 of the agreement".

I think that is quite clear. We have to imagine what all this would mean in the normal course of events. Although a number

of examples were given earlier, we could give some more in order to really show all the significance of the issue being underhandedly addressed here. For example, any province at fault could be denied federal subsidies. If Quebec, for instance, were to be found at fault in some hypothetical situation, Hydro Quebec could be prevented from selling its electricity to another province.

Natural gas shipments to a province at fault could be banned. This is a very serious issue. In terms of work force mobility, it could mean that workers from one province could be prevented from working in another province recognized as the party at fault in a dispute between these two provinces. These are powers the federal government is assuming, because nowhere in the agreement is it mentioned that Ottawa has to introduce such a bill.

This may not have been the government's intention, but if this bill is adopted in its present form, the federal government will be able to take such measures under clause 9, and that is what makes the situation so serious. Finally, we have reservations regarding the origin of clause 9. I was shocked when it was first drawn to my attention.

(1720)

In fact, clause 9 is essentially identical to section 21 of NAFTA except for certain references to the fact that the latter is an international agreement. What the government did in clause 9 is to replace the word "country" that is found in section 21 by the word "province". As far as I am concerned, there is no better example of a lazy or careless government.

It seems too easy to copy almost word for word such an important document because the problems are different and the relationships that exist between sovereign countries are not similar to the ones that can exist between a central government and its provincial counterparts. I find it rather astounding that the government would take the liberty of just changing the word "country" for the word "province" while taking the opportunity to give itself enormous powers.

Perhaps there are visionaries in the Langevin Block—who saw that there will soon be a need for an international treaty between the Government of Canada and the Government of Quebec and who thought that it would be better to save some time, money and energy and recognize immediately, in a rather subtle way, that Quebec would be party to an international agreement because the day is coming when Quebecers will have to deal officially at the international level with Canada as well as with the United States and other countries. This goes with the Bloc Québécois's recent suggestion that there must be an economic association, that the closest ties must be maintained and that we must be good neighbours.

In closing, I think that clause 9 must be amended so as to reflect the spirit of the agreement and to limit the federal

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government's intervention as an injured party, otherwise Bill C-88 is likely to create problems instead of solving them.

[English]

**Mr. Ian McClelland (Edmonton Southwest, Ref.):** Mr. Speaker, it is a pleasure to rise today to debate Bill C-88, the implementing legislation for the supposed internal trade agreement within Canada.

Of all of the bills that have come through the House in the past months this one is perhaps of more importance than many others. As my hon. colleague who spoke mentioned, it seems to have slipped through with very little interest on the part of the House and Canadians at large.

In my comments today I would like to spend a few minutes talking about what the trade barriers cost us as individuals. Also I am going to spend a good deal of time talking about the relationship between Quebec and the rest of the country. This is really what it boils down to. When our friends from Quebec talk about a relationship with the rest of the country, post separation, they are really talking about how they would keep all the benefits that we have together in this northern part of North America without shooting each other in the foot.

This has to be of paramount importance to the people of Quebec. They would not be very happy if they found themselves in an independent country, bankrupt and no one to trade with. Nor would the rest of Canadians find themselves in a very happy situation. I want to spend a few moments if I may to record exactly how important this trade is between Canada interprovincially, Canada nationally.

(1725)

I am indebted for much of what I am going to say to the Fraser Institute and in particular—

**Some hon. members:** Oh, oh.

**Mr. McClelland:** Liberals opposite go into a state of shock when I mention the Fraser Institute. Also, by good fortune, the Canadian and Quebec Chambers of Commerce have just sent information to all members in the House. I will be quoting from both of those sources during the course of my comments.

A few of the Liberals opposite might recall that when the free trade agreement was implemented they were violently opposed to it. Am I remembering this correctly? Was that just a suspicion?

**Mr. Milliken:** Yes, yes.

**Mr. McClelland:** Yes, it is correct. I hear members opposite saying: "Yes, I can remember we were against the free trade agreement. We were violently against the free trade agreement". One of the reasons members opposite were against the free trade agreement at that time was that they were afraid we

were going to get beat up by the Americans because we had fairly inefficient industries across the country.

For the longest time particularly the west suffered and were righteously aggrieved by the fact that the resource producing areas of the country, the west, the north and the east were subsidizing central Canada. We were exporting raw materials to central Canada and buying manufactured goods from central Canada at a sometimes severe tariff.

It cost us a lot of money to be Canadians. A lot of people, particularly in Ontario and Quebec, saw the free trade agreement as a vehicle whereby these barriers were reduced and came down. Canada found itself in a situation where it had to compete.

The free trade agreement was not so terrifying for other regions of the country. I can recall during the great free trade debate—I am sure members in the House can recall—we had high interest rates. Remember that? We had a high dollar. Remember that? We were going to go into a free trade agreement with one of the toughest trading nations in the world and we wonder why we got the stuffing kicked out of us. We had to be brain dead to have these interprovincial trade barriers all across the country, a high dollar, high interest rates and getting into a free trade agreement with the United States.

It was kind of like the Monty Python movie where the knight gets his arm cut off, his other arm cut off, puts his sword in his mouth, gets his legs cut off and says: "Come on, fight like a man". That was Canada after the free trade agreement. We were sitting there with a sword in our mouth saying: "Fight fair. Fight fair". We have a free trade agreement with the United States, but do we have a free trade agreement within Canada? No, we do not.

When the federal government sat down at a table to negotiate a free trade agreement, as we did with Mexico and the United States, we had three players around the table and all of the minions that made the deal work. Can members imagine what it must have been like when we had the federal government and 10 provinces sitting around the table trying to negotiate a free trade agreement?

The provinces varied. British Columbia had demands about an inch thick saying: "This is what we want. This is what we want to protect". The province of Alberta's demands were on one sheet of paper which said: "There should not be any barriers to trade. There should not be any barriers to the movement and the transportation of capital, of ideas and of people.

Ontario which had the most to lose in a free trade agreement in Canada because it controls the bulk of the trade was one of the most accommodating provinces at the debate. It was prepared in the national interest to have its internal trade barriers come down for the common good.

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The reason that I am speaking against this legislation is not that it is not a step in the right direction.

(1730)

The federal government in its role as the leader has the fiduciary responsibility when it comes to dealing with the economic affairs of the nation to take charge and say we need competitive industries in Canada. How can we possibly compete internationally if we are not first competitive at home?

How can we as a nation deal competitively with other nations if we do not first take down all of the barriers in Canada so we have free movement of trade, people, capital and ideas to become as efficient as we can before we start trading elsewhere? That is why it is so important to have all of these internal trade barriers done away with.

I will use as an example some of the daily problems that come up when we have trade barriers or distorting subsidies within the country. We know Quebec has been working very hard at developing export and increasing the export potential of industries based in Quebec. It has been fairly successful. I do not know the exact numbers but Quebec has had a substantial increase in recent years of exports by Quebec based industries.

Let us say the Quebec government gives company A a subsidy in order to export outside the country but company A is manufacturing a product which is also manufactured in Ontario or British Columbia or Nova Scotia and they do not have subsidy. What happens when they both start to compete for same domestic customer? The company that has the \$200,000 government tax funded subsidy wins and the company that does not have a subsidy loses because its costs are higher. That does absolutely nothing to enhance the competitiveness of our industries. All it does is reward industries that are perhaps failing, that are perhaps not as competitive as others at the expense of those businesses that can stand on their own.

That is one of the reasons governments should not be picking winners and losers in the marketplace, creating subsidies so one company in one province has a competitive advantage over another company in another province. All it does is move a job from A to B.

A while ago in the automobile industry a company in Brampton received a huge grant from the federal government to build a plant in Quebec. The people in Quebec would want it. The company would end up manufacturing the same number of cars. It would close the plant in Ontario, open a plant in Quebec, lay off 200 people in Ontario, hire 50 people in Quebec. It would cost the country 150 jobs in one province plus the infrastructure investment to build the plant in the second province.

If we as legislators, as a Parliament, are prepared to throw this money around, can we blame industry for saying it wants a piece of it? If we ourselves in business and we are competing against another business with the advantage of a government grant or subsidy, in order to stay in business we have to get our hands in the trough as well.

That is why we need to break down the barriers to capital. We need to break down the mobility barriers and we absolutely have to stop taking tax money into the government and picking winners and losers in the marketplace.

When we talk about interprovincial trade, historically if we look at what has gone on in Canada, where did the Bank of Nova Scotia start? Rhetorically I ask, did it have its head office in Toronto or Montreal? It was in Halifax. What happened in the trading arrangements or what happened in Canada that all of a sudden somehow the Bank of Nova Scotia's head office moves to Toronto? We have distorted interprovincial trade so that it has protected industries across the country.

(1735)

The traditional trade at the time the Bank of Nova Scotia was incorporated was not east-west but north-south, just as the trading blocks all across the country traditionally have been. We artificially make them east and west. However, is it focuses all the financial resource and the competitive resource where most of the people are.

The same thing may happen in Canada today. We will continue to have this migration of wealth into the resource. When I say the resource rich I am talking about the vote rich parts of Canada, in downtown Toronto and Montreal, at the expense of the rest of the country unless we have this free mobility and free trade within all provinces.

I will put a few facts on record concerning trade between Quebec and the rest of the country. This is of particular importance because our friends from the Bloc, representing a good number of people in Quebec, are trying to put forth the premise that Quebec would be better off not attached to the rest of the country and the rest of the country would be better off not attached to Quebec.

We would survive. Those of us who live in the west would survive better than others but it would hurt all of us. Most of all, it would hurt the people who live in Quebec. We should not be so naive as to suggest for a moment that a separate Quebec would enjoy all or any of the privileges it enjoys today. It is certainly a long stretch to imagine the rest of the country would tell Quebec to go its way and we will continue to pretend nothing has happened and it is business as usual.

The premier of Quebec and other leaders in Quebec can say whatever they want to but it is important for the people in Quebec to know those leaders do not set the stage or make the

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rules for the rest of the country. The rest of the country will bring an entirely and completely different perspective to that table.

I will quote from a pamphlet prepared by the Canadian Chamber of Commerce, la Chambre de commerce du Québec, "Interprovincial Trade: Engine of Economic Growth", prepared in May: "This report also points to the fact that these strong, commercial and personal relationships bind us together and reinforce our strength as a trading nation. Strategic and dynamic partnerships are often formed among Canadian companies and entrepreneurs to win in international markets in the new global environment.

"Our message is clear and simple. Together we prosper. Together we are the vehicle for job creation for the next generation in this country, and our interprovincial trading relationships are the engine of that growth. Together we must continue to build on these existing relationships which only enhance our competitive position, internationally improve our ability to create jobs and confirm our status as the best country in the world".

What is this trade to Quebec? The pamphlet further says that while all provinces are dependent on interprovincial trade, Quebec is much more economically dependent on trade with the other provinces than the other provinces are with Quebec. Quebec exported more to Nova Scotia and New Brunswick in 1989 than to any country in Europe, including France. It sold as much to Ontario as it did to the United States. The rest of the provinces exported more to Quebec than to the European union and Japan combined.

(1740)

Four hundred and seventy thousand jobs in Quebec were directly and indirectly attributable to interprovincial exports in 1989. It is not only the Montreal based enterprises that export goods and services to markets in other provinces. Manufacturers in other regions such as Estrie, Mauricie, Bois-Francs and Abitibi-Témiscamingue are also highly dependent on sales to other parts of Canada.

Quebec was the only province other than Ontario that registered a surplus in interprovincial trade, helping to offset partially its trade imbalance, trade deficit with the rest of the world.

Ontario is Quebec's most important trading partner within Canada. Quebec ran a deficit in its trade with Ontario. Quebec's surplus in trade with other provinces came from the more distant provinces, suggesting the importance for Quebec of access to those regions.

This is perhaps the most important part of Bill C-88 and what we are talking about today. It really speaks to the whole nature of our union, what it is all about. We do not all have to speak the

same language. It is not even necessary for us to be able to understand each other's first language. It is important for all of us to understand that when we reach into our pocket and pull out a \$5 bill or \$1 bill or perhaps even a \$2 coin and exchange it, we are speaking the same language. Trade has no language. The nature of our country is that if there is commercial discourse in commercial trade and if we keep the lines and avenues and rivers of trade open between all parts of Canada, particularly between Quebec and the rest of the country, everything else is bound to follow.

As a nation we are talking about maintaining trade links with other parts of the world. If we trade with other countries we learn about other countries. We must ensure trade between provinces so that we will learn from each other. It is difficult to have a bad relationship with someone with whom we have a good trading relationship. If we have a commercial relationship which benefits both parties, we will be far more reticent to do or say anything that would imperil that relationship.

I am happy to have had an opportunity to put a few thoughts on record in this debate. I am sorry the government did not use the opportunity to be far more forceful in ensuring the many barriers that still exist are torn down.

[*Translation*]

**Mr. Ghislain Lebel (Chambly, BQ):** Mr. Speaker, I just listened to the Reform member's speech, about which I would simply like to raise a few small points.

He said that if Quebec were to declare its sovereignty, the rest of Canada would most certainly refuse to trade with it and to maintain current business relationships. I can only wonder if they are merely sabre rattling or if there is something more behind this. Can the frustration of western Canada still be so near to the boiling point? I do not know.

(1745)

But when I imagine an independent or sovereign Quebec, I can only wonder whether you will refuse to sell us the beef we are accustomed to buying from you. After sovereignty, would you refuse to sell us beer made by Ontario breweries? Would you force us to buy our cars from the United States or France? Even the cold war with eastern block countries did not prevent members of the Reform Party, westerners, from selling thousands of tonnes of grain to Russia yearly, despite conflicts in ideology, to say the least.

I would like to ask them on what basis they would decide to cease selling to us—because Quebec attained sovereignty, took full possession of its means and its tools? I think that they would only be shooting themselves in the foot and scoring in their own nets. At any rate, that is my opinion and I would ask him to answer me. Is this anything more than sabre rattling?

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[English]

**Mr. McClelland:** Mr. Speaker, if I left the impression that the rest of the country would not trade with Quebec, I certainly did not mean to do that. The point I wanted to make was how important trade is among all the provinces of Canada, including Quebec, and how vitally important trade is to the province of Quebec, probably more so than other provinces in the country, because Quebec has a resource very much built on trade and export.

What I did say was that the people of Quebec should not be misled into thinking that it would be automatic that things would go on as before. If the people of Quebec think for one minute that they would be able to exist behind trade barriers that would not be the case.

I would certainly hope, and I agree with my hon. colleague, that we would not do anything to shoot each other in the foot. That would not do any good. It would be a hard nosed commercial relationship. It would mean that instead of having our market, our critical mass would be 25 per cent lower. We would not have the same economies of scale. It would be far more difficult for Quebec in an international world market to be a world scale producer, because Quebec could not depend upon having the Canadian domestic market to enable it to be an international producer. It would hurt everybody, and it would hurt Quebec perhaps more than the rest of the country.

I would not suggest for a moment that we would do anything to shoot ourselves or Quebec in the foot.

[Translation]

**Mr. Jean-Paul Marchand (Québec-Est, BQ):** Mr. Speaker, I would also like to respond to comments by the member for Edmonton Southwest and I will have an opportunity to do so during the debate on Bill C-88. However, I must first provide a few details on the bill.

Often, when we are discussing bills in the House, people tune us in on television or come in to the House not knowing what the discussion is about. This is why I would first like to provide a few details about Bill C-88 itself. This government bill is aimed at promoting freer trade between Canada's provinces. It puts a number of administrative measures into effect to permit freer trade as of July 1, 1995, that is, in barely a month or two.

(1750)

A whole series of measures are involved, as are a number of laws governing, for example, transportation, public liability, communications and other matters. Therefore, first and foremost, this bill, puts into place the measures that will lead to freer trade in Canada.

When we speak of liberalizing trade, we mean that, in principle, people, capital and goods should move as freely as possible and that uniform standards and rules will be established

so that one province cannot prevent the free movement of goods, capital and people.

The most striking example is, of course, the limits on the movement and production of beer in Canada. Each province was required, so to speak, to produce a certain volume of beer, which could not be exported from one province to another. Quebec could not export its production to Ontario and vice versa. Marketing will now be freer, and not only for alcoholic beverages, but also for such sectors as farm products, food, communications, transportation, energy and, of course, manpower.

This bill from all appearances improves the trading system in Canada. I should point out that, as regards the liberalization of trade in Canada, Quebec has always been in favour of freer trade. It strongly supported free trade with the United States. We believe in unrestricted competition. In Quebec, we believe in the ability to compete on the open market.

However, this bill contains a few flaws, important flaws, such as the fact that a panel can be set up if disputes arise. Problems may occur. Disputes may have to be settled. In such cases, this bill provides for the creation of a panel to review disputes. Should one province accuse another of not playing by the rules, the mandate of such a panel would be to review the situation and recommend retaliatory measures on behalf of the injured party, the one that would have been somehow wronged.

This panel would have no power to enforce. It would only have the authority to review the problem and recommend retaliatory measures where required. And here we come to the troubling part, since, in the end, retaliatory measures will rest in the hands of the federal government.

Not only will the members of this panel and of the committee that will oversee the enforcement of this piece of legislation be appointed by order in council without being ratified by the House of Commons—which is a flaw one must point out—but once again, through this bill, the federal government is seizing additional powers, the authority to enforce the panel's decisions, and even to intervene when it, the federal government, is not involved.

(1755)

Indeed, the wording of clause 19—or more precisely article 1710, but mainly clause 19—leaves room for interpretation, in such a way that if there is a dispute between two provinces, and the federal government is not directly involved, it can intervene. It can exercise its power of judgment so that one province is favourably judged, even favoured over another.

In fact, the federal government is taking on a lot of power, too much power, in our view, the power to intervene in disputes between provinces, if need be. These are powers it has assumed, without being asked to. The federal government is assuming the power to intervene in disputes between provinces. We think that this is in fact an abuse of power. Why would the federal

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government interfere in interprovincial disputes in which it is not involved?

This is not the first time this government has tabled a bill in an attempt to give itself additional powers. As you probably know, it tried to give itself additional powers through Bill C-52, for example, which would allow the government to compete with engineering and architectural firms in Canada, and Bill C-91, which would change the mandate of the Federal Business Development Bank. Again, the federal government gives itself new powers that would allow it to centralize operations and intervene in the country's development, thereby putting some provinces at a disadvantage compared to others.

In the case of Bill C-52, for example, it is obvious that the powers the federal government tried to give itself could be used against Quebec in particular, since we know that engineering and architectural firms are concentrated in Quebec. In the case of Bill C-91 regarding the Federal Business Development Bank, we can ask ourselves if the government is once again giving itself additional powers and trying to compete with very successful Quebec institutions such as the credit unions and the FTQ and CNTU solidarity funds, which are very effective in developing small and medium size businesses.

We also know that small and medium size businesses have experienced significant growth in Quebec over the years. That was one of the reasons why Quebec supported free trade with the U.S. Industry and trade in Quebec are locally based. Quebecers have worked to set up their own businesses and establish themselves in Quebec. It is something that should be pointed out to those who do not know Quebec.

(1800)

The difference is visible for instance between Quebec and Ontario. As we know, Ontario benefited from American investments and most major business concerns established in Ontario were American companies' subsidiaries. In fact, that is one of the reasons why so many jobs were lost in Ontario after the free trade agreement with the U.S. was signed. American companies established in Ontario simply packed up and moved back to the U.S. They can trade with Ontario from the other side of the border. But many jobs were lost because of this in Ontario, where there are more people on UI and welfare today than just about anywhere else in Canada.

While we, in Quebec, were hit quite strongly, and we can say that the federal government did not do much to help us, we nonetheless are blessed with a strong small and medium size business sector which is still developing in many areas. In Bill C-88, as in Bill C-91 and Bill C-52, the federal government is abusing its authority. It gives itself powers that it did not have before, which could have the effect of putting Quebec at a

disadvantage in rulings on trade between Quebec and the other provinces.

Finally, this is the main reason prompting us to propose to the government an amendment providing that the federal government be required to rule only when it is directly involved, instead of any time it feels like stepping in to tip the scales in favour of one province at the expense of another.

As I said at the very beginning on my remarks, Quebec has always been for free movement and the freest trade possible, because this is in our interest in Quebec, since our economy is solidly grounded. Much remains to be done, but we are nonetheless building on solid ground, relying on small and medium size business firmly rooted in Quebec. Much remains to be done to strengthen it.

Were it not for this abuse of authority on the part of the federal government, interprovincial trade liberalization would be great for the rest of Canada as well as for Quebec. Again, Quebec is in favour of this kind of liberalization. For example, Quebec imports from Ontario alone goods and services totalling \$25.852 billion per year, while its exports to this province total \$22 billion. That is almost \$30 billion in trade just between Ontario and Quebec.

In fact, trading between Quebec and all Canadian provinces is quite substantial. In Alberta, Quebec sells \$2.8 billion in goods and services and buys \$3.25 billion in petroleum, natural gas and the like. In the central region, we buy wheat. I think that these trade relations will be maintained after sovereignty is achieved. We are working at making Quebec realize that it will be to its advantage, in the medium and long term, to opt for sovereignty, take charge and be in control of its economy and its future.

(1805)

Once Quebec has achieved sovereignty, existing trade between the provinces will most likely be maintained. There is no reason to believe that it will be reduced. It would be disadvantageous to the other provinces, including Ontario and even Alberta, to refuse to sell their products to Quebec, and vice versa. It would not make economic sense. In fact, economic sense dictates that current trade be maintained.

We live in a world where trade liberalization is increasingly more prevalent. For example, GATT was set up precisely to liberalize trade between all the countries of this world. Some agreements and regulations were implemented under GATT, and they will also be maintained once Quebec becomes a sovereign nation.

The same is true as regards free trade agreements with the United States. There is no reason to believe that these agreements will not be maintained and that trade will not continue. It is only those who seek to instill some unfounded doubt or fear who say: "We will cut or block trade between Quebec and the

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other provinces". This is nonsense. It goes against economic sense. It goes against the common sense which governs existing treaties, including GATT and the free trade agreement.

Bill C-88 does include many provisions which make it appealing to the Bloc. As I said earlier, Quebec has always been in favour of liberalizing trade between provinces and countries, and it always will be, because this is its forte. We can compete with others. We supported free trade because Quebec has the economic, cultural and social confidence required to face its North American competition.

It is for these reasons that Quebec will be in an even better position once it achieves sovereignty, and that is also true for the other provinces. Indeed, English Canada will also benefit. I think it will get along better with Quebec, and it might even manage to reduce the power of the federal government, which is not necessarily concerned with the interests of the individuals or provinces. It is concerned with its own interest. And the federal interest here in this Parliament is not the same as that of the provinces.

This is why we oppose Bill C-88 which is another example of abuse on the part of the federal government, which seeks to gain additional powers, to centralize, and possibly interfere in inter-provincial trade so as to favour the interests of one province at the expense of another. This is one of the reasons why we will oppose Bill C-88.

(1810)

**Ms. Marlene Catterall (Ottawa West, Lib.):** Mr. Speaker, I am pleased to reply to the various points raised by my colleague across the way.

[*English*]

I believe he substantially misrepresents the clause about which he obviously has some qualms. I believe it is clause 9 of the bill.

It is interesting to note that while the current minister of restructuring of the Quebec government was president of the Quebec Manufacturers' Association he totally supported the elimination of interprovincial trade barriers. Yet when the agreement was signed at the time when Mr. Parizeau was premier he dismissed the agreement as laughable because the dispute resolution mechanism did not have new devices for sanctions or retaliation.

We now hear the Bloc Québécois member saying that the provisions for sanctions are far too strong and are a grab for power by the federal government and would act as a disadvantage to the provinces.

Let me begin by saying that this bill is the result of a long process that in my view demonstrates admirably—

**The Deputy Speaker:** I think the hon. member may have misunderstood. This is questions and comments. Is the member asking a question or making a comment or is she making her speech?

**Ms. Catterall:** Debate.

[*Translation*]

**The Deputy Speaker:** Are there any questions or comments regarding what was just said?

[*English*]

Is there anybody who wishes to ask a question or make a comment to the speaker who just finished? The hon. member for Esquimalt—Juan de Fuca, on a question or comment.

**Mr. Martin (Esquimalt—Juan de Fuca):** Mr. Speaker, I thought this was resuming debate.

**The Deputy Speaker:** I am sorry. I said in French, questions or comments. Does the hon. member wish to make a question or a comment?

**Mr. Martin (Esquimalt—Juan de Fuca):** No.

**The Deputy Speaker:** The deputy whip for the government has the floor on debate.

**Ms. Catterall:** Mr. Speaker, I believe I was in the process of saying that the procedure by which this bill comes before us and by which the internal trade agreement that gave rise to it was reached was a demonstration of how federalism can work for all partners. It was a totally co-operative process, involving the provinces, the territories, the federal government, and the private sector, which had the unanimous agreement of all parties.

On behalf of the Minister of Industry, I appreciate this opportunity to speak on Bill C-88. This is one more step in a process that has been under way in Canada for the better part of a decade to create a new internal trade regime. Our objective is to reduce barriers to interprovincial trade and remove restrictions on the movement of people and capital within the domestic marketplace.

Passage by Parliament of Bill C-88 will be a necessary step to implement the agreement on internal trade that was signed last year by every province, the territories, and the federal government.

At the invitation of the Prime Minister, first ministers met in Ottawa last July to formally accept and sign the agreement that the committee of ministers of internal trade had finalized at the end of June. With this accord we were committed to have the appropriate legislative and regulatory changes in place so that the agreement could be legally implemented. In this sense, putting this legislation before the House is meeting an obligation to provincial and territorial governments that we incurred when we signed the agreement in June 1994.

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This was an important step in the quest to create an integrated domestic market in Canada. This seems to have been a pattern in the development of our nation. As we go back through history to the voyageur and the Hudson's Bay Company, we see that trade is what has opened up the vast expanse of this northern half of the North American continent. As we thought to link ourselves together with the national railway and later with the national highway and national airline, trade has been one of the driving forces both for the development of the links among us as a people and for the development of the prosperity the country has enjoyed.

(1815)

However, in the 128 years since Confederation, we have also seen a hodge-podge of protectionist measures and trade conventions develop which have inhibited interprovincial trade and restricted the flow of goods, capital and talent between and among provinces. These measures range from outright restrictions to bidding on government contracts to a patchwork of regulations and incompatible standards.

The government has felt strong and repeated pressure from the private sector to deal with the problems associated with internal barriers to trade and conflicting regulations on cross border flows of people and of capital.

We have received representations from the Canadian Manufacturers' Association, the Canadian Chamber of Commerce, the Business Council on National Issues, the Canadian Federation of Independent Business, the Canadian Bankers Association and the Canadian Construction Association. The list is long and the problems are deeply felt and broadly experienced.

Such barriers put Canadian businesses at a competitive disadvantage by restricting the size of their available marketplace by shrinking the domestic market for Canadian businesses in a time of increasing global competition and more open markets in other parts of the world. This can have the negative result of putting Canadian businesses at a disadvantage to international competitors even in our own market.

In addition, there is an economic cost related to marketplace inefficiency. The Canadian Manufacturers' Association has estimated that barriers to trade cost Canadians about \$7 billion annually in direct job and income loss. However, let us consider the other side of the story which is equally telling.

A Canadian Chamber of Commerce report released on May 17 highlighted the importance of international trade and investment as powerful generators of economic growth and job creation throughout Canada. The study indicates that Canadian interprovincial trade was worth \$147 billion; almost 21 per cent of GDP in 1993. It estimates that 1.9 million jobs are directly or indirectly dependent on internal trade within Canada. The report shows that the provinces and territories constitute one of the

most economically interdependent regions of the world and that interestingly, Quebec is the province most dependent on internal trade, the province that benefits most from internal trade and has the most to gain from improvements in internal trade.

The study attributes 470,000 Quebec jobs, 20 per cent of the province's GDP directly and indirectly to internal trade and values the province's trade with the rest of Canada at \$64 billion. With a trade surplus of \$1.1 billion with the rest of Canada, Quebec exported more to Ontario than it did to the United States, more to Nova Scotia and New Brunswick than to any European country.

The report confirms that businesses across Canada have been able to take advantage of the political and economic links created by the federal structure to forge a large national market that has worked to the benefit of all Canadians.

In years past when external trade barriers protected economies like ours from international competition, the economic cost of internal trade barriers were tolerated and maybe tolerable. When Canadian industry was sheltered from international competition by tariff barriers of 10 per cent or even 20 per cent, the economic cost of internal barriers were not so obvious. However, a marketplace sheltered from international competition is no longer the reality. Barriers and tariffs are down. The market is global and the competition is fierce. We will not, we cannot be successful in an open global market if we operate in a closed market at home. We need to adapt to the realities of trade in today's global economy.

(1820)

Bill C-88 and the agreements it implements is an important aspect of the process. It is part of the more fundamental process of economic renewal that the government is following toward its strategic objectives for economic growth and job creation.

Last December the Minister of Industry introduced in the House the government's plan for building a more innovative economy. We outlined our intentions for improving the economic climate of Canada in four ways: to build a positive entrepreneurial climate and to help small businesses grow; to expand markets for jobs and growth through trade; to create an efficient and modern infrastructure; and to make technology work for Canada.

These are areas in which the government can have the greatest impact on job creation. While Bill C-88 will support all of these objectives, it has special relevance for the objective of expanding trade. To grow and prosper business needs an efficient and open marketplace, an environment which encourages innovation and expansion free of unnecessary barriers.

With the agreement on internal trade and now with this bill we have the elements to establish a new internal trade regime, one which will allow us to make the most of our interprovincial

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domestic market by encouraging innovation and expansion and by removing unnecessary barriers.

The Canadian economy is in a period of transition. Fundamental changes are taking place because of the globalization of trade and the rapid pace of technological change. The competitive advantage in today's world depends less on location and natural resources and more on innovation, the ability to respond to changing market conditions and to achieve economies of scale.

As we continue the transition from a resource based economy to one where innovation, knowledge and flexibility are the underpinnings of competitive advantage, we need to ensure that the domestic trading environment will accommodate and expedite the necessary changes. Bill C-88 will provide a supportive environment for the economic transition process that we are now experiencing.

The legislation before the House is the result of a long process of negotiation and consultation which has involved many Canadians; Canadians with many different perspectives: ministers of the federal government, ministers of all the provincial and territorial governments, officials of all of these governments and representatives of the private sector.

It is interesting to note that political parties of all stripes have co-operated in the negotiations leading to this agreement. They have different perspectives and different priorities, but a shared belief that a more open trading environment will be good for Canada and good for Canadians.

A striking feature of the process leading to the bill has been the high degree of co-operation and good will that has been demonstrated on all sides. Those Canadians who have been involved in the process understand the compelling need to open up our internal markets and to ensure that the Canadian marketplace works to the advantage of all Canadians.

Over the last two years the negotiations and background work were under the guiding hand of Mr. Arthur Morrow, a well known Canadian businessperson, who acted as chair of the committee of chief negotiators and worked tirelessly to keep the process moving toward its objective and in producing the agreement that ministers signed last year. The work leading up to the bill was exhaustive and thorough, and it will be ongoing. It is our duty to keep the process moving.

The process began in June 1988 when federal and provincial agriculture ministers compiled a list of barriers to internal trade in agriculture and food products. While the focus of this group was relatively narrow, the process had begun. Governments were now dealing with the problems of internal trade barriers in an organized way. Federal-provincial discussions continued and the focus widened. Ministers began to consider the need for a

dispute resolution mechanism as part of more comprehensive trading arrangements between provinces and territories.

(1825)

In December 1989 a memorandum of understanding on internal trade in agricultural products was signed by seven of the provinces. The process was beginning to move. Negotiators continued to meet. Agreement was reached and memoranda of understanding were signed on a number of individual issues such as transportation and government procurement, a major economic factor in our economy.

By December 1992 the committee of ministers of internal trade at the time recommended the process be accelerated and that all parties commit to the goal of reaching a broad and comprehensive internal trade agreement by June 1994.

Agreement was reached on three specific principles: that governments treat people, goods, services and capital equally regardless of where they originate in Canada; that governments reconcile standards and regulations to provide for the free movement of people, goods, services and capital within Canada and that governments ensure their administrative policies operate to provide for that free movement of people, goods, services and capital within Canada.

An intensive series of meetings was held during the period of January to June last year. These culminated in ministers agreeing to the text of the internal trade agreement at the end of June. Finally, in July 1994 the Prime Minister and all other first ministers affirmed their acceptance of the agreement with a formal signing on July 18.

Last year's agreement on internal trade was a major step in a long process. It has demonstrated that all governments can work together to achieve a common objective that will benefit all Canadians.

The agreement on internal trade sets out general rules that prohibit any new barriers to trade and eliminate old ones in 10 specific sectors or issue areas. Unfortunately there is no time left to read them all. However, it is fair to say that while this bill does not solve all the interprovincial trade problems that have built up since Confederation it has moved us a considerable way along that track. It is an ongoing process. For instance, in the energy sector a separate set of negotiations is under way toward a similar deadline this year.

With this legislation we are ensuring the framework is in place and we are confirming our belief that the fundamental principles of free trade will work within Canada. Trade agreements deepen and broaden with use and experience and this one will too. Bill C-88 will provide the foundation of moving toward a domestic trading environment that will allow for the free flow finally of goods, services, people and capital within Canada.

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The Prime Minister and other ministers, including first ministers, have been actively involved in broadening the marketplace for Canadian goods and services in export markets and the Team Canada approach has been highly successful in doing that. We must bring the same spirit to improving the domestic market for our businesses and workers. Bill C-88 is an important step in that direction, which is why we brought it to Parliament and support it.

(1830)

**The Deputy Speaker:** The House will now proceed to the consideration of a motion to adjourn the House for the purpose of discussing an important matter requiring urgent consideration, namely the current situation in Bosnia-Herzegovina.

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## EMERGENCY DEBATE

[English]

### BOSNIA

**Mr. Bob Mills (Red Deer, Ref.)** moved:

That this House do now adjourn.

**Mr. Hermanson:** On a point of order, Mr. Speaker, I think you will find unanimous consent to allow the leader of the Reform Party, the hon. member for Calgary Southwest, to lead off this debate, and the hon. member for Red Deer would then speak in his normal turn in the rotation.

[Translation]

**Mr. Gauthier:** Mr. Speaker, I would gladly give my consent provided, of course, the hon. member for Lac-Saint-Jean be permitted to speak on behalf of our political party when the time comes.

**Mr. Gagliano:** Mr. Speaker, in a spirit of co-operation, we give our consent. I believe there is unanimous consent for the leader of the third party to speak first, for the Leader of the Opposition to follow and for the Minister of National Defence to be next.

[English]

**Mr. Preston Manning (Calgary Southwest, Ref.):** Mr. Speaker, the deteriorating situation in the former Yugoslavia warrants an emergency debate on the situation there and on whether or not and how to withdraw Canadian peacekeepers from that area.

I wish to thank the House for responding positively to the request for this debate made by the hon. member for Red Deer.

At the outset I wish to take the opportunity to publicly express the thoughts and feelings of the Canadian people on this matter,

and I trust that other members will take this opportunity as well. These thoughts and feelings include pride in the record of performance of our peacekeepers. Our peacekeepers are the best in the world, and that has been demonstrated again over three and a half years in the former Yugoslavia.

However, those thoughts and feelings of the public also include concerns and outrage: concern that there is no peace in Bosnia to keep and that the fighting is escalating, and outrage that Canadian peacekeepers are being taken hostage, used as human shields, and prevented from doing the job they were sent there to do. Peacekeepers and their friends and families and the Canadian people want a decision from their political leaders on where we go from here.

Six months ago the Reform Party's defence and foreign affairs critics endeavoured to persuade the government to adopt a more realistic and commonsense position on the presence of Canadian peacekeeping in the former Yugoslavia. We urged the government to define certain specific criteria to be used to decide when Canadians should go on peacekeeping missions, how long they should stay, and when they should be withdrawn.

In particular, we outlined several key criteria that should be satisfied if Canadian peacekeepers were to remain in Bosnia. Those criteria were that aggressive moves by belligerents against UN peacekeepers cease and that any UN detainees be released immediately; that the blockage of airports and roadways to humanitarian flights and convoys cease so that at least UN humanitarian aid to civilian populations could proceed unimpeded and that a ceasefire be in place so that there was at least some minimum peace initiative to enforce.

(1835)

Our position was that if these three minimal criteria for effective peacekeeping could not be met, our peacekeepers should be withdrawn. Since that time, every one of those minimum conditions for effective peacekeeping has been violated and violated repeatedly. Let me go through the recent check list.

With respect to the criterion that warring factions agree to cease aggressive acts towards the UN peacekeepers, in total there have been about 300 peacekeepers held hostage.

On May 2 the Serbs took 122 UN hostages as human shields and confiscated their flak jackets, helmets and radios. On May 16 three Canadian peacekeepers were robbed of a vehicle and communications equipment. On May 22 Serbs broke into a UN heavy weapons depot near Sarajevo and removed large calibre guns. French peacekeepers were immobilized by land mines in front of their quarters.

On May 23 six UN officials were injured in Sarajevo by machine-gun fire. On Saturday, May 27, eight Canadians were detained. Of course on Friday, May 26, two Canadians were held

hostage: Captain Patrick Rechner tied to a post in an ammo dump and Captain Ryan Lapalm detained in quarters.

With respect to the second criterion, that humanitarian aid be allowed to proceed without interference by any of the warring factions, the humanitarian airlifts were suspended on April 8 after the Serbs fired on a U.S. cargo plane.

As a result of the Serbian siege, UN workers hear comments like "If you cannot give us food, then at least give us poison to relieve us from this misery". So reports the UN High Commissioner for Refugees on May 13.

Sarajevo's airport has been open only sporadically over the last number of months. On May 18 a UN cargo plane was forced to turn back in mid-flight. According to a National Defence briefing earlier today, aid is shut down throughout Bosnia almost completely.

With respect to the third criterion, that a ceasefire be in place so that there is some peace to keep, the four-month ceasefire expired on May 1, with neither side reportedly willing to extend it.

During the first week of May the Croatian offensive was taken into western Slovenia and prompted Serb rocket attacks on the Croatian capital.

On May 8 UN officials criticized Croatia for breaking and overrunning UN monitoring positions and for having snipers deliberately target fleeing Serb civilians.

On May 15 there was a face off between heavily armed Croatian and Serb troops inside a sensitive buffer zone, which has rendered the 13,000-member UN force largely powerless and raises questions about its viability, according to UN chief spokesman Fred Eckhard.

Finally, on May 17 and 18 the heaviest fighting in two years in Sarajevo wounded 13 people, including Russian and French peacekeepers.

My point is that every one of those three basic UN peacekeeping criteria has been repeatedly violated time and time again. We therefore call upon the government to proceed to organize the withdrawal of Canadian peacekeepers from the former Yugoslavia, including negotiated release or rescue of those Canadian peacekeepers held hostage.

Can anything further be done to hold the belligerents in the former Yugoslavia more accountable for their actions against UN peacekeepers and for the atrocities they have committed or are preparing to commit against civilian populations? I believe the answer is yes. We call on the Government of Canada to lay before the United Nations a resolution calling for that body to declare again, with greater force and clarity, certain acts to be

international crimes punishable under international law in the courts of any member nation agreeing to the resolution.

(1840)

The proscribed acts to be declared international crimes with greater clarity and certainty than they have ever been declared before shall include the following: the forcible detention by belligerents of any UN peacekeeper; the use of any UN peacekeeper or humanitarian aid worker as a human shield; the closure of any airport, seaport, rail line, or roadway to the passage of any UN approved humanitarian aid flight, ship, or convoy; the violation of any UN sanctioned ceasefire to which belligerents are a party; the commission of acts of violence against civilian populations in any area subject to a UN peacekeeping mandate.

How would such a resolution, if approved by the vast majority of UN member states, help the current situation? Perhaps the immediate impact would be small, perhaps not. Properly done and forcefully communicated, such a resolution could send this message to all the belligerents in the former Yugoslavia "Perhaps for a moment in your tiny enclave, an armed corner of the world, you may be able to get away with such crimes as holding UN personnel hostage, using them as human shields, blockading humanitarian aid to women and children, wantonly breaking ceasefire agreements, and violating the most basic human rights of civilian populations. If you, the military and civilian leaders and field personnel responsible, continue these practices and if you ever step outside your own borders, even for a minute, anywhere in Europe, anywhere in the world, you will be arrested, tried, and convicted for crimes against humanity and civilization just as certainly as day follows night".

**Some hon. members:** Hear, hear.

**Mr. Manning:** In other words, we need a world sanctioned UN resolution sponsored by Canada that any belligerent who takes a UN peacekeeper hostage will himself be held hostage by the world community until justice and peace prevail.

The issue we are debating today is beyond partisan politics. A great deal of rhetoric and words will not change the situation and may just muddy the waters. We conclude simply by urging upon the government three things. First, to establish and publicly state its own criteria for determining when Canadian peacekeepers should go to a troubled spot in the world, when they should stay, and when they should be withdrawn. Second, to recognize that all the basic criteria justifying the presence of Canadian peacekeepers in the former Yugoslavia have been violated innumerable times and that the time has come to bring our peacekeepers home so they might better serve the cause of peace another day. Third, to lay before the United Nations the resolution I have described so that hostage-takers might themselves be held hostage by the forces of peace.

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[Translation]

**Hon. Lucien Bouchard (Leader of the Opposition, BQ):** Mr. Speaker, first of all, on behalf of the Bloc Québécois and the official opposition, I would like to thank the Speaker of the House for accepting the petition for an emergency debate this evening. I believe that this decision pays tribute to the sense of public interest and moral authority that come shining through in the magnificent way the Speaker of the House carries out his duties.

Secondly, it goes without saying that all members of the official opposition are extremely concerned about the safety of Canadian soldiers stationed there, in particular those being held hostage. We hope that these soldiers and especially their families, who are extremely worried about them, know that the public overwhelmingly supports, admires and thanks them for what they are doing to uphold humanitarian values and keep the peace.

Of course, things are not going very well and the current situation is more than deplorable, it is worrisome and has stirred the indignation of many. After all, the soldiers stationed there did not go to make war, did not go to stick their noses in other people's business; they went there simply to try to relieve the horrors and suffering often imposed on civilians by the reprehensible acts committed there. They are prohibited from using their weapons and they are behaving, I would say, like boy scouts. What they are currently experiencing is utterly unacceptable, considering that the Serbs have taken some of them hostage and even chained some of the hostages like animals to ammunition depots as a means of holding their positions, the Serb army's current defence against air raids.

(1845)

I believe, Mr. Speaker, that that is good reason to take action. But, before deciding to go one way or the other, we should recall the facts. On March 29, a debate took place in this House, which enlightened the government on the decision to be made regarding a six-month extension of the Canadian forces' participation in the UNPROFOR mission to the former Yugoslavia. What we did was to renew Canada's commitment to the peacekeeping mission for six months. This means that, normally, the government will have to reconsider its decision in September and determine whether to extend its commitment.

Meanwhile, the four-month truce expired on April 30 and was not renewed. Consequently, Serb and Croatian forces are now engaged in open hostilities and the area is in a state of war. In addition, what is even more unfortunate, is that the humanitarian air lift to Sarajevo, our very reason for being there, has not been in operation for two months. That is very serious, because one can imagine what happens when medicine, water and food stop being supplied to a major city like Sarajevo.

Just imagine what life is like there. In addition, the six Muslim enclaves, which are protected zones, are under constant attack, and, as the leader of the Reform Party said, nobody's word is respected and no promises are kept. The law of the jungle prevails there.

What is particularly serious, and we say it in all good faith and with all due respect for the UN, is that it would seem that the UN has been fairly lax, nevertheless. We understand the considerable difficulty, but the UN has been lax to some extent. For example, it has allowed dozens and dozens of its decisions to be defied in recent years. Furthermore, almost consistently, UN leaders refuse to accept the recommendations of the military personnel on site. Again, a few days ago, the military personnel on site asked the UN for authority to intervene. The UN refused. The American president considered that it was a mistake, and, on Thursday and Friday, NATO intervened with air strikes. These air strikes hastened the events that led to the deterioration of the situation, that is the hostage taking.

The number of hostages has reached 400 peacekeepers now. They are not all Canadians, of course, but almost 400 peacekeepers are surrounded and are, for all intents and purposes, hostages.

Diplomats, who have fine words to describe things, describe them as people with restricted mobility, but in the honest language of reality, they are hostages. I see no need to protect sensitivities by not calling a spade a spade, when we have people who are supposedly civilized holding hostage 400 soldiers who have come to their country to keep the peace. In addition, ten of them are Canadians, eight are Quebecers, members of the third battalion of the Royal 22nd Regiment from Valcartier, and 45 other Canadian military personnel are confined to their observation post. Here again, we have to understand what this means. It means that they cannot leave, that they are there, that they are prisoners for all intents and purposes, and that they too must be considered hostages.

What is happening all this time? Of course, negotiations are going on, as they should. We know that negotiations do not lead to much there, because agreements are rarely reached and, when they are, they are systematically broken. However, in terms of international diplomatic relations, a process is under way. And so, this evening, the representatives of the contact group will be meeting. The contact group is the main operational group of the countries in this operation. I noted that Canada is not a member. I will say something about this shortly. Therefore, this evening, there will be a very important meeting to decide the course of events. Canada will not be at it.

(1850)

Tomorrow morning, the Canadian Minister of Foreign Affairs will be meeting with his NATO colleagues in Brussels to decide on a position. We are not too sure what the Canadian position is exactly; in fact, it is very vague. I hope that the present debate will shed some light on the issue so that the government can

define more precisely, and in any event, certainly more firmly, more clearly, and more decisively, the position it will adopt tomorrow.

When we hear the plain facts, when we know that scores of peacekeepers have already been killed over there, that altogether we have spent hundreds and hundreds of millions of dollars, it is very tempting to think of withdrawing. If we are not careful, we will be tempted to say—as the leader of the Reform Party has just done and I know as many Canadians believe, not the majority though, I think—“Let us get out. After all, we have nothing to gain there. We went there out of sheer generosity, in a humanitarian spirit, to help people. If they do not want to be helped, and if they shoot at us and, on top of that, take us prisoners, hold our people hostage, chaining them like animals to weapons, let us get out”.

It is tempting for all of us, and I must admit we, in the Bloc, are not immune to this temptation. However, we must resist doing so, for several reasons. The first reason, and the most important one, is that physically we cannot withdraw. To withdraw at the present time would mean leaving behind the expiatory victims Canadian peacekeepers would undoubtedly become, having gone there to defend humanitarian values, on the orders of this government and in compliance with the parliamentary debates we held. All of a sudden, in the thick of things, after what has just happened, we would leave them there as victims, we would abandon them. No, Mr. Speaker. It is impossible for Canadians and Quebecers to accept such a thing. No. For this reason alone, we must stay and save these people's lives.

Second, there is a more profound reason. We are not there by chance; it is not because we just happened to be around that we were taken prisoners and held hostage. We decided to go there. We went in after serious consideration of compelling reasons. These reasons still hold true.

Although we went over there to save millions of lives, as our fellow citizens deployed over there were courageous enough to do, there are still lives to be saved since the situation has not changed. The war rages on as unarmed civilians, women and children are shot at and mowed down like dogs on the street. We sent troops over there because we believe in peace and democracy and because we felt the need to intervene in order to prevent atrocities. This has not changed. That is why we must stay.

**Some hon. members:** Hear, hear.

**Mr. Bouchard:** We often say the former Yugoslavia, meaning Bosnia. There are roughly 2,100 Canadian soldiers over there, half of them in Croatia and the other half in Bosnia. The peacekeeping mission is based in Croatia—and we are really keeping the peace in that region. We are really keeping the peace between two factions that fight only sporadically. In Bosnia, however, what we do is purely humanitarian since the fighting

continues. A war is being fought before our eyes while we carry out humanitarian work. Our convoys bring food, drinking water and medicine to entire civilian populations. Thanks to our efforts, children who would otherwise die of infection are cared for in hospitals, and people have food to eat. Should we stop doing this work? No.

Let us keep in mind that we decided to go over there because we feared that a failure to send troops would lead to a conflagration in the Balkans since, next door, so to speak, are Greece and Macedonia. Several major international conflicts originated in all these countries. The whole region is a potential powder keg. The war in that region is also fought along religious and ethnic lines. All the elements are in place for an all-out war, perhaps even a world war, with the various alliances that could be formed.

We decided to go over there because we wanted to prevent the conflict from spreading. We managed to achieve this goal and to carry out humanitarian work. As long as these conditions prevail, we must stay. Stay, yes, but not in the present conditions.

(1855)

In this respect, I agree with the leader of the other opposition party that the criteria must be tightened; in at least three debates, we have repeated the same thing over and over to the government. On three separate occasions, in public debates, we have asked the government to tighten its criteria, but we never got an answer from the government.

Today, we insist strongly that our support to continued Canadian participation in peace missions is conditional upon this. It is particularly important to act to change what is going on over there right now. For example, the French Prime Minister, Alain Juppé, just tabled a new plan, which basically calls for an intensification of UN military presence, an intensification of the military aspects of the peacekeepers' role. Response forces would be put under unified command and a tactical group able to deploy rapidly if required would be formed.

If our information is correct, one of the reasons why morale is low over there, a source of concern and outrage for troops participating in this particular mission, is the fact that they have to stand helplessly by as things happen before their very eyes. They see children shot down in the street along with their mothers, but they cannot do anything about it; they are not allowed to shoot. They can only stand by. This is awful for a serviceman or woman, especially one from Canada.

In addition, they are barely allowed to defend themselves. They can do so only when their lives are in imminent danger. When is that exactly? The Serbs basically have a free hand at taking them prisoner. They merely have to get close to an observation point and tell Canadians: “Follow us”. And

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Canadians must follow them without doing anything. In fact, they are prohibited from doing anything. We send Canadian troops there and we prohibit them from doing what soldiers must normally do.

We must absolutely follow up on the French plan, so that a response unit can be organized, and that the soldiers be allowed to shoot, protect themselves and intervene when they witness unacceptable situations. They must be able to act like soldiers, otherwise who are we going to send?

They must also have adequate equipment. For example, we are told that the armour of Canadian vehicles can be perforated by any Serb gunfire. That is unacceptable. If we send peacekeepers over there, then let us provide them with the equipment to succeed. If we need to allocate more funds to allow Canadian forces personnel to have the required equipment, then let us do it, otherwise let us bring them back. Either they are there, and rightly so, or else they come home. But if we send them over there, we have to accept the consequences. We have to be consistent in our commitment.

The government must ensure that Canadian troops sent to Bosnia have the means to do the job which they have been mandated to do under the new mission.

As for the UN, it goes without saying that Canada must co-operate with other UN members. Obviously, democracy and diplomacy, not to mention the common sense governing the new international order, require that the UN be in charge of the whole process. We must therefore continue to support the UN, but that does not mean allowing it not to assume its own responsibilities.

If we are indeed transferring to the UN responsibilities that our ours, it must assume them. But there is a certain lack of resolve on the part of the UN. It is essential that the military be listened to, be heard, that the UN not just adopt resolutions, hold debates and then engage in never-ending discussions, while its decisions are continually ignored.

Why are the UN's decisions systematically ignored? The answer is that the Serbs have got used to doing as they wish, without penalty. If a more stringent approach had been adopted initially, we would not be seeing the present parade of atrocities. A weak position leads to abuse, that is clear. So, either we are there and we do what we have to do, or we stay home.

I would also like to criticize the government for agreeing not to be a member of the contact group. The contact group is the main group, the operational group, it is where decisions are made, strategy is mapped out, criteria are adopted and military missions and instructions are agreed on. The Americans and Germans are there and they do not have any soldiers in Bosnia; we have 2,000 soldiers in the region and are not in the group.

How can the Canadian government agree not to be a member, not to have a say, not to take part in the decisions of this forum that plays such a vital role in the course of events there? I do not understand it.

**Some hon. members:** Hear, hear.

**Mr. Bouchard:** I would like to hear the Minister of National Defence tell us why he is not there today.

(1900)

Why is he not at the contact group tonight to tell the UN and his colleagues what it is that Canada wants to do to defend our Canadian soldiers who are now being held hostage over there? We should at least have the right to talk if we have the right to die.

**Some hon. members:** Hear, hear.

**Mr. Bouchard:** I will conclude by supporting what I perceive as the government's will to maintain our commitment in the former Yugoslavia, but we have to ask the government tonight to tell us clearly what its position is. I do not see how Canada's interest could be threatened or compromised in any way if the minister told us clearly tonight, a few hours before the meeting in Brussels, what instructions were given to the minister who will attend the meeting.

And if he finds that the instructions that the minister has received and the position that he will defend tomorrow in Brussels are not compatible with what the opposition wants, he must contact the minister immediately and change his mandate so that the Canadian minister who will attend the meeting can defend Canada's true position and Canada's true interest which, in this case, happens to be peace.

[*English*]

**Hon. David M. Collenette (Minister of National Defence and Minister of Veterans Affairs, Lib.):** Mr. Speaker, I welcome the debate this evening and the initiative of the leader of the Reform Party, joined by the Leader of the Opposition. I have listened intently to their speeches. They have made many constructive suggestions which the government will reflect on in the days ahead.

[*Translation*]

The situation in the former Yugoslavia is sad. A few days ago, 55 of our troops were taken hostage. One of them, Captain Rechner, is an hostage in the real sense of the word. But, in fact, they are all hostages.

[*English*]

They are all hostages. They are hostages to oppression, to invidious forces. They are hostages to an evil application of

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hostilities that have arisen over the past centuries and which have culminated today in a civil war in the former Yugoslavia.

[*Translation*]

Tonight, our thoughts are with our troops. Our thoughts are with each and every one of them; they are with the members of the third battalion of the Royal 22nd Regiment, based in Farnham and in Valcartier, in the province of Quebec. Our thoughts are also with their friends, who must be very worried. Our thoughts are with all of them.

[*English*]

The debate is taking place in the context of the deterioration of the situation in Bosnia for a third time, as I have just outlined and which has been acknowledged by the previous two speakers. We have seen Canadian soldiers treated in a most unfortunate way.

In the case of Captain Patrick Rechner, the image of a proud Canadian peacekeeper chained to a pole is something we could never have countenanced before and which has brought the level of conflict in that part of the world to a new low. It represents an escalation in tactics that are reprehensible. It constitutes an attempt to blackmail not just Canadians, because Canada is not the only country affected, but the blackmail will not work. The people of Canada and the Government of Canada and members of the House will not give in to blackmail.

The real questions are not why we are there or how we got there. Those were matters decided in another time in response to the fragmentation of what was then a very civil state in southern Europe. The questions tonight, as have been acknowledged by the leaders of the Reform Party and the official opposition, are really whether the mandate of the United Nations as presently constituted is still valid and if so, is it being properly discharged? Is it being discharged effectively?

(1905)

I do not think anyone believes the mandate is being properly discharged as was intended. If it is not, how can we reformulate the mandate to ensure its objectives are met and to ensure the safety of personnel, particularly our own proud Canadian soldiers who are acknowledged by all members of the House to be among the best peacekeepers in the world?

There is validity to this mandate. We sent peacekeepers to Bosnia and Croatia on humanitarian missions to help deliver aid to suffering civilians. We must not lose sight of the fact that, despite our natural outrage and the difficulties our troops are facing at the moment, there has been success with this mandate over the past three years.

When Canadians went into Sarajevo in 1992 Sarajevans were cut off, unable to receive food or medical supplies and were without safe drinking water. Canada helped open the Sarajevo airport. We have participated in an airlift which ensured huma-

nitarian assistance could be delivered. For months on months it was the one Hercules flight a day from Ancona, Italy going into Sarajevo amid bullets and other mortar attacks that delivered the aid.

Canada is justly proud of our soldiers on the ground and our air force personnel who have taken on those dangerous missions with Hercules aircraft, and our sailors who have been in operation sharp guard on the Adriatic coast. The three forces of the Canadian Armed Forces have been present and have discharged their duties effectively.

We have provided protection for relief convoys and refugees. We have monitored ceasefires in the safe areas of Srebrenica and Gorazde. Who can forget what Canadians 18 months ago did in going into Srebrenica and saving thousands and thousands of the Muslim faction in that safe haven? Canadians should again be justly proud.

I believe, perhaps because I am an incurable optimist about life, about humanity, that the detention of over 300 UN personnel at the moment including 10 Canadians is a temporary challenge. As I said earlier, Canada will not give in to blackmail, the international community will not give in to blackmail, but we will attempt to negotiate the release of our peacekeepers. We have succeeded in the past and I hope we will do so again.

Therefore, as long as the mission remains valid, and we have seen that validity as I have described over the last few years, if there are temporary road blocks, we must overcome them. We must deal with the problems, with the mandate and its application.

[*Translation*]

Given the current crisis, we must examine a number of conflicting elements in the UNPROFOR's mandate, mostly in terms of the safety zones, the no-fly zones and the use of force as support for our humanitarian assistance operations.

The current situation also brings to light the conflicting measures taken by the various stakeholders. The lack of a strong consensus within the security council and the contact group, some of the specific diplomatic initiatives undertaken and the differences of opinions expressed by the countries sending troops over there are among the elements that leave the door wide open to manipulation by the warring parties. Such an approach, which is too often defined by domestic political considerations and narrow national interests, can no longer be tolerated.

[*English*]

Perhaps we have failed by not speaking with one voice. Whether it is members of the contact group, the Leader of the Opposition and the leader of the Reform Party are correct, Canada should have been there. We cannot look back. We have to look forward. Even members of that group have not spoken with one voice. The true contributors have not spoken with one

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voice. That has invited manipulation on the part of certain factions in ex-Yugoslavia and it cannot continue.

(1910)

[Translation]

At this decisive moment for the future of UNPROFOR, Canada believes that three conditions are necessary for the international community to continue with the initiative.

Firstly, the multitude of approaches has created uncertainties which the warring parties have used to their advantage in their dealings with the various players. Consequently, the political process of negotiation must be reduced to a common denominator. The international community must develop a common position in these negotiations and speak with one voice.

[English]

We have to speak with one voice. Not just Canada and our allies in NATO but the entire international community.

[Translation]

Secondly, our collective effort should be spearheaded by an effort to re-establish a functional link between the negotiation process and the military operations on the front. As recent events have shown, a UNPROFOR devoid of its political mandate could quickly become a bargaining tool for the warring factions.

In such circumstances, each failure, each major obstacle encountered by UNPROFOR forces us to call into question its existence. To close the gap between the negotiation process and military operations, all of the players will have to work to improve co-ordination between the contact group and the countries contributing troops.

[English]

Whether we are let in the door of the contact group is not the issue tonight. The issue is there must be better co-ordination between that group and countries like Canada that contribute thousands of personnel.

[Translation]

Thirdly, the current situation has demonstrated that the parties in conflict rate UNPROFOR very low on the credibility scale. On the short term, Canada believes that the credibility and the viability of the peacekeeping forces depend on four factors: consolidating troops to avoid diluting or weakening the capacity of UN forces to defend themselves.

[English]

In other words, we have to consolidate our troops to better defend themselves and to be effective in their mission.

[Translation]

Once the hostage crisis is over, reviewing UNPROFOR's mandate, concentrating on activities which are most likely to succeed, given the resources currently provided to troops and their safety.

[English]

This crisis will end. It will take some negotiation. Once it is over we should revise the UNPROFOR mandate given the resources we all have as contributing countries and given the need for security of our forces.

[Translation]

The third factor is the withdrawal of military observers from territory under Serb control, in order to reduce their vulnerability.

[English]

Happily we have only two UUNMOs, unarmed United Nations military observers, in Serb held territory, Captain Ryan Lapalm and Captain Rechner. These two people have been captured.

As I said earlier, no matter how one slices it, they are all hostages. All of the 300 tonight are hostages to hostages to an unacceptable blackmail.

We probably have to think about the withdrawal of the UUNMOs in those areas to prevent this kind of occurrence again.

[Translation]

The last factor is the use of force to retaliate against violations of UN resolutions, including frequent air strikes to support the work of peacekeeping troops.

(1915)

[English]

In other words, it is the greater application of force where necessary and where our security is threatened, including air support. We have to make sure that the strict guidelines laid down for NATO air support negotiated last year are applied appropriately.

There is one thing I do disagree with in what the hon. Leader of the Opposition said and perhaps I am doing him an injustice in repeating it. He said that if we are going to die we should be part of a group to talk about our future, or words to that effect. I am sorry to have to paraphrase it. I have acknowledged the fact that it is regrettable we are not part of the contact group. Canada believes there has to be this greater co-ordination as I have

outlined. However we are not prepared to say that any of our Canadian soldiers will die in this crisis or in the future. Every single Canadian life is important. We do reject the notion that somehow we are on a downward spiral which cannot be stopped.

Europe has given us terrible crises and wars in this century. The area of the Balkans was the caldron for the beginning of the first world war. It was in August 1914 that Archduke Ferdinand was assassinated in Sarajevo in the middle of Bosnia which led to the catapulting of the European nations into what was then called the great war. The government and I fear that unless certain steps are taken, unless the UN succeeds and unless negotiations succeed we could be drawn into an ever greater conflict.

The leader of the Reform Party has said that perhaps it is time for us to withdraw. Do Canadians want to withdraw from a country that until two or three years ago was relatively civilized and which has contributed many people to our cultural and social mosaic? Do we want to let those people lapse into an abyss of hostility, brutality and torture as we come to the dawn of the 21st century? Do Canadians want to be part of that? Perhaps that would be one of the results of a UN withdrawal.

There are parallels today with what went on in the 1920s and the 1930s. We see throughout Europe and in our own country where the forces of tolerance are being strained. We see people persecuted for their beliefs and for the colour of their skin. We see phobias developing not just in Europe but also in North America. We see that lack of civility occurring every day on television. We hear it on the radio and read it in newspapers. Only a few weeks ago we saw graphic evidence of man's inhumanity to man with the bombing in Oklahoma City.

There are parallels with what western society is going through today and what it went through 50 and 60 years ago after the first world war. In those times the leaders, perhaps in their naivete, in their honesty went down certain paths. They went down certain paths of appeasement. They went down certain paths of retreat, of isolation. Do we want to do that again in 1995?

Those paths led to the second world war. They led to an even greater carnage where millions upon millions of civilians were butchered, were bombed. I saw the result of that growing up in London after the war. I saw those craters. I saw those kids without fathers. I never want to see that happen in my time. I do not want my son to be sent over to another European war.

I am not overdramatizing the situation. The situation is grave. It is serious. Let us not try to take the easy way out. As Canadians, let us try to talk this out to bring some of our tolerance and civility to that country.

(1920)

There is a reason that the Canadian peacekeepers are the best and that the Muslim faction, the Croat faction and the Serb

faction respect us the most. It is because we are a culturally pluralistic society which knows that discussion, compromise and accommodation can keep multi-ethnic, multi-religious and multi-racial societies together.

Canada has something to tell the world. Those peacekeepers currently are from the Royal 22nd Regiment, the third battalion, and of course the second battalion in Croatia, and we must not forget the work that it is doing. Others are from the service battalions and from other support groups, the transport groups. All those people are representatives of the values we all share as Canadians. Those values are of trust and tolerance, people who believe the world can be made into a better place.

Tomorrow there is the meeting of the foreign minister and my colleague the Minister of Foreign Affairs, who will be leading Canada's position at those discussions. I hope they will reflect upon the suggestions we make and which my colleague will make tomorrow to redesign this mandate, to make sure that we do not give up just because things get a little tough.

Canadians are justly proud of the sacrifices we have made in two world wars, in the Korean war and through countless peacekeeping missions. Over 100,000 Canadians lie buried in Europe. Over 100 peacekeepers have been killed in the last 40 years in the service of the UN. Those 100 peacekeepers did not die in vain because those UN missions prevented scores, hundreds, thousands of other deaths.

Only by the continuation of the UN presence in ex-Yugoslavia can we make sure that more deaths are prevented, that more hostilities, brutality and torture are prevented so that we do not go back to those days of 1992 where there was ethnic cleansing, butchery and savagery in the heart of Europe on the dawn of the 21st century. That is why Canadians must not give up on the UN mandate.

**Mr. Bob Mills (Red Deer, Ref.):** Mr. Speaker, I too want to thank the Speaker. It is important in something so critical as this debate tonight that we get the opportunity to express our views and the views Canadians are trying to express to their elected members.

I will start by asking why we originally went to Bosnia. I certainly do not want to dwell on it, but we were pulling out of Europe. We were closing our NATO bases. I believe it was an opportunity for us to simply convince NATO that we would just take a right turn and we would be still in Europe but we would now be in the former Yugoslavia.

I believe that in so doing we were camp followers. The red book indicated that we were no longer going to do that. We joined every UN mission we could get involved with regardless of of the criteria or whether we could achieve a goal.

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Most of us would agree that we cannot do that any longer. We have to develop a set of mandates. We have to look at and analyse what the criteria should be. We do that for a number of reasons.

(1925)

The original mandate in the former Yugoslavia was humanitarian aid. I do not think there is one person in this House who would not say they have the same sense of feeling seeing those children and women, those people maimed in the terrible war that has gone on.

I do not think the human atrocities we read about and see so graphically on CNN and other newscasts affect any of us any differently. They are terrible. It would be wonderful if they did not happen in the world, but the atrocities are still going on. They go on at night. Seventy young people are bombed because they all happen to be in a restaurant at the same time. Those atrocities make us question the mandate, they make us ask if we are really stopping anything in terms of humanitarian aid.

We also have to ask what we are doing about the peace process. Obviously we have encouraged and we have tried to help. We would do most anything. Our troops have done a wonderful job of trying to prevent the sorts of atrocities we have talked about. I do not believe we are delivering a peace process any longer. I do not believe there is a will for that peace. I am not even sure our presence is not prolonging a potential peace.

Some might say there would be massive killing. There might be, but maybe they do not have the stomach for that either. Perhaps they are simply carrying on with that killing in a slow fashion because we are there. It seems that one month one group is leading the charge and is ahead and then the other group comes along and moves ahead. We feel sorry for one side or the other, but I am not sure we are preventing or stopping any of it and that is the problem.

If we were at least keeping the warring parties apart, if we could somehow form that wedge as we used to do in peacekeeping, even then we could understand our role better. Each piece of the mandate seems to have fallen apart.

We are not able to deliver that humanitarian aid. It is not happening. We can feel terrible about it but we are not getting through any longer. The Sarajevo airport is closed. We are not getting supplies in. The UN peacekeepers are being fired on. They are all literally hostages. Some of them are confined to barracks. Some of them have mine fields around their barracks.

Warring parties are fighting now full bore and are going after each other. They are having spring offensives, summer offensives, fall offensives and the war is carrying on. I cannot

imagine being a peacekeeper and watching that sort of genocide. I cannot imagine not getting involved. I have to give our peacekeepers credit for not getting involved when they see that happening in front of them. It is obviously due to the discipline and training they have received.

The Canadian peacekeepers are the best in the world. We cannot debate that and it is not the issue. It goes without saying that we are grateful for their skill and ability. It certainly hurts us when someone says that we are running down the Canadian peacekeepers. None of us is doing that nor do we intend to.

Canadians are saying that enough is enough. They have had enough of this war. We have been there three years and we are no closer to peace today than we were three years ago.

We are sometimes compared to the French and the British. After all, we have the third largest contingency. However we cannot be compared with them because the French and the British are closer to home. They have naval forces and air forces there. They have brand new equipment. I know from talking to the British about the equipment they have that it does not compare to ours. Let us not be compared to them because we are different.

Consider the spiralling costs of this whole thing. What does it cost Canadians and what have we achieved with the expenditure of that money? The danger has increased in Bosnia. When I listened to the Prime Minister's speech last Wednesday he said that nothing much had changed in six months. I could not believe it. No one said that other than the Prime Minister.

(1930)

We have mentioned the lightning rod in this whole issue, which is the picture of Captain Patrick Rechner chained to a post at the ammo dump. That is the lightning rod that has Canadians involved in the issue. I do not think we can emphasize how much.

A similar lightning rod turned the Americans away from Somalia when they saw their GIs dragged through the streets. I do not think it is that much different. We feel patriotic and say: "That is one of ours they are humiliating". We feel the love of country and say: "They cannot do that to us. We cannot be humiliated that way". That is the feeling that wells up and that is why Canadians are now so involved in the issue.

The Reform Party warned that the war could escalate and time and time again asked: "Will this not happen?" The minister is right, we did start by saying: "Let us go and do what we can". However we came to the conclusion some time ago that we could not accomplish the mandate and we were not equipped to stay and carry it out.

As well, we have been assured there is a plan for getting our troops out. Assurances have been given four or five times during question period that there is a contingency plan in place. Canadians need to know and believe that. It cannot be just an answer to a question in question period. They want to know about the contingency plan, not that it will not work, but to know and have confidence that the plan is in place.

Canadians are shocked, outraged and humiliated by what is happening. Canada does not need a Vietnam. We talk about escalation. I want to quote from a CP story that came out at 3.15 this afternoon. "Britain with 3,300 troops in the UN force was to start sending more troops to Bosnia today. About 1,200 soldiers are to be sent within three weeks and 5,000 more were placed on alert for possible duty".

Canadians will ask: Why would we want to be in that escalation of this no win war? The Germans were in the former Yugoslavia, tried to subdue the problems there and did not succeed. Why would we want to get involved in any escalation, if the story is true? That is what people will be asking.

We must have a reason for being there. We have to feel that we are accomplishing something. No Canadians want a repeat of the scene of the past few days of the soldier chained to the post. That is the graphic lightning rod that gets people involved in this issue.

Look at what happened to the Americans. They pulled out of peacekeeping and will not go back for many years. It has hurt world peace because the American people responded so violently. We could say it was wrong that the picture appeared in every newspaper but it happened. Another picture has ignited emotions in the people of Canada. I really believe it is true. What do I base that on? Nothing large or scientific, just a feeling I get from what Canadians are saying.

I have been asking people, as well as the minister and many MPs, what they think. I will give a couple of examples. On a BCTV phone in show over 90 per cent of callers, over 3,000 people said: "Pull out"; 211 people said: "Stay in".

I was on the Anne Petrie show on Friday night and every single caller said to pull out. I was on four phone in shows today and every caller said pull out. Canadians are getting involved. They are concerned and are saying: "We are not prepared to risk Canadian lives for this cause". We should push for a multilateral withdrawal. That is the only obvious thing to do. However, I think the Minister of Foreign Affairs should be pushing for withdrawal, not escalation. The biggest thing we should be pushing for is negotiation. In that way we can make sure the situation does not escalate and involve the Russians, the Turks or the Greeks. That is where the diplomacy needs to occur. That is where the emphasis should be.

(1935)

I do not believe we should be waiting to see what the French President or the British Prime Minister are going to say. We can show some leadership.

The government says it will not cut and run. However, what we need to emphasize is that Canadians have served bravely for years. We have done everything possible to keep the warring parties apart and to try to get them to find some sort of peace. We have delivered humanitarian aid to the best of our ability and it has been great in some areas.

The UN secretary general has said that the UN mandate is not being fulfilled. We all agree with that. The hostage taking shows the Bosnian Serbs have no respect for UN peacekeepers. Withdrawal makes common sense and would in no way be a humiliation for Canada. We should emphasize that.

Canada is not a member of the contact group. The minister has said that is not the way it should be but that is the way it is. The Prime Minister admitted today that Canada was not consulted before air strikes were carried out even though the UN must have known what the Bosnian Serbs would do. It is a disgrace that Canadian lives are being threatened and the UN does not even consult us. That should not happen.

The government already has said that Canada will not withdraw. I then feel rather disheartened by this debate. If we are not going to withdraw then obviously the government is not willing to listen to any other ideas. It is sad that the government had to be forced to hold this debate. We were told: "Let the third party use one of its opposition days". More than just the third party is interested in this issue. Hundreds and thousands of Canadians are interested in this issue.

If the government learns nothing else, let us at least say that we must set some criteria. We must know how long we are going to be there, how much it is going to cost, the minimum goals that we will agree to, the conditions under which the mission will be scrapped and provisions for parliamentary approval of peacekeeping missions in the future.

As has been said many times, we cannot be the 911 number for the world. How many hot spots are there? What is coming next? We need those criteria now.

There are still opportunities for Canada. Canada should be in peacekeeping. We are good at it. We are proud to be peacekeepers. However, it must be targeted and the criteria must be in place. Although we would like to help out in Bosnia, all of the things we have seen have illustrated that we just are not able to be peacekeepers in that area any longer.

The Canadian people are demanding leadership from the government. It cannot bury its head in the sand and wait for Britain and France to make a decision. The UN mandate is a flop. Our peacekeepers are extremely vulnerable and getting more vulnerable every day. With no peace in sight the only fair

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thing for the government to do is bring our peacekeepers home. I know how difficult it will be. However we did have a president of the United States come to this place and say that he would help to make that happen. It is not cap in hand, it is reality and it is saving Canadian lives.

At the NATO meeting tomorrow the government should call for a multilateral withdrawal. It should work with our partners to bring it about as quickly and as safely as possible and then get into the job of negotiating. The emphasis should be on diplomacy. The emphasis for us has to be on what kind of future laws and administration we can put in place to prevent the atrocities that people visit on one another. We must do that in the world. I realize it is easier said than done. However, we must have that mandate. I believe we have to try. I believe no Canadian needs to hold his or her head down. I believe that those troops should and must come home.

(1940)

**Hon. Christine Stewart (Secretary of State (Latin America and Africa), Lib.):** Mr. Speaker, I am pleased to have the opportunity to participate in this emergency debate on the very critical situation which Canada and the leaders of the world face in Bosnia.

I am very pleased the government has lived up to its commitment to allow the House of Commons, the Parliament of Canada, to participate in an emergency debate in situations like this in anticipation of decisions which have to be made this coming week and in the weeks to come on this very difficult situation. It is not something that happened in the previous Parliament in which I participated and I am pleased that we all have the opportunity this evening.

Unfortunately, we do not have any Solomon or Solomina to enlighten us on a path through the darkness which we call Bosnia. It requires the opinion and the reflection of all of us to come forward with some ideas about how Canada can best move through the emergency situation with which we are confronted today.

Recent events compel us to confront the realities of the situation on the ground in Bosnia and our responsibilities as members of the international community. I welcome the opportunity. However, I would like to acknowledge before I begin to explain the values, the principles and the priorities of the government, the participation of many of my constituents and so many other Canadians in the Bosnian situation. They serve with pride and they deserve distinction in that arena as they do in so many other peacekeeping arenas around the world.

I have had the privilege of visiting some of our peacekeepers on the ground in different parts of the world. In our very simple, informal conversations together they cannot know the pride I

have in what they are doing and the gratefulness which I experience on behalf of myself, my family and all Canadians for the great contribution they make for us to the world and its peace.

We must first acknowledge that in the Bosnian situation the belligerents on the ground are well aware of the consequences of their actions and of the CNN world. The Bosnian Serbs have improved on the practice of Saddam Hussein in ensuring that their uncivilized treatment of UN personnel is broadcast repeatedly to every country whose soldiers are now held as human shields. Such barbaric practices, which the UN has rightly characterized as worthy only of terrorist organizations, are repugnant.

As the Prime Minister has underlined, Canadians are not quitters. We will not cut and run. We will not give in to blackmail. We will uphold those principles which the blue berets represent, unarmed military observers or UNPROFOR troops. Canadians have persevered through two other similar incidents. As we speak, our commanders on the ground and UN staff are negotiating the release of those held hostage and detained. However, all Canadians are surely right in asking: How did we and the UN come to this point? What can be done about it? How can we prevent a recurrence of these outrages?

My colleague across the floor just asked a few minutes ago: Why did we go to Bosnia? I consider that he gave a very cynical answer to that question. Canada was one of the first to call for UN intervention in the Yugoslav conflict. Canada has responded generously, both in support of direct humanitarian assistance and through our contribution of Canadian forces on the ground. Our aim has been to provide relief to the victims of the conflict and to help stabilize the situation so the negotiators could achieve a peaceful settlement.

(1945)

We will not take sides and our practices on the ground are recognized by all parties to have been exemplary. From the outset we recognized the risks. Each of the 10 deaths and numerous casualties has reinforced the reality that UN missions, especially in the former Yugoslavia, are not for the faint hearted.

We are committed to the UN mission in the former Yugoslavia provided our forces do not face unacceptable risks. The purpose of this mission is to help stabilize the situation on the ground and in so doing help create conditions where negotiations can succeed.

We do not accept that the outcome of this conflict on the doorstep of Europe should be solved by armed force, either by the Bosnian Serbs who control 70 per cent of Bosnia's territory or over time by the Bosnian government which despairing of the diplomatic process may hope to regain territory by force.

Hence we have consistently opposed the lifting of the arms embargo and have been resolute in supporting a series of diplomatic efforts aimed at achieving a negotiated settlement. That this has not yet occurred is not cause for despair but for continuing resolution.

Those who advocate a general withdrawal of forces seem indifferent to the risks of such a move; a rapid escalation of the conflict with the threat that it would spread north and west to Croatia, south to Kosovo and the former Yugoslav republic of Macedonia, beyond to involve NATO allies. Responding to such crisis would require a quantum leap in the number of forces and assistance Canada and its allies are currently providing in the former Yugoslavia.

The current crisis should also not obscure the very real achievements of UNPROFOR. The UN succeeded for many months in keeping the Sarajevo airport open for humanitarian assistance. At the local level, as any visitor to CANBAT II in Visoko will testify, UN blue helmets have brought vital humanitarian relief to the most defenceless of civilians such as those in the hospital for orphans in Fojnica.

Our intervention has meant the difference between local misunderstandings flaring into broader scale conflict. Canadians and other UNPROFOR forces have been carrying out this process of building peace from the bottom up by ensuring local ceasefires work, patiently and behind the scenes.

Perhaps our most notable success has been the endurance of the Croat-Muslim ceasefire, now over a year old and still holding. Patient negotiation that has meant local farmers could plant and harvest crops and the demand on international agencies to meet basic needs are increasingly being filled by normal commerce.

Our presence, as in Srebrenica, has prevented a recurrence of the gross violations of human rights we now know as ethnic cleansing and the deliberate mass rape of women as a means of pursuing military ends. Without UN eyes the sheer violence and destruction of this conflict would have been far worse.

We must acknowledge that short of a more comprehensive diplomatic solution, these local initiatives and successes cannot endure. The recent actions of the Bosnian Serbs strike at the very heart of the UN mission.

This is why Canada and our Prime Minister have been so active in recent days trying to ensure the mission continues with Canadian participation but with greater effectiveness and greater security for our forces.

I will outline some of the government's thinking at this point and welcome members' comments. We need to avoid the wide dispersal of troops on the ground. Once the current hostage crisis is resolved we need to concentrate our efforts on those parts of the mandate that we can actually achieve under the current circumstances.

We need to consider withdrawing UN military observers from territory where they have been repeatedly threatened and harassed. We are prepared to be more forceful on the ground in responding to harassment and violations of UN security resolutions within the means available to our forces on the ground.

The government and I believe all Canadians want to be actively engaged in the key foreign policy issues confronting the new, post-cold war era. In the Yugoslav crisis this has meant substantial commitments on the ground and substantial risks.

(1950)

We are not prepared to retreat when pushed. We remain committed to a solution which safeguards the rights of all communities within the states of the former Yugoslavia and a more secure and stable Balkans. In the final analysis, this is in our own long term interests as a multi-ethnic trading nation and a key partner in the community of transatlantic values.

**Mr. Fred Mifflin (Parliamentary Secretary to Minister of National Defence and Minister of Veterans Affairs, Lib.):** Mr. Speaker, I am delighted to participate in this debate tonight. It has been two months since we last debated this issue. I have listened intently to presentations. While I do not agree with all the aspects, they have been instructive. I think it is beneficial to the Canadian public to witness this debate. I do respect even the points I disagree with.

Very quickly I want to review where our troops are and how many are there, give some indication of the successes we have had to date and then give a personal aspect of this because I and other members of the House were in the area of which we speak last year, and because of the connection of the number of people from my province who are represented throughout the region.

I want to look at the participants we have in the area of ex-Yugoslavia. We have roughly 40,000 military personnel. Canada has 2,100 on the ground and 234 on the HMCS *Montreal* doing a patrol in the Adriatic. They are located in a number of main positions.

There are three main positions. A mechanized battalion group of 757 personnel is in southern Croatia. These personnel are involved in traditional peacekeeping, separating two closing forces. The next group is a battle group of 825 personnel near the Sarajevo area, actually stationed in the camp in Visoko which we hear was recently shelled. This group provides humanitarian aid, manning observer posts, the main group from which the hostages or detainees were taken.

The third group is a logistics battalion group in the southern part of the area based in Primosten. Its function is to provide logistic support to the other two groups.

In addition, we have a headquarters group in the Zagreb area and other areas. Basically we have a total of about 230 personnel acting as headquarters groups. We have 20 observers in various groups throughout the ex-Yugoslavia area which regrettably is

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the area the two hostages, Captain Rechner and Captain Lapalm, are from.

I say with the deepest of conviction the hearts of all members of Parliament go out to their parents and their friends and relations for the dedication and suffering they are going through. We certainly appreciate it and understand the difficulty.

It is very difficult to put into perspective, with the hardships and difficulty we are going through right now, what good we are doing. I want to recount a number of areas I and other members of the House are familiar with. We have spoken about the Sarajevo airlift. The Canadian forces have kept that airport open since July 1992. We remember CNN photographs of the difficulty these aircraft had landing under fire, unloading under fire and taking off under fire. It was not an easy situation. We had a total of 1,775 flights transporting more than 12,000 personnel and 25,000 tonnes of supplies. Most of this was humanitarian aid. The total dollar value was around \$60 million.

In addition, Canadian forces personnel have been actively involved in many humanitarian efforts up to and including the distribution of firewood, clothing, supplies and building materials to all three warring factions.

(1955)

The work has two purposes. The first is to provide much needed help to the local civilian population to which our hearts really go out. The second is to develop a sense of trust and goodwill between the parties and UN personnel, including the Canadian contingent.

I will give some other indications of the work that was done. I know some hon. members saw a situation in Vacovici where there was a hospital for mental patients. As a result of the conflict not too long ago the patients were murdered, raped and set on fire. It is almost too vicious to bring to the floor of the House. When we were there as part of the parliamentary special committee, Canadian forces were guarding the hospital to make sure the surviving patients were looked after. One would have to have a very hard heart not to be moved by this aspect of what we are doing in humanitarian aid.

On a daily basis Canadian peacekeepers do a lot to relieve the pain of children as well as handicapped and abused individuals. Last Christmas Peacekeepers left their base for the Filip Jakov hospital near Croatia's Adriatic coast, close to where the logistic group is, to hand out some 120 teddy bears and dolls to 65 children under the age of 15. That was a pretty great thing to do at that time of the year.

I cannot forget the sailors. HMCS *Halifax* provided aid to a refugee camp in Slovenia. Sailors are well known for their

generosity and donated about 50 bags of toys and clothing to the residents of the camp. Eight of them donated four days of their time to do general maintenance, including plumbing, carpentry, roofing and painting. Kitchen repairs were important, as all Slovenia refugee camps were required to buy and prepare their own food. These are some examples that we in the House should remember.

I want to go very quickly to some personal feeling about Canada's peacekeeping, continuing to peacekeep and be involved in peace operations. We all agree we are not talking about traditional peacekeeping operations or peace operations in the general sense.

I am very proud that when I was with the parliamentary committee of 15 members plus staff which did our investigation and spent time in Bosnia and Croatia 25 per cent of the group in Croatia and the main group in Bosnia were from Newfoundland. That is a large percentage. We make up 2.2 per cent of the population and 25 per cent were involved in these two main combat groups. In addition, the ships *Preserver* and *Halifax* were in the Adriatic at the time. It was roughly the same proportion, 25 per cent.

I do not want to draw any conclusions except to say this gives me licence to make some comment in addition to the general comment I would make as a parliamentary secretary.

There are three things that come to mind. While it was not in the former Yugoslavia, as a result of the mop-up operations from the gulf campaign, one soldier in my riding lost his foot in a mine clearing operation. My wife and I went to see his parents within two days after it happened. We were involved in bringing him home and setting up some rehabilitation. Initially we were with his parents for almost an hour and a half and never once did they mention they did not think he should be there. I was really struck by that. I saw them perhaps a dozen times in the course of the next year and a half. That last time was when their son was awarded the 125th anniversary medal. They did not mention it then.

On November 11 last I was in Port de Grave, a district of my riding well known for its fishermen. A gentleman came to me after I had conducted the business with the fishermen and said he wanted to speak to me. He said his son is in Croatia and asked if I could tell him what he is doing. I told him and he said he was proud his son is there.

Tonight I got a call from a minister of the Anglican church in Baie de Verde in my riding who said he knew it is a difficult decision but he believes we should stay there. Those are very important points, and in consideration of the number of Newfoundlanders involved I think they should be somewhat significant in the presentations we are making this evening.

(2000)

When we did the special committee work, which was eight to nine months of intensive work, we spoke with over 500 Canadians, received 350 submissions, met in 50 or 60 locations. The biggest decision we had to make was whether we would continue our peacekeeping efforts. The decision was yes, based on the evidence we received from Canadians.

It is not an easy judgment to make, but I believe we are there for a reason. It is not easy right now, but I believe we have to stay. I wish it were otherwise. However, there is a difficulty in doing anything other than staying the course right now. Right now there are two Canadian hostages and 53 Canadian detainees. They are being held by the Serbs. If we were to try to withdraw I would suggest there would be other detainees. It would not be an easy situation. We have the fifth-largest contingent out of 35 countries. I can only repeat what the Minister of National Defence said, which is that it is really important that we talk with one voice.

I believe we should stay the course, continue to negotiate, get over this very difficult milestone, and, yes, look at the mandate again and hopefully come up with a better solution for the former Yugoslavia, for Europe, and indeed for Canadians.

[*Translation*]

**Mr. Jean-Marc Jacob (Charlesbourg, BQ):** Mr. Speaker, I have listened to all those who have taken part in the debate and cannot help thinking of all that they said on February 25, 1994, when we started with a debate on the purpose of peace missions. Here again, we were talking about peace missions and particularly about Bosnia.

I remember very well that either the Minister of National Defence or the parliamentary secretary to the Minister of Foreign Affairs, the members of the Reform Party and the Leader of the Official Opposition reached a sort of consensus that peace missions should exist based on the information we had and what we had seen of the events in Bosnia and the former Yugoslavia. There was no choice but to maintain peace missions and, more importantly Canada's role at that point, which was a humanitarian role supplying food to the civilian population, which needed it desperately and continues to do so.

Today, the debate has changed context. The Reform Party is strongly recommending, I believe, if I have understood properly, that we withdraw Canadian troops from Bosnia and from the former Yugoslavia and that we continue negotiations through diplomatic channels.

I have some difficulty with this position, Mr. Speaker, and I will explain a bit what happens.

The initial discussion on this issue took place in February 1994. These troops, by the way, come in large part from the

Valcartier base, which is in my riding. On the weekend, I had an opportunity to meet the wives and mothers of soldiers who are involved in the conflict in the former Yugoslavia. Not once did I hear anyone say that these soldiers should not be there or that there was no reason for Canadians to be there. I heard something else, which I will mention during my speech.

Therefore, as I was saying, 15 months after the February 1994 debate, we are faced with a situation that is even more alarming than when we spoke in this debate. The situation is also a rather curious one.

This afternoon, during question period, I asked the Prime Minister to hold a debate before the contact group meets tonight and tomorrow morning, so that the House can express, through its discussions, a position which would reflect the views of people across Canada and what they expect of their leaders, as well as the opinion of the military personnel who have been there, and have come back.

(2005)

Then we realized, during the debate and listening to the defence minister's speech, that Canada is not represented on the contact group; in any event, through various channels, we can still have a certain influence. I would like to point out that four to six weeks ago, the defence minister was asked why, given that the Canadian military contribution was the fourth or fifth largest, Canada was not a party to the decision making process of the contact group.

I remember the minister's reaction. He mentioned that, indeed, it was a shame for Canada not to be part of this decision making group and that the Prime Minister would mention it during his trip, with the hope that Canada might take part in those discussions. I believe the Prime Minister forgot to raise the issue because, once again, Canada has been excluded from the discussions. The government policies are very laudable, as the Leader of the Opposition clearly explained. The *raison d'être* of peacekeeping and of the present mission of the Canadian army in the former Yugoslavia, in my view and in the view of the Bloc Québécois, is not at issue.

We do not doubt the usefulness of peacekeeping missions nor the effectiveness of Canadian peacekeepers. In fact, as the parliamentary secretary to the Minister of National Defence said earlier, we had the good—or bad—fortune of spending a few days with Canadian peacekeepers in the former Yugoslavia, which probably convinced us even more of the usefulness of their actions.

Travelling in an armoured vehicle and seeing five and six year old boys and girls as well as people working in the fields stop to blow kisses or wave whenever a UN armoured vehicle went by, I realized that these people feel grateful for the positive actions of UN peacekeepers from Canada and other countries.

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This debate was requested by the Reform Party. We supported their request, although not exactly for the same reason. As the Leader of the Opposition pointed out, we are in favour of maintaining Canadian troops and peacekeepers in the former Yugoslavia. We could even go back to what was pointed out by the parliamentary secretary to the Minister of National Defence. Indeed, the Standing Committee on Defence spent several months reviewing Canada's defence policy; the Bloc Québécois, for its part, tabled a dissenting report calling for the reform of UN peacekeeping missions, for an overhaul of the Security Council, and for clearer peacekeeping criteria.

The comments made by the government through the minister and the parliamentary secretary to the Minister of Foreign Affairs show that they have not progressed beyond wishful thinking. They want more concentrated forces, whether it is Canadian troops or all UN forces. We must keep in mind that when Canadian troops left in March as part of the rotation, we asked the UN to keep them together in the Primosten region of Croatia, so that they could fulfil their role in preparing humanitarian convoys and carrying out humanitarian missions.

We realize that, once again, they did not really listen to us. I understand that the conditions are difficult and that the Bosnians, who are using Canadians as an insurance policy in Visoko, might not accept our departure.

(2010)

I realize that the Serbs are taking advantage of the situation. We will remember that, for months on end, a French speaking Canadian of whom we should all be proud—I am referring to General Dallaire—had been saying that the UN had lost its credibility. The Minister of National Defence himself recognized a moment ago that the credibility of the UNPROFOR and UN missions had decreased sharply.

The Serbs have defied some 150 or 200 UN resolutions, figuring that they had nothing to fear since the UN passes resolutions but does not enforce them. General Dallaire often indicated that the reform process should be intensified and steps should be taken to give this mission and any further mission credibility.

This advice was overlooked and I cannot see in the government position, as stated by the defence minister or the foreign affairs parliamentary secretary, anything more than lip service. The minister spoke of the diversity of approaches being taken, causing some confusion in the negotiations with the Serbs, or the Croats, or the Bosnian. I do not think that the diversity of approaches is to blame, but rather some degree of *laissez-faire* within the UN.

I clearly recall a statement the Canadian Minister of Foreign Affairs made in New York last summer to the effect that the UN

should undergo reform, going as far as suggesting that a standing response force of sorts be established. The Bloc Québécois supported this idea but it would seem that the defence minister used doubletalk at a time when the Canadian government should have had a single voice.

I would like to add that I do not think that the Quebec and Canadian troops deployed over there are not proud to be there, as both the minister and the parliamentary secretary mentioned earlier. Among them are some 1,800 troops from the base in Valcartier. I have met members of their families. This is a second or third tour of duty for many of them and all of them are proud to do what they have to do. They are proud of what they have accomplished as well.

At times, they find the limited latitude and flexibility the UN gives them frustrating. Some individuals made revelations upon their return and there have been descriptions of barbaric acts said to have taken place in this region of the former Yugoslavia. Unfortunately, during that period, some journalists exploited the situation and said that peacekeepers were there to count the bodies. I think that some individuals were very affected by the atrocities, the killings and the bloodshed which they witnessed, as well as by the fact that they could not intervene.

Today, we expected to hear that Canadian peacekeepers would remain in Bosnia because Canada agreed to carry on that mission. The troops participating in this exercise are proud to do so. They were not forced to do it. They are there of their own volition because this is their job and they want to do it. However, they have been asking for a number of things for months and even years. In that regard, the government should have shown more leadership vis-à-vis the UN or UNPROFOR.

It is a fact that Canada, and consequently Quebec and Quebecers, is the country which has participated in the largest number of peacekeeping missions since the UN was established.

(2015)

Canada has gained expertise and, as mentioned by a government member, Canadian soldiers are undoubtedly the best in that role. However, they too are asking their government to show some support and leadership. They want more leeway in terms of their power to intervene. Unfortunately, given the four criteria mentioned by the Minister of National Defence, I do not really see how their situation will improve.

The Leader of the Opposition mentioned that if Canadian soldiers have the right to die when they take part in these missions, they also have the right to a voice on the contact group, to a say in UN decisions.

On a number of occasions, we have asked about the measures being taken to ensure the safety of certain individuals and so on,

and the government members have said that discussions were being held with members of the Security Council or the contact group.

Given the importance, the expertise and the talent of Canadian soldiers, I have great difficulty understanding why Canada is not represented on the contact group, which is negotiating what is taking place on the ground where Canadians are present, and why it can express its opinion only indirectly.

Even this afternoon, the Prime Minister told us that in the case of the decision regarding air strikes, he was consulted only indirectly. This is all becoming a bit troubling. There is something else we should be thinking of—and many have spoken about it—but with respect to the families of these soldiers, at the risk of repeating myself, I have yet to hear, after the events that have taken place, a mother, wife or brother telling me: “Pull them out of there, it makes no sense, we cannot leave them there”.

On the other hand, I have heard that there should be greater latitude, and improved equipment, communications and protection for these soldiers. Having worn a bullet proof vest and a helmet, I would suggest that, instead of wasting money on submarines, we see to it that our soldiers are properly equipped for our peacekeeping missions.

In closing, I would like to stress in this debate that in the current context of austerity, the public is finding it difficult to understand why we are sending troops. The public realizes that there are humanitarian grounds, but still has difficulty understanding why we are doing it, given Canada's current financial woes. The public would also like to see that if Canada really is going to take a leadership role, that we enforce it and make it stick.

I would also like to stress that the Bloc Québécois, as the Leader of the Opposition already said, wholeheartedly supports the soldiers stationed in the former Yugoslavia, who, for the most part, come from the Valcartier base. I admire the role that these people are playing—I saw it with my own eyes. I also admire the courage of the families of these people who are currently in a relatively difficult situation.

Lastly, I urge the government, through the Minister of Foreign Affairs, the Prime Minister or the Minister of National Defence, to take a leadership role in the UN, and to stop beating around the bush and waffling in discussions. We know very well what modifications Canadian generals requested regarding the UN. We know very well that the Canadian contingent which replaced the other one asked for a concentration of forces. I think that Canada should make this a condition for its continued support. Moreover, before participating in any other peacekeeping mis-

sion, Canada should carefully consider its conditions, and stop going about it piecemeal, as it unfortunately does all too often.

(2020)

[English]

**Mr. Ted McWhinney (Vancouver Quadra, Lib.):** Mr. Speaker, I am grateful for this opportunity to intervene in a debate that has been carried forward at a very high standard and in a spirit of constructiveness. It has a special interest for me as an international lawyer, very briefly as a flyer when I hear politicians calling for air strikes, and not least as somebody who has known the former Yugoslavia over a period of 30 years. I have had the privilege of lecturing at the universities and academies in Croatia and in Serbia on federalism and how to keep the state together, because it was inevitable that once Tito died it would go. I have been most recently in Macedonia meeting with government officials and lecturing to the University of Thessaloniki on post-succession Yugoslav problems.

There are two problems that need to be separated. One problem is the immediate and short term one, which is getting our peacekeepers who are being held hostage out safely. That is a short range problem, which calls for special skills. I must compliment the minister on what seems to be the government's approach. I just came in by plane and am dependent on press reports. We are exercising quiet diplomacy, and that may include bilateral talks with people in the vicinity, with para-governmental groups in Belgrade and elsewhere. It is a very necessary part.

I do hope that the government will persuade some of our friends and associates who talking about air strikes, particularly when one has no ground forces oneself in the locality, is not the most constructive way of getting the present peacekeepers home safely. Quiet diplomacy on this particular issue has its merits.

I want to return to the larger problem, which is the problem of the breakup of the former communist republic of Yugoslavia and what to do about it. I appreciated the valuable comments of the leader of the second opposition party and his suggestions for international law making. I would simply say, as an international lawyer, that the larger issues he raised are already covered quite adequately by the law of war and there is nothing a UN resolution would add. In fact UN resolutions, according to most views, are not law making; they are declaratory. If it becomes a weak consensus resolution it is possible it could damage the quite specific and in my view quite mandatory provisions of the existing law of war. However, the suggestions he made were constructive, and I think reinforcing the existing law is something the government would want to take notice of.

The problem with Bosnia is the larger problem of an artificial state that was created by two great congresses, one in Berlin in 1878 with the threatened breakup of the old Ottoman empire,

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and again in Versailles in 1919 in the World War I peace treaties and the special ones that related to the creation of the new multinational state of Yugoslavia.

It was apparent, since that state required compromises to create it and required in many respects a strong authoritarian government to keep it together with the royalists between the two world wars and Tito's government under the communist regime, that if it broke up the territorial frontier and other settlements that were included in it would have to be re-examined because they did not follow natural ethnocultural lines or even necessarily recognize the lessons of the quite different histories of the disparate parts.

One of our problems here is that we have been operating and the UN has been operating under the guise of a classic peace-keeping operation, but the issue of political motivation has come in. It is inconsonant with peacekeeping in the classical sense to have a particular political agenda. I think one of the problems has been that several of the main players have had a political agenda, which has not necessarily been fully thought out.

I have not been happy from the beginning with the UN proposals, which seem to me to run in the face of all the teachings of good federalism and constitutionalism for multinational states.

(2025)

I was not happy with the U.S. policies once they left the original Eagleburger proposals for keeping the old multinational state together. That led to some strange decisions on the Skopje republic and elsewhere that we now in a certain sense have to live with.

I think the western European powers too tended to revive conflicts pre-1914 when the Quai d'Orsay and the Wilhelms-trasse had competing views of the future.

Our Canadian position is one entered into by the predecessor government. I think it was entered into in good faith but hurriedly and perhaps naively not insisting on a clear definition that if there was to be a political mandate what it would be, and participation not merely in the definition of the mandate but in its redefinition and restatement to meet changing political conditions. I think that is where a good deal of the problem lies.

I would raise again the position we put forward in Parliament in March debate. Facts are created by actions of states, and once Canada entered into the Croatian-Bosnian situation the normative quality of the facts took over. We have become players, and it is not a situation we can abandon overnight without notice to all the people who are dependent on us. It would be dishonourable and it might create more chaos than I think would come from pursuing other alternatives.

While the government is looking for advice, and in the spirit of constructiveness that I think both opposition parties have shown, let us look to what can be done for the future. I think there must be effective Canadian participation in the political decision making in the future, including participation in the issue of whether to have air strikes. That is something in which Canada must be involved. It may be too late, because constitutional machinery has a life of its own, to become part of the contact group, although that can be explored, but new and parallel decision making structures can be created and it is my understanding that our foreign minister at the moment is pursuing that in Europe. It seems to me that if we maintain the commitment that must be a necessary corollary of it.

I would stress again the need for a comprehensive plan for post-communist Yugoslavia. I think it was a mistake to get into the business of the breakup of Yugoslavia without clearly defining the territorial frontiers of the new entities or without, in the alternative, setting up an objective process for establishing those frontiers in the future. Adequate means exist under international law for the definition of territorial frontiers. There are international courts and international arbitral commissions. Indeed, I have argued before that the Versailles related treaty and Saint-Germain-en-Laye provide just such a machinery.

One of the great advantages, if we can get agreement on establishing the process, is that we make an ally of time. In essence, the situation becomes jelled legally and the parties can work together and bring their arguments forward. However, I do not believe we are going to get a lasting conclusion in the Balkans until we get a global view, in the regional sense, of the whole Balkans and what we are going to do with post-communist Yugoslavia. It is not our fault that this was not done in 1990-91. The previous government made the decisions and the present government honoured those obligations. It could do no less, as they were entered into by the previous government. We are a part of the situation. We are players. I am happy to say that we are not players in the sense that the Americans were in the Vietnam war, caught and sort of dragged along by the currents of history.

I think the essence of Canadian policy is that we are pragmatic and that we re-examine. In the short range, let us talk directly where we can in terms of getting our peacekeepers out safely and soundly, but let us consider the long range issue as well.

**Mr. John Bryden (Hamilton—Wentworth, Lib.):** Mr. Speaker, I would like to begin by saying that I agree wholeheartedly with the leader of the official opposition and my own minister that we should keep our troops in Bosnia as long as possible, as long as it appears they are saving lives. In the context of the hostage taking, I think we have another reason for firmness. We must show the world and certainly countries like the former Yugoslavia that the civilized world even in situations

of war will not give in to tyranny, blackmail and barbarism. That is what we are seeing with these hostage takings in Bosnia today.

(2030)

The member for Calgary Southwest made the observation in his remarks that Canada should be going to the United Nations and seeking some kind of special resolution that would condemn hostage taking as a crime against humanity. I certainly sympathize with his remarks in this regard because we are appalled by what has happened in the former Yugoslavia. I do point out that there are already United Nations statutes on the books that make what is happening in Bosnia today a crime.

I refer to the Universal Declaration of Human Rights which comes out very forcibly against this type of hostage taking. I refer also to the International Convention against the Taking of Hostages, again a United Nations document that very clearly condemns what is happening in Bosnia today. Most especially I refer to the Geneva convention relative to the treatment of prisoners of war. The reason I cite that is that the two other pieces of international legislation deal essentially with the taking of civilian hostages. The Geneva convention relative to the treatment of prisoners of war deals with military personnel.

I realize in this instance the UN personnel, the Canadians and the soldiers from France and other countries are not combatants in Bosnia. They are quite the opposite. It would be normal, seeing that they are military personnel, to accord them the same rights as would be required had they been combatants and had they been captured by the troops of either side but in this case, the Bosnian Serbs.

I would like to read an excerpt from the Geneva convention relative to the treatment of prisoners of war which will put some of what is happening in Bosnia in context. Article 3.(1) deals with a war situation, and certainly we have a war situation in Bosnia at this time. It begins: "Persons taking no active part in the hostilities, including members of armed forces who have laid down their arms and those placed hors de combat by sickness, wounds, detention or any other cause shall in all circumstances be treated humanely".

It goes on: "To this end, the following acts are and shall remain prohibited at any time and in any place whatsoever with respect to the above mentioned persons: (a) violence to life and person, in particular murder of all kinds, mutilation, cruel treatment and torture; (b) the taking of hostages; (c) outrages upon personal dignity, in particular humiliating and degrading treatment". We have certainly seen an instance of humiliating and degrading treatment with one of our Canadian soldiers chained to a post in Bosnia. Finally, "the passing of sentences and the carrying out of executions without previous judgment pronounced by a regularly constituted court".

If our peacekeepers are killed because there is a NATO strike and the ammunition is dumped where our soldiers or any other

peacekeepers are chained to posts, then I submit it is certainly a crime against the Geneva convention relative to the treatment of prisoners of war.

There is an irony here if we look at the historical context and go back to the second world war. The Geneva convention I made reference to springs out of the 1929 Geneva convention. The situation in the second world war was that Nazi Germany by and large applied the rules of the Geneva convention relative to the treatment of prisoners of war on the western front but ignored it on the eastern front. When the Germans invaded Yugoslavia all kinds of atrocities occurred. The result of that was the situation of ethnic hatred and the killing and brutality we now have in Yugoslavia.

(2035)

In the context of what is now happening in the former Yugoslavia, we come back to Captain Rechner who we saw chained to a post. I take the words of the Minister of National Defence very much to heart.

Captain Rechner is an example of civilized military behaviour in a country that has lost sight of civilized behaviour, where brutality and tyranny has a grip on the people. I know I cannot show it but I have a picture here of this young man, Captain Rechner, with his arms around a post and he has a look of defiance. This is not a defeated soldier. This is a soldier who is winning. It is a message to the world.

I very much support what our Canadian peacekeepers are doing over there. We can be very proud of them.

I would like to address another point raised by the minister of defence. He said that Canada, along with some other countries involved in Bosnia, has to reconsider the UN mandate. I would like to give him certain words of caution.

He made three points. He said there may have to be a reconsideration of the conditions of the use of force. He suggested that possibly more air strikes might be permitted. I suspect, although he did not actually say it, that he is also talking about broadening the rules of engagement for peacekeepers over there so they can defend themselves in a broader range of circumstances rather than being captured quite so easily.

The second point he made was to withdraw the unarmed observers. I am not sure that is a good idea either. Again, those unarmed observers are an example to the Bosnian Serbs that we are a brave country that believes in peace and we are not afraid to go out and enforce peace. We might send the wrong message if we take those unarmed observers away, even though they are at great risk.

Finally, he made the point that troops might be deployed to better defend themselves. I would like to combine that with his point about using a bit more force and remind him that throughout the history of this kind of warfare, this has been a formula

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for escalation. There is always a danger in telling soldiers that they can step up their violent response a couple of notches. What happens is that the response from the belligerents increases in violence as well. There is a classic example in recent history of this type of thing occurring.

The problem is that if Canadian peacekeepers are concentrated in one defensible position, it becomes more of a target for the type of action which has occurred over there recently and it becomes a costly target. It becomes a temptation to attack that target in order to involve the countries in rescuing the target.

I point to the example of the experience of the French at Dien Bien Phu in Vietnam where there was an enclave and the French put everything they could into it. The terrain was very similar to that of Bosnia. It eventually collapsed.

I present a word of caution and I hope the defence minister and the cabinet will give very, very careful consideration to the dangers of any kind of escalation.

I conclude by saying that the example of bravery on the part of our Canadian troops goes further than guns will ever go in establishing peace in that land. Canada has a long tradition of requiring bravery of its soldiers. That bravery ultimately saves lives.

**Mr. Jack Frazer (Saanich—Gulf Islands, Ref.):** Mr. Speaker, in commencing my remarks, I would like to advise the House that I will be splitting my time with the hon. member for St. Albert.

I am pleased to participate in the debate tonight because it appears to be a non-partisan debate. It is one that is of genuine concern to Canadians and one that should be treated as a Canadian problem to which all of us are keen to find a solution.

(2040)

It is important to point out there is a substantial difference between a retreat from a battle that is being lost and a withdrawal from an operation that is not succeeding. There are many comments made that the UN, if it should withdraw its troops from Bosnia and the former Yugoslavia, would be admitting defeat. I contend that is not the case at all. The UN would be recognizing that what we are doing right now is not working and therefore, we have to try something different.

The fighting in the former Yugoslavia broke out in the summer of 1991 when Croatia and Bosnia declared independence. Canadian forces were committed in April 1992, supplied initially from our Lahr detachment. They went first to sector west, then were subsequently moved from sector west to sector south.

I would like to point out the excellence of our Canadian troops. They were asked to do this because no other force there was considered capable of doing it. The force that did this move in record time was a force of combined regular and reserve soldiers, in fact a very high percentage of reserve soldiers. As a result of doing it, they were awarded the commander's commendation.

Our commitment in the former Yugoslavia was to peacekeeping in Croatia and to humanitarian assistance in Bosnia. We also committed a logistics battalion to the Dalmatia coast at Primosten.

Canadians have been involved in all aspects of the operations in the former Yugoslavia. We have a large contingent in Zagreb which provides co-ordination and administrative support. We have ships and have from the start had ships committed to Operation Sharp Guard in the Adriatic. At one point we had a supply ship and a frigate. At the moment, HMCS *Montréal* is in the theatre and I believe it will be replaced by HMCS *Ville de Québec* in July.

Also supporting Operation Sharp Guard were Aurora aircraft, two aircraft from the home base at 14 Wing Greenwood, Nova Scotia and two from 19 Wing Comox, B.C., on rotating commitments. This commenced in September 1993 and ended in May 1994 but has just been renewed for a four-month tour. There will again be two CP-140 Aurora maritime patrol aircraft patrolling the Adriatic Sea in support of operation Sharp Guard.

The Parliamentary Secretary to the Minister of National Defence has referred to Air Bridge, the resupply operation which has brought absolutely crucial supplies to the relief of not only people in Sarajevo, but throughout Yugoslavia. They have in the period of their commitment since July 1992 moved 11,600 passengers and 23,150 tonnes of relief supplies to Sarajevo. To give some indication of the mammoth task, a Hercules will carry only 20 tonnes at a time, which is well over 1,000 flights in and out of a very critical airfield that is quite often subject to harassment fire and direct fire.

Our personnel with the airborne warning and control system in Geilenkirchen have been supporting operation Deny Flight which is to keep the air forces of the factions in Yugoslavia out of the fight. With one small exception which ended very quickly, they have been absolutely successful in doing that.

Furthermore, Canadians were among the first deployed to Macedonia in one of the most successful operations to prevent the escalation. This has worked extremely well and we only hope it will continue to do that. Canadian forces are not only well trained, they are well respected. We operate in the only area, I believe, where a UN force is contending with all three segments of the population in the former Yugoslavia, the Croats, the Serbs and the Muslims. It is difficult to do that because they

look with great suspicion on the armed forces there as to whether they are showing favouritism or bias to one or the other elements.

(2045)

Canadians have proven and established themselves as reliable to the three protagonists. As a result they are able to effect a far greater degree of resolution of problems than some of the others committed to areas there.

This has not been an easy situation for Canadians. We have 2,600 people basically committed to the area in question. Our people have been harassed. On three different occasions hostages have been taken. Early on almost a dozen were held hostage by some drunken Serbs who fired not at them but around them and really got their attention.

We had 50-odd held hostage in and around the town of Ilijas before and once again we are finding ourselves with 53 in that area curtailed and 2 others, 1 in Sarajevo and 1 in Pale, who are actual hostages.

This seems to prove the UN under the current circumstances is impotent. The UN established six safe areas at Bihac, Gorazde, Sarajevo, Srebrenica, Tuzla and Zepa. We all know what happened last week. There was an artillery shell into Tuzla and 70 people were killed. Every day in Sarajevo people are wounded or killed. In Srebrenica the same thing happened. This seems to happen because there is no respect for the UN capability to respond and prevent this. That was also evident when the UN agreed to the air strikes against the ammunition dumps, and the Serb reaction was not only predictable, it was almost automatic.

This is an indicator that the UN has to rethink the way it will attack or move to resolve the Yugoslavian situation. The suggestion from the Reform Party to withdraw Canadian troops and preferably all UN troops is not to say we want to wash our hands of the whole area or wash our hands of the situation. That would not be right and proper. We are saying this is not working therefore find a better way to do it.

It could be said if we withdrew all UN forces from the former Yugoslavia that air power, the ability to survey and strike against actions by any of the three protagonists which were contrary to directed input from the UN, could be quickly struck and would show very quickly they cannot do this without retaliation. It would take away from the Serbs or the Croats or the Muslims the ability to take a UN hostage and therefore say: "You cannot do this or you will lose your hostage".

The government seems to have failed to establish criteria for what Canadians are supposed to achieve. There are no measurements scales that say we are winning, losing, we are accomplishing what we went there for. All we see really is that we are there

for peacekeeping in Croatia, humanitarian assistance in Bosnia and that neither one is working particularly well.

We also hear different messages. We hear the minister and the Prime Minister say air strikes are okay. We also hear from our UN ambassador that the Canadian government is opposed to punitive air strikes against Bosnian Serbs and that air strikes as NATO carried out last week were not useful. It would be nice if everybody were on the same net.

In responding to our UN ambassador's statement, Bosnian UN ambassador Muhamed Sacirbey is quoted as saying: "Those who are not prepared to fulfil their mission in Bosnia-Herzegovina to defend their troops, to live up to their commitment to defend the safe areas do not have any business being in Bosnia".

I do not believe Canadians think Canadian peacekeepers should have to defend themselves. They are there to keep the peace. They are not there to attack or subject anyone. Why should they have to defend themselves?

(2050)

There is a misunderstanding in the groups there. Surely the UN has to rethink its approach to actions in the former Yugoslavia. I am concerned about the indication that French and British forces will upscale their commitment to the former Yugoslavia. What will this mean? Canadians in the former Yugoslavia are not adequately equipped to participate in a full scale war. If it goes to an escalation they will be in a very precarious position.

What the minister has proposed is a step in the right direction, to withdraw our people from very exposed positions, to consolidate our resources into a more defensible posture.

The answer for Canada and for the United Nations is to say withdraw our forces, establish what we will do and then set that mechanism in motion so we can resolve the situation in the former Yugoslavia.

**Mr. John Williams (St. Albert, Ref.):** Mr. Speaker, I rise tonight to take part in this serious debate about our situation in the former Yugoslavia.

I will start by paying tribute to all the Canadian peacekeepers who have been to Bosnia, who have put their lives on the line for the Canadian reputation as peacekeepers, the soldiers who are there today who have their lives on the line as they represent Canada in a peacekeeping; especially for Captain Rechner who, as we all know, is chained to a pole, whose life is in very serious danger. The hearts of all Canadians go out to him and to his parents in this time of trial he is facing.

Every Canadian has seen his face in the papers and it has been a heart wrenching experience for all of us. We are proud of the way our soldiers have been acting over there.

Canada has a great history of peacekeeping. We created the idea 40-odd years ago. Former Prime Minister Lester B.

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Pearson was awarded the Nobel peace prize for the creation of the peacekeeping forces he had championed.

As Canadians we have kept that commitment over the years. We have kept the peace in many parts of the world. We have been in dangerous situations around the world but we have always given what Canada has become noted for and what we are great at doing, offering our soldiers to make the peace and to keep the peace.

There is no peace in the former Yugoslavia. There is no peace to keep and there is no peace to make. That part of the world does not have a tradition of peace. Its history goes back 1,000 years, and much of that is a history of people at war.

Twice this century alone we have seen genocide in that part of the world as one ethnic group fights the other. The result is atrocities, millions dead and another generation of people born with hatred in their hearts. Hatred, bigotry, racism and prejudice are very much part of the social fabric of that part of the world.

I call it the social earthquake zone where the Slavic nations from the north and the Germanic races from the northwest and the Muslim races from the east come together and that is why we have the fractured situation in the Balkans with small ethnic groups here and next door an ethnic group of entirely different extraction. With the racism, the bigotry and the prejudice in that part of the world it takes a Herculean effort to keep them apart and from going at each other's throats.

If we take a look at what has happened over the last number of years since the second world war, we have now recognized there always has been that underlying current of ethnic violence and hatred kept in place by a very strong government.

(2055 )

When that passed away a few years ago the nationalism and the hatred rose to the surface again. They were back at it again for the umpteenth time. This is not something new or something strange to the history of that part of the world.

Try to remember the western world could not really tolerate the idea of a civil or ethnic war in Europe. We have seen it in other parts of the world, in Africa and Asia and so on. We said these things happen in that part of the world but it does not happen in Europe. Let us send a few soldiers in. Let us put the lid on this situation because it is Europe, it is civilized and these things do not happen anymore, 50 years after the second world war. In a couple of months the boys will be back home.

We did not look at history. Because we did not look at history it repeats itself and we are caught wanting again because we now find we are embroiled very much in a situation that has no real resolution.

In Canada we pass laws saying we shall not discriminate and it is illegal to be prejudicial. Yet it is absolutely systemic in the way of life over there. We were caught unprepared because we did not look at the history or the traditions. We thought they were like Canadians, tolerant, peaceful and willing to live side by side with their neighbours, which they had done for some number of years because a strong government kept a lid on it. When that was removed it was painfully obvious the hatred that had been there for many generations was still there. Given the slightest opportunity, which they were, the hatred rose to the surface again.

For the dream of a greater Serbia for the Serbs and for the Croats who had committed the atrocities during the second world war and so on, the recipe was there. We walked into it with our eyes open and yet we could not see it. Now the lives of our troops are very much on the line as we speak tonight. Their lives are very much at risk because this government and the previous government walked in, eyes open, and yet were blind to what would happen.

The minister of defence said he will not submit to blackmail. This is not blackmail. The minister of defence is playing Russian roulette with the soldiers of Canada over there who he says are doing peacekeeping duties. However, I can assure the House, as every Canadian knows, there are no peacekeeping duties in the former Yugoslavia. Those men and women are fighting to protect their own lives as they try and help others. The point is this Russian roulette has to stop.

A young soldier's photograph we saw in the newspaper today, brave, defiant, disciplined, a soldier who makes every Canadian proud. We certainly cannot be proud of the Canadian government's policy that keeps our soldiers over there and keeps sending more.

Discretion is the better part of valour. It is the minister's discretion that keeps them over there and it is our Canadian soldiers' valour that keeps the image of Canadians high and makes us proud of their efforts while the government has the opportunity, the capability, the decision making powers to say bring our soldiers home. That is what it should be doing today.

I do not see any point whatsoever of endangering our soldiers, our men and women who were brought up in an atmosphere of tolerance, sending them over there with the expectation that they will provide humanitarian assistance to women and children. We cannot even get the humanitarian assistance in. Local soldiers are acting like barbarians. They are disregarding every rule of war and law in the books today. We have seen torture and various other criminal acts committed. These are the types of things that have nothing to do with peace. That is why I join with my Reform colleagues in calling on the Minister of National Defence to bring the soldiers home.

(2100)

**Mr. Leonard Hopkins (Renfrew—Nipissing—Pembroke, Lib.):** Mr. Speaker, as I sat in my office for a few minutes this evening putting some notes together, I could not help but note the seriousness with which the House was taking this debate. Members who have spoken have done so with their own convictions, beliefs and feelings. Important debates such as this on external affairs and on the United Nations must be treated in depth with all the seriousness which these occasions deserve.

I want to repeat something the minister said, which is that every single Canadian life is important. I am sure that if we took ourselves into the homes across the country of the people who are thinking of their relatives in the former Yugoslavia, some of whom are in captivity, we would realize the feelings of those families, those relatives and what their friends are going through. Every Canadian life is important and every Canadian would believe that every one of their allies' lives is important too.

Families of military personnel are watching the debate tonight. Some of them will be watching it with well informed opinions because many have had family members who have already been there and back, some a couple of times.

One thing has come out in the debate tonight which I feel is extremely important in international affairs. It cannot be underlined enough because it is part of a chain of command. The contact group must speak with a united voice. The contact group must speak with resolve. The contact group must speak with a political will. It must speak with one voice. Collective links must be put together, co-ordinated and followed. Any enemy will discern the weakness in the armour of those whom they face. There is no greater gift tonight that the western free world, the United Nations and the contact group can give to our military personnel serving in the former Yugoslavia and other hot spots around the world than to have a united voice behind them.

It has been said that Canada must be a part of all group discussions. No one would agree with that more than I, and no one would agree with that, I am sure, more than the minister, his parliamentary secretary and the Government of Canada. In the actions which have already been taken there is no question that Canada has been part of that process through the respect alone which this nation holds around the tables on these very important topics. We have earned that right over the years. We deserve it and we must be a part of it in the future.

It is not a time to withdraw. I know what some people are saying. We in the House know what they are saying. However, when we come to a time in world history when people start

saying it is time to withdraw, that is the way the world starts to drift into serious trouble.

(2105)

Certain paths of retreat become paths of isolationism where we close our eyes to the rest of the world. How can anyone with humanitarian instincts and qualities turn his or her eyes away from what is happening to the women and children in the former Yugoslavia? Canada is a very important partner there.

To give the House and the nation another example of how generous Canadians are, of how thoughtful Canadians are, of how the average Canadian supports humanitarianism in the world, I want to say that a rural township in my constituency, Ross township, an almost totally farm community, has just shipped 12.5 tonnes of clothing, footwear, toys, linen, towels and so on to the hospitals at Drin and Bakovici. One of those hospitals is the one that our soldiers took over and managed for a period of time.

Ross township in Renfrew county shipped some of these goods through World Vision and some via other means. Heather Rowlands, who headed up this campaign, is married and her husband Mike returned from Visoko on May 10. He adopted many of the children in these hospitals. His wife in Canada started the ball rolling in rural Ross township in Renfrew county. Today the 12.5 tonnes of goods they sent are in port at Split.

I want to pay tribute to these people in Ross township for the excellent job they have done. Yesterday afternoon at two o'clock they had a meeting in Ross Presbyterian Church with World Vision officials and others and celebrated sending these goods to the two hospitals in the former Yugoslavia.

In conclusion, the discipline of our Canadian forces is not just something to be admired, it is something to treasure. Our Canadians who are now under pressure are using that discipline which they have learned to see their way through this.

I agree with others who have spoken tonight that we are going through a very difficult time. It is time for everybody to move together, including the contact group, to work together to support the humanitarian efforts and to say to the aggressors in the former Yugoslavia that we are not going to back away from this situation. We are going to see it through. We are going to help strengthen the United Nations in the years to come because if we do not continue to contribute to the solidarity of the United Nations and international efforts to maintain peace in the world then we will not be remembering those who died.

If we do not remember those who died then we are guilty of having allowed them to die in vain. That is not Canada and that will not be Canada.

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[Translation]

**The Deputy Speaker:** Dear colleagues, there are nine members still wishing to speak. If the members could shorten their remarks, all those wishing to speak could do so.

[English]

I believe the hon. member will be splitting his time with the hon. member for Durham.

(2110)

**Mr. Alex Shepherd (Durham, Lib.):** Mr. Speaker, I am very happy to rise to speak in the debate concerning Bosnia–Hercegovina.

There are many people in Canada who have relatives and friends in that war torn country. Many of them are concerned tonight about their welfare and their safety. In my riding of Durham, in Oshawa, many people question Canada's commitment and our obligations to that war torn country, Bosnia–Hercegovina.

I listened intently tonight to the dissertations of the Reform Party. I was taken back to thoughts of pre–second world war, in particular the United States, where Americans thought they could be insulated, protected from the world, they were not part of a bigger world, and they could find themselves somehow reserved from it. This was a failure.

The member for Red Deer who led off the debate for the Reform Party said: “Britain and France are closer”. Are we not repeating the errors of our past? Britain and France are closer, it is their problem.

Tonight I can go home and get on the Internet and talk to people in Bosnia–Hercegovina. Technology has brought the whole world closer. We have national boundaries and national borders. The reality is that we are all one world.

It seems to me the Reform Party would have us run away from our commitment in Bosnia–Hercegovina. No one says that what has happened in that war torn country has been a success. There have been some failures and some setbacks for the United Nations forces. However those setbacks create strength. It is time for people to sit back and ask, what did we do wrong? How can we strengthen our position and how can we go forward.

A quote says: “Those who ignore the past are doomed to repeat it”. I have had the good fortune to have lived in a skipped generation. I say that because my father fought in the second world war. He fought because there was a realization that the war that spread throughout Europe put the world in crisis. I say a skipped generation because I have been able in my lifetime to avoid the horrors of war.

My son, who is almost 21 years old, has joined the Governor General's Foot Guards. In fact he is in the riding of the hon.

member who just spoke, in Petawawa. He said: “Dad, this is really tough. I go out at night and they make me sleep out in the woods. It rains on me and I get wet. After two weeks of living out in this environment, just sleeping in a normal bed with a roof over my head I never realized was so great”. I said to him: “What are you going to do about this? Are you going to hang in?” He said: “Yes, Dad, I am going to stick with it”. I think that is indicative of Canadians. We give them a job and they stick with it.

That is what Bosnia–Hercegovina is all about. We have made mistakes. The area of Bosnia–Hercegovina has been a bloodshed area. Only in the last 20 years has that area been contained.

(2115)

We are not talking about Bosnia–Hercegovina. We are talking about the greater issue of how that war could possibly spread throughout the Balkans and Greece. We will be sending a lot more people to that war torn area.

I would like to take a couple of minutes to digress about something that concerns me personally, which is our inventory of armaments. I was surprised to read today that Canada is the seventh largest supplier of conventional weaponry to third world countries.

The United Nations reports that conventional weaponry is still the weapons of choice in most nations. Why do we not take an inventory of the armaments that are pointed not only at Canadians in Bosnia–Hercegovina but also the French and other United Nations forces? Where are they manufactured? Why do we have a two–tiered system of sending armaments to third world countries while at the same time we send our troops to defend from them? This is illogical and makes no sense. We need to examine our foreign policy in the bigger framework of our commitments to arms manufacturing.

As I said, I have digressed somewhat. The Minister of National Defence has discussed a number of objectives to be achieved by changing our mandate in Bosnia–Hercegovina. He has talked about the fact that we need to speak with one voice in the contact group, that we need to create political and military linkages. He has also talked about defending our commitments in Bosnia–Hercegovina. He has talked about the ability to shoot back, to use an analogy, to protect our own troops there.

We are not talking about military intervention. We are talking about human dignity. We are talking about the right of people to live their lives. In all societies there are groups of people who seek to disrupt the society. In Bosnia–Hercegovina there is what is called ethnic cleansing.

There is nobody in this room who would support the concept of ethnic cleansing. It means if you are not of the right ethnicity we have the right to kill you. Canadians do not believe in that. It is not part of Canadian culture. Canadians are in Bosnia–Hercegovina to ensure that is not the state of the world so the

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people of Bosnia–Hercegovina can learn to live in peace and harmony.

In conclusion, I am very happy to be supportive of our Canadian efforts in that war torn country to bring human dignity to the people.

[*Translation*]

**Mr. Osvaldo Nunez (Bourassa, BQ):** Mr. Speaker, this is the second time I have risen since my election to Parliament in 1993 to speak on the situation in the former Yugoslavia. The first time was on January 25, 1994, during a discussion of Canada's future in peacekeeping.

I repeat what I said then. We must put a stop to the massacre of innocent people, of women, of old people, of young people and of children in the territories of the former Yugoslavia. The situation remains extremely serious.

(2120)

The Bosnian Minister of Foreign Affairs has just been killed when his helicopter was shot down near Bihac. Shots were fired at NATO aircraft. Hostages were taken at Tuzla. Three hundred and twenty–six UN peacekeepers and observers are being used as human shields. The Serbs are more threatening than ever before. Ten Canadian peacekeepers are among the hostages. The Bosnian conflict has already resulted in more than 200,000 deaths. It is high time this massacre stopped.

Things are also very bad in Chechnya. Russian aircraft yesterday bombarded the headquarters of the rebels at Vedeno in the Caucasus Mountains. The situation there is becoming increasingly awful and is turning into an ethnic and religious war. The Russian intervention in Chechnya is to be condemned. The international community should also look for a solution to this conflict.

What is going on in Europe, the cradle of civilization? I cannot believe that these conflicts are allowed to drag on indefinitely and that nobody is able to put an end to them. Canada has sent 2,100 peacekeepers to the former Yugoslavia and must decide, by the end of September, if it will renew its commitment to the United Nations Protection Force, UNPROFOR.

As the leader of the Bloc Québécois said earlier, I believe that now is not the time to withdraw our peacekeepers from this area. The situation would worsen and the loss of lives would be even greater. But, in my view, their mandate should be modified so that they can be more effective in putting an end to hostage taking, for instance.

Of course, the mandate of peacekeepers should always be peacekeeping and participating in relief operations in the former Yugoslavia. It is my fervent hope that the contact group will be

able to make constructive recommendations to help resolve this never ending conflict.

I also hope that we will see the release, without further delay, of the ten Canadian peacekeepers, including eight Quebecers, who are being detained by the Serbs.

This morning, I received a phone call from a constituent in my riding of Bourassa, asking me to intervene in the House regarding the present situation in the former Yugoslavia. His sister is a member of the Canadian contingent. The whole family is very worried by the hostage taking and the worsening of the situation in this part of Europe, which I visited on several occasions while I was studying in Belgium. This family is all the more worried as the Canadian government has refused to reveal the names of the hostages who, for the most part, come from the Montreal area, it seems.

Since the beginning of the conflict in the former Yugoslavia, in 1991, this is the third time that Canadians have been taken hostage and thus prevented from carrying out their mandate. I do hope that they will be released very soon.

I take this opportunity to pay tribute to the peacekeepers from Canada and Quebec in the former Yugoslavia.

(2125)

As you know, I come from Chile, where, unfortunately, the military engaged in all kinds of extortion schemes, committed systematic human rights abuses and put an end to democracy. That is why I am not overly fond of the military.

However, I feel a great deal of affection for Canadian and Quebec peacekeepers posted abroad, especially those who are part of the UN Protection Force. I think that the troops deployed in the former Yugoslavia are doing an exceptional humanitarian job. I salute them and their families in Quebec and Canada.

As you know, I came here because of a coup d'état, because of the flagrant human rights abuses in Chile. Other Latin American countries have experienced deadly conflicts. In Central America, however, tens of thousands of people have died as a result of these conflicts.

We must use all the means at our disposal to end the many conflicts shaking up the world, especially the one in the former Yugoslavia.

I support the military objectives of the UN peacekeeping forces, which include the Canadian contingent. It is a matter of doing our duty to assist those in danger and fulfilling our moral obligation to those in dire straits. This humanitarian tradition so deeply rooted in Canada and Quebec must continue to grow.

We must not, however, expose our soldiers to dangerous situations. We must increase their safety level by providing them with what they need, adequate equipment, to defend

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themselves and carry out their mission effectively. Now is not the time to withdraw our troops. This could have tragic consequences for them as well as for the local population; hostages could even be put to death.

Canada must intensify its diplomatic efforts to promote conflict resolution through negotiation.

We should be represented in the contact group established by the United States, Russia, Great Britain, France and Germany. The U.S. are part of this group, even though no American troops are involved, but we are excluded, while 2,100 of our troops are deployed over there. Why are we not included this very important forum? There is no excuse for excluding us, and the Canadian government should demand to be represented in the contact group.

The conflict in the former Yugoslavia and the interracial confrontations in Bosnia and in Croatia have resulted in the displacement and fleeing of hundreds of thousands of people. Exactions, abuse, rape and murder were committed against civilian populations and ethnic minorities.

As of November 1993, over 4.2 million people living in Croatia and in Bosnia–Hercegovina were either forced to abandon their homes or exposed to crossfire. More than 800,000 of them fled to other countries.

Again, I want to pay tribute to the UNHCR, which is primarily concerned with providing humanitarian assistance, with the co-operation of peacekeepers.

(2130)

The office does an exceptional job in that part of the world. Since the ceasefire ended in April, the distribution of food, medication and clothes has become a much more difficult task. People working for humanitarian organizations are often harassed and even attacked and they need to be protected by peacekeepers.

The international community, particularly Germany, Hungary, Sweden, Switzerland and Austria, works very hard at accepting refugees from the former Yugoslavia. As for Canada, it has opened its doors to more than 10,000 refugees since 1991. A large number have settled in Quebec. I know a few of them. They are highly qualified and energetic people, including professionals with major university degrees. They make an important contribution to Canada's and Quebec's society.

I think that Canada should increase its efforts to accept a greater number of refugees, especially women and children. The Department of Citizenship and Immigration must take the necessary measures to make the Women at Risk Program more effective. Often, women from the region affected by this conflict qualify for this program, but they cannot come to Canada because they do not have the money and because the government refuses to give them a loan to pay for the trip.

Canada must decide, at the end of September, if it will renew its peacekeepers' mandate. During the last debate, the Bloc Québécois was in favour of renewing the mandate of our troops in Croatia and Bosnia. Our position remains unchanged. However, I think that Canada's participation in the UNPROFOR must be linked to conditions that are favourable to a peaceful solution to this conflict. The truce that was signed on January 1 between the Bosnian government and Bosnian Serbs and Croats ended on April 30. Another ceasefire must be implemented without delay.

I call on the Canadian government to play a more active diplomatic role in the resolution of this conflict. I also hope that the United Nations will be more efficient in carrying out its peacekeeping mandate in the world and that the international community will soon be able to find a negotiated solution to this endless conflict.

[English]

**Mrs. Sharon Hayes (Port Moody—Coquitlam, Ref.):** Mr. Speaker, I rise to speak on this emergency debate sponsored by the Reform Party and my colleague from Red Deer, the Reform's foreign affairs critic.

Emergency debates such as we are having tonight are an important part of the parliamentary debating process. They allow Parliament to deal with issues that are indeed pressing and important to Canada. They provide an opportunity for us as members of Parliament to comment on the issue at hand, preferably with input from our constituents. The conditions for an emergency debate are outlined in Standing Order 52. It must be a genuine emergency.

A letter sent this morning from the hon. member for Red Deer, the foreign affairs critic for the Reform Party, to the Speaker of the House reads:

Pursuant to S. O. 52(2) I wish to advise you of my intention of asking for an emergency debate on the deepening crisis in Bosnia and the dire plight of the Canadian soldiers who are being held hostage there.

This is an issue of national importance, and it is extremely urgent that Parliament immediately debate the issue. Even a delay of one day in this debate could lead to tragic events that I would not like to contemplate. If there was ever a time for immediate action, it is now.

(2135)

Tonight the Reform Party condemns this government for failing to acknowledge the serious deterioration of the situation in Bosnia and refusing to call for a full UN withdrawal of our troops.

First let me comment on our policy of peacekeeping. Peacekeeping was a concept and policy formulated by Canada, and proudly so, after the second world war through our participation in the United Nations. Since that time our Canadian troops have set a world standard and have served in peacekeeping duties around the world. For instance, Canadians have served in

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peacekeeping roles on many continents: in the Middle East in the Sinai, in Lebanon, and Syria, in the Mediterranean on the island of Cyprus, Southeast Asia, Cambodia, on the continent of Africa in Somalia, in the Caribbean in Haiti.

Canadians have given exemplary service to the high calling of peacekeeping and they have been recognized internationally in their peacekeeping efforts around the world. Now Canadian troops are serving in Bosnia and the former Yugoslavia and they too are continuing this Canadian tradition of service.

Canada has 2,100 troops in the region. It is the fifth largest contingent in the area. It is the tradition of peacekeeping that I firmly believe in and support. I know that our troops have done and want to do an excellent job. They have done that with outdated equipment, 30-year old tanks and so on. They have done that under difficult circumstances.

However, the situation in the former Yugoslavia is no longer a peacekeeping environment. It has deteriorated to such a level that the lives of our Canadian troops are now imperilled. Right now the United States is sending an aircraft carrier to the region. The ceasefire has been broken. Prohibited weapons are being used. This is a war zone. There is no peace to keep. Canadians and other peacekeepers in that land are now pawns in a losing game.

The present hostage taking should be of no surprise to anyone. Canadian troops have experienced this situation before. In fact, it is the third time Canadians have been taken hostage. In December 1993 eleven Canadians were held by Serbs. In November 1994, Serbs took 55 Canadians hostage in and around Ilyas.

This time the role of the Canadian peacekeepers in Bosnia and the former Yugoslavia is an issue that strikes very close to home for me as a member of Parliament. This evening I pay tribute to Captain Patrick Rechner, who is one of the UN military observers being held hostage by the Bosnian Serbs. He is being held as a human shield. He is from my constituency and the town where my office is, Port Moody.

Canadians have watched appalled at the TV footage of Captain Rechner chained to that pole in that far off land. He bravely stands there close to an ammunition depot that the Bosnian Serbs wish to protect. He stands there serving as a human shield to prevent NATO war planes from bombing that or other targets in the area. We must remember that the bombing by NATO was in response to the ceasefire that was broken by the Bosnian Serbs. So there he stands as a human shield. In addition, he has been forced to make a statement that if NATO did not cease its bombing he would be killed.

The story of Captain Rechner and his family is one of a typical Canadian family. The Rechner family are originally from Prague, Czechoslovakia. The family of five emigrated to Canada in 1970 and initially settled in Toronto before moving to Coquitlam and Port Moody in the early 1980s.

Captain Rechner joined the army cadets at the age of 13. After graduating he studied at Royal Roads Military College in Victoria and at the Sorbonne in Paris. He has served in the former Yugoslavia since June 1994 and was scheduled to return home next month.

I met with his mother and father last Friday, Vincent and Katrina. The bravery their son shows on the clips we have seen is reflected too in their eyes as they quietly wait for word about their son and always hope.

The common hope of all parents I think is reflected in the memory his mother shared with me. As teens her boys had motorcycles. Perhaps members can relate to this if they have had teenage boys or girls. She would wait up when they were out on their bikes. If they were late she would wait and wait, wondering what had happened to them. She told me that she shared the same feeling now that she felt then: she knew they would always come home.

(2140)

The emotions she feels are the emotions all parents would experience in circumstances such as this. All Canadians who see the image of Patrick must share with his parents the fear, the worry, the anger, and the hope that now fills their days and nights. It is not only Captain Rechner who is endangered. There are no fewer than 53 other Canadians from the Royal 22nd Regiment who have been detained as a result of the aggressive and unjustified actions taken by the Bosnian Serbs. Their fate too hangs in the balance.

In addition to the Canadians, the Serbs are detaining and holding hostage UN peacekeepers from Great Britain, the Czech Republic, and Poland, among others. In total, the Serbs are holding over 300 UN military personnel.

We must ask why we are involved in peacekeeping in the former Yugoslavia. Is it for humanitarian reasons? In fact no humanitarian aid is now reaching those who need it most. The airport is closed, the highways are closed.

Does our government have any real input in the decision making process? No, we have no input. We are not part of the contact group, even though we have the fifth largest UN contingent in the region. Do we have clear government policy? Do we know how long our troops will be committed there? Is there an indication of future direction of the policy, of what it will cost, of what our vision is as a country? I submit that the government does not know these things. It has no direction.

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We ask the criteria for our involvement there. I believe there are no criteria. Instead this government and its policy has stumbled along a path that has led us to this situation and placed our troops or our sons of our citizens in great peril.

The debate tonight is a very serious one. It will influence the outcome of the future of the Canadian role in the former Yugoslavia. We should not only be considering the diplomatic, strategic, and statistical manoeuvring that are all part of the game of international politics and international relations, we should also be considering the impact upon individuals and families involved. We can think of the families in Yugoslavia. The atrocities there have been great. I ask this government: Are we preventing atrocities with the involvement we now have? I would suggest that in fact we are not. In fact we may indeed be prolonging that very situation.

As I have stated, we should be considering the thoughts and feelings of the people who are separated from their loved ones by half a world. We should be considering how to return men who were sent not to war but to prevent war home safely to their families and communities.

I believe it is therefore time for a timely withdrawal of our Canadian troops from Bosnia. Such a withdrawal would have to occur in a precise and ordered fashion. We have been calling for such a withdrawal over the past year. Since that time it certainly is no easier to do so. Do we wait for more carnage, more complication, and more indecision? We now find our troops entrapped in these UN established enclaves because of ill thought out policy and poor decision making. Do we compound a great error with even greater indecision and more unfocused action?

Canada has fulfilled its commitment to the peacekeeping tradition in the former Yugoslavia. We have had troops stationed there since 1992. The war escalates even as I speak. Our peacekeepers are eye witnesses to a genocide they have neither the mandate nor the equipment to prevent.

Once again I call on the government to withdraw the Canadian contingent from the former Yugoslavia and Bosnia. Along with my colleagues I call on the government to regroup and to establish an operable mandate not only for this mission but for all such peacekeeping missions in the future.

Vincent Rechner was quoted in the Vancouver *Sun* this weekend, and I would quickly like to refer to that. It states:

“The situation, according to Collette’s word, is getting worse”, said Rechner from his Coquitlam home on Sunday. “It is more dangerous”. “Evil people have revenge in mind”, Rechner said of the Bosnian Serb forces holding his son. “Why would they do this to someone who is there just as a humanitarian to help the people? He is not there to hurt anyone. I do not understand.”

(2145)

Canadians demand an answer to the dilemma of Vincent Rechner. Canadians want a government with determination to act on principle, one that shows leadership and will admit not to defeat but to the recognition of a reality in a far off land. In the former Yugoslavia I repeat there is no peace to keep.

**Mr. Werner Schmidt (Okanagan Centre, Ref.):** Mr. Speaker, it is a rare privilege, opportunity and challenge to enter into a very serious debate.

The hon. minister said we remain committed to keeping Canadian troops in Bosnia. Why? It is because we have a job to do. The job, as he illustrated, had three parts: to serve the cause of peace, to resupply the towns that require help and to provide humanitarian assistance.

Let us examine each of these parts, the first being to serve the cause of peace. What is peace? Peace is a state of harmony in which people work together in co-operation and pursue a common goal of decency and respect for one another without fear. What a contrast those words are to what is happening in Bosnia today.

Within this context we also have to remember at the same time Canadian forces are there to keep the peace in Bosnia, Canada in 1993 was the seventh largest contributor of arms to third world nations. It is a bit of an irony that on the one hand we are known as the world’s best peacekeepers and on the other hand we supply arms to third world nations to bring about violence and destruction to one another.

What is the cause of peace? The cause of peace is patience and to prevail in spite of the most difficult conditions. Here we have to pay a special tribute to the troops there. The colleagues of the soldier who was chained to the post must have felt the greatest urge to get in there and shoot or fight or somehow get even with the people who were doing this to their comrade. Imagine his mother and father who would have liked to do something but found themselves powerless to do anything. Therefore we asked his mother and father what we could do for them. The answer was we could not do anything. The hands of these armed people have been tied because they are there to keep a peace that is not there.

As my hon. colleague said but a moment ago, we need to withdraw from Bosnia. That does not mean we would withdraw in the sense that we have nothing to do with these violations of human rights, but rather the United Nations has to re-examine what mandate we should be pursuing in these countries where there is strife, dissension and bloodshed.

It means more than being an example of strength and courage. It means being strong, honest, friendly and caring for other people. Imagine the soldiers who have been brought up in the severest of discipline and trained to kill, whose job and function

is to sit at the bedside of someone who is mentally handicapped or ill. It is a tremendous tribute to a person who can handle both of those obligations; to on the one hand be prepared to attack someone and on the other hand to stretch out the helping hand, the healing hand to someone in trouble.

It is possible Canadians can handle those two positions because we are a nation that has developed in its citizens a belief that democracy works, that democracy can handle opposing points of view. We believe it is okay to disagree with one another providing we maintain basic decency and respect for one another.

It is not a matter of an elite group getting together in some kind of an oak panelled room and deciding what is best for the nation or a matter for lobby groups and pressure groups to decide that a particular decision be made. It is in the election and the determination of majority vote that things are decided.

(2150)

It is not possible in Bosnia. I ask the House and the United Nations how can the matter be resolved when a soldier is chained to a post? How can it be done when somebody is about to strike an arms deposit? How can this be done when a part of Canada can demonstrate the way to do this is not through armed conflict but rather through democratic process? How can this be done without a plan?

My hon. colleague says there probably is no plan. She sees no plan. I see no plan or evidence of a plan. How can this be done if we are not at the consultation table? How do we do this when we are not involved in NATO decisions?

Much has been made by the minister and members opposite who have said we have to get to the negotiating table. The one thing common to every negotiating table is the parties at the table want to resolve the issue.

When one looks at the history of this part of the world one has to wonder if anybody in this group really wants to solve the problem. How is it possible that for hundreds of years these people have tried and other countries have gone in and tried to bring about peace and there is no peace? That is one part of our task, to bring about peace.

The attitude that needs to change is one of peace building, not peacekeeping. There is no peace there now. I am not at all convinced the way to build peace is by shooting somebody.

My next point is the task of rebuilding the towns with medical supplies, housing and shelter, by providing clothing, water and food and bringing the people back to a place where they can be comfortable against the weather. These things need to be done. Vehicles have to be provided. Streets have to be cleared and roads made passable. These are honourable things. That is the second part of the job we have to do.

Now comes probably the most significant of all, humanitarian assistance, the heart to heart. Families have been separated. The hope of people has to be restored. There has to be a reason to live. Bosnians and Serbs and Muslims have hated one another and they need to recognize that it is okay to live together in peace and harmony and that they can disagree on certain things but they can agree on others.

They need to recognize we can forgive one another and that love needs to enter into human relationships. We need to bring that context to this environment. It will demonstrate itself in unusual ways. It will demonstrate itself in the unconditional provision of medical assistance, food, shelter, clothing not because you are a Serb, a Bosnian or a Muslim but because you are a human being who has the same needs we all have. That is why we want to do this. That is what will bring about peace building. That is the humanitarian assistance we need.

Unless we have a say in the negotiating process we cannot influence it. We must be at the table. We must be at NATO decision making. Then we must find a very practical way to rebuild the towns that have been destroyed and provide food, shelter and clothing.

Finally, we need to recognize that unless we sit at the table and help negotiate with these people and with the NATO decision makers, unless those things are met, we must withdraw from the conflict.

**Mr. Ian McClelland (Edmonton Southwest, Ref.):** Mr. Speaker, it is an honour to engage in this very important debate. As members know, it is not often in the House that we get the opportunity to discuss items of great national importance and great passion.

(2155)

As hon. colleagues have said this evening, when Canadians in our military are held hostage, chained at ammunition dumps, it does tend to focus Canadians on one purpose. That is the reason for the debate today. As others have before me, I recognize the contributions and the commitment of our military personnel in Croatia and of all the people in the military across the country. These have not been easy times for the military. It has been asked to do very difficult jobs in very trying circumstances, which it generally accepts with substandard hardware.

My motivation to speak to this debate comes from a letter I received from a constituent a couple of months ago. He and his twin brother live in my constituency. They decided they would go to the former Yugoslavia and take up arms. They took exception to something I had said. I could not understand why someone not even born in the country, a Canadian citizen who had lived here for over 20 years, would be moved to leave Canada to take up arms in the former Yugoslavia to put their lives at risk and be prepared to kill others. It is something that defies reality. Why on earth would they do that?

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In his letter to me he stated it was part of his culture, that he grew up with this. It was not something foreign to him but part of his life with his uncles, aunts and cousins. This ancient rivalry was brought with them.

I talked with him about my partner Louis Rudolph. Louis had a passion to support Israel. I asked Louis why he lived in Canada but still had this great desire to support Israel. In terms of his relationship with his country as a Canadian he said when a person marries he does not stop loving his mother. He said if your first commitment is not to your wife you are in real trouble. He said his commitment was to Canada. He was a Canadian but that did not mean he did not love Israel.

I talked with my constituent about that and I tried to get to the root of why he would be so passionate that he would put his life on the line to fight in a land he had never even seen. It made no sense to me and it still does not make any sense to me.

That is the situation our young men and women find themselves in. They find themselves trying to bring peace to an area where peace will not come unless it comes spontaneously from within; it will not come from without.

What do we do? How do we do the right thing? How are we to be peace makers in the world? How are we to sleep at night as Canadians if we know there are these rivalries? A colleague mentioned ethnic cleansing on both sides. We cannot turn our backs to that. We cannot ignore it. We cannot say we are not there and therefore it does mean anything.

(2200)

One of the duties we have as human beings in the world is to try to do the right thing and to motivate others to do the right thing. A parallel which my hon. colleague from British Columbia mentioned is that right here in the House we have the opposition party which is dedicated to taking Quebec out of Confederation. Why is it that our belief in the value system of democratic principles is strong enough that it is a sign of strength, not weakness in our country that we can have that right here in the House of Commons and we can manage it? We are not shooting at each other.

It is a terrible situation in which our young men and women find themselves as hostages. As was said earlier, we have two problems. The first and immediate problem is, how do we get our hostages to safety? Then what do we do after that? The first thing is we have to be concerned with getting our hostages to safety. That requires that we speak with one voice and that we speak with authority.

I am reminded of reading a book recently about a time of great difficulty. We should, as Canadians, be looking at this as a time of great difficulty when Canadians are threatened and held

hostage somewhere in the world. I am reminded of the words Winston Churchill, just after he was made Prime Minister, said to his war cabinet when it was in great disarray and feeling threatened. He said that nations which went down fighting rose again, but those which surrendered tamely were finished. With those few words and with powerful reasoning Churchill turned uncertainty into resolve, apprehension into determination and fear into hope.

We need to keep in mind that we have people who are at risk. We have to speak with absolute resolve. We want the people who are holding our Canadian sons and daughters to know with absolute resolve that we Canadians stick together through thick and thin and that if they harm so much as a hair on any of the Canadians they will wish they had not done so.

I conclude the few comments I have in bewilderment that people in the world can have these deep rooted hatreds of each other and that they would stoop to these vile and desperate measures. I still think we have the moral imperative as Canadians to try to shed our light on the world, our sense of democracy and the values which we hold so strongly. We can be an inspiration and a source of strength in the world, particularly in these troubled spots.

**Mr. Keith Martin (Esquimalt—Juan de Fuca, Ref.):** Mr. Speaker, it is a great pleasure once again to speak on this extremely sensitive and tragic situation. I find it very sad that in less than two months we are in a situation in which the former Yugoslavia is becoming more dangerous as every day passes.

The turmoil and tragedy of the former Yugoslavia that is with us now will be with us in the future. The fuel which fires the flames of ethnic discontent will be here for a long time. The hate tragically will stay with us for a very long time.

What a tragedy it is for the civilian population in particular. Our troops, the UN forces, have indeed done an admirable job in saving tens of thousands of lives. That should not be lost on anybody, especially the innocent civilians.

I ask everyone who is listening to this discussion to put themselves in the shoes of someone in Srebrenica, Gorazde or Bihac. I ask them to put themselves in the shoes of a woman with little children, cowered, hungry, sick and thirsty, with shells crashing down around them. I ask them to put themselves in the shoes of a little child who is in that situation. That is why the UN is there. That is why we are there. We and our troops should be proud of defending those people.

(2205)

Currently we see the tragic images on television of our troops chained in a degrading fashion. It shakes us to the bone and we have with our prayers every hope that those people will be

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released safely. We will do everything in our power to ensure that our troops and all the other troops that are held will indeed get out of this safely. We will let the Bosnian Serbs know that in no uncertain terms.

We must come to the reality that the situation in Bosnia and the whole of the former Yugoslavia is not peace but is in fact war. It is a new type of war in the latter part of the 20th century that I feel tragically will repeat itself time and time again in the coming century. What we are trying to do is to save lives in nearly an impossible situation and prevent massive destruction that surely would occur if our troops and the other UN forces were not there.

We are trying to prevent the descent of the former Yugoslavia under almost intolerable circumstances into a spiral and an orgy of bloodshed that will very likely involve a widening conflict involving other European countries. It is very important to realize the consequences of a greater conflict with the potential involvement of Russia, of the Muslim states and of Germany. We must be very cautious and understand what we are going to do if that happens.

It is also very important in dealing with the leadership in these conflicts to understand that leadership. The Serbian leadership in the former Yugoslavia, Slobodan Milosevic, wants a greater Serbia. Radovan Karadzic of the Bosnian Serbs wants a Bosnia that is ethnically pure with Serbs and has no tolerance whatsoever of any other groups. Both think little of sacrificing the lives of their own civilians for their own higher purpose. They do not have the interests of the people at heart. Rather, they are governed by megalomaniac ideals, rabid nationalism and intolerance. If we believe that these individuals are working for the betterment of their people, we should think again. Their history bears it out.

Lost in many of these discussions is the idea and knowledge that many people in Bosnia and in the former Yugoslavia actually did get along. Muslims, Serbs and Croats did get along. They did intermarry. They would like to live in peace but many tragically have been poisoned by hatred. Of course there was that other group who hate with such intensity that it is beyond our level of comprehension.

It is under these nearly impossible circumstances that our troops have been functioning, at times feeling impotent, at times trying to carry out their mandate under impossibilities, being held hostage in so many ways, but always saving the lives of innocent civilians.

In the current situation, although it has become intolerable, still there is a glimmer of hope that we are saving at least a few lives. Now because of the intolerance we have to determine a new mandate for UNPROFOR and do things in a new way. The

purpose again is to save civilian lives and for no other reason except to prevent an expanding conflict.

I am afraid that the only way we are going to get a negotiated settlement to this problem is if the belligerents fight it out and they become sick and tired of fighting. Once they have stopped killing each other then I believe we will be able to get a diplomatic solution. I do not think there is going to be one before that. Whether we are looking at Krajina, or at Bosnia, whether we are looking at sector west it does not matter. It is all in the same boat.

Our mandate again should be to protect those innocent civilians who always bear the brunt in these internecine wars. They are always the ones. Ninety per cent of the casualties in all of these conflicts are borne by people who want to have absolutely nothing to do with them. They want to live in peace. They want to live in harmony. They do not want to take part in the bloodshed at all.

I suggest the following. The blue helmets should retreat to defensible positions within Bosnia. Create the 20 kilometre buffer zone that no heavy weapons will be tolerated. We must again provide an area where civilian populations can go to seek refuge. This is not a great solution and I recognize that. Again, somehow, somewhere, we have to provide a way to enable the civilians to be protected with force. We must give them this option. We simply cannot abandon them. I ask again, imagine living in that scenario.

(2210)

I would like to project for one moment back to the 1930s in Germany. If we knew then what we know now, would we tolerate what we do now? Would we tolerate the genocide of Jews and other people considered undesirable? Would we pursue the politics of appeasement that proved so fruitless? I think not. So why do we do it now?

Our government must first engage in the negotiated release of all UN hostages. If the Bosnian Serbs do not comply, then NATO air strikes must occur at the heart of the Bosnian Serb leadership. This is a hard thing to do, but we have to look back at the history of the Bosnian Serbs to understand what they respect.

One of the greatest failings of this terrible situation has been the lack of willpower of the international community to employ meaningful consequences against the aggressors in this conflict, particularly the Serbs in the federal republic of Yugoslavia and the Serbs in Bosnia. This is not to say that Mr. Tudjman in Croatia is a white knight; he is not. By far and away the majority of the atrocities that have been committed in this conflict have been done by Serbs in the federal republic of Yugoslavia and in Bosnia. Let us call a spade a spade.

The strikes must be rapid and decisive and the Bosnian Serbs under Radovan Karadzic and the Serbs in the former republic of

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Yugoslavia must know that this is what the international community must do. Anything else in the past has proven not to work.

When we see ruthless leaders like ones I have mentioned here display a total lack of humanity, who will lead their people into an orgy of violence for their own ends to serve their own nationalistic ideals and nationalistic fantasies, we must meet them with decisive action. We cannot engage in the indecisive action we have done in the past because it has proven to be a failure. The only reason I mention it is because this scenario, as we all know here, is going to play itself out time and time again.

I respect the opinions of my colleagues here, but after close discussion with members of the defence forces at Canadian Forces Base Esquimalt in my riding and with the people in my riding I have to say that we ought to keep our troops in the former republic of Yugoslavia in a new fashion to protect the civilian population, move back to a defensible position, and negotiate in the intermediate term a way for us to get our troops out of the scenario and have the European Union take the responsibility for what goes on in their backyard.

Regional solutions are certainly better than international ones. It is their responsibility. They should bear the brunt of it. We cannot, nor should we, go across this world wherever we are called to go to put our people in harm's way. It is simply not fair.

**Mr. Simon de Jong (Regina—Qu'Appelle, NDP):** Mr. Speaker, I appreciate the opportunity of being the last speaker on this very important debate.

I thank the Reform Party for the request to have this emergency debate and I thank all parties and all members in this House for giving unanimous consent to the request.

I have had the opportunity to take part in all the special debates we have had concerning Canadian involvement and commitment in the former Yugoslavia. Again I wish to join with all members of the House in acknowledging the important professional role Canadian troops have played. They are professional. They have no self-interest. Canadian troops are there because we want to see peace. We want to help the people achieve peace and prosperity.

(2215)

There is no self-interest in our presence there. We are doing a job because we want to help people. We want to advance human values. Hundreds of thousands of lives have been saved, medicine and food have been delivered and the suffering, although tremendous in the former Yugoslavia, has certainly been made less severe because of our Canadian troops.

All members of the House must also agree the lack of co-ordination between the contact group and the countries with troops on the ground is totally unacceptable. The air strikes by NATO forces of Serb positions led to the very predictable Serb response of taking hostages to be used as human shields. The Serbs have done that on several other occasions so was it any surprise they would react in this manner?

The decision to proceed with air strikes while Canadian and other UN troops are as exposed as they are was an act of stupidity and irresponsibility. I agree with the Minister of National Defence when he stated the UN mandate must be rethought and changed.

Surely we cannot continue to be in positions where we are exposed to being captured and held hostage by Serb forces. They have acted as though they can do whatever they want. If any attempt at retaliation is made they have used the exposed UN troops, including Canadian troops, as hostages. That is a no win situation for our Canadian troops.

If we are going to rethink the UN mandate we also have to rethink what this war is all about. Let us first start by understanding that what is happening in the former Yugoslavia is not a civil war but a war of aggression. The Serbs with their image of a greater Serbia have attacked their neighbours, whether Croats in Croatia or Muslims and Croats in Bosnia, to carve out for themselves a territory to make the greater Serbia.

Non-Serbs have been expelled in ethnic cleansing. There has been no serious commitment by the Serbs to give up any of the territory they have captured. Let us start by understanding this central reality. If we believe that all the parties are equally responsible for this mess and for the conflict that is occurring in former Yugoslavia, we are ill informed and we will not be able to do the job I believe needs to be done in that part of the world.

Canadian troops went to do their job as peacekeepers but there never was a peace to keep. It is therefore not too surprising we find ourselves in the position we are in. Unprotected our troops were susceptible to being used as human shields by the Serbs. In fact, they ended up being human shields.

By breaking the ceasefire agreements and taking UN soldiers as human shields the Serbs have stepped beyond the line. Public opinion in western nations will not tolerate the humiliation inflicted on our troops by the Serbs. They have pushed the situation. Now UN countries have to decide whether they are going to keep on this course or not.

Where do we go from here? Obviously keeping our troops in danger without any protection is not acceptable. I believe the government understands this as well, at least I certainly hope they do. The Serbs have shown no respect for international law and morality. Our troops as peacekeepers must be withdrawn

from positions that endanger them and everything must be done to rescue the troops that are being held now.

When we have all of the UN troops free from Serb imprisonment other options should be considered. Air strikes, the lifting of the arms embargo as well as diplomatic initiatives are some of the options that should be given serious consideration.

I find it intolerable that one party to the conflict inherited all of the armaments from the former Yugoslavia. I believe it was one of the best armed armies of Europe. The arms embargo prevents the other players in this tragic drama from acquiring the weaponry needed to protect themselves. It is an imbalance that the international community has maintained.

The conflict in the former Yugoslavia goes back a long way. In fact it goes back to the breakup of the Roman empire. The Roman empire was split into the eastern and the western sections. Part of that conflict has echoed throughout the ages.

To make peace in the former Yugoslavia is not going to be done overnight. It is going to be a long process. Not only is there a lot of physical damage, there is also psychological damage. What do we say to the families, whether it is Serb, Muslim or Croatian who have lost their sons or fathers or whose daughters or mothers have been raped? Those wrongs will be echoed from generation to generation. The type of healing that will be needed to allow the people in the former Yugoslavia to live in peace with each other will not come overnight.

We have seen what has happened in Europe in the last 50 years, from the beginning of the last war when the fascist troops overran much of Europe to where we have within this 50-year period a European common market and community, where the differences and the many wars of the past have been overcome and a new cultural unit and political entity have been formed.

It is conceivable that it might take 50 years for all the animosities that now exist in the former Yugoslavia to be resolved. However, it can only be done when fighting ceases, when economic and social pursuits can be taken on by the Serbs, the Muslims and the Croats, when the people in that part of the world begin to recognize that it is in their own interest and in the interest of their children that there should be peace and an opportunity for economic and social prosperity.

It is only when the people in the region begin to recognize that peace and social and economic growth go hand in hand and that the people who they are at war with now are really their brothers. The Germans, the French, the Dutch and the English who were at war with each other in a struggle to the death 50 years ago have also come together and are now creating a prosperous unit in Europe. That must be the hope of all humanity.

I urge the government to take our troops out of harm's way. They serve no useful purpose any more. While they are susceptible to being captured and used as human shields they are not furthering the interest of peace. I believe that we should be prepared to take other steps after our troops are withdrawn to make certain that the type of genocide that has occurred in Bosnia and in parts of Croatia should never occur again.

**The Deputy Speaker:** Colleagues, that completes the speeches of all the members who wish to speak. May I, on your behalf, thank all of the Commons employees who allowed this debate to continue for so long: the security staff, the broadcasters, the table officers, the pages, the Sergeant-at-Arms and everybody else have omitted.

It being 10.30 p.m., I declare the motion carried. Therefore, the House stands adjourned until tomorrow at 10 a.m.

(The House adjourned at 10.24 p.m.)

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