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Speaker: The Honourable Gilbert Parent

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HOUSE OF COMMONS

Friday, September 25, 1998

The House met at 10 a.m.

Prayers

GOVERNMENT ORDERS

• (1000)

[*English*]

SPECIAL IMPORT MEASURES ACT

Hon. Diane Marleau (for the Minister of Finance, Lib.) moved that Bill C-35, an act to amend the Special Import Measures Act and the Canadian International Trade Tribunal Act, be read the second time and referred to a committee.

• (1005)

Mr. Tony Valeri (Parliamentary Secretary to Minister of Finance, Lib.): Madam Speaker, today it is certainly a privilege for me to begin debate on Bill C-35.

Essentially this bill contains amendments to Canada's anti-dumping and countervailing duty law, known as the Special Import Measures Act, or SIMA. It responds directly to the recommendations contained in a 1996 parliamentary report on Canada's trade remedy system.

These amendments will fine-tune the law by rationalizing the investigative process, increasing transparency and procedural fairness, and in fact enhancing the system's ability to consider representations from various segments of Canadian business.

The bill also includes certain technical changes that clarify existing provisions and practices under SIMA and the Canadian International Trade Tribunal Act.

SIMA is an important component of Canada's trade remedy legislation. It authorizes the federal government to impose anti-dumping and countervailing duties to offset injury to domestic firms caused by foreign dumping and subsidies. In this regard it implements Canada's rights and obligations under the World Trade Organization agreements on subsidies and anti-dumping.

Two federal government departments and one independent tribunal are directly involved under SIMA. As actions taken under SIMA result in the imposition of duties on imported goods, the Minister of Finance is responsible for the legislation.

Revenue Canada and the Canadian International Trade Tribunal share responsibility for investigations under the law and Revenue Canada enforces anti-dumping and countervailing duties at the border.

With respect to international implications and negotiations, it is foreign affairs and finance which work together on trade remedy policy to co-ordinate Canada's import and export interests and develop our international trade negotiating positions.

Before discussing the merits of Bill C-35, I would like to provide some background as to why these amendments are being proposed.

Canada has a long history in the use of trade remedies. In fact in 1904 Canada introduced the world's first anti-dumping legislation.

Since then our trade remedy system has undergone various refinements due to changing economic conditions and the evolution of international trade rules. These international rules are governed by the World Trade Organization, or the WTO, which sets out detailed rights and obligations of member countries in administering trade and remedy protection.

As the imposition of anti-dumping or countervailing duties represents an exception from a country's WTO commitments not to raise tariffs and not to discriminate in its treatment of imports, the right to impose these special duties is carefully circumscribed.

In general, the Canadian SIMA system is comparable to the systems of other major users such as the United States and the European Union. The WTO does, however, provide some latitude in the administration of trade remedy laws. As a result, there are some variations between systems, largely reflecting differing legal cultures and economic circumstances.

There are, of course, important domestic interests on both sides of the trade remedies equation.

One of the key challenges associated with the Special Import Measures Act was to strike the right balance between the interests of industries seeking trade remedy action and the interests of consumers and other manufacturers who may be negatively affected by the imposition of anti-dumping or countervailing duties on imported goods.

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• (1010)

First and foremost, this law is intended to assist Canadian enterprises by offsetting the injurious economic effects resulting from dumping or underpricing practices of foreign exporters, or in the case of subsidies, to remedy the injurious effects of the subsidy practices of foreign governments. However, the downstream economic interests cannot be ignored.

As markets operate increasingly on a global basis, market openness becomes a critical factor in attracting investment and maintaining the competitiveness of our domestic firms.

Canadian manufacturers often have to rely on imported inputs, for example, to meet specific quality and technical needs of their customers.

According to the OECD, the operations of Canadian manufacturers rely more on imported inputs than their G-7 counterparts in the U.S., France, Germany, Japan and the U.K. This reflects the relatively smaller size of the Canadian economy, as well as its high level of integration with the United States.

Given this, SIMA must represent a balancing act. It must provide effective relief to Canadian firms injured by foreign dumping or subsidies while not imposing unnecessary or excessive burden on downstream producers or consumers. This was the key challenge for lawmakers when SIMA was first developed in 1984 and it certainly remains the challenge today.

When the Minister of Finance requested the House of Commons Standing Committees on Finance and Foreign Affairs and International Trade to jointly review SIMA in 1996, he noted that significant changes had taken place in the global trading environment since 1984 and that it was time to reassess whether the law continued to reflect the interests of Canadian producers.

Two subcommittees were asked to undertake this review. They heard from a broad range of interests, including domestic producers, importers, retailers, academics, trade practitioners and government officials. These parties gave evidence and submitted proposals for changes based on their experience with the SIMA system.

It was based on these submissions and their deliberations that the subcommittees concluded in their report that Canada's trade remedy system under SIMA continues to respond to the needs of Canadian producers that seek protection under the law, while affording downstream producers and consumers an opportunity to have their interests considered.

They also identified areas where improvements could be made to the system to make it more efficient and more responsive to Canada's economic needs.

Generally, the recommendations represented adjustments to the SIMA investigation process that allow the system to more adequately consider the views of various parties which have a stake in this law.

I want to be clear that it was for this reason that the government supported virtually all of the subcommittees' recommendations. What we have before us today is Bill C-35, which essentially reflects the subcommittees' recommendations and the requirement that the subcommittees put forward in asking the government to review these recommendations and build them into legislation.

There are key changes in Bill C-35, the first being the rationalization of investigative functions of Revenue Canada and the Canadian International Trade Tribunal to better reflect their respective areas of expertise.

The second would enhance procedural fairness and transparency by bringing Revenue Canada's treatment of confidential information more in line with the tribunal's practice respecting the disclosure of confidential information.

The third would ensure that the tribunal, in its fact finding, would benefit more fully from expert evidence by permitting expert witnesses to play a more effective role in tribunal inquiries.

The fourth would establish new penalty provisions to deter any unauthorized disclosure or misuse of confidential information by legal counsel or expert witnesses in the context of SIMA investigations.

• (1015)

The fifth would improve the provisions which allow the Deputy Minister of National Revenue to accept an undertaking from exporters to raise prices as an alternative to the imposition of anti-dumping duties and to ensure that all interested persons are afforded an opportunity to provide views when undertakings are being considered.

The sixth would require the tribunal to cumulate the injurious effects of dumping or subsidizing from more than one country consistent with the single price effect in the Canadian market of such practices.

The final change would clarify the conditions under which the tribunal can consider issues of broader public interest and the types of measures it may recommend in a public interest report.

The discussions that took place in the recent parliamentary review of SIMA reflected the changes that have taken place in the structure of the Canadian economy since the law was established in 1984. These changes will ensure that the Special Import Measures Act remains a strong trade instrument which truly protects Canadian producers injured by dumped or subsidized imports, while at

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the same time allowing an opportunity for other producers and consumers to have their interests considered.

It certainly introduces important changes to Canada's trade remedy system which take account of the interests of all stakeholders. It is for the reasons that I have outlined that I would urge all of my colleagues to support its passage.

Mr. Darrel Stinson (Okanagan—Shuswap, Ref.): Madam Speaker, it is unfortunate that the official opposition has to look at the existing trade world and support Bill C-35, updating the Special Import Measures Act and the Canadian International Trade Tribunal Act, although we believe that this government needs to give much greater and earlier consideration to the impact on Canadian consumers when it is weighing the merits of imposing countervailing duties.

After all, the first principle of government is to protect the well-being of its Canadian citizens, which to me includes law-abiding Canadian companies.

Why do I say unfortunate?

As long ago as 1904 Canada developed the world's first anti-dumping legislation. Over the years since then Canada has evolved into one of the world's leading trading nations. Canada's trade legislation has been changed many times, including changes to the Special Import Measures Act, or SIMA, needed to implement the North American Free Trade Agreement and the Uruguay round of the General Agreement on Tariffs and Trade, or GATT.

But after those piecemeal changes there has been no overall public review of the legislation to ensure that it still serves the needs of Canadian businesses and industry, as well as the needs of the Canadian consumer.

It has been a couple of years since the finance minister asked two standing committees of this House, namely the Standing Committee on Foreign Affairs and International Trade and also the Standing Committee on Finance, to review the Special Import Measures Act and make recommendations to the government regarding any changes needed.

Although this was not my critic area during this period of time, I understand that fairly extensive joint hearings were held by subcommittees of both groups, which reported back to their committees. The government has now acted on the committees' recommendations by bringing forward the legislation before us, namely Bill C-35.

Some of the major interested parties which attended the hearings of the subcommittees were representatives of the steel industry, which has recently been subjected to major dumping by steel producers outside North America.

At a time when large parts of the world are suffering major economic reversals, we can expect many nations to export

whatever commodities they can, including steel, and to sell to countries like Canada and the U.S.A. in a desperate attempt to prop up their sagging economies at home.

During the subcommittees' hearings Canadian steel producers wanted the Canadian government to get tough with American producers. It is certainly within the power of the Canadian government to do so. It could make it more difficult and costly for U.S. importers to meet SIMA demands and it could get the Canadian international trade tribunal to find in favour more often of Canadian firms for example through making new rules or changing the emphasis and the interpretation of the existing rules.

• (1020)

The question has to be raised as to who will benefit and who will be hurt. If Canada moves toward tougher laws and stronger restrictions on international trade versus easing restrictions and working toward not only so-called free trade but, more important, fair trade, nobody can be certain which way our major trading partners will jump if Canada starts getting tougher with anti-dumping and anti-subsidy laws. Would legislators be likely to recognize how counterproductive such measures could be? Or would they, as appears to be happening today with the American states of Idaho, Montana, North and South Dakota and Minnesota, see such actions as an excuse to retaliate against this or that sector of the nearly \$1 billion per day of trade between our two countries?

Given that Canada is more dependent on exports than the U.S.A. it could be foolhardy to try to find out, creating what would amount to a head on collision between a logging truck and a motorcycle. I do not need to spell out to my colleagues in the House which vehicle would represent Canada or the relative amounts of damage which Canada and U.S. economies could suffer.

I am not an economist but I am very definitely a free trader. In the long run I believe it would be very effective to identify downstream U.S. users of Canadian imports to identify who gets hurt by U.S. anti-dumping and subsidy legislation. Let us take for example the softwood lumber deal which was instrumental in raising U.S. housing prices. The problem is that certain groups are very well organized and can mount a much more effective U.S. lobby effort than other groups can.

In the case of Idaho, Montana, North and South Dakota and Minnesota if lower Canadian pork and beef prices at least partly due to our lower dollar were to save money for American consumers it is safe to bet in the real world that the American state governments and the American federal government would hear a lot more quickly and a lot louder from U.S. pork producers than from the U.S. consumer.

This situation reveals another reason why it is unfortunate that we are here today with regard to Bill C-35. For more than a week now state governments across the northern U.S.A. have been using

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state troopers to stop transport trucks carrying live Canadian hogs and steers to U.S. markets.

When I first came to parliament in 1993 in my riding of Okanagan—Shuswap there were to the best of my recollection about five commercial hog producers around the community of Lumby alone. Today I am sad to say the last one is closing.

Recently television reporters have been pretty well making a joke out of the fact that hog growers in the province of Quebec are so desperate that they blockaded Highway 20 between Quebec City and Montreal with hay and a number of pigs in an effort to call attention to their plight and to get some help from their provincial government.

From the Fraser Valley in B.C. right across Canada to Quebec it is no light decision, it is no small or laughing matter when pork producers are shut down. For one thing these folks are not just a bunch of good old boys in bib overalls chewing on a stick of hay. Today's commercial hog barns involve quite major capital investments with a large size and computerized feeding and record keeping. If you wanted to buy a couple of so-called piggies to raise in your small family farm you could drive your pick-up truck to one of those growers and he could take you along the cement floor pens where each age and weight from the little wieners right up to the finished hogs are grouped by themselves. He could tell you from his records exactly how much feed and other costs he has committed to each of those groups and what price he needs from you to cover the costs and to make a little profit.

Sadly today he can also tell you that for all his hard work he is no longer able to make any profit. Therefore many hog producers are bringing all those animals to market weight and selling off their breeding stock and going out of business. Their one hope may be to order a big transport truck, load the live animals on board and ship them across the border into the United States where the higher U.S. dollar might offer our farmers some hope of saving their farms.

● (1025)

That is going to leave Canada open to the same kind of charges. Bill C-35 was designed to allow us to charge non-Canadian businesses for dumping and selling the product in the country for less than it costs to produce. Such charges are going to take time to investigate. Meanwhile Canada's only apparent choice will be to bring charges against the U.S.A. under dispute resolution mechanisms of NAFTA or the World Trade Organization.

Meanwhile what is happening to all those animals and the farmers who own them? If those closely monitored hogs are brought to finished weight, their owners are going to have to lay out even more cash to keep paying for feed while the dispute drags

on. Now the farmers are going to have to face bills from their transport companies because they cannot drive a truck for free, and even though many farmers have already achieved some virtual integration by raising the feed for the animals, they are not likely to own a transport truck.

One thing to be learned from the situation is that the Canadian industry clearly has a major interest in helping U.S. consumers get better organized. It is American consumers who could be the major beneficiary of cheaper Canadian commodities entering the American market, if we really do have free trade. Perhaps the Canadian government has a role to play in helping to accurately inform consumers both in the U.S. and in Europe. Certainly that would not be an unfair trade practice to tell the truth about Canadian products.

Let us look at the Canadian exports of forest products and the nasty role played by certain so-called environmental groups trying to destroy European markets for Canadian forest companies. These so-called environmental groups are subsidized by the Canadian government with tax dollars paid in part by the forest industry and its employees. Despite our world leading expertise by many sectors of the Canadian economy, for example, forestry, mining, communications and aerospace, many times our federal government can act like babes in the woods over international trade deals. If we are going to run with the so-called big dogs, we have to do more than just bark once in a while.

Specifically, the federal government did not look down the road and accurately assess the implications if we stood up and challenged the U.S.A. on the softwood lumber deal, facing the worst case scenario and saying almost anything is likely better than this massive bureaucratic meddling in our multibillion softwood industry by a bunch of folks who are more at home dealing with chicken or egg marketing boards.

Today we have literally millions of dollars in added costs for softwood lumber producers as they have to ensure such non-market related factors as their exports do not exceed 28% of their entire year quota in any one quarter. This is regardless of the fact that we can face burning hot, dry summers like this summer where loggers were banned from the British Columbia forests for months due to the extreme fire hazards. Loggers can be banned from the bush for many weeks every spring because logging roads are so soft when the frost is coming out and the load restrictions have to be enforced. The softwood lumber deal only applies to exports from four provinces so producers can move a plant to a neighbouring province and not be subject to any quota whatsoever. This is a bad deal.

In the bill before us today both the SIMA and international trade tribunal will be amended in line with the recommendations produced after the joint committee hearings. My colleagues in finance

and international trade heard testimony from the departments, academics and industry.

I want to praise one important aspect in the legislation before us today. It is the clarification of provisions on disclosing confidential information that is revealed in the course of investigations about dumping and subsidies and new penalties for making wrongful use of that information. The kind of expert testimony which could be revealed in the course of these investigations could do major damage to the companies involved. It is critical for the information to be protected. Trying to determine when bad trade practices have hurt existing Canadian producers or have prevented development of a Canadian industry can be extremely complex.

• (1030)

For an example, the city of Vernon where I have my riding office used to be the site of major canners of fruits and vegetables and also for the major production of jams and jellies. This is no longer the case. It would certainly be a major project trying to determine whether these industries died due to unfair international trade or because of unfair policies created by politicians from Ontario and Quebec who have stacked so much federal legislation against the interests of the west.

For another such example in the Okanagan Valley of British Columbia a lot of growers produce tree fruits. American fruit growers are allowed to export into Canada certain fruits with some allowable residues of pesticides which Canadian fruit growers are not allowed to use at all. Is that a fair trade practice? I do not think so. The tree fruit growers tell me nothing is being done to help them. Should they blame the growers in the U.S.A. or should they blame Ottawa? I do not have too much doubt as to who they should be blaming.

Both the provincial and federal governments are now being pressed to provide subsidies to B.C. tree fruit growers. Instead many of their problems are due to bad policies made right here in Ottawa.

Let us take another example of the pinewood nematode. It is a little bug that lives in Canadian softwood and can be carried between trees by beetles. Our climate is such that this pinewood nematode basically cannot multiply enough to kill any trees. In the 1980s British Columbia was exporting in the vicinity of a billion dollars worth of softwood into the European market every year.

Suddenly several European nations, which by curious coincidence also produced softwood lumber, decided to start demanding that Canadian companies must kiln dry softwood lumber exported to Europe. This added enough cost that our softwood exports to Europe now amount to less than \$200,000 per year. Every dollar of lost exports to the European market means fewer jobs in the Canadian forest industry.

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My hon. colleagues might believe that surely plant health constitutes reasonable grounds for making such a demand for kiln dried softwood, and I might agree with them but for a couple of facts. First, the Canadian forestry industry has done the scientific investigations to prove that it is virtually impossible for the Canadian pinewood nematode to multiply and create any hazard in Europe.

Second, and this is the catcher, European nations import softwood lumber green, which is to say not kiln dried, from parts of Europe that have been infested with the European pinewood nematode.

In my mind and according to representation from the B.C. softwood lumber producers, this constitutes a non-tariff trade barrier which has been in place for several years. However, rather than going to bat for the B.C. softwood lumber industry and pushing the complaint through the World Trade Organization, this government took absolutely no action until this summer.

Meanwhile, British Columbia's coastal lumber manufacturers, who have been the hardest hit in all of this by the recent economic downturn in Asia, are seeing layoffs that run as high as 50% of the forestry workforce in coastal communities. When one combines those forestry layoffs with the destruction of the west coast fishing industry, also due mainly to the politics of this government which has done such outrageous things as close fish hatcheries inland in British Columbia, including one in my riding, while the American state of Alaska in particular has strongly supported and expanded its hatcheries, we have an entire region, west coast, which today is experiencing a major recession.

I sometimes have to wonder where the thought process is when we start doing things like this. Does anybody here in Ottawa care that B.C. is in a recession? Does anybody here even know? Since parliament began sitting again this week where is the legislation this government has brought forward to assist British Columbia in its time of need? Have my hon. colleagues seen a piece of legislation that I missed? No.

• (1035)

I believe it is totally irresponsible for the government to allow the Bank of Canada to raise interest rates to prop up our sagging dollar while B.C. is already in a recession rather than bite the bullet, cut taxes and pay down our enormous federal debt. Instead, just like the APEC scandal, the Prime Minister washes his hands or again blames somebody else.

Is the government responsible for setting fiscal policy? Of course it is, just like it is responsible for setting defence policy, for setting trade policy to be enacted through such legislation as we have here before us today. Instead the Prime Minister shrugs the responsibility off on to the governor of the bank.

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The crazy reality of international trade in Canada today is that we must have legislation setting out the rules and procedures for anti-dumping and countervailing duty action. We have to maintain federal departments which are supposed to determine when another country has a subsidy that does an injury to a Canadian company.

If politicians and bureaucrats here in Ottawa were to look out into the real world they might recognize that this entire exercise, including Bill C-35, is almost like a sick little joke. What is an unfair trade practice? Which is an injury to a Canadian business? When is a subsidy a subsidy and when is it not a subsidy? Is it a subsidy when American business can purchase gasoline for a trucking fleet at about half the cost of Canadian business? Is it a subsidy when an American business can pay its employees less but have the employees end up with significantly more take home pay for several reasons, including that Canadians pay the highest personal income tax in the entire G-7 and that the policies of the Liberal government, added to the policies of the Mulroney government, have seen the value of the Canadian dollar falling against virtually all other major currencies in the world for many years? Is that a subsidy?

Is it a subsidy when an American business does not have to hire an extra accountant or an extra secretary to complete the GST returns or to handle the extra mountain of paperwork which is required by the unbelievable red tape that federal and provincial governments impose on anybody brave enough or foolhardy enough to try to operate a business in Canada today?

Is it a subsidy when a mining company can know who is going to be its landlord for a given property in the U.S.A. but in British Columbia especially the federal government still has not successfully completed even one modern land claim? Is it a subsidy that investors in British Columbia do not know who their landlord may or may not be because Ottawa cannot get land claims settled? Is that a form of a subsidy?

Is it a subsidy when an American company can pay its employees in American dollars whereas Canadian companies pay our employees in Canadian dollars? I have to wonder about that.

I can well remember when the Canadian dollar was valued well above the U.S. dollar. Canada still has great natural resource riches. We still have an educated and willing workforce. The trouble is Canada now has suffered for many years under federal governments which believe they can spend us, using our own money, to riches rather than recognizing that we have a federal debt to GDP ratio that is second only to Italy among the G-7 nations.

Is it a subsidy when an American company pays its employees in American dollars? It is a serious question, because Canada's high tech industries in particular, whose trained personnel may account for a majority of their capital, are finding it nearly impossible to get and to keep the well trained employees which are their single

greatest assets right here in Canada. Is it a subsidy? We train them, they get them.

Instead of facing that basic economic problem I have received letters from high tech companies in Canada which now want the federal government to increase grants and subsidies to help our companies pay for the costs of research and development. They are struggling to survive, and this government can only treat the symptoms of an illness that threatens their very lives.

• (1040)

The policies of this government and the Mulroney government before it have raised our taxes so high and dropped our dollar so low that I understand both the current Prime Minister and his predecessor have been named business people of the year by several American states. The two of them together have instituted and followed policies which are hammering the last few nails into the coffins of many Canadian companies.

Let us just look at my own personal field of mining. Canada is losing market share of worldwide mining investments. Is it unfair trade practices that account for that harm being done to Canadian mining companies?

For example, I have been alerted that the state of Alaska has asked the American government to request a hearing by the International Joint Commission, or IJC, of the Tulsequah chief mining project being advanced by the Canadian company Redfern Resources.

This is a project which has passed multimillion dollar environmental assessments by both the federal government and the Government of British Columbia. If Ottawa agrees to ignore our own provincial and federal hearings in which the state of Alaska—and I want to make it clear that the state of Alaska had every opportunity to raise any concerns it had during these hearings and never did. If Ottawa refuses to listen and goes ahead with putting a delay in place on this process too long for the investors to remain interested, will this constitute an unfair trade practice? You bet it will.

The state of Alaska does not have to subsidize its own mining companies in order to deal a death blow to a Canadian mining company. It just has to ask this federal government to jump and wait for Ottawa to answer "Just how high would you like us to jump?"

Would such a request ever come before the Canadian International Trade Tribunal being amended by Bill C-35? Not likely. Canadian mining companies today not only have to cope with the falling commodity prices but they have to cope with the high cost of doing business in Canada.

What will the Canadian International Trade Tribunal do about that problem? I suspect nothing.

This past spring I was fortunate enough and had the pleasure to travel with my wife through the state of Oregon. While down there, we met a number of business people, including mayors and councillors in different towns. They actually thought our Prime Minister was the best thing since sliced bread because we have driven so many investors to the state of Oregon and they have created so many jobs.

As an example, I was in a little town out of Lincoln, Oregon. I met with a couple of mayors from other communities. Six new businesses in six months have been started by Canadians right out of British Columbia. Six new businesses created 138 new jobs because they could not do it in their own country. I have to wonder what is going on here.

Members can see that we are driving many investors and many jobs out of Canada. I am in a difficult position here today because I am a strong supporter of free trade. But free trade has to be fair trade.

I look at the condition of the Canadian economy with our high taxes and our once proud Canadian dollar reduced to 66 cents U.S. I look around today and I see that not even one person blinks. We have come to accept it. We have come to accept that maybe it will get worse before it gets better.

I would have to be an extremely religious person with a firm belief in miracles to think that Canadian businesses today can compete fairly with their American counterparts.

Introducing anti-dumping and anti-subsidy laws are like putting on a little band-aid after cutting a major artery.

I want to state very clearly that I do not believe the proper long term solution to these problems is to institute protectionist measures, including some of the very things put forward in this legislation which is before us today.

• (1045)

Instead I would like to call upon this government to change its high spending, high taxing ways. It needs to institute profound changes to greatly shrink the size and cost of the federal government. It should not just pay lip service by keeping highly placed Ottawa mandarins while laying off front line employees who provide the real services to the public, and not just cough up costly buyout packages only to hire the same people back on a contract basis.

The only solution is to greatly reduce the number of things being done by the federal government. Slash the red tape and use the savings to pay down the debt and reduce taxes.

It has also been my pleasure recently to talk to a number of students in my riding of Okanagan—Shuswap. If members think

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some of the things I have said here today might be a little hard and a little harsh, I am serving warning to this House that when these young grade 11 and grade 12 students get out on the street and they have the time to vote, be worried of your jobs my friends because they do not think we have done a very good job at all.

These students know there are no jobs out there for them. We had just better be worried. And remember that I said this. The students are rejecting the image of cradle to grave coddling from government. Students want the government out of their faces. They want jobs. They want dependability. They want some form of security. And the government is not supplying it. We can bet on that. Students are sick and tired of being over-governed.

Back to the sad fact of this whole matter of anti-dumping and anti-subsidies international trade regulations. They cannot compensate for the grossly irresponsible behaviour of politicians whom the Canadian people elected and once trusted to put the best interests of the Canadian people first and foremost.

It is with some concern that we will support Bill C-35. I will go back to what I said at the very beginning. The government's first and foremost responsibility has to be to the Canadian public as a whole, to our law-abiding Canadian companies and to Canadian consumers.

One day hopefully the Government of Canada will wake up and find out for a change that we were sent to this place to govern for the people and not to the people. I await that day.

Mr. Lee Morrison: Madam Speaker, I rise on a point of order. I note that we are vastly outnumbered by the people in the gallery. That is shameful. Perhaps a quorum call would get a few Liberals out of bed.

The Acting Speaker (Ms. Thibeault): We do have a quorum.

[*Translation*]

Mr. Benoît Sauvageau (Repentigny, BQ): Madam Speaker, I would like to start out by thanking my Reform Party colleague for asking for a larger audience for my speech. He likely anticipated how very interesting it would be and I thank him warmly.

More seriously, I am pleased to speak today in the House to Bill C-35. The purpose of this bill is to amend the Special Import Measures Act and the Canadian International Trade Tribunal Act.

A serious and exhaustive examination shows this to be a complex, technical bill. It is a very important bill because it will greatly simplify life for our companies, but particularly because it marks the first attempt by the government to tidy up a complex, technical bill, one which needs to be brought up to date quickly, because of the increasing number of free-trade agreements being

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negotiated with various countries and also because we now live in an era of globalization.

• (1050)

Quebeckers, Canadians and the Bloc Quebecois have long been calling for less bureaucracy and more efficiency for our companies, especially those engaged in exports.

Despite certain reservations, my Bloc Quebecois colleagues and I will be voting in favour of Bill C-35. We have noted these reservations in a report produced by the International Trade, Trade Disputes and Investment Subcommittee of the Standing Committee on Foreign Affairs and International Trade, tabled in the House in December 1996. Moreover, the government responded favourably to this report in a document tabled in the House on April 18, 1997.

This bill is therefore in response to the report. Current legislation governs the imposition of antidumping and countervailing duties on dumped or subsidized goods where this dumping or subsidizing has or may have an injurious effect on producers in Quebec and Canada.

Amendments have also been made to some provisions of the Canadian International Trade Tribunal Act dealing with inquiries related to this injury in antidumping and countervailing duty cases. These amendments should hopefully improve the Canadian trade remedy system so that it will better take into account the new economic context and the evolution of international trade rules.

Unlike our colleagues across the way, who changed their tune all of a sudden after they took office in 1993—just think of their anti-free trade rhetoric—we in the Bloc Quebecois have always been in favour of free trade. We can therefore only applaud any steps taken to help ensure businesses in Quebec and Canada are full participants in this globalization era, but in a well-structured context based on appropriate legislation. This is the intention behind Bill C-35. It contains marginal changes, which will nonetheless streamline the system.

An extensive review of the report has revealed a number of areas that we feel ought to be improved. Some of these changes have been included in the report. For example, the Bloc Quebecois succeeded in improving access to the investigation process for small and medium size producers through recommendation no. 2, which reads as follows: “The subcommittees recommend first of all that Revenue Canada take concrete steps to ensure that small and medium size Canadian producers have fair and equitable access to the recourses set out in the Special Import Measures Act”.

The major industries, such as sugar, steel, aluminum or asbestos, are not the only ones that can make use of an act like the Special Measures Act. As well, increasing numbers of small and medium

size businesses and producers require easier access to these laws, these privileges, which are sometimes a bit complex for new exporters. Like the other parties, the Bloc Quebecois has tried to simplify access for small and medium size producers, as well as making other changes in connection with the way the Canadian International Trade Tribunal operates.

The Bloc Quebecois also proposed that recommendation no. 10 make cumulation mandatory, when the tribunal is determining damages, and the government party agreed to this.

A section on avoidance was also included in the report, at our request. Finally, recommendation No. 12 reads as follows: “The subcommittees also recommend that section 76 of the Special Import Measures Act be amended, so as to compel the Canadian International Trade Tribunal to evaluate the cumulative adverse effects of dumping or subsidizing, during provisional reviews and at expiry”. That recommendation was improved following our representations.

The Bloc Quebecois succeeded in having major changes and improvements made. Unfortunately, several of our recommendations were rejected by the government, and it is regarding these that we disagree. A number of witnesses raised concerns when they appeared before the Standing Committee on Foreign Affairs and International Trade.

• (1055)

The Canadian Steel Producers Association was among those witnesses who were worried about certain provisions in the legislation. The Bloc Quebecois expressed these concerns in a dissenting opinion, during the review by the committee.

Let us go over the arguments put forward by the Canadian Steel Producers Association. The Bloc Quebecois agrees with the association, which is asking that Revenue Canada do not take into consideration the spontaneous presentations made by parties other than the complainant before an investigation.

This would mean that Revenue Canada would only take into account the information provided by the complainant, and would therefore not have to take unsolicited comments into consideration.

This seems reasonable to us, since it would only apply to the period preceding the opening of an investigation. Unfortunately, the government does not seem to care about our requests or those of such an important industry for the Quebec and Canadian economies as the steel industry. It rejected that proposal, which is therefore not reflected in the bill.

We feel that the definition of material harm also poses a problem. The Bloc Quebecois is asking that a definition of “material harm” be included in the Special Import Measures Act.

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Such a definition, along with the criteria suggested in the current regulations, would clarify this important notion for everyone.

Another Bloc Quebecois proposal ignored in this bill concerns the future or retroactive method of imposing duties. We want Revenue Canada to continue using the future method. However, we would, in cases where prices or costs are likely to fluctuate significantly, like to have Revenue Canada authorized to use the retroactive duty imposition method. This method would be used only exceptionally and only when Revenue Canada considered it necessary.

The Bloc Quebecois considers that Bill C-35 should not contain provision for the minimum duty. We think it is premature to include the concept of a minimum duty in the Special Import Measures Act. We think the government should stop approving policies that reduce the protection afforded Quebec and Canadian businesses when our main trading partners are not doing the same thing.

The Standing Committee on Foreign Affairs and International Trade recommends including the concept of a minimum duty in section 45 of the legislation on public interest.

As you can see, the Bloc Quebecois worked very hard to improve the bill. Nevertheless, certain conditions were not accepted. The Bloc Quebecois will, however, support Bill C-35.

The Speaker: I must advise my colleague that he will have the floor after oral question period. He still has time to speak, if he so wishes. We will give him the floor then.

The House will now proceed to statements by members.

STATEMENTS BY MEMBERS

[*English*]

WATERLOO SAFE COMMUNITIES PROGRAM

Mr. Andrew Telegdi (Kitchener—Waterloo, Lib.): Mr. Speaker, last week I attended a reception honouring, acknowledging and recognizing the achievements of the participating Waterloo businesses on their huge efforts and success in attaining the Waterloo Safe Communities Program's goal of reducing injury in the workplace.

Mr. Paul Kells initiated the Safe Communities Program after the tragic death of his son Sean in a workplace accident in 1994.

Waterloo was one of the first cities to get involved in the program in 1996. We now have 72 businesses that are members. Due to their minimal injuries and improved safety awareness, about 48 of them received a rebate of \$350,000 in saved insurance premiums from the Workplace Safety and Insurance Board.

Congratulations to Waterloo's Safe Communities Program and congratulations to Mr. Paul Kells for his initiative. He is a true Canadian hero.

* * *

YEAR 2000 PROBLEM

Mr. Philip Mayfield (Cariboo—Chilcotin, Ref.): Mr. Speaker, the clock is quickly running out before the start of the new millennium. The year 2000 computer bug will cause serious problems for those with electronic chips unable to read the four digit year 2000.

Are we ready? Hardly. Every sector of the economy from energy, to health care, to business, to transportation will be affected. This includes everything from computers to life saving medical equipment, to elevators and washing machines. In recent tests some machines stopped functioning completely after the clocks were turned past January 1, 2000. We can expect more of this.

• (1100)

Many are aware of the problem but believe it is not serious. Some even believe it is simply a ploy to make Microsoft even richer. This is a ludicrous misconception.

What we need is leadership on this issue. This government has been largely silent. The Prime Minister and his ministers must speak out now about the consequences of not acting to solve this widespread problem. It is serious. Time will not wait for any of us.

* * *

GRANDPARENTS' RIGHTS

Mr. Mac Harb (Ottawa Centre, Lib.): Mr. Speaker, article 5 of the United Nations Convention on the Rights of the Child states that a child has every right to spend time with members of their extended family, and these family members have an obligation to provide appropriate direction and guidance.

Unfortunately, grandparents, as a consequence of the death, separation or divorce of their children, are often denied access to their grandchildren by guardians. This constitutes discrimination, abuse and injustice.

We have a responsibility to ensure that our children continue to enjoy the emotional support of their grandparents. Several jurisdictions, including Quebec and Alberta, currently contain provisions to ensure the right of access of grandparents to their grandchildren.

It is now time for us to take action.

* * *

VIA RAIL CONDUCTORS

Mr. Bill Blaikie (Winnipeg—Transcona, NDP): Mr. Speaker, I call on the Minister of Transport to address the plight of many former VIA conductors who lost their jobs when the position of conductor was recently eliminated.

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I refer specifically to the conductors who went to VIA from CN originally and had an agreement that they would be able to go back to CN if they ever needed to. This agreement, shamefully, is not being honoured by CN, leaving those who were too young for early retirement without a job.

This is patently unfair and I urge the transport minister to speak to CN about honouring its commitment, a commitment made when CN was publicly owned and which should be kept. Fairness demands no less from CN and from the Minister of Transport.

* * *

STRATFORD FESTIVAL

Mr. John Richardson (Perth—Middlesex, Lib.): Mr. Speaker, I rise today to congratulate the cast and crew of the Stratford Festival for another excellent season of theatre.

The talented cast of veteran and new actors made us feel a gamut of emotions as we sat enthralled by the political intrigues of *Julius Caesar*, saddened by the heart-wrenching *Cherry Orchard*, enraptured by the musical mayhem of *Man of La Mancha* and left laughing by *Much Ado About Nothing*.

As many of the members of this House can attest, the Stratford Festival is boundless fun. I urge all theatre goers to attend the festival as it will run until November. If not this year, maybe next year.

In closing, I want to extend my best wishes for great success to two Stratford Festival plays that will begin showing in New York City this coming November.

* * *

AUTUMN IN RENFREW—NIPISSING—PEMBROKE

Mr. Hec Clouthier (Renfrew—Nipissing—Pembroke, Lib.): Mr. Speaker, after so much inflammatory language during the first week of this new session I invite my colleagues to enjoy a wonderful spectacle from the great Upper Ottawa Valley.

The Flaming Leaf tour in my riding is a tremendous display of autumn colours that will simply take one's breath away. Travel along the Opeongo Line where pioneers worked tirelessly to build a caring community and where lumber barons made their fortunes floating logs down the Ottawa River.

The people who live in the great riding of Renfrew—Nipissing—Pembroke come from all cultural backgrounds. We come together and live in harmony, a lesson that could be learned by the people of this House.

Our Canadian maple leaf is a symbol that has earned worldwide respect and admiration. The changing colours provide a portrait of panoramic pride in this celebrated country called Canada.

Come to the valley and enjoy the vista.

* * *

[*Translation*]**QUEBEC'S JOURNÉES DE LA CULTURE**

Ms. Hélène Alarie (Louis-Hébert, BQ): Mr. Speaker, bonne journée, have a good day: that is the theme of the second edition of Quebec's Journées de la culture, which will be taking place today, tomorrow and Sunday. Artists, artisans and cultural organizations all over Quebec will be offering their fellow citizens nearly a million activities free of charge.

Last year, 163,000 Quebecers took advantage of these days to sample the culture of their neighbourhood, their village or their city. This year, people will have the opportunity to watch a play in dress rehearsal, to visit a television studio, to help a composer write and then record a song, or to contribute an article to their local paper. These special days will afford them an opportunity to integrate culture into their everyday lives.

My best wishes for success to all those involved directly or indirectly in the defence and promotion of Quebec culture. May they indeed have a good day.

* * *

● (1105)

[*English*]**APEC SUMMIT**

Mr. Grant McNally (Dewdney—Alouette, Ref.): Mr. Speaker, the peaceful protesters gathered, charged with a fervent belief in democracy. They stood tall and voiced their opposition to tyranny, dictatorship and the denial of fundamental human rights. When the risk of embarrassment was too much to handle, the dictatorial leader ordered the police to move in and use excessive force to silence those students who dared speak out against the regime.

I am not talking about Tiananmen Square, I am talking about Vancouver. We cannot take the incidents that transpired at the APEC conference lightly, for the precedence they establish is frightening. Canadians gathered to use their fundamental human rights to raise the awareness of atrocities taking place in other countries. Rather than extol the virtues of democracy, the Prime Minister and the foreign affairs minister decided to make the dictators feel at home by sanitizing the scene and shutting down protesters.

The Prime Minister is concerned about what legacy he will leave Canada. He will be remembered as the leader who called a democratic election in his own country a joke and revoked Canadian civil rights in order to satisfy a brutal dictator. What a legacy.

HUMAN RIGHTS

Ms. Shaughnessy Cohen (Windsor—St. Clair, Lib.): Mr. Speaker, recent events in Malaysia should be of concern to all of us who value democracy.

While most of us know of the imprisonment of the Malaysian deputy prime minister for disagreeing with his prime minister, few have heard of the plight of Lim Guan Eng. Lim Guan Eng is an opposition member of parliament who is spending 18 months in jail because he spoke out against a powerful minister and friend of the prime minister of Malaysia.

Malaysia wants international respect, but its government fails to respect the rule of law and the fundamental principles of freedom of speech. It is time for all democratic nations to join in speaking out against these violations of human rights and it is time for the Malaysian government to free Lim Guan Eng.

* * *

[Translation]

MULTILATERAL AGREEMENT ON INVESTMENT

Mr. Benoît Sauvageau (Repentigny, BQ): Mr. Speaker, for several years now, the 29 OECD member countries have been trying to conclude a multilateral agreement on investment, known as the MAI. At the request of France, the negotiations, interrupted last April, will resume October 20.

The Bloc Québécois cannot subscribe to MAI unless it includes certain protections, cultural ones in particular. In addition, the Bloc Québécois believes that the agreement should be negotiated within the World Trade Organization.

Although it may be harder to conclude the agreement within the WTO, the Bloc Québécois is convinced that the outcome, once signed, will be a better one, because it will represent the positions of both developed and developing countries.

The Bloc Québécois is therefore committed to keeping a close eye on the minister in order to ensure that he does what he has said he will do, and that any agreement takes into account the interests of the entire population, not just those with money.

* * *

UNIVERSITY OF OTTAWA'S 150TH ANNIVERSARY

Mr. Mauril Bélanger (Ottawa—Vanier, Lib.): Mr. Speaker, I am pleased to rise in this House to tell you about the festivities that will take place this weekend, here in Ottawa, to celebrate the 150th anniversary of a great institution, the University of Ottawa.

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This reunion will provide an opportunity for alumni to get together and share memories and achievements that are partly the result of the high quality education they received while pursuing their university degree.

As the member of Parliament for the riding of Ottawa-Vanier, where the University of Ottawa is located, I am very pleased to welcome all those who will come this weekend to take part in this event.

I take this opportunity to salute my alma mater and I hope it will continue its tradition of excellence "ad Vietnam aeternam" as Les Cyniques used to say.

* * *

[English]

UNEMPLOYMENT IN NEWFOUNDLAND

Mr. Norman Doyle (St. John's East, PC): Mr. Speaker, the dictionary defines "decimate" as kill or remove one in every ten. Since 1986 Newfoundland has lost 60,000 through out-migration. Given that our population is below 600,000 people, it is fair to say that Newfoundland has been literally decimated by out-migration since 1986.

Our unemployment rate is 19%, more than double the national rate, and I shudder to think what the rate would have been had these 60,000 people not left.

Newfoundland's chronic unemployment problem is very much a local tragedy, but it is also a national tragedy. Not until Canada helps Newfoundland solve that problem can she truly deserve the United Nations title of best country in the world in which to live.

We appreciate our right as Canadians to seek work elsewhere in Canada; however, after nearly 50 years in Confederation it is time we had a share of these jobs at home.

* * *

ABORIGINAL AFFAIRS

Mr. Myron Thompson (Wild Rose, Ref.): Mr. Speaker, this summer I had the pleasure of hosting an aboriginal round table discussion in which 70 aboriginals from four provinces travelled to meet with the Reform Indian affairs critic team. Their message to us was very clear. They feel the Reform Party is the only federal opposition party that is speaking out on behalf of disenfranchised, grassroots, aboriginal people across the country.

● (1110)

They told us they are suffering at the hands of corruption and financial mismanagement. The conditions of the Stoney Reserve in my constituency and the injustices faced by Bruce Starlight are typical. Their lives are not improving and with the Liberal's callous indifference they have no hope for the future.

S. O. 31

Today I have compiled the names of close to 100 Indian bands that are demanding accountability. As the newly appointed Indian affairs deputy critic for the Reform Party, my pledge today is to help them achieve this goal and settle for nothing less than the quality of life all Canadians deserve. Reform will be their voice.

* * *

[Translation]

JACQUES PARIZEAU

Mr. Denis Coderre (Bourassa, Lib.): Mr. Speaker, I do not know if, yesterday, we were back in the good old days of the Soviet regime, or if Brutus was once again trying to become Caesar, but Bernard Landry told us there is a new federalist in our ranks. His name is Jacques Parizeau.

They tried to silence him, especially when he said that—but we already knew this—Bouchard was not transparent, that he lacked courage and, more importantly, that he had become the chief waffler of the Quebec government.

It is time for an election in Quebec, so that we can get rid of that bunch of separatists.

* * *

PRESIDENT OF SOUTH AFRICA

Mrs. Monique Guay (Laurentides, BQ): Mr. Speaker, yesterday, we were honoured to welcome to this House Nelson Mandela, one of the most illustrious defenders of human rights.

A driving force for peace and development in Africa, and a pioneer in the struggle for the rights of his people, his battle took him all the way to the office of President of South Africa.

Since the first free elections were held in 1994, South Africa has continued in its role of economic engine of the continent. Africa as a whole owes much to Mr. Mandela, at a time when this continent is moving towards deeper self-understanding, giving us all hope that there will be an improvement in the material, social and political conditions of its peoples.

Yesterday evening, Mr. Mandela, you became the first head of state to become a Companion of the Order of Canada. This is an honour signifying for Canadians and Quebecers how important a beacon for humanity your struggle for freedom, dignity and democracy is and will continue to be.

You are a model of courage and tenacity for us all.

* * *

[English]

MINISTER OF FISHERIES AND OCEANS

Mrs. Nancy Karetak-Lindell (Nunavut, Lib.): Mr. Speaker, just yesterday it was announced that the Atlantic Salmon Federa-

tion will be awarding the Minister of Fisheries and Oceans with the prestigious Atlantic Salmon Federation International Award which recognizes achievement in the field of Atlantic salmon conservation in the North Atlantic.

The Minister of Fisheries and Oceans has been very active on domestic and international fronts putting conservation first, with precautionary conservation and management decisions affecting Atlantic salmon in Canada and Greenland.

I congratulate the minister for his leadership in conservation.

* * *

1999 MARCH 21 ANTI-RACISM CAMPAIGN

Ms. Carolyn Parrish (Mississauga Centre, Lib.): Mr. Speaker, the Secretary of State for Multiculturalism and the Status of Women is launching the 1999 March 21 anti-racism campaign at the “Mandela and the Children” event today at the SkyDome in Toronto.

This will be the 11th annual public education campaign to raise awareness of racism in Canada and encourage Canadians to act forcefully to end racial discrimination.

President Nelson Mandela of the Republic of South Africa is the honoured guest at the launch.

As members will remember, March 21 commemorates the massacre in 1960 of peaceful demonstrators in Sharpeville, South Africa. President Mandela has many times expressed his appreciation to Canada for supporting the United Nations in the proclamation of March 21 as the International Day for the Elimination of Racial Discrimination.

The 1999 March 21 campaign is direct and hard hitting. It encourages all Canadians to join the fight against racism and racial discrimination. A key element of the campaign has become the “Stop Racism” national video competition which involves—

The Speaker: The hon. member for Calgary East.

* * *

THE SENATE

Mr. Deepak Obhrai (Calgary East, Ref.): Mr. Speaker, a recent poll conducted in my home province of Alberta has confirmed what my party has always known. The vast majority of Albertans want Senate reform and want it now.

Over 80% of Albertans want a direct voice in who represents them in Canada’s upper house.

● (1115)

The poll also states that support for an elected Senate is strong, deep and entrenched.

Oral Questions

How does the Prime Minister respond to this plea for an elected Senate? He goes ahead, fills an Alberta Senate vacancy with a federal Tory, instead of allowing the people to say who will represent them. This is Liberal democracy in action. It is this arrogance which helps explain why Alberta's federal Liberal caucus holds their meetings in a phone booth.

The Prime Minister cannot stop the people's will. It is only a matter of time.

ORAL QUESTION PERIOD

[English]

APEC SUMMIT

Mr. John Reynolds (West Vancouver—Sunshine Coast, Ref.): Mr. Speaker, in 1986, while the government was in opposition and the Conservative Party brought in legislation for the Public Complaints Commission, the current heritage minister said "I urge the government to make changes to allow the Public Complaints Commission to investigate beyond the RCMP".

The Acting Prime Minister knows that the Public Complaints Commission cannot investigate the role of the PMO. Can the minister tell the House if he will make changes so we can guarantee that the PMO, if it is to be investigated, can be investigated by the Public Complaints Commission?

Hon. Herb Gray (Deputy Prime Minister, Lib.): Mr. Speaker, the Public Complaints Commission has been in existence for some 12 years. It has built up a very fine record of outstanding work looking into complaints that are brought before it. I do not see any reason why one should assume that the Public Complaints Commission will not do everything necessary to thoroughly investigate the matters that are brought before it at the request of the student protesters.

The student protesters want to see the Public Complaints Commission look into this matter. Why does the hon. member try to undermine the work of the commission before it even begins?

Mr. John Reynolds (West Vancouver—Sunshine Coast, Ref.): Mr. Speaker, it is nice for the Acting Prime Minister to say we are trying to undermine the Public Complaints Commission. In 1989 when the Public Complaints Commission wanted to investigate Norman Inkster's role in a budget leak, it was this government that went all the way to the Supreme Court of Canada to keep the Public Complaints Commission from doing its job.

How can the Canadian public be assured that this government will allow the Public Complaints Commission to investigate the role of the PMO in the APEC affair?

Hon. Herb Gray (Deputy Prime Minister, Lib.): Mr. Speaker, the value of the hon. member's question is shown by his assertion that this government was in office in 1989. It was not. We would have liked to have been, but we were not.

Mr. Jim Abbott (Kootenay—Columbia, Ref.): Mr. Speaker, I ask the acting Prime Minister this question. In 1989 there was an attempt to interfere on the part of the government of the day and shut down the ability of the Public Complaints Commission to do its job. As a matter of fact, their position was that Mr. Inkster was no longer an employee of the RCMP, which is the assertion that I was making yesterday. This board can only look into the affairs of people who are employees or agents of the RCMP.

Will the minister give us the assurance today that the Prime Minister and the Prime Minister's office will—

The Speaker: The Hon. Deputy Prime Minister.

Hon. Herb Gray (Deputy Prime Minister, Lib.): Mr. Speaker, the hon. member talks about the government of the day. It was not this government. I do not think that one should attempt to hold us in any way responsible for the position taken at that time by another government.

I also want to say that we want to see the commission do its work in an active and thorough manner. That is what the chair of the commission said when she announced the inquiry.

Let us see the commission start its work and get on with its work. If after its report is out—

The Speaker: The hon. member for Langley—Abbotsford.

* * *

CANADA PENSION PLAN

Mr. Randy White (Langley—Abbotsford, Ref.): Mr. Speaker, it is another non-answer day in the House of Commons.

It is now clear that the real reason the chief actuary for the Canada Pension Plan was fired was because Bernard Dussault would not compromise his independence. Finance officials told the chief actuary that he should not answer information requests from the official opposition or the government of Ontario because of their politically sensitive nature.

Why were the finance officials trying to compromise the chief actuary's independence? Is that not the reason he was fired?

• (1120)

Hon. Jim Peterson (Secretary of State (International Financial Institutions), Lib.): Mr. Speaker, the government does not interfere in the internal relationships of public service bodies. We did not and we would not.

Oral Questions

What is the member really asking us in terms of reporting relationships? Does he really think that the reporting relationships within OSFI should not be determined by the management in our professional public service? Is this what he is saying? Should it be somebody else who—

The Speaker: The hon. member for Langley—Abbotsford.

Mr. Randy White (Langley—Abbotsford, Ref.): Mr. Speaker, we ask the questions here.

This position is supposed to be politically independent. The official opposition and the Government of Ontario asked some questions. The finance officials indicated that the questions should not be answered through the chief actuary. Is that not really the real reason why this individual was fired? Own up.

Hon. Jim Peterson (Secretary of State (International Financial Institutions), Lib.): Mr. Speaker, the issue is very simple. I refer to the press release of the superintendent of financial institutions: “This has been an entirely internal personnel matter at OSFI, and the decision to terminate Mr. Dussault was taken within OSFI. Any suggestion to the contrary has no foundation in fact”. That is the fact.

* * *

[Translation]

APEC SUMMIT

Mrs. Suzanne Tremblay (Rimouski—Mitis, BQ): Mr. Speaker, in connection with the “peppergate” affair, the government repeatedly told us all week that the RCMP public complaints commission will have all the answers to the questions we have been asking since the beginning of this affair.

If this is the case, how can the Deputy Prime Minister explain the remarks made by his colleague, the hon. member for Vancouver Quadra, who stated that the public complaints commission would not disclose all that took place at the APEC summit?

Hon. Herb Gray (Deputy Prime Minister, Lib.): Mr. Speaker, I will check to make sure the hon. member was not misquoted, but as far as we are concerned, the commission is in a position to conduct an in-depth investigation into these incidents, and we expect the hearings to start as soon as possible.

Mrs. Suzanne Tremblay (Rimouski—Mitis, BQ): Mr. Speaker, what the hon. member for Vancouver Quadra said is that the mandate of the RCMP commission would be limited to determining whether RCMP actions were in accordance with the law and whether the nature of these actions was appropriate.

So, will the government give us every assurance that this commission will be able to get to the bottom of the events in Vancouver, including the Prime Minister’s involvement?

Hon. Herb Gray (Deputy Prime Minister, Lib.): Mr. Speaker, the hon. member’s question is purely speculative and hypothetical, since the Prime Minister has not been asked to appear before the commission. We already know, however, that two senior officials in the Prime Minister’s office are prepared to testify: senior secretary Jean Pelletier and former director of operations Jean Carle. This goes to show how open we plan to be with the commission.

Mr. Richard Marceau (Charlesbourg, BQ): Mr. Speaker, in December 1997, the auditor general wrote the following about the RCMP commission, and I quote “The Commission needs to significantly improve the way it carries out public hearings, both by prescribing clear and precise terms of reference for each hearing and by providing its members with training in conducting hearings”.

With the commission unable to clarify its terms of reference and to properly hold hearings, how can the minister say to us that he can give us all the details of the sombre events in Vancouver?

Hon. Herb Gray (Deputy Prime Minister, Lib.): Mr. Speaker, when the public hearings were announced, the chair of the commission, Ms. Heafey, said, and I quote “The commission has received 42 complaints concerning the incidents that occurred on the campus of UBC. I think a public hearing is the best way to guarantee the public that these complaints will be thoroughly, fairly and impartially examined”.

● (1125)

Mr. Richard Marceau (Charlesbourg, BQ): Mr. Speaker, let’s get serious. Even the present government in opposition had doubts about the credibility of the RCMP complaints commission.

In 1986, the current Minister of Canadian Heritage, who is sitting opposite, said that the government of the time appreciated the work of the commission because it would help it get out of trouble.

Are we to understand that the government is hiding behind this commission because it has been in trouble for a week now?

Hon. Herb Gray (Deputy Prime Minister, Lib.): Mr. Speaker, since 1986, the commission has had a record of fine work—for some 12 years. Furthermore, the work of this commission, created by Parliament, is non partisan and at arm’s length from the government. The chair has assured the public that the commission is prepared to do this sort of work, and we should wait for the hearings.

Oral Questions

[English]

Ms. Alexa McDonough (Halifax, NDP): Mr. Speaker, the Prime Minister keeps dodging questions about his direct involvement and that of his staff in suppressing peaceful protests at APEC.

The correspondence between UBC and the PMO clearly documents the extent of his involvement.

When will the Prime Minister come clean about his role in the disgraceful Spray-PEC suppression of civil rights?

Hon. Herb Gray (Deputy Prime Minister, Lib.): Mr. Speaker, when will the leader of the NDP withdraw and apologize for the statement she made in the House yesterday, which was totally incorrect, that Jean Carle had declared that he had destroyed documents? That is not correct.

Instead of asking her question the first thing she should have done was got to her feet and apologized if she had any respect for the traditions of this House.

Ms. Alexa McDonough (Halifax, NDP): Mr. Speaker, it is quite clear they do not want to hear the facts.

When the UBC president wrote to the Prime Minister complaining about PMO decisions to unreasonably restrict protesters, she got a letter from Jean Carle, a PMO staffer, and a phone call from the PMO's closest adviser, none other than Eddie Goldenberg.

When is the Prime Minister going to stop denying his role in this APEC fiasco?

Hon. Herb Gray (Deputy Prime Minister, Lib.): Mr. Speaker, I think the first thing to do is check the accuracy of the hon. member's assertions. It will likely turn out that they have no more value than what she wrongly asserted yesterday.

* * *

CANADA PENSION PLAN

Mr. Rick Borotsik (Brandon—Souris, PC): Mr. Speaker, yesterday the top watchdog of the employment insurance fund sent an e-mail to all of his buddy actuaries around the country defending the former actuary of the Canada pension plan and calling for EI premiums to be reduced: "The simple way to return the UI surplus would be to just drop premiums which would help to offset the rising CPP costs".

Could the minister of HRD tell us today whether the government is planning to fire the top expert of the EI fund for telling the truth the way it fired his colleague for the Canada pension plan? Is he going to be fired?

Hon. Jim Peterson (Secretary of State (International Financial Institutions), Lib.): Mr. Speaker, when we took office the

deficit was \$42 billion. EI premiums were going to \$3.30. We capped them at \$3.07. Since then we have had four consecutive reductions in the EI premiums.

In the last budget they went from \$2.90 down to \$2.70. This represented a \$1.4 billion decrease in EI premiums. We have had additional tax decreases. In the last budget we began the process—

The Speaker: The hon. member for Brandon—Souris.

Mr. Rick Borotsik (Brandon—Souris, PC): Thank you, Mr. Speaker, for having the secretary of state not have an answer.

The finance minister has made it clear that he wants to spend the surplus EI fund. There is absolutely no question about it. He wants new funding for new projects for the Liberal government and he wants it perhaps to pave the way for the leadership. Will the government give those dollars back to the employees or is he going to fire the person who suggested that they go back to the employees?

• (1130)

Hon. Jim Peterson (Secretary of State (International Financial Institutions), Lib.): Mr. Speaker, we have been on a course whereby we have consistently reduced EI premiums. This is a question of choice. In three and a half years we have gone from a \$42 billion deficit to a surplus budget. At the same time we have chosen to reinvest in those most deserving in our country, the disabled, children living below the poverty line, working families with low incomes, the charitable sector, the voluntary sector.

We have chosen a balanced approach for paying down the debt—

The Speaker: The hon. member for Wanuskewin.

Mr. Maurice Vellacott (Wanuskewin, Ref.): Mr. Speaker, all week long the finance minister has pompously claimed that he does not politically interfere in the work of the chief actuary of the Canada pension plan.

The truth of the matter is there was major political interference. A special committee was established to deny requests for information if thought to be politically sensitive.

Why did the finance minister allow his department to establish a special committee to gag the chief actuary? Mr. Dussault objected to this political interference. Is this not the real reason why he was fired?

Hon. Jim Peterson (Secretary of State (International Financial Institutions), Lib.): Mr. Speaker, the superintendent of financial institutions has made it very clear that this was a difference of management styles within his own department.

If what the hon. member is saying is that individual members in our public service should have the right to determine who they

Oral Questions

report to, no matter who, and that issue should not be set by management within the public service, then that would be a—

Some hon. members: Oh, oh.

The Speaker: My colleagues, when the question is asked I believe we should give the person who is asked the question a chance to respond. I appeal to you to please, if at all possible, keep your voices down so we can hear.

I am sorry to interrupt. There is still some time if you would like to complete your response.

Hon. Jim Peterson: Mr. Speaker, just as I accede to your jurisdiction in the Chamber, this is what happened in this particular case. Individuals within the public service have to be responsible to their superiors within the public service. We would not interfere with that.

Mr. Jay Hill (Prince George—Peace River, Ref.): Mr. Speaker, even after giving the hon. member two chances to answer the question, he still failed to answer the question.

Management style is not the issue. The chief actuary is supposed to be independent. Finance officials wanted him to compromise that independence.

I ask again, and this time we would really like the answer, which has nothing to do with management styles, isn't the real reason he was fired because he refused to sell out to finance department officials?

Hon. Jim Peterson (Secretary of State (International Financial Institutions), Lib.): Mr. Speaker, I go back to the press release of the office of the superintendent of financial institutions: "Mr. Bernard Dussault at OSFI has been terminated. This action follows a long period of continued differences between Mr. Dussault and OSFI management. These differences have been over issues of management style and do not in any way touch on the professional work of Mr. Dussault or his staff on any actuarial projections or opinions.

The people charged with running those departments are independent professional public servants and have the right, independent of the political arm of government, to make management decisions. It was their decision. It was not ours.

* * *

[Translation]

EMPLOYMENT INSURANCE

Mr. Réal Ménard (Hochelaga—Maisonneuve, BQ): Mr. Speaker, my question is for the Minister of Human Resources Development.

The Minister of Finance indicates that his government is preparing to sink its claws into the employment insurance fund surplus, and thus to divert billions of dollars from its intended purpose, which is to ensure earnings for those who lose their jobs.

Will the Minister of Human Resources Development tell us if it is indeed his intention to table a motion suspending part of the legislation, the part concerning determination of the contribution rate, yes or no?

Hon. Jim Peterson (Secretary of State (International Financial Institutions), Lib.): Mr. Speaker, very clearly, with the deficit problems we experienced in 1993, steps had to be taken. At the same time, we decreased employment insurance contributions every year. We decreased them over four years, with a freeze the first year. Every 10 cents of contribution costs us in revenue more than—

The Speaker: The hon. member for Hochelaga—Maisonneuve.

• (1135)

Mr. Réal Ménard (Hochelaga—Maisonneuve, BQ): Mr. Speaker, I would like to go through you, if I may, to wake up the Minister of Human Resources Development, and to ask him whether he is going to get up and announce to us that he is going to ensure that the employment insurance fund is not going to be misused and if he is going to be the defender of the unemployed. Yes or no?

Hon. Jim Peterson (Secretary of State (International Financial Institutions), Lib.): Mr. Speaker, what is done with federal revenues is really a matter of choice. For our part, we have adopted a balanced program, which is to balance the debt, decrease taxes, and invest for the economic and social future of Canadians.

That is the same thing we had to do—

Some hon. members: Oh, oh.

The Speaker: But we had such a nice day yesterday. The hon. member for Prince George—Bulkley Valley.

[English]

Mr. Dick Harris (Prince George—Bulkley Valley, Ref.): Mr. Speaker, the Minister of Finance is showing utter contempt for the laws that govern the EI surplus and he is showing utter contempt for hardworking Canadians.

Because he cannot get his hands on the money legally, he is simply going to change the law, something like Jesse James making bank robbery legal.

The Speaker: A little too far. I ask the member to put his question right now.

Mr. Dick Harris: Mr. Speaker, why is the finance minister so intent on ripping off Canadian workers and employees? Why is he so intent on being some sort of modern day version of Bonnie and Clyde?

The Speaker: I asked the member to tone down his language. I will permit the secretary of state to answer if he wants. If not, I will go on.

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Hon. Jim Peterson (Secretary of State (International Financial Institutions), Lib.): Mr. Speaker, I welcome this opportunity and other opportunities to clarify the situation.

In spite of the incredible fiscal challenges that our government has faced, in the last budget where we achieved a balance we also began the process of overall income tax reduction.

We took 400,000 low income Canadians totally off the income tax rolls. For 13 million out of 14 million Canadian taxpayers, there were reduced taxes including the elimination of the surtax for all those with incomes—

The Speaker: The hon. member for Prince George—Bulkley Valley.

Mr. Dick Harris (Prince George—Bulkley Valley, Ref.): Mr. Speaker, the Liberal government is talking utter nonsense when it talks about the tax reductions it has put into force.

As a matter of fact, since 1993 the Liberals brought in 39 individual different tax increases. They ripped an additional \$30 billion off Canadians in tax increases and they have taken \$8 billion out of health care and education. How can they stand up and talk like that?

My question is for the finance minister. Regarding the \$6 billion surplus that he cannot have, why is he so intent in scooping it? Is it for his own political—

The Speaker: The hon. member for Laval Centre.

[*Translation*]

Mrs. Madeleine Dalphond-Guiral (Laval Centre, BQ): Mr. Speaker, my question is for the Minister of Human Resources Development.

Everyone knows he is ultimately responsible for the use made of the employment insurance fund.

• (1140)

Since the minister has already abdicated his responsibilities with respect to the Canada Pension Plan, can he, from his seat, assure people that he will never allow his colleague in finance to misappropriate the surplus in the employment insurance fund?

Hon. Jim Peterson (Secretary of State (International Financial Institutions), Lib.): Mr. Speaker, it is really a matter of choice—

Some hon. members: Oh, oh.

The Speaker: The secretary of state has the floor if he wishes to continue.

Hon. Jim Peterson: Mr. Speaker, it is obviously a matter of political choice, and our choice has been the following: balanced policy, including paying down the debt, reducing taxes and investing in the future of Canadians with transfers and social programs for the disabled and for high tech.

Mrs. Madeleine Dalphond-Guiral (Laval Centre, BQ): Mr. Speaker, are we to understand that the minister is unable to defend his portfolio, that he is too weak in cabinet to defend those who are counting on him and that, in the end, he is the press secretary to the secretary of state of the Minister of Finance?

Hon. Jim Peterson (Secretary of State (International Financial Institutions), Lib.): Mr. Speaker, the member is mistaken. She is really mistaken.

The minister is one of the strongest and most respected individuals. He enjoys the confidence of all his colleagues and all Canadians.

[*English*]

Mr. Ken Epp (Elk Island, Ref.): Mr. Speaker, I have a question about the employment insurance fund.

Current premium revenue is double what is paid in benefits, giving a surplus of almost \$1 billion per month. It is clearly against the Employment Insurance Act for the minister to be taking this money. It belongs to the workers and employers of this country. Why does he not just obey the law?

Hon. Jim Peterson (Secretary of State (International Financial Institutions), Lib.): Mr. Speaker, I guess it is a question of what one's political priorities are.

Unlike the official opposition, we are prepared to adopt for the benefit of all Canadians from coast to coast on all different levels of means a capacity to compete in the future economy of this country to invest in their future. We are prepared to say that the future of this country depends on the quality of education available to our young people. We are prepared to say that a good health system is critical—

The Speaker: The hon. member for Calgary Southeast.

Mr. Jason Kenney (Calgary Southeast, Ref.): Mr. Speaker, is this not interesting. The secretary of state's idea of investing in the future is to impose the highest personal tax burden in the G-7 with a 16% youth unemployment rate and running a \$1 billion monthly surplus in the EI fund to subsidize wasteful spending by this government. The premier of Ontario calls it stealing. Every major business group in the country—

The Speaker: Colleagues, I have appealed to you today. The language being used is not parliamentary. We cannot use words in parliament that we say other people use outside. I would ask, with respect, the hon. member to withdraw the word "stealing". Would he do that?

• (1145)

Mr. Jason Kenney: Mr. Speaker, I will withdraw the word.

The premier of Ontario says that this is misappropriation.

Oral Questions

I want to ask the hon. member, when is he and his government going to follow the law instead of trying to change the law to suit their political agenda to squeeze more tax dollars out of Canadians?

Hon. Jim Peterson (Secretary of State (International Financial Institutions), Lib.): Mr. Speaker, we do follow the law.

The member mentioned personal income taxes. Last year we began the process of continuing personal income tax deductions taking 400,000 Canadians off the rolls and reducing them for 13 million out of 14 million taxpayers. The finance minister and the Prime Minister have announced that we will continue that course of reducing income taxes.

Let me also say that the member knows quite well that the payroll taxes in Canada are the lowest in the G-7.

[*Translation*]

Mrs. Suzanne Tremblay (Rimouski—Mitis, BQ): Mr. Speaker, my question is for the Minister of Human Resources Development.

The minister is in the House. Does he have the courage to stand up in this House and tell us—

The Speaker: We all have the courage to ask questions and to answer them. I would ask the hon. member to please put her question.

Mrs. Suzanne Tremblay: Mr. Speaker, is the Minister of Human Resources Development prepared to stand in his place and promise to defend workers, employers and the unemployed, and not abdicate his responsibilities as he did with the Canada pension plan?

Hon. Pierre S. Pettigrew (Minister of Human Resources Development, Lib.): Mr. Speaker, I can assure you that I have no intention of abdicating my responsibilities, quite the contrary. My priority is to ensure that employment insurance continues to meet the needs of the unemployed across Canada.

It is important that the government discuss the issue of the surplus in the EI fund in conjunction with all of this country's social programs. Canadians want and deserve a social safety net that is sustainable, strong and flexible, and there is no doubt that employment insurance is at the heart of our discussions and concerns.

* * *

[*English*]

VETERANS AFFAIRS

Mr. David Pratt (Nepean—Carleton, Lib.): Mr. Speaker, my question is for the Minister of Veterans Affairs.

The Canadian merchant navy played a critical role during the second world war in assuring the allied victory. Yet two merchant

mariners have indicated that they intend to go on a hunger strike outside the parliament buildings in order to receive compensation they feel they are owed.

Can the Minister of Veterans Affairs indicate to the House what he intends to do with respect to this proposed hunger strike?

Hon. Fred Mifflin (Minister of Veterans Affairs and Secretary of State (Atlantic Canada Opportunities Agency), Lib.): Mr. Speaker, I met with the two veterans, Mr. Pope and Mr. McLean, shortly after they arrived on the steps of the parliament buildings. I had a good discussion with them. I promised them and committed to them any creature comforts they might need as they embark on this particular voyage.

I assured them that the legislation that was passed in 1992 was not retroactive and that merchant navy veterans receive exactly and precisely the same benefits that those in uniform receive right now.

Furthermore we will be passing omnibus legislation this fall which will remove any doubt that merchant navy veterans will have regarding their status for the key contribution to the freedom and democracy of this country that we exercise in the House every day.

* * *

ENVIRONMENT

Mr. Rick Casson (Lethbridge, Ref.): Mr. Speaker, this week a report prepared for Health Canada was released and it had dire indications in it or drastic consequences for the good people of Cape Breton.

According to the report, Sydney residents have the highest cancer rate in Canada and no small wonder because in their backyards they have the worst toxic mess in North America and possibly in the world.

My question is for the Minister of Environment. Will she promise the people of Cape Breton suffering from the effects of the toxic mess the resources needed to clean up this disaster?

Hon. Don Boudria (Leader of the Government in the House of Commons, Lib.): Mr. Speaker, the government has committed itself to assisting the people of Cape Breton.

There is a memorandum of understanding that has just recently been signed—it is not several years, it has just recently been signed—involving the federal government. The leader of the government in the other place and the Minister of the Environment both signed the memorandum in co-operation with provincial and regional authorities in the area. They will continue to work to assist the people of Cape Breton and more particularly those of Sydney.

• (1150)

Mr. Rick Casson (Lethbridge, Ref.): Mr. Speaker, a memorandum of agreement. We have been asking for action on this issue for five years. This government has used rhetoric. It has wasted millions of dollars and has no plan to clean it up. We want a plan

Oral Questions

and the people of Cape Breton want a plan. When will this action take place and in what form will it be?

Hon. Don Boudria (Leader of the Government in the House of Commons, Lib.): Mr. Speaker, the hon. member is wrong again.

First, I have no recollection of him raising this issue five years ago. This government has been involved in this issue for a long time. We have been negotiating with the province and the local authorities. There is now a joint action group that has been established with the federal government and the local authorities. We want to clean up the site. Those are the aims toward which we are arriving with the community and the people involved.

* * *

[Translation]

EMPLOYMENT INSURANCE

Mr. Yvon Godin (Acadie—Bathurst, NDP): Mr. Speaker, the Minister of Finance tells us he wants to make it legal to divert money from the EI fund.

Let us hope the Minister of Human Resources Development does not go along with the Minister of Finance.

Does the Minister of Human Resources Development have the authority to make the desired changes to facilitate access, or is the Minister of Finance calling the shots?

Hon. Pierre S. Pettigrew (Minister of Human Resources Development, Lib.): Mr. Speaker, I can assure the House that our very clear priority as a government is to ensure that our EI regime continues to serve Canadians and the unemployed in this country well.

It is important that we discuss the matter of the EI surplus, because we have managed the system well for a number of years now. We have this surplus situation. The discussion must take place in the broad context of the social programs that Canadians want, and because they deserve and want these social programs, we want them to be lasting and flexible.

Mr. Yvon Godin (Acadie—Bathurst, NDP): Mr. Speaker, only 38% of people qualify for EI even though it belongs to the workers of this country.

Is the Minister of Human Resources Development going to allow the Minister of Finance to tell him what to do, or does he have the strength of character to create an independent EI fund and make decisions that benefit Canada's workers and the companies that employ them?

The short weeks pilot project ends on November 15. While we are waiting for the real changes to EI, will the government do the right thing and make this project permanent?

Hon. Pierre S. Pettigrew (Minister of Human Resources Development, Lib.): Mr. Speaker, one thing is certain: our government has lowered unemployment in Canada by 3% over the last few years. That is the lowest rate of unemployment Canada has seen since the early 1990s.

Our priority is to help workers return to the job market. Thanks to the Transitional Job Creation Fund, we have created 31,000 jobs so that the unemployed can go back to work in regions where unemployment is highest.

Our entire government cares about the most vulnerable members of our society and that is why our first investments in putting Canada's fiscal house in order were to tackle child poverty and help the disabled.

[English]

Mr. Rick Borotsik (Brandon—Souris, PC): Mr. Speaker, the employment insurance fund is an insurance fund. It is funded by employers and employees. The surplus must go to them.

Is the secretary of state aware that there is an Employment Insurance Act and the act is very specific that when there are surpluses the premiums must be reduced? Political expedience aside, are those premiums going to be reduced? Are they going to be used as general revenues as the secretary of state has indicated today?

Hon. Jim Peterson (Secretary of State (International Financial Institutions), Lib.): Mr. Speaker, I have a couple of things to say.

First, we will follow the law. Second, as politicians we are called upon to make difficult choices. Is the member saying that he would rather have us reduce EI which is the lowest in the G-7? Or would he rather have broad based tax breaks that go to 100% of the Canadian taxpayers rather than to the 43% who would benefit from a cut in EI?

These are choices all of us are called upon to make. All of us wish that we did not have to be in a straitjacket where we had to get out of a deficit of \$42 billion.

• (1155)

Mr. Rick Borotsik (Brandon—Souris, PC): Mr. Speaker, I have to admit I am shocked to hear the secretary of state admit today that the funds have been put to different uses other than for what they were intended which is employment insurance.

I have an e-mail sent by the chief actuary who says EI premiums must be reduced, it is the law. The law must be upheld. Is the secretary of state now saying they will not uphold that law but that they will break the law?

Hon. Jim Peterson (Secretary of State (International Financial Institutions), Lib.): Mr. Speaker, I think as members in this

Oral Questions

House we have to look forward. We have to look at what will be in the best interests of all Canadians.

For our part the government believes that in looking ahead as we try to build up surpluses, however small they may be and however precarious they may be, we should pursue a balanced approach. The Prime Minister has talked about this, reducing the debt, reducing personal income taxes which we started last year and will continue to do, and investing in the future capacity of Canadians through their economic and social programs to cope with the 21st century.

* * *

AGRICULTURE

Mr. Murray Calder (Dufferin—Peel—Wellington—Grey, Lib.): Mr. Speaker, during the summer the minister of agriculture conducted a rural dialogue. Workbooks were sent to thousands of Canadians and 33 workshops were held across the country.

Could the parliamentary secretary assure the House that the dedication of the rural residents who participated in the rural dialogue was not a waste of their time but will pay real dividends for their communities?

Mr. Joe McGuire (Parliamentary Secretary to Minister of Agriculture and Agri-Food, Lib.): Mr. Speaker, as the hon. member has stated, the minister held rural dialogue workshops across the country over the past number of months.

There will be a national workshop held in Belleville on October 2 to 4 where the results of these workshops will be presented. As far as having the input that was picked up over the summer from these workshops really show results, the minister and all ministers of the House should attend the national conference in Belleville to make sure something will happen from the work we are doing.

* * *

TRADE

Mr. Leon E. Benoit (Lakeland, Ref.): Mr. Speaker, after that question I think it is important that we ask a question that really is important to farmers.

Yesterday in response to a question from the Leader of the Official Opposition, the trade minister said he had initiated action under NAFTA and the WTO as his response for dealing with unfair trade action on the part of Americans against Canadian farmers. We know that it will take weeks and months for any conclusion to be reached.

I ask the minister what are farmers supposed to do for the next weeks and months, farmers like those in the gallery, to put bread on their own tables as a result of this unfair action?

The Speaker: My colleagues, when posing questions we usually do not refer to who is either in their seat or in the gallery. I would ask in future that be kept in mind.

Mr. Bob Speller (Parliamentary Secretary to Minister for International Trade, Lib.): Mr. Speaker, it is about time we got this question.

As the minister of trade indicated in the House yesterday, he along with the minister responsible for the wheat board, the minister of foreign affairs and the minister of agriculture have been working with our Canadian embassy in Washington and our consulate in co-operation with the provinces, farm organizations and the industry to pressure the United States to bring them in line with their international trade obligations.

Yesterday we took unprecedented action at both the WTO and the NAFTA. We continue to work with these colleagues to make sure that the United States keeps to its trade obligations.

* * *

[Translation]

FRANCOPHONES OUTSIDE QUEBEC

Ms. Jocelyne Girard-Bujold (Jonquière, BQ): Mr. Speaker, my question is for the Minister of Canadian Heritage.

William Johnson's boycott of Montreal stores is being funded by money from Heritage Canada. But Heritage Canada is not funding the tenacious battle being fought by Gisèle Lalonde and the francophones of SOS Montfort to keep the only francophone hospital in Ontario open.

Does the Minister of Canadian Heritage not think it is time to re-examine her policies and make sure that the small amounts at her disposal for defending minorities go towards those who really need them, that is francophones outside Quebec?

Hon. Sheila Copps (Minister of Canadian Heritage, Lib.): How odd it is, Mr. Speaker. Last week, the Bloc Québécois had an action plan that did not once mention francophones outside Quebec.

• (1200)

What is even more interesting is that on August 27, 1996 the member for Québec East, in agreement with Howard Galganov and William Johnson, appeared in the market here in Ottawa to call for bilingual signs in this city. That is what he did in 1996. Why does the Bloc Québécois have a double standard?

* * *

[English]

EMPLOYMENT INSURANCE

Mr. Pat Martin (Winnipeg Centre, NDP): Mr. Speaker, it seems that everyone here agrees today that the EI system is broken because no one qualifies for benefits any more. The one-half

million members of the building trades unions are among the hardest hit. For years now they have been promoting a simple seven point plan to fix the system so that their members can receive some benefits.

Will the minister of human resources commit to meeting with the building trades and implementing these changes to ensure eligibility and benefit issues are met before any surplus is dealt with?

Hon. Pierre S. Pettigrew (Minister of Human Resources Development, Lib.): Mr. Speaker, I thank the hon. member for raising this very important question.

I have had the opportunity of meeting time and again with the construction workers and their trade unions. I can say that every meeting has been very helpful and very useful. We are trying to do our best for ensuring that the EI system serves all Canadians and all unemployed Canadians. This is something we continue to pursue. I am ready to meet with the construction workers as I have already done a number of times during the summer.

* * *

CANADA PENSION PLAN

Mr. Gilles Bernier (Tobique—Mactaquac, PC): Mr. Speaker, every first time applicant for CPP disability pension is rejected as a matter of policy according to HRDC staff in Fredericton, New Brunswick.

Take the case of Brian Loman. He is on heavy medication for a cranial disorder and has a severe bowel problem causing chronic pain. His family doctor and two specialists say he will never be able to work again, yet CPP has rejected his claim twice.

Will the minister of human resources indicate why a legitimate disability pension applicant is being denied access to the disability program?

Hon. Pierre S. Pettigrew (Minister of Human Resources Development, Lib.): Mr. Speaker, as members know, I cannot discuss in the House a specific point such as that being raised by the opposition member. I will take it under advisement and I will report back on it.

I can tell the hon. member that the CPP is being improved to ensure that the waiting time is shorter. We have hired people. We are training them. We are trying to serve Canadians the best we can.

* * *

POINTS OF ORDER

COMMENTS DURING QUESTION PERIOD

Hon. Herb Gray (Deputy Prime Minister, Lib.): Mr. Speaker, during question period I said that the public complaints commission had been in operation for 12 years. I should have said 10 years,

Routine Proceedings

but that is still long enough for the commission to prove itself and build up a very good record.

ROUTINE PROCEEDINGS

● (1205)

[Translation]

GOVERNMENT RESPONSE TO PETITIONS

Mr. Mauril Bélanger (Parliamentary Secretary to Minister of Canadian Heritage, Lib.): Mr. Speaker, pursuant to Standing Order 36(8), I have the honour to table, in both official languages, the government's response to three petitions.

* * *

[English]

PETITIONS

CRTC

Mr. Art Hanger (Calgary Northeast, Ref.): Mr. Speaker, I am here today to table several petitions. In the first the petitioners pray that parliament review the mandate of the CRTC and direct the CRTC to administer a new policy which will encourage the licensing of religious broadcasters. There were 94 individuals who signed this petition.

SEXUAL OFFENDERS

Mr. Art Hanger (Calgary Northeast, Ref.): I have two other petitions, Mr. Speaker. The petitioners call upon parliament to enact two strikes legislation requiring that everyone who is convicted for the second time of one or more sexual offences against a minor person shall be sentenced to life imprisonment without eligibility of parole or early release whatsoever. There were 333 individuals who signed these two petitions.

PEDOPHILES

Mr. Art Hanger (Calgary Northeast, Ref.): Mr. Speaker, I have another petition dealing with the pedophile registry. These citizens of Canada call on parliament to enact legislation to establish a pedophile registry. They are concerned about making the streets safer for our children. They consider the sexual abuse of our children or anyone in society to be intolerable. They are opposed to any early release of sexual offenders and Pedophiles. There were 147 petitioners who signed this petition.

The last petition I have, Mr. Speaker, also deals with the convicted pedophile.

The petitioners call upon parliament to eliminate the right of a convicted pedophile being let out of jail on bail pending his appeal. They consider this early release as a further threat to their community. There were 149 petitioners who signed this petition.

Government Orders

SRI CHINMOY PEACE BLOSSOMS PROJECT

Mr. Mac Harb (Ottawa Centre, Lib.): Mr. Speaker, given Canada's historic role as a supporter of peace, a mosaic of different cultures and an international proponent of democracy incorporation, the petitioners feel it would be fully appropriate for Canada to join the ranks of peace blossoms worldwide with the symbolic designation as a peace nation.

These petitioners call on parliament to officially endorse Canada as a peace nation through the Sri Chinmoy peace blossoms project.

MULTILATERAL AGREEMENT ON INVESTMENT

Mr. Philip Mayfield (Cariboo—Chilcotin, Ref.): Mr. Speaker, it is my honour to present three petitions on behalf of my constituents of Cariboo—Chilcotin from the communities of Williams Lake and 150 Mile House in the central interior and from the west coast community of Hagensborg.

The first petition is calling for public hearings on the multilateral agreement on investment prior to ratification.

NATURAL HERBAL SUPPLEMENTS

Mr. Philip Mayfield (Cariboo—Chilcotin, Ref.): Mr. Speaker, the second petition calls for public hearings to be held prior to any board or group removing or confiscating natural herbal supplements.

FIREARMS ACT

Mr. Philip Mayfield (Cariboo—Chilcotin, Ref.): Finally, Mr. Speaker, the third petition calls upon the government to repeal changes to the Firearms Act as passed in Bill C-68 and to redirect that money to programs that reduce violent crime and improve public safety.

MARRIAGE

Mr. John Finlay (Oxford, Lib.): Mr. Speaker, I have a petition signed by 37 citizens of Oxford. They call upon parliament to enact Bill C-225, an act to amend the Marriage (Prohibited Degrees) Act and the Interpretation Act, so as to define in statute that a marriage can only be entered into between a single male and a single female.

• (1210)

AGE OF CONSENT

Mr. Grant McNally (Dewdney—Alouette, Ref.): Mr. Speaker, I have a petition from 275 of my constituents who ask that parliament raise the age of consent for sexual activity between a young person and an adult from the current age of 14 to the age of 16.

* * *

QUESTIONS ON THE ORDER PAPER

Mr. Mauril Bélanger (Parliamentary Secretary to Minister of Canadian Heritage, Lib.): Mr. Speaker, I ask that all questions be allowed to stand.

The Deputy Speaker: Is that agreed?

Some hon. members: Agreed.

GOVERNMENT ORDERS

[English]

SPECIAL IMPORT MEASURES ACT

The House resumed consideration of the motion that Bill C-35, an act to amend the Special Import Measures Act and the Canadian International Trade Tribunal Act, be read the second time and referred to a committee.

Mr. Bill Blaikie (Winnipeg—Transcona, NDP): Mr. Speaker, I am pleased to rise to speak on behalf of the NDP with respect to Bill C-35, an act to amend the Special Import Measures Act, SIMA, and the Canadian International Trade Tribunal Act, which is sometimes referred to as the CITTA.

Our position is one of opposition to this bill. We support the bill insofar as it improves and clarifies SIMA. SIMA remains one of the few mechanisms left that can effectively regulate trade and protect Canadian industry and jobs in our ongoing trade wars with the United States and in the increasingly liberalized global trading environment.

Certainly we do not have to be reminded this week of the fact that in spite of the free trade agreement, the promise of which was that we would not have trade wars with the United States any more, we continue to have such trade wars. This week we see the American governors in the northern states violating the rule of law, violating these trade agreements and making it difficult for Canadian grain and other Canadian agricultural products to make it into the United States.

Where we find the locus of our opposition to this bill is in the measure to adopt the lesser duty provision. We feel that to adopt the lesser duty provision at this time of global instability would be to weaken SIMA as a protection from unfair trade. Since the U.S. has not implemented such provisions, incorporating them at this time puts us at a further disadvantage with our major trading partner.

Here again we see a pattern that emerges time and time again in Canadian trade law and in Canadian trade policies. Whenever there is some liberalization to be done or some weakening of a nation-state's ability to protect itself, Canada is always first to do so. Canada is always eager to play the game, so eager that we leave ourselves vulnerable to other nations, in particular to the United States.

I do not know how many times we have to learn this lesson. How many times do we have to leave ourselves vulnerable to the fact that whenever the United States feels like it and when it suits its purposes, the United States has absolutely no respect for any agreement it enters into. The United States is the last country to

Government Orders

amend its laws in such a way as to conform to whatever other nations may be doing in order to liberalize trade.

Here again we have the government moving ahead of the United States. The U.S. has not adopted this lesser duty provision, but no, we will be the eager ones. We will be out there leading with our chin. Go ahead, hit us again. Teach us one more time because we Canadians are the unteachable when it comes to this kind of thing. We love punishment. We are the trade masochists of the world. We just cannot get enough of being screwed around by other countries and being the first to hail it as some kind of testimony to our free trading spirit.

• (1215)

Well this is a free trading spirit that the NDP has been critical of from the very beginning. We are not against fair trade. We are not against trade agreements that incorporate into them real, meaningful and enforceable protection for workers, for labour standards, for environmental regulations and for the continuing ability of governments to act in the public interest.

However, we are against the kind of trade agreements and trade policies that this government has adopted over the years, particularly since 1993 when this Liberal government after its election in 1993 signed on to NAFTA, after it campaigned against the free trade agreement in 1988. We have now seen the Liberal government become the most uncritical, simplistic, check your brains at the door cheerleaders for free trade agreements all over the world, whether it is signing on to NAFTA, the Canada-Chile free trade agreement, free trade with the Americas, the multilateral agreement on investment, or the WTO.

The Liberals have become totally uncritical. It is one thing to plead certain kinds of arguments but they do not even do that. They have just become completely uncritical. They have become evangelists for the very thing that they deplored when they were in opposition.

Many Canadians have a right to feel utterly betrayed. With respect to certain other parties, at least they have been much more upfront about their approach to these kinds of issues. But not the Liberals.

This certainly gives me an opportunity, in the context of debating a trade bill, to say that not only are we opposed to this bill, Bill C-35, we are opposed to the entire approach that the Liberal government has pursued with respect to trade. The most recent of course has been its pursuit of a multilateral agreement on investment which would include the investor state dispute settlement process. This summer it was revealed to us just how inadequate it was.

I asked the minister of trade a question in the House the other day referring to the fact that Ethyl Corporation had sued the Liberal government pursuant to chapter 11 of NAFTA in respect to the government's ban on MMT, a gasoline additive, and that the government had backed down from its position on MMT and not allowed that suit to be carried forward under NAFTA. It was thus admitting, from our point of view, that it is not able under NAFTA to enact environmental legislation that particular corporations do not like, in this case Ethyl Corporation.

In our view, the reason the government did not allow that case to go forward was because it did not want the fundamental flaw of NAFTA to be exposed. Instead, it withdrew and made a settlement out of court with Ethyl for \$13 million and hoped that maybe no one would notice. The government tried to attribute its backing away from that to a dispute having to do with the internal trade agreement among the provinces. Well that just will not wash.

What the government was trying to do was to avoid revealing the flaw that is in NAFTA and the flaw that it wants to replicate over and over again, 29 times at the OECD if we were to get an MAI that included that same investor state dispute settlement process.

When I asked the minister that question in the House the other day, he got up and either because he does not understand NAFTA or he was trying to avoid the question, he said "Oh well this never even went to a NAFTA panel". I never said it went to a NAFTA panel. I said it went to the investor state dispute settlement process. Those are the words I used in the question. Does the minister not even know about the investor state dispute settlement process? Is he that stupid or was he trying to avoid the question?

The fact of the matter is that we have seen how insidious this investor state dispute settlement process is. And this is a government that wants to replicate that at the OECD and in the MAI and presumably some day at the WTO in the form of a global agreement on investment that would enshrine this investor state dispute settlement process that gives corporations the status of governments.

Prior to NAFTA, prior to the trade agreement that the Liberals betrayed their word on, the only way that trade dispute settlements could be dealt with was if the governments of particular countries decided to bring a certain matter to the level of dispute settlement.

• (1220)

Now corporations can do that on their own, thanks to the NAFTA, and would be able to do so much more often and from many more vantage points if the MAI were to be implemented.

The government's trade policy is fundamentally flawed. It is playing into the hands of those who would like to see the role of parliaments, of governments, of nation states and of citizens further and further devalued. It is playing into the hands of those

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who would like to see the power of the multinational corporations increased beyond what it is already, and it is already at an unacceptable level. The government does this all in the context of a trade policy which completely ignores human rights.

I do not think I would have anticipated that I might be able to say this, but the Liberal government has made the Conservative government which preceded it look good on human rights. The one place where that government was good on human rights, and I am willing to admit this, was with respect to fighting apartheid. Prime Minister Mulroney has rightly been given credit for the role that he played in that, along with other prime ministers going back to John Diefenbaker.

This government, and not just in respect of APEC and the disgraceful events that took place there, in which we have every reason to believe that the Prime Minister and his staff were directly involved, has adopted a trade policy going right back to 1993 which has basically said "Money first. Exports first. Opportunities to invest in other countries first, regardless of what may be going on in that other country". In doing so it has not been reflecting the values of Canadians.

Instead of it being true, as the Liberals argue, that if we trade with these people they will become more like us, it seems that we are becoming more like them. This is a legitimate concern, not just in the context of Canada, but in the context of globalization and the WTO.

Once everybody gets into the WTO the democracies will be a minority at the table, in spite of the growth of democracy that we have seen in the world in recent years. It is not too hard to imagine all these non-democratic delegations and leaders saying to the leaders of the democracies "Why do you put up with all of this? Why do you allow things like elections and the wishes of the people and the well-being of your citizenry to get in the way of these agreements? What is with you guys? Be like us. We do what we want to do, when we want to do it and to whom we want to do it. We do so with the approval and the support of the global corporate sector because they love to take advantage of our weak labour laws. They love to take advantage of our lack of environmental regulations. They like to take advantage of our low taxes because we do not like to use public money to pay for health care and things like that. They like to take advantage of all those things. Why do you guys not do that? Why do you not get with it?"

In fact we have been getting with it. We have been slowly, as a country, conforming to the model that the multinational corporate sector would like all countries to conform to: a country in which there are lower and lower corporate taxes; a country in which there is a smaller and smaller public sector; a country in which more and more of what used to be done by the public sector is privatized; a country in which more and more workers who used to be covered

by unemployment insurance are not covered by unemployment insurance. The list goes on of the ways in which, since the adoption of the free trade agreement in 1988, we have slowly but surely begun to conform to this model.

Unfortunately, that has happened with the collaboration of almost all the political parties and political traditions in this country, with the exception of the NDP.

• (1225)

I say this particularly to my colleagues in the Bloc who sometimes fancy themselves as social democrats. They, more than anyone else, with the exception of the NDP, who think of themselves as social democrats, should have been on their toes as to what the effect these agreements would have, not just on Canada but on the ability of the government of Quebec, or any other government for that matter, to act in the interests of its own citizenry.

With respect to macro trade policy and with respect to Bill C-35, I thought I would put those few thoughts on the record.

Mr. Rick Borotsik (Brandon—Souris, PC): Mr. Speaker, it is rather enjoyable that I rise to speak to Bill C-35, an act to amend the Special Import Measures Act.

As the hon. member of the New Democratic Party indicated, major changes have taken place in international trade since the Special Import Measures Act, SIMA, was passed in 1984. The Canada-U.S. free trade agreement, the NAFTA and the WTO agreements are but a few of the major changes. Quite frankly, it was the Progressive Conservative Party which recognized that globalization and global trade was absolutely necessary. If Canada was to retain its high standard of living, it could only be done with rules of trade being set for our trading partners.

The purpose of Bill C-35 is to reflect the changes that have occurred in international trade, especially relating to the anti-dumping measures which protect Canadian industries against potentially unfair practices by our trading partners.

In 1996 a special joint committee on the review of SIMA was struck between the Standing Committee on Finance and the Standing Committee on Foreign Affairs and International Trade. Both the Bloc and the Reform have written dissenting reports.

It is ironic that the Reform Party's minority report states "We urged the government to resist the demand for getting tough measures with the Americans". I find that terribly ironic for the simple reason that we are now dealing with a very specific trade dispute in agriculture with the Americans. That same party, which suggests it represents not only the west but agricultural producers, is saying not to go with Bill C-35 and, if we do, let us make sure it is not very tough on our American trading partners. If this is true,

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the Reform Party must be suggesting that we do nothing about the situation affecting western Manitoba and South Dakota.

I believe we would not have to get tough with Americans if this Liberal government had some influence with its American counterparts. Trade is not a science, it is a relationship that has developed between our trading partners. It makes sure that we have a good two-way line of communication. It makes sure that we have relationships developed with those trading partners and the officials of those trading partners to recognize when there are problems and to resolve those problems without having to go to the NAFTA or the WTO. That is obviously playing a bit of political hardball which, unfortunately, this government does not understand and does not know how to achieve.

The Ministry of Finance responded to the committee in April 1997, accepting about 16 of the recommendations by proposing Bill C-35. Changes to SIMA and the CITT act are intended to rationalize the investigative functions of Revenue Canada and the CITT to better reflect their respective areas of expertise. That was a very good recommendation and it is a very good suggestion within the body of Bill C-35.

Bill C-35 will also allow expert witnesses to play a more effective role in tribunal inquiries. Once again, that is a very positive way of developing trade defences within our systems.

Bill C-35 will also harmonize the way Revenue Canada and the CITT treat disclosure of confidential information. This is to enhance procedural fairness and transparency. It is a very good proposal within Bill C-35.

• (1230)

Bill C-35 will establish new penalty provisions to deter any unauthorized disclosure or misuse of confidential information provided in the SIMA investigation. Bill C-35 will make several housekeeping changes aimed at clarifying existing positions of SIMA and the CITT act, to name a few.

As the fathers of the Canada-U.S. free trade agreement and the NAFTA, obviously our party is in agreement with the broad thrust of bringing SIMA up to date to reflect the current realities of international trade. Since we know that dumping and subsidization are measures still used by foreign governments, we see that there is still a need for SIMA to protect Canadian industries from unfair practices by our trading partners.

However, we have to ensure that laws such as SIMA are reviewed periodically to ensure they achieve the purposes for which they were passed. Rapid developments in international trade can make these laws obsolete and counter-productive very quickly.

More specifically, we are happy that the government agreed to recommendation No. 2, which requests Revenue Canada to take concrete measures to ensure fair and equal access to the SIMA process by small and medium size Canadian producers. This is

extremely important as the majority of our economy and the jobs developed in this country are done by small and medium size businesses. That will be implemented through improvements to administrative practices and I appreciate that in fact this bill speaks to that.

It is rather interesting that we are discussing Bill C-35, changes to international trade and corrections to our defence mechanisms because today we are dealing with a very specific issue of trade in western Canada.

Agricultural products in western Canada amount to in excess of \$10 billion per year for western Canadian producers and Canadian producers in general. Currently we have a situation in western Canada where there are a number of northern states which are impacting Canadian trade going into the United States of America.

I am very disappointed that the Reform Party in its dissenting report would say "Let us not get tough with our American trading partners; let us politically try to work this out". Obviously that has not happened because of the ineffective politics that have been practised by the Liberal government.

There are currently non-tariff barriers that are being set up by some governors in the United States. This can be dealt with in fashions other than going through the very lengthy process of the dispute mechanism, going to the WTO and the NAFTA, which the government has been waffling on for the last six months. As of yesterday the minister responsible indicated, by patting himself on the back, that yes we have now filed with the WTO and the NAFTA. The minister indicated that this would be a 10 to 15 day process. That is not factual truth. That simply gets the complaint to the table. There is a long term process with this particular dispute mechanism and it could take months to resolve it.

Western Canadian producers do not have months. They have only days. They sometimes have less than that in order to make sure their product gets to market.

I am very disappointed that the rules which are already in place are not being upheld by our American trading partners. But what it does speak of is the fact that we need rules. It would be terrible if we did not have international trade rules which we could follow. Sometimes people break rules. Sometimes trading partners break rules, as has been identified over the last couple of months with the South Dakota situation.

What we need are rules. Bill C-35 provides a substantial number of those rules on which we as Canadians can depend to protect not only our industries here in Canada, but our exports outside the boundaries of Canada.

I am very pleased to say that Canada has developed global trade. Unlike my colleague from the NDP who suggests that the NAFTA and the Canada-U.S. trade agreement were the worst things that ever happened, I would disagree with him. Because we were not only a partner to those agreements but we were the authors of them, Canadians have a higher standard of living, with the exception of

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more taxes being paid to this particular government. But I will not get into that particular area.

• (1235)

All of the dollars that are being generated seem to find themselves in the coffers of the federal government, which is not the best place to have them, but that is a debate for another time.

There are 32 million to 35 million Canadians and we require international trading partners in order to sell what we produce outside our domestic marketplace. There is no question that if it was not for the international marketplace we would not have what we have today.

However, if we are to open up the international marketplace there must be rules to that trade. The rules to the trade must be very specific. We have done a very good job with the NAFTA, the Canada-U.S. agreements and the WTO of setting the rules so that Canada will be the benefactor. We have done it very well. I am very pleased to say that happened, in most cases, because of the previous Progressive Conservative government.

Canada must provide its business community with the tools it needs to face international competition. Most important, our ultimate efforts should support the efforts to move forward, eventually making such trade remedy unnecessary. It would be very nice if everybody followed the rules. Ultimately, hopefully, all will follow the rules and this act will not be necessary.

We need to continue trade negotiations with our partners. The South Dakota trade dispute is one recent example which clearly shows there is a need for more work to be done in our trade relationships. In 1999, with the WTO negotiations, we will have a window of opportunity to achieve trade success. If the government develops a comprehensive plan and does not leave things to the last minute, as it did with Kyoto, success can be achieved if there is the political will to do so.

This party supports the amendments put forward in Bill C-35 to amend the Special Import Measures Act.

Mr. Deepak Obhrai (Calgary East, Ref.): Mr. Speaker, before I start I would like to say that I will be sharing my time with my colleague from Surrey Central.

I rise today to speak to Bill C-35, the Special Import Measures Act. This morning my colleague from Okanagan—Shuswap made an excellent eloquent speech and I wholeheartedly support what he said. He brought up excellent points on international trade and very eloquently showed the shortcomings and the shortfalls of the government.

Canada as a nation is a willing and active participant in the increasing globalization of the world's economy. Canadians have the education, innovation and motivation to prosper in the global economy. There are literally hundreds of thousands of successful stories of Canadian participation in the world economy, whether in business, communication, the arts, science or technology. Canadian companies have made their mark on the world stage not with production and subsidization, but with brains and hard work.

Participation in international trade has provided many positive benefits for our country. However, we must also be vigilant. Trade disputes will inevitably occur. They may be over fish quotas, computer parts or National Hockey League teams. Therefore, it is our job as legislators to ensure that protection mechanisms are in place when they are needed and only when they are needed.

The Special Import Measures Act is one such protection for Canadian industry that is adversely affected by product dumping or subsidies. Again I repeat, this act is protection for Canadian industry that is adversely affected by product dumping or subsidies.

• (1240)

In fact, the Special Import Measures Act is the principle legal instrument which allows Canadian companies to request and get anti-dumping and countervailing duties against imported goods which are found to be sold at too low a price or whose production is subsidized.

Revenue Canada and the Canadian International Trade Tribunal are responsible for administering the system while Revenue Canada is responsible for policy and legislation.

The process is technical in nature but is essential to determine if there is a threat of material injury to the domestic industry. If an investigation determines that an injury has occurred trade remedy actions could be applied.

Actions will include eliminating the dumping of goods by foreign exporters by introducing a duty or in trade remedies against a foreign government for unfairly subsidizing a product or commodity. The injury investigation is clearly the most critical component of this process.

Under existing international rules authorities must determine if dumping or subsidization of goods has caused damage to a domestic industry of the importing country before duties can be imposed.

It is at the preliminary stage where the investigation is most important. Careful consideration must be given to all parties involved. Therefore the appropriate balance must be maintained

between the right of the industry to seek trade remedy protection and the rights of those who may be affected by such measures.

This must include the effects that any anti-dumping measure could have on downstream processors and on consumers. At present considerations are given to downstream repercussions after a final determination of injury by the Canadian International Trade Tribunal.

Let me give an example of a recent case involving Gerber baby food. The residual effects of the trade tribunal's decisions were not considered and the public interest was not protected.

U.S. baby food manufacturer Gerber Canada says it will have to abandon the Canadian market because of the ruling by the Canadian International Trade Tribunal that forced the company to increase the selling price of jars of baby food.

The ruling has sparked an outcry from various public interest groups and concerned parents across the country. A 60% increase in Gerber prices has effectively eliminated Gerber from the Canadian market and created a de facto monopoly for Heinz, a company which already holds 80% of the market share.

This threat of a monopoly by Heinz has attracted the attention of the Competition Bureau with the aim of reversing the decision of the trade tribunal. Clearly the system is not perfect. Often we cannot predict all the consequences of a decision.

However, it is crucial that we structure the process to ensure that the interests of downstream producers and the public interest are examined before any decisions are made if the effects could greatly harm an industry and have a negative impact on the public.

Canada is intrinsically tied to the world economy. Participation in NAFTA and WTO and numerous trade agreements between individual nations ensure Canadian companies have a place to sell their goods and services.

Similarly, foreign countries look to Canada as a potential market for their goods and services. This is healthy competition but as long as the rules are fair for all competitors. When the rules are broken legislation like Bill C-35 must be in place to offer remedy to those harmed by unfair trade practice.

I support the proposed changes to the Special Import Measures Act introduced in this bill, but with some reservations. I support that the existing legislation and the proposed amendments to this bill abide by agreements already in place with the World Trade Organization anti-dumping and countervailing duty agreement.

• (1245)

I support the attention given in this bill to administrative and economic efficiency, procedural fairness and transparency in decision making.

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However, I would like to see an amendment to this bill that would ensure a more comprehensive examination of injury at the preliminary stage. This to safeguard the interests of all parties involved and to assess the impact right down the line on the public and on downstream producers.

Mr. Bill Graham (Toronto Centre—Rosedale, Lib.): Mr. Speaker, I compliment the member on his thorough comments on the bill. It reflects very much the constructive way in which the members from his party participated in the discussions which we had on this matter before the trade committee when these proposals were originally being considered.

The member was not a member of that committee but he may recall that his party, as was pointed out by the member for Brandon—Souris when he spoke earlier this morning, filed a dissenting report to the committee's report with respect to the bill outlining the recommendations made to the government.

Curiously enough, the Reform Party's recommendations drew to the attention of the committee and thus to the House, when it was filed here with the House, the fact that when dealing with the United States it is important that we deal with it in a calm, measured and appropriate way.

In the subcommittee dissent the Reform Party pointed out that getting tough with the Americans could be a strategic error. Its report states: "And since we rely so much more on exports than do the Americans, the damage to the entire economy in such a process of escalating SIMA type trade disputes could damage seriously the entire Canadian economy. Thus getting tough with the Americans would be a mistake. Rather we should work through proper channels. We share this opinion and urge the government to resist the demand for using tough measures with the Americans".

What was good about that is good about the process where we are dealing with the Americans today over transborder transfer of grain and meat into the United States. It is exactly the same problem.

This government is suggesting we work through proper channels. We use our legal remedies. We are not going to sit and be shouted at and told we have to do something dramatic or crazy. That was the position of the Reform Party in that. I suggest it should be its position today. What does the member think of that?

Mr. Deepak Obhrai: Mr. Speaker, I do not think we can deny the fact that our economy is tied very heavily to the United States and Mexico with NAFTA. I do not think the Reform Party was off track when we said we need a balanced approach when dealing with one of our most important trading partners. There is nothing wrong with that.

However, it has to be fair on both sides. We are saying we should not be tough on the U.S. We do not trust the Liberal government. It

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can be tough on this and destroy the good relationships we have. What we are asking for is a balanced approach, a balanced view.

That is most critical. They are our important partners. We have to recognize that. This is where most of our trade is. Therefore I do not think there is anything wrong with the dissenting report.

Mr. Gurmant Grewal (Surrey Central, Ref.): Mr. Speaker, I rise on behalf of the people of Surrey Central once again to support the amendments to Bill C-35, the Liberal government's proposal to amend the Special Import Measures Act, SIMA, and the Canadian International Trade Tribunal Act, CITTA.

SIMA legislation governs procedures under which two types of duties are imposed on imported goods, anti-dumping and countervailing duties.

• (1250)

Under world trading rules, every country is permitted to impose these duties on imported goods in two cases, if these goods are being dumped into their own country, or if the production of these goods is being subsidized in the country of export.

Before we proceed further into the debate, I want to explain that dumping occurs when goods are sold to importers in Canada at prices that are less than their selling price in the exporter's domestic market or at unprofitable prices.

Countervailing duties are a tax put on imports to offset the subsidy used to produce the good in the exporting country.

Let me read to the House an example from my own constituency. Last month Bed-Roc Industries scored a victory against an American competitor who was dumping tiles in British Columbia and Alberta.

Bed-Roc Industries has been manufacturing in my constituency of Surrey Central for the last 10 years and suffered material injury when Custom Building Products imported and underpriced its wonderboard tile, damaging Bed-Roc's business. Bed-Roc was forced to cut prices and lost sales to maintain market share.

The American company Custom Canada was charged with weighted average margins of dumping at 36% and Revenue Canada imposed duties for five years.

If dumping had taken place on its part in the first year when it started, Bed-Roc would have been out of business. While I congratulate the management of Bed-Roc, I shall say thanks to SIMA and CITTA and NAFTA.

Chapter 19 of NAFTA, which contains virtually all the provisions of the free trade agreement, addresses at length restrictive

trade practices including anti-dumping measures and anti-subsidy measures.

SIMA passed into law in early 1984. Since then, to comply with the new international obligations, this House has passed many statutory amendments to SIMA, mainly with respect to the definition of a subsidy and the determination of injury and the matter of establishing dumping margins.

Since 1984 SIMA had not been reviewed to determine whether it continues to meet the expectations of the Canadian business community or whether it is consistent with the international environment.

The House of Commons subcommittees that studied SIMA recommended 16 improvements and 64 technical amendments and corrections that we are debating in this bill today.

I have mentioned all this because the bill is fairly complex. Since time will not permit extensive debate on this issue, I will summarize the overall assessment.

Canada must provide the Canadian business community with the tools it needs to face international competition. To cope with dumping and subsidizing, SIMA and CITTA are essential instruments. Passage of the proposed amendments will make these tools really effective. Globalization and the nature of the complexities of international trade will force further reviews in the future.

The official opposition is satisfied with the proposed changes but would like to see the assessment of public interest brought in earlier in the process. That is very important.

Any negative impact than an anti-dumping duty would have on downstream processors or on consumers is not considered until after an assessment has been rendered.

A final determination of injury by the CITT and downstream repercussion of injury should be considered much earlier. For example, in the famous case of U.S. baby food manufacturer Gerber, it was charged with dumping baby food in Canada.

The resulting 60% increase in Gerber prices for the next five years has eliminated Gerber Canada Inc. from the Canadian market and caused the loss of all its customers to its almost sole rival H. J. Heinz Canada Ltd.

• (1255)

Heinz already had 80% of a \$70 million a year market share and now enjoys almost a monopoly.

The decision sparked an outcry from Canadian public interest groups, including the Canadian Pediatric Society and the College of Physicians and Surgeons. If public interest had been considered prior to the duties being rendered, the parents who had been

feeding their babies with the Gerber brand and who were satisfied with the suitability and taste of the food and found no allergic reaction would not have suffered.

However, the consumers buying Gerber were not considered and they suffered injuries, even though the duty was imposed to protect them on the other hand.

In talking about countervailing duties, there is another side to the story. The economy of British Columbia is in or near a recession. The British Columbian government has imposed a 70% stumpage fee on softwood lumber. The government has now created such a bureaucratic situation that the lumber industry is in trouble. If the government reduces the stumpage fee, the Americans on the other side will think we are giving subsidies to the industry. This will cause a problem because the rules and regulations are not laid out clearly. If the stumpage fee is reduced our industry suffers and if it is increased our industry also suffers.

Canadian businesses and consumers are supportive of the measures we have to ensure that in the Canadian marketplace we have a level playing field.

Our federal government can and does take measures to ensure that the competition in our marketplace is conducted in a fair manner. However, there are other examples. In the salmon fishery, the agricultural industry and with dairy products the rules are not clearly laid on the table.

The Special Import Measures Act ensures fairness. So far the Liberal government has acted like a blood sucking parasite on the thin skin of small and medium size businesses in our country. We just saw the largest tax hike in Canadian history, a 73% increase in CPP premiums. Can anyone believe this?

About 90% of jobs in this country are created by small businesses. The government has to have a fair attitude and a fair marketing environment for our businesses to grow so they can create the jobs we need. It is a good thing our Canadian firms have the means to lodge complaints.

We support a comprehensive effort to realign Canada's economic policies to be consistent with our international trade requirements. As the official opposition, we can support this bill if it is amended. We ask for one amendment only. As the official opposition's international trade critic, the hon. member for Peace River, has said, we are satisfied with what the bill will accomplish but if we go one step further we on this side of the House will support, with amendment, the effort that Bill C-35 represents in terms of meeting the expectations of Canadian businesses.

What we are offering is an opportunity for the government to consider what we are asking for and we are looking forward to its co-operation at the committee stage so that this bill can be supported by the official opposition. It is up to the Liberals. Our

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demand for a simple amendment along the lines that I have described is not unreasonable. We shall see if the Liberals are willing to accommodate us so that we can contribute the best intentions to strongly support our small and medium size businesses.

Mr. Philip Mayfield (Cariboo—Chilcotin, Ref.): Mr. Speaker, I thank my colleague for his comments on Bill C-35. It seems to me that we are bringing in a fix for a problem here that was not properly thought out when the agreements were struck. It strikes me also that this is not an unusual problem.

• (1300)

As we talk about the Canada pension plan, we are involved with short term planning with the determination that there will not be long term planning. We can understand why that is. The government is in such a financial mess that it cannot look farther down the road than perhaps two or three years so we are stuck with a mess, planning from day to day how we might get out of that mess.

We see the problems with the medical plan in Canada, largely as a result of not thinking and planning and preparing as we go down the way, thinking into the future. We see this in the trade, as the hon. member talks about.

Countries like China which have come out of terrible situations with large populations and an economy that was doing nothing for them have been able to plan, to put money in the bank, have trade surpluses and provide for the long term future for their citizens. It should be possible for a country such as Canada with the wealth of resources that we have had and have squandered to be able to do some long term planning as well.

The commodities, the agricultural products, the mining, the petroleum, the wood, the forests have kept us in the secure position we have had up to the point we are at. These have been our treasures, but these are no longer going to carry the weight for us in this modern technological age.

I am dismayed that there is no long term plan for the future of Canada. We are going day to day and year to year. I believe the government has a serious responsibility to begin planning in a way that protects the future of our citizens.

Many of us are here for the benefit of our grandchildren, and yet we see such a small and limited future for our grandchildren in the scope of planning as it exists today. I not only call on the government to begin thinking things through for the long term and not for the present day, but I also want to ask my colleague if in his estimation these changes that are being instituted are going to serve us well into the future, or is this just an immediate short term plan for the shortcomings of the day.

Mr. Gurmant Grewal: Mr. Speaker, I thank the hon. member for the question.

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He is right when he talks about the mess the government has created. The other day we were debating the gun legislation. The government is always focusing on the wrong thing. It does not focus on the people who are killing people, it focuses on the people who are shooting ducks.

Another example is the APEC scandal about which we were talking in the House. The government, the Prime Minister and the bureaucracies are focusing on the rights of brutal dictators and not on the rights of peaceful protesters.

There are a number of examples where the government has focused wrongly, but in this case there are many examples, with globalization and the complexities of international trade, that things are changing in the world. It is a very dynamic field we are talking about.

In the past there were some improvements needed, some where the government failed to address the issue at the time, some because of the change in the overall global business environment. These changes were to be brought in, which they have been. I am expecting the government to listen to the amendments by the official opposition this time so that we can make it effective.

Mr. Jim Gouk (Kootenay—Boundary—Okanagan, Ref.): Mr. Speaker, I am pleased to rise to speak on this today. I would like to say, as my other colleagues have said before me today, that the basic principle of the bill we do support.

• (1305)

Certain measures obviously have to be put into place. The clearer it is and the more explicit it is, the better that bill will be. It never hurts to reiterate to the government the one proviso which we have said at considerable length today to ensure that it understands exactly where our level of support is coming from.

When I first came to Ottawa I said that I was not here to oppose for opposition sake. I do not care about the statistics or how many we support, how many we reject, whether we support a government that we would ultimately like to replace. If it writes good legislation I will be the first to congratulate it. If it writes legislation that I think has some merit but that could be made better, rather than criticize we will try to show alternatives to amend it so that the bill which is possibly supportable could be made better. It could be something that we maybe are having a little trouble supporting which could be made into something which we could support. It would still be its legislation. It behoves the government to listen and carefully consider the amendments put in by the official opposition or another opposition parties. The bottom line is to get good legislation.

The chief thing we have asked for in this legislation is a measure that will take into consideration the downstream impact of what this bill might put into place. Something that we consider will show how it is going to impact on industries in Canada and whether it is going to create a problem for some of those industries, and how is it going to impact on the consumer. It may be extremely well intentioned to put some countervailing duties or tariffs in place in terms of the fairness of the concept of it because it thinks that, in the case of the Gerber baby situation, it needs to be dealt with. It is irresponsible to put something like that into place before considering the impact on consumers. That is a glowing example for the government to look at. There are a lot of other examples out there.

It would be relatively simple for the government to move an amendment or to accept our amendment to ensure that these concerns are dealt with. I believe that all reasonable people, regardless of party, who look at this and give open minded consideration to our proposed amendments in this area will see the merit of them.

I would like to deal with one other aspect of this. We talk about downstream benefit, impact on people and other considerations with this legislation. We also have to look at and balance the other side of this. This is dealing with import, the Special Measures Import Act. What about export? Whenever we start putting into place regulations dealing with how we are going to treat imported goods from other countries, we cannot do that unless we take a serious look at problems, regulations needed or regulations already in place that are oppressive when dealing with our exports.

Because of the nature of my resource based riding, its proximity to the U.S. border and its absence of good transportation networks to other Canadian markets, the one I am most concerned about is the softwood lumber industry. Prior to free trade and under free trade we have had one problem after another with exports of softwood lumber to the United States. All kinds of outrageous claims have been made by the American administration. It claims we had subsidized our forest industry. This is ironic as right now British Columbia, with our NDP government, has placed the cost of producing B.C. lumber among the highest in North America.

In spite of that we still manage to stay competitive but the softwood lumber deal is killing us. Every time the United States' lobby managed to get some kind of countervailing tariff in place against softwood lumber we appealed it through the process and we won. We no sooner win then it comes out with another one in a different area for softwood lumber. We would fight that one and we would win. Still the threats kept coming. I will not say in its wisdom but finally the government, the bureaucratic system, decided that we should do something different. It was proposed to the government that we should go into the softwood lumber quota system.

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• (1310)

I have had a lot of problems with the softwood lumber quota with a variety of different companies in my riding. I have gone to the softwood lumber division of foreign affairs. I have a pretty good sense of how this whole thing has come into play and how it works. Those people have been quite candid with me and I appreciate that because they have to work with what they are given.

When the quota system came in they did not have the slightest idea how it was going to work. Companies in my riding were told "we have no idea what your quota is going to be, just keep on shipping and keep track of everything, we will sort it out somewhere down the road and we will figure out how it is going to work".

I can tell members how it works, terribly. One company in my riding basically shut down. People were shipping and using their number and softwood lumber could not even track it properly. We played the greatest numbers game for a year and a half. They operated from hand to mouth never knowing from one day to the next or one week or one month whether they were going to be able to sell anything they manufactured, whether they should even try to buy timber in order to turn into lumber because everything has to be done ahead. The last thing you need is an inventory of logs if you cannot cut it into something you can sell.

On the other hand, it does you absolutely no good to win on the softwood lumber quota war and find out you do have quota but you do not have any logs because you did not dare put in the kind of financial outlay that was necessary in order to have the inventory when you did get it sorted out.

We no sooner got sorted out with one company when another one, the biggest timber supplier and manufacturer in my riding, was told on each of three successive years that the quota it has will be held and it will not get any further cutbacks, and in each successive year it gets more cutbacks. It is a big operation with three locations in my riding. It has been told that the latest cutback that it was promised in the previous year would not happen is equivalent to the amount of output from its main centre operating in the riding. That means the company would shut down the entire operation in one city in my riding. It affects over 100 people.

This is not the kind of balance we need. When we start talking about import acts we had better take a very serious look at our export requirements as well because they go hand in hand. I am not pointing fingers at any party but in the past Canada through successive governments and bureaucrats negotiates with the United States on bended knees. That is not a Clinton joke.

We have to start dealing with a little more strength. We have to start saying that there is a quid pro quo. If you start doing unreasonable things with us we are going to make sure our act

allows us to balance that out. We cannot have deals where maybe it is good for one area or region of a country and we say we will let this in because it is good but we do not care what is happening in another part of the country. Or we will balance it out by letting something good happen in that part of the country but which is maybe not good for the first region. That is not the way we should be working in this country. There should be an open fairness. The quote system does not provide that.

The way we have dealt with the United States prior to the softwood lumber quota does not do that. I do not see how we can enter into a new act to lay out the rules so that all the people who export into Canada know exactly what the rules are and those rules are perfectly fair. That is very utopian. Why are we providing other countries like the United States with a clear set of rules saying what we will do and how it will work? Then they can look at that and say now they know how to work the system but they also still get to turn the screws whenever they do not think something is quite right in coming into their country exported from Canada.

• (1315)

I think we have to come up with some way of saying this is what we are proposing to do but we have some problems with what you are doing to us and we have to resolve those first.

I remember going down to the United States as part of the Standing Committee on Transport a few years ago. One of the things we were talking about was the St. Lawrence navigation system into the great lakes, the locks, where we have this incredibly unbalanced system. We end up paying the majority of the cost of operating the lock system into the great lakes even though the American shipping system gets 65% of the economic benefit of making use of it. I believe that what is fair is we either at least split it or better still that we pay for it based on the economic advantage gained.

We had a meeting with some of the American big boys in Washington, D.C. and their reaction was that is the way it has always been and that is the way it is going to be. What are you going to do about it, close it down?

I think if somebody puts that type of bluff on the table we have to call them. When I was having that conversation I was getting more and more irritated talking to this American good old boy. My response to him when he put that idiotic question to me was obviously we do not want to shut down the navigation system of the great lakes but obviously you do not want it shut down either because you are getting more advantage out of it than we are. If you leave us no other alternative I guess we are going to have to look at that, and I walked away.

I think we need to deal fairly with these other countries but we need to deal with a little more strength. Internationally Canadians are known as those nice people who never raise their voice, those

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nice people who never argue, those nice people who when you hit them turn around so you can get a good shot at the other side.

I am tired of that. So are my constituents and so are the employers in my riding who are hurt by some of these acts that we come out with without thinking of the full ramifications, and employees especially, the everyday constituents in my riding who are impacted by these things, whether import or export.

In another part of my riding I have a tremendous agricultural area, the south Okanagan, and every year they fear the dumping of the American apple crop into the south end of my riding.

Yes, we need things that lay out clear rules we are going to follow in terms of imports but by God we had better have some very clear rules that go hand in hand with these things dealing with our exports as well. I do not think we can come in and put this all in place and say there, see how nice we are, don't you want to follow our example. They will say no because they never have in the past.

I believe we had better take a good hard look at this before we finalize it. By all means let us move on but let us do it cautiously. Let us put the amendments that have been talked about today in place with proper consideration for people who are going to be impacted by anything we do as a result of this act.

Then let us stop before we make that final passage and start dealing with the export side of it as well because any time we are laying out all our cards and being incredibly fair to our competitors without the competitors showing some evidence of fairness and laying their cards out as well, we are dealing with a blind hand and, as any poker player knows, we will lose every time.

I trust the Liberals will consider what is being said not to oppose them and not to run them down. It is being said very seriously to ensure the legislation passed in this House, not the Liberal legislation, the legislation passed collectively in this House, is good legislation and that everybody who participated in it can feel satisfied.

Mr. Lee Morrison (Cypress Hills—Grasslands, Ref.): Mr. Speaker, my hon. colleague is touching on something peripherally which has bothered me for a long time. I would like to ask him about it.

Bearing in mind that we are the largest trading partner of the U.S. both ways, import and export, I would expect in the normal course of business affairs that we should have some influence down there but we do not seem to have much.

• (1320)

The reason is that we are so eager to play by the rules, to lie down and let people walk all over us. Sure, we have these trade

disputes and we win almost every time but the hearings go on and on and on. We will win a dispute but they come back at us immediately on the same matter and do it all over again. In the meantime producers, employers and employees in this country are being crucified because we do not as a nation have the huge economic base to fall back on that the United States does.

There is a situation right now in my riding and in neighbouring ridings. Exporters of agricultural products are being subjected to what can only be described as harassment by the governments of the border states. They are using state troopers to stop goods which have legally entered into the United States at the border crossings. We have complained. We will go to NAFTA and the WTO. This will take weeks and months before it is resolved. I think we will win but in the meantime there are people who are really hurting.

I wonder if my colleague would give his opinion on my suggestion that when we are bitten we should bite back. Every week thousands of tonnes of American beef cross the border coming north into Ontario and Quebec. Why do we not find a pretext similar to the ones that are being used by the governors of North Dakota and Montana and say "Sorry fellows, but the packages are the wrong colour. We are not going to let that garbage into the country until you straighten up your act". I think we would find that the border problems on the other side of the country would very quickly be adjusted. How does my colleague feel about that?

Mr. Jim Gouk: Mr. Speaker, it is a very good example by my colleague and I think it is one we do need to deal with. The one thing I would caution when we do this is not to be subtle. Subtlety is a hallmark of Canadians. We like to tiptoe around and are always afraid we will offend somebody.

The example he gave is excellent. But if we do that, make sure people understand exactly why we are doing it. Do not just simply do it and let them put two and two together and maybe come up with what we are up to. Make it absolutely clear. Do this to us and here are the consequences. We talk about that in the criminal justice system. We talk about it with almost every example one can think of. It is consequence of action. Whenever something is done there will be a consequence for what is done.

We talk about it in our own lives. Let us start talking about it with the Americans as well. Let us say "Here is what we think is fair. Here is what we are prepared to do. But if you do not want to play by this rule, if you do not want to be fair, above board and completely open, then know now that if you start messing with us, we will retaliate. We will not get carried away in doing it. We will do it in the best Canadian tradition to try to do it in balance with what you do". But make sure they know we are going to do it. If we lay that out, do not back down when the time comes. Make sure they understand when they take an action, if it is an unfair action, there will be a consequence and we will indeed follow through on it.

Mr. Philip Mayfield (Cariboo—Chilcotin, Ref.): Mr. Speaker, I want to congratulate and thank my hon. colleague for the speech he has given.

As a nation we have been facing serious economic difficulties for a long time. It is interesting to hear how economic leaders in other parts of the country talk about Canada. When they are asked what is wrong with our economic system in their eyes, they point to things that we talk about consistently in this place. They say first of all “Your debt is way too high”. Second they say “Your taxes are way too high”. Third they say “You have not had a plan for 25 years. You do not know where you are going”.

● (1325)

I listen to my colleague talk about the softwood agreement, the quota system, a system that has affected mills in my constituency, particularly the newer mills but now even the large traditional mills are complaining about the difficulties of this agreement. It strikes me that here we are again in a situation. Two years ago when we were talking about this quota agreement and I was raising objections, I was being told this is the answer to our problem. Clearly this is a matter where long term planning was not brought into effect. Less than two years after this agreement has come into force, our mills are in trouble with it.

It is the issue of long term planning that I am raising again, an issue that affects us in every sphere of this government’s jurisdiction and rule. Whether it is health care, whether it is our pensions, whether it is our trade policies and trade agreements, we lack a vision of the future which takes into account the needs of our children and our grandchildren.

The difficulty now is that we have come to a point in the technological advance of the world where simply having forests that have not been harvested, mines that have not been opened up, oil wells that have not been drilled is not enough. We have to have a plan on the table. We have to have a future in mind. And we have to be able to direct our people and our companies in a way that they can take advantage of the opportunities that lead to that future.

Does my hon. colleague see in this legislation the long term planning that is necessary to rationalize the agreements that they affect, or are we simply stumbling along from day to day as we have so frequently in the past? Is this just another example of that?

Mr. Jim Gouk: Mr. Speaker, indeed as my colleague implied in asking his question, there are serious implications in the lack of long term planning and long term vision in this particular bill. As has been addressed on a number of occasions today during the debate, there is not proper consideration for the impact. We look at the short term closely in impact on this but we do not look at the long term in terms of how it is going to affect other manufacturers,

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employers and producers in this country, how it is going to affect and impact on the consumer in this country.

Again, I cannot help but draw the comparison between this and the softwood lumber quota system. When we talk in terms of a long term plan, I have spent a lot of time on this and in my opinion there was not even a short term plan in terms of the softwood lumber quota. When it came in it was as if the Americans said “Here is your overall quota. Here is your total quota that we will allow to come into the United States under no fee, then under the low fee base and then under the upper fee base”. They did not have the slightest idea as to how they were going to implement that, how they were going to monitor and track it, how they were going to assign it out. It was something that they made up as they went along.

This particular bill is not quite that bad. I think we can fix some of the things in it but the problem is we have to fix them before we pass the bill. We cannot keep making things up as we go along, trying to determine whether or not we have done enough, or gee, we have problem, so let us put another little fix in here.

Once the legislation is passed it becomes much more difficult and onerous to try to impact further changes down the road. The government should go nice and slow, make sure that it makes the amendments that make sense according to what it has been hearing, make sure that it has considered the things that we have said. Also I would ask that the government take a very serious look at the balance I mentioned, the need to make sure that not only do we have our import house in order but also to make sure that exports are dealt with so that we have balance between what we take in and what we export out and the rules which both sides are going to play by.

● (1330)

Mr. Bob Kilger: Mr. Speaker, I rise on a point of order. There have been some discussions among the parties. By agreement, we would ask that we extend the debate for no more than 15 minutes.

One of our colleagues from the opposite side is making every effort to arrive in the next few moments to participate in the debate for approximately 10 minutes. Perhaps we could extend the question and comment period by five minutes so that hopefully the member will arrive. We will conclude no later than 1.45 p.m.

The Deputy Speaker: Is there unanimous consent to proceed as outlined by the chief government whip?

Some hon. members: Agreed.

Mr. Bob Speller (Haldimand—Norfolk—Brant, Lib.): Mr. Speaker, I want to thank the hon. member for his remarks earlier today.

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As I listened to the concerns of the hon. member regarding certain issues on this debate, the hon. member questioned the issue of our trading situation with the cross-border crisis with North Dakota and some of the other states in the United States in terms of stopping our trucking operations going across with agricultural products.

On the one hand, one of the hon. members said that we should be taking very strong, very tough action. I sat on the SIMA committee in the past. The dissenting report said that we were going too strong with SIMA, that we should not be taking the tough action.

Could the hon. member explain to this House the differences in approaches by two different members in his party?

Mr. Jim Gouk: Mr. Speaker, each of us deals with the problems that affect our own ridings. Of course we all work in concert with one another in a co-operative method not only within our own caucus but with those from other parties as well. If there are problems for Canadians, I do not really care if they are represented by Reform, by Liberals or by whomever. I do think we need to talk and work that out.

In terms of tough action, yes, we do need to take tough action but not knee-jerk tough action. The tough action we need to take needs to be planned out. It needs to be done in such a way that it leads to the kind of outcome we are looking for.

Tough action is necessary for that but not just fast reaction to an individual instant. If we look at the overall problems we have with trade in and out of our country, if we sit down and plan where we are going and then determine how we will get there, we will have better trade relations across the border. I think things will certainly be much fairer for Canadian manufacturers and also for Canadian consumers.

Mr. Bob Kilger: Mr. Speaker, I rise on a point of order. For clarification, I understand that the member has arrived to participate in the debate on Bill C-35. There will be no questions or comments to that member and of course the question can be put at the termination of that 10 minute period.

The Deputy Speaker: Are the additional understandings expressed by the chief government agreed to by all hon. members?

Some hon. members: Agreed.

The Deputy Speaker: I was going to seek clarification on that point. I thank the chief government whip.

Mr. Keith Martin (Esquimalt—Juan de Fuca, Ref.): Mr. Speaker, it is a pleasure to speak on Bill C-35. I would like to thank my colleagues from the government and all members in the House today who have allowed me to speak for 10 minutes on Bill C-35

which is the Special Import Measures Act. This is an important bill. It goes into some extremely important issues that are affecting my constituents in British Columbia and are affecting Canadians across this land.

British Columbia has been particularly hard hit by the economic downturn the whole country has seen. Some people point legitimately to the Asian flu and others point to the Russian meltdown. Although those have had a contributory effect, there is much we can do within our own house to rectify the situation at least in part. I would ask the government to please look into this.

• (1335)

To the government's credit, it has actually employed something from Industry Canada that has improved the Small Business Loans Act. It is going to provide small businesses with an added amount of capital which will enable them to restructure and work on their businesses and become more competitive.

One of the problems is that the private sector is finding it increasingly difficult to actually work in today's environment. I am going to illustrate some of these areas and try to develop some solutions that exist and which we can use in this House. We can gather together with other Canadians and even our provincial counterparts to employ them in the policy area to help the private sector employ more Canadians and become more competitive in an economic environment which is becoming increasingly more global and more competitive.

The first area which I alluded to yesterday was our high taxation rates. The high taxation rates today when we compare them to the situation down south are quite traumatic. An American two-earner family will take home 44% more in their pockets than a Canadian two-earner family. That is a significant difference. Also, the top marginal tax brackets make it very difficult for business people to invest in their businesses.

Some very interesting work has been done on surtaxes. If we look at the many surtaxes that now exist in our country, those surtaxes significantly compromise people to invest in companies, hire more people and invest in the future of the country. It is estimated that a \$1 extra surtax would actually diminish productivity by about \$64. The reason is that taxing more at the top end or adding more taxes on to anybody actually decreases the amount of investment that goes into the private sector. The behaviour of individuals is such that they work less and because they work less, less money is paid in taxes to come back to the public coffers.

Not only do we have a decrease in competitiveness by taxing more, we also have a decrease in the ability of people to work harder and a diminishment of money that comes into the public coffers. What does that do to the most disadvantaged people in our country? With less money coming into the public coffers, less money is available for our social programs, for health care, education, pensions and others.

In the Conservative regime, I believe it was in 1992 when Mr. Mulroney actually decreased taxes for a short period of time and there was an actual increase in the amount of money going into the public coffers. This would have provided governments with more money for programs necessary to help the most underprivileged in our country, to help our health care system and to provide for the educational framework our young people desperately need to become employable in the future. After that the Conservative government then taxed more which actually resulted in a decrease in money going into the public coffers. This is very significant and something we cannot ignore.

The other added factor of increasing taxes is that it actually drives our best and brightest to south of the border and to other countries. It also drives Canadian companies to other countries. We have had a massive brain drain. In my profession among physicians, some of our best specialists, particularly our orthopaedic surgeons and neurosurgeons have gone south of border, two-thirds of our neurosurgeons and one-third of our orthopaedic surgeons.

We are going to have a gap in specialists in nephrology dealing with people with kidney problems. We are going to lose about 40 people from this country over the next 10 years. This is a significant problem given the fact that more and more people are actually going to need specialist care for renal problems.

The cause of this is the high taxation rates and the dampening effect of the egregious rules and regulations that we have which prevent the private sector from being as aggressive as it can be.

One of the things that is killing our private sector, if we speak to the business community, is the corporate surtaxes, the surtaxes that occur in specific businesses. There is also the capital gains tax which is preventing them from being able to sell their businesses and properties and reinvest that money in their own companies. That is why a lot of companies are holding onto their assets. The corporate tax rate is a huge disincentive. If they sell their assets the capital gains will be so high they will incur a loss.

• (1340)

The status quo with high taxes, and specifically with the capital gains tax on corporations, causes an inertia within the system that prevents companies from generating the finances to reinvest within their own companies. The government should carefully look at removing those taxes. It would benefit the people who are most disadvantaged in our society. If companies cannot hire, people will be unemployed. That causes a greater demand on our social programs and also, from a societal perspective, greater social problems.

We could also create strategic alliances. The Canadian Export Development Corporation has been very much an innovator in developing ideas of strategic partnerships. I implore the govern-

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ment and companies to look at strategic alliances where companies that have different areas of specialty can work together to further a particular product. That situation can even occur across borders.

A natural alliance would be the United States. There are companies in the U.S. and Canada that have specialties in certain areas. If they were to form strategic partnerships they could be a very aggressive tool and an effective marketer of their particular business abroad. Since we live in an era of globalization, that would make Canada a more effective competitor internationally.

Years ago I tried to take all the best ideas I could find from Canadians across the country and put them on my website. The private sector could then extract the information and use it to their advantage. I know there are members of the House who will be working very hard to stimulate companies in their ridings to be more effective.

Although we support Bill C-35, there are some amendments that could be made. Examples have been put forth by my colleagues with respect to baby food. Heinz got a monopoly because the public interest was not taken into consideration. Those things must be carefully looked at when dealing with international trade issues.

The government has to deal with decreasing taxes in an effective manner, looking at innovative ways in which it can provide a lower tax rate for people in the lowest socioeconomic area. If these things can be done we will be able to provide a better state of affairs for Canadians across the country.

The government can also increase the foreign ownership maximum on RRSPs from 20% to 30%. With the lack of confidence that Canadians have in the CPP, it would be very important and useful for the government to give Canadians the option of helping themselves by enabling them to increase the foreign ownership content of their RRSPs.

The Deputy Speaker: Pursuant to order adopted earlier this day, the House will now proceed to deal with the question on Bill C-35.

Is the House ready for the question?

Some hon. members: Agreed.

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

Some hon. members: Agreed.

The Deputy Speaker: I declare the motion carried.

(Bill read the second time and referred to a committee)

Private Members' Business

• (1345)

Mr. Tony Valeri: Mr. Speaker, I rise on a point of order. My understanding was that the bill was actually going to be referred to the Standing Committee on Foreign Affairs and International Trade.

The Deputy Speaker: Is it agreed that the order be amended to refer the bill to the Standing Committee on Foreign Affairs and International Trade?

Some hon. members: Agreed.

The Deputy Speaker: It being 1.45 p.m., the House will now proceed to the consideration of Private Members' Business, as listed on today's order paper.

PRIVATE MEMBERS' BUSINESS

[English]

CANADA STUDENT LOANS

The House resumed from May 5, 1998 consideration of the motion.

Mr. Murray Calder (Dufferin—Peel—Wellington—Grey, Lib.): Mr. Speaker, I am grateful for the opportunity to respond to the motion of the hon. member for Vancouver East regarding the Canada student loans program.

Let me begin by assuring the hon. member and the House that the government is always very much aware of the needs and problems of young Canadians pursuing post-secondary education. It is this very concern that prompted the government to enter into consultations with the public, the provinces and the territories on ways to improve the system of providing loans to Canadian students.

Indeed, last February's budget incorporated many of the recommendations of the report of the Standing Committee on Human Resources Development, measures which ensure Canadians have access to post-secondary education.

The fact is that developments affecting the student loans program have rendered the motion under discussion largely irrelevant. Let me illustrate.

The motion calls first of all for the reversal of the privatization of the Canada student loans program. But the Canada student loans program has not been privatized.

Prior to 1995 the program provided financial assistance to students in the form of 100% government guaranteed loans from private sector lenders. Lenders financed and distributed the loans to students and were responsible for collection. There was little incentive for the lenders to police the loans, so the federal government ended up holding more than \$1 billion in unpaid loans for which it had reimbursed the lenders under the guarantee provisions.

In 1995 new financing arrangements were introduced which enhanced lender accountability and improved client service. But these arrangements do not by any means constitute privatization. Governments, not the lenders, continue to determine student aid policy and the nature of the Canada student loans program.

Under the new risk-shared financing agreement, government payments against loan guarantees will decline from \$382 million in 1996-97 to \$67 million in 2000-2001. Abandoning these arrangements, which I assume is the intent of the hon. member's motion, would cost Canadian taxpayers a great deal of money. Government payments against loan guarantees would increase. We would lose the benefits of sharing the risk with the lenders and the government would have to pay penalties for breaking lender agreements before their expiry in the year 2000.

Next, the motion calls for the government to reject proposals for income contingent loan repayment. There is no difficulty here since the government has already rejected proposals for income contingent repayment. Students, lenders, the provinces, the territories, education organizations and groups made it clear that they do not consider income contingent repayment a viable option. The repayment schedule would be too long and accumulated interest payments would be too onerous.

Ontario is the only province that has shown any interest in income contingent repayment. But while the federal government worked closely with Ontario to analyse various models of such a system, the government has also respected the view of the remaining provinces, territories and stakeholders.

• (1350)

Lenders declined Ontario's invitation to implement a provincial income contingent repayment scheme for 1999. What the federal government has done, however, is incorporated income sensitivity into the new interest relief program and debt reduction measures announced in the federal budget.

The motion calls upon the government to implement a federal student grant program. Once again the Government of Canada has already done that. Canada study grants are available for the following students: high need part-time students; students with a permanent disability; female doctoral students in certain fields of

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study and, as announced in the recent budget, students with dependants who can demonstrate a financial need. Canada study grants, totalling \$145 million, will be available in 1998-99.

In addition, the \$2.5 billion Canadian millennium scholarship fund will provide an average of \$3,000 each year, to a maximum of \$15,000, to more than 100,000 low and middle income students for the next 10 years.

That leaves us with the consideration of the motion's last recommendation, accessibility as a new standard for post-secondary education.

On this point I should emphasize that accessibility has been a fundamental principle of the Canada student loans program since its inception in 1964. Indeed, the government's ongoing commitment to the principle of accessibility was clearly demonstrated in the 1998 budget. A key element of that budget was the Canadian opportunities strategy which will help ensure that Canadians continue to have affordable access to post-secondary education.

The federal government is working toward harmonization of Canada student loans with provincial student loans. Accessibility is one of the key principles of a harmonized student loan regime.

Since the federal government's interest in post-secondary education is shared with the provinces and the territories, the government carries out continuous consultations with student groups, educators, lenders, provincial governments and the territories. Further developments in financing and ensuring accessibility to post-secondary education will involve all of these groups, as they have in the past.

The Government of Canada is pursuing a course that is in the best interests of students across the country. They are our future. Considered in the light of the work that has already been done, we must conclude that the motion of the hon. member for Vancouver East is irrelevant.

Mr. Maurice Vellacott (Wanuskewin, Ref.): Mr. Speaker, I want to commend my NDP colleague for precipitating the discussion we have before us today. The issue of students struggling with their debt loads is very crucial and an issue of great interest to many across the country.

We agree that governments need to help students financially, but what is the best way? I think that would be the crux or the nub of the difference on all sides of the House.

My main contention this afternoon in the matter of the student debt problem will be that since both students and society benefit from education, both should contribute financially. We need a balance here.

Students cannot be without benefits because in this era in which we live an education is the path to a good income. On the other hand, society also benefits because in the economy in which we

live Canada cannot prosper without an educated workforce. Hence the balance and hence both should be contributing.

But this particular NDP motion before us puts too much onus on society, letting students off the hook, while the Liberals put too much onus on students, letting society off the hook and without responsibility in this matter.

• (1355)

This NDP motion does not take seriously enough student responsibility in this. It puts too much emphasis on grants. Money does not grow on trees. The taxpayer pocket is not a bottomless pit. I also want to emphasize the fact that Reform does advocate interest free student loans. That is what we mean in this income contingent loan plan and program. I will explain more of that later.

On the other hand, the Liberals are not taking seriously enough society's responsibility for educating students. I will describe for members the Liberal approach and its effect on students. As we know, the Liberals have made some massive cuts in transfers to the provinces. This has led to tremendous problems with student debt. Rather than restore funding for post-secondary education, the Liberals have brought in a number of measures that merely attempt to patch-up the mess they have made of many students' financial situations.

They prefer to help students in debt by means of tax relief on the interest portion of payments, interest relief extended to graduates if they go to the next step and need more help. Before we have any applause from the opposite side of the House, I want members to know that this is going downhill from here. It is a downward spiral and we finally get to the bottom.

I guess the Liberals next stop-gap measure from there would be to provide an extended repayment period for those who need it. If that does not help then an extended interest period for individuals who continue to face financial difficulty. Then they come again with cap in hand, on bended knee if maybe to have a reduction in the loan principal for individuals who still face financial difficulty.

These measures hardly represent a bold initiative to address the problem of student debt levels. They do nothing to prevent students from falling off the cliff of financial disaster. They merely attempt to cushion the impact when they do fall to the bottom. It would be like having a sign around a treacherous corner, a curve with a cliff with a steep drop-off. Instead of having warning signs or doing what can be done to prevent falls off the cliff, they have ambulances at the bottom of the cliff. They are reactive measures rather than proactive measures that provide a genuine solution.

The Liberal approach to student loans makes the following situation possible. I reiterate the example of a student who gets a low paying job. Now he is attempting to make payments on his student loan. The tax relief on the interest portion of his payments

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does not help because he does not get his refund until after tax time. In the meantime he cannot make the payments. So he applies for interest relief. He jumps through that bureaucratic hoop to qualify. If he is still in trouble he must make another appearance to beg to have that payment period extended.

If that does not solve the problem then he can apply for an extended interest relief period. Once again he goes cap in hand, on bended knee humiliated to beg for assistance with his education. If problems persist he might qualify for a reduction in the loan principal. It is exactly this kind of situation that is repeated time and again across our country with students in respect to debt.

This reveals the inadequacy of the Liberal approach with regard to student debt. It keeps students in debt and offers assistance only after things have gone wrong. Instead of repairing the leaky boat of funding for post-secondary education, the Liberals have offered a hodgepodge of measures to help students after the Titanic is already going down and students are up to their neck in water. At that point they come in with these supposed solutions. Rather than trying to help students from the outset so they can avoid a financial crisis, the Liberals approach appears to be that of assisting students after they find themselves in the middle of the crisis.

It is like a brick wall set up by the Liberals that students have been trying to jump over. Far too many have been breaking bones on the wall, unable to jump high enough. The Liberal response is to have some doctors on hand on this side of the wall as they bounce back bruised, bleeding and broken. They have them there to treat the injured. But the Liberals say that under no circumstances should that wall be lowered so as to reduce the risk of injury in the first place. Students are left to continue worrying, anxious about the matter and damaged and hurt over the course of their lifetime.

Reform believes that it is administratively inefficient to help students in stages like that. On the other hand, Reform's across the board proposal of interest free loans is what students would prefer. I could liken the approach of the Liberals in the matter of student loans and the recent changes even to a patient screaming from pain there in the corridor of the hospital. The doctor kind of saunters in and he gives a little pain killer, just enough to take the edge off but there is still a lot of discomfort. But the patient at least is not yelling any more, at least for a while. Then the doctor waits until the patient is screaming again before administering a little more painkiller again to take the edge off. But there is still lots of discomfort.

• (1400)

My point is simply the doctor never really relieves the pain, just as the Liberal approach never really addresses the problem of student debt. It just catches them one by one trying to soften the

impact, as they fall off the cliff and crash, rather than setting up a program that prevents them from crashing in the first place.

Reform's principles with respect to education are fairly clear. I cite principle number six from our blue book: "The people of Canada are this country's most valuable resources and that the nurturing and development of human knowledge, skills and relationships are keys to full participation in the knowledge based service economy of the 21st century". In other words, people are the resource. People are what counts here. They are the most valuable resource we have.

The leader of the Reform Party said on October 21, 1994 in Commons debate: "One of the few areas where Reform does not advocate any spending reduction is in the area of financial support for post-secondary education. Post-secondary education as an investment in Canada's future is so important that we are prepared to make massive spending reductions in other areas, some focused government spending in areas like health, education and the basic social safety net". We are prepared to do that in order to make and maintain the current levels of funding for post-secondary education.

I suggest that of all the things the government does, of all the money it spends, its one true investment in the future is its investment in the education and training of the young generation of Canadians.

Reform has a balanced approach where both students and society contribute with federally funded income contingent loans. There has been misunderstanding about what Reform means by income contingent loans, so I will read our policy statement: "The Reform Party believes that the federal government should institute a federally funded income contingent loan plan that is as near to being interest free to students as possible".

Let us be clear about several things. First, in the Reform Party policy the banks would not be the lenders. I think that should make my colleague from the NDP happy. Rather than the loans being through the banks and therefore making money off our students, the loans would be federally funded. In our plan the student would be lent money and asked simply to pay back the same amount without interest over time at a pace in keeping with the graduate's income.

That proposal then would solve the perceived problem brought forth by the Canadian Federation of Students. It said that in such an income contingent loans program, a misunderstanding of Reform's proposal, the flexibility of the payments geared to a graduate's income works against the student since graduates with lower incomes will by necessity repay their loans over a longer period of time and will be paying a great deal more in interest payments than those with high incomes.

But if they are only paying toward the principal there is no interest. Benefits are extended longer based on that graduate's

income and there is no downside to this. Because Reform would like to see students get interest free loans this problem would be completely avoided.

It has been a privilege to speak with respect to this motion. We cannot support the motion as it presently stands, but I do thank the hon. member for precipitating and provoking discussion on this very crucial area of the student debt problem today.

GOVERNMENT ORDERS

[English]

DNA IDENTIFICATION ACT

BILL C-3—NOTICE OF TIME ALLOCATION

Hon. Don Boudria (Leader of the Government in the House of Commons, Lib.): Mr. Speaker, I regret to inform the House that after consultation an agreement could not be reached under the provisions of Standing Orders 78(1) or 78(2) with respect to the third reading of Bill C-3, and act respecting DNA identification and to make consequential amendments to the Criminal Code and other acts.

Therefore under provisions of Standing Order 78(3), I give notice of my intention to propose at the next sitting a motion to allot a specific number of days or hours for the consideration and disposal of proceedings at the said stage.

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• (1405)

[Translation]

CANADIAN STUDENT LOANS

The House resumed consideration of the motion.

Mr. Richard Marceau (Charlesbourg, BQ): Mr. Speaker, as always, it is a pleasure to rise in this House to speak to a number of issues of great importance to Quebecers and Canadians alike.

As I read the motion of the member for Vancouver East, I realized there was no question of the member's good faith. No indeed. However, is she indeed talking about new national standards in her motion? This goes right to the heart of the Quebec-Canada debate.

To most Quebecers, federalists or sovereignists, the word national refers to Quebec and not Canada. Here, the reference to

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national standards, to most English Canadians in the rest of Canada, means Canadian standards for Canada.

As I said, this goes right to the heart of the Canada-Quebec dichotomy. It indicates an obvious lack of understanding of Quebec, its reality, its values, and the will of all Quebecers, federalist or sovereignist, to defend certain jurisdictions awarded Quebec in 1867, the main one being education.

In Quebec, we have had our own system of loans and grants for over 30 years. This was one of the major achievements of the quiet revolution headed by the Liberal government of the time under Jean Lesage with the support of a few important ministers, including Georges-Émile Lapalme and, naturally, René Lévesque.

Quebec's system of loans and bursaries works very well, and suits everyone. I can quote a figure in support of this: the average debt load for a university graduate in Canada is \$25,000, whereas it is \$11,000 in Quebec. It is therefore easier for a Quebec student to graduate from a university in Quebec, find a job and repay his or her debt. It is easier when the debt is smaller than that of a student completing university in English Canada.

I speak from experience, having taken much of my higher education in Quebec, but having taken some of it in Ontario.

Finally, what the member is after, when we read between the lines to find her objective, is to have a Quebec system or equivalent throughout Canada, because the Quebec system works well. It is efficient, inexpensive, fair and equitable.

We recently had an example of national standards in education with the current Prime Minister's toy, a monument to his rule: the millennium scholarships. It was clear that in Quebec none of the stakeholders—young people, student federations, labour unions, universities and their presidents, political parties—were interested in these scholarships.

Millennium scholarships are awarded partly on merit instead of being solely based on the needs of individual students. That is unfair because we know full well that students with less privileged backgrounds find it much harder to study because they must hold one, two or even three jobs, which of course interferes with studying and getting good grades in university.

Most parties in this House, with the exception of the party opposite I believe, strive to avoid overlap. Education being a provincial jurisdiction, establishing national standards, that is federal standards applied in a provincial jurisdiction, would only result in more overlap, more spending and ultimately bureaucratic chaos that would benefit no one except the bureaucratic machine itself, which has a tendency to develop programs just to support itself and prosper.

• (1410)

I mentioned earlier that, in putting this motion forward, the hon. member was not showing bad faith, far from it, but rather a

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misunderstanding of Quebec that is unfortunately endemic in Canada, as I myself experienced in Ontario.

Finally, it always boils down to the same issue. Here we have two distinct societies sharing the same legal framework. The solution is very simple: each one should have sole jurisdiction over education and every other area in the public domain. That is what is called Quebec sovereignty.

[English]

Mr. John Richardson (Perth—Middlesex, Lib.): Mr. Speaker, I rise on the occasion to debate the motion brought before the House by the hon. member for Vancouver East.

The hon. member is asking for substantial changes to the way the government supports post-secondary education. With all due respect, I do not think the hon. member has done her homework before presenting her motion. I will address her points individually.

The first point is proposed changes to the Canada student loans program. The hon. member says the government should reverse the privatization of Canada student loans.

The government has stressed from day one that partnerships are the key to ensuring strong economic and social provisions that will serve Canadians. We still believe that. As for the Canadian student loans program, we can go back to its inception in 1964 and find that the government of the day worked with private sector lenders to finance the Canadian student loans program. That is hardly a radical concept.

Prior to 1995 the Canadian student loans program provided students with financial assistance in the form of 100% government guaranteed loans from private sector lenders. These lenders financed and distributed the loans and were responsible for servicing and collecting them.

In theory this seems like a good system but in practice there was little incentive for lenders to maintain loans in good standing, to prevent defaults or to provide quality service to students. The result was a significant cost to the government.

Hon. members will recall that in the early part of this decade Canadian taxpayers insisted that we get our financial house in order, which we have done. Part of that necessary and beneficial process was to negotiate new financing arrangements for the Canada student loans program, which we did.

New arrangements were introduced in 1995. Under these new arrangements lenders assume responsibility for servicing and collecting the loans.

In return for the risk of loans not being repaid, the Government of Canada pays lenders a premium of 5% of the loan's face value

when it goes into repayment. This is a much more favourable arrangement for Canadian taxpayers.

Before these new arrangements were implemented, the Government of Canada held over \$1 billion in loans for which it had reimbursed lenders under the guaranteed loans provision, a rather costly situation and one that Canadians would no longer tolerate.

The hon. member may ask how the system is an improvement. As a transition to risk shared system progresses, the cost of claims for guaranteeing loans will decrease dramatically while the cost of the risk premium will increase only moderately.

For example, payments against loan guarantees are expected to decline from \$382 million in the fiscal year 1996-97 to a more reasonable \$67 million for the year 2000-2001.

• (1415)

But during the same period it is estimated that the risk premium will increase only from \$200,000 in 1996-97, the year after risk sharing was implemented, to \$73 million in the year 2000-2001.

If we were to adopt the hon. member's motion and reverse this process the result would be forfeiture of the projected savings and there would be a significant increase in costs regarding claims for guaranteed loans. Surely that is not what the hon. member wants.

The government has signed contracts with lenders. Changing these arrangements would mean breaking contracts or renegotiating them, both of which could prove very costly.

The hon. member's motion also calls on the government to reject proposals for income contingent loan repayment. If the hon. member had done even preliminary research she would know that after discussions with our provincial partners it was agreed that a system of income contingent loan repayment was not feasible.

The idea of income contingent loan repayment came about following reforms to the Canadian student loans program and the coming into force of the Canadian Student Loans Financial Assistance Act in 1995.

In the 1997 budget we again expressed our willingness to discuss the possibility of an income contingency repayment with interested provinces. The bottom line is that only the province of Ontario expressed interest and potential lenders were, shall we say, less than enthusiastic about participating in such a scheme.

Ontario and the lenders have not been able to come to an agreement and the Ontario government said an ICR plan would not be introduced by the 1999 deadline it had set.

Last November a national stakeholders working session on the Canada student loans program determined that an ICR scheme was not viable so the government has no intention of implementing an ICR system at this time.

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I point out, however, that the February 1998 federal budget is sensitive to a student borrower's income. The budget announced a package of new measures, including interest relief changes and new grants.

For example, eligibility for interest relief is based on income. The 1998 budget increased the threshold for students to qualify for interest relief, extended the interest relief period over a longer period of time and introduced debt reduction measures to assist students in severe financial hardship.

The hon. member for Vancouver East is calling on the government to implement a federal student grant program. Where was the hon. member during the budget speech debate? Is she not aware of the Canada millennium scholarship fund and the Canada study grants? Both have been topics for discussion in this House on a number of occasions and both are student grant programs.

The Canada millennium scholarship fund will start off with an endowment of \$2.5 billion from the Government of Canada. Over 10 years scholarships will assist more than 100,000 low and middle income students annually. Grants will average \$3,000 a year.

The new Canada study grants for students with children and other dependants which came into effect on August 15 will help over 25,000 students this year alone. Other Canada study grants have been in effect for some time and include grants for certain female doctorate candidates, high need, part time students and students with permanent disabilities. The government is backing its commitment to Canada study grants with an allocation of \$100 million in the upcoming fiscal year.

I trust these federal student grant programs will satisfy the hon. member who is also calling on the government to establish accessibility to a new national standard for post-secondary education. Again, accessibility has been a fundamental principle of the Canadian student loans program since its inception in 1964. That is some record. Not only that, but both federal and provincial governments have stated that accessibility should be the key principle in any joint programs offering student loans.

I also point out that since post-secondary is the responsibility of both federal and provincial governments, the Government of Canada cannot unilaterally declare a national standard, if that is what the hon. member is suggesting.

• (1420)

I encourage all hon. members to give the new provisions designed to help post-secondary students an opportunity and see how effective they will be. It is far too early to start considering amendments to these programs, and for that reason I cannot support the hon. member's motion.

Mr. Lynn Myers (Waterloo—Wellington, Lib.): Mr. Speaker, on behalf of the residents of Waterloo—Wellington I am very pleased to speak on this motion.

While I share the member's concern for students and their ability to finance higher education, I do not see how the proposals presented here in this motion would produce a better system than the one we now have.

For example, the motion calls on the government to reverse the privatization of the Canada student loans program. The implication is that we have changed from a publicly funded program to a private one, and yet the Canada student loans program has always been based on private capital. That has not changed so there is nothing to reverse.

The student loans program has been financed by private capital since it was first introduced in 1964. There were some changes made to the program in 1995 but the objective was not to privatize the plan. These changes were made in order to broaden risk sharing and to put more decision making into the hands of the private lenders. The changes were designed to improve the way the plan operated, not to privatize it.

When the plan was first introduced in 1964 the federal government provided guarantees to private sector lenders who in turn financed and dispersed loans, but this system gave little incentive to private lenders to maintain their loans in good standing, to prevent defaults or to form a close service relationship with the borrower. If the loans failed, the lender simply called in the guarantee from the Government of Canada.

This resulted in significant extra costs for the federal government under the original program design. In fact, by 1995 when changes were made the Government of Canada held over \$1 billion in defaulted loans for which it had reimbursed lenders under the guarantee provisions of the plan.

Under the new risk sharing arrangement private lenders assume responsibility for both servicing and collecting the loans as well as dispersing them. As its contribution to the risk sharing approach, the federal government pays private lenders a premium of 5% of the face value of the loans when they go into repayment.

The government estimates that this risk sharing approach will significantly reduce the cost of the student loan program without reducing the money available to students from private lenders. Thus we have brought the federal government and private lenders more closely together in a public-private sector risk sharing approach to achieve a reasonable balance between costs to the federal government and loan availability.

The second part of the motion asks us to reject proposals for income contingent loan repayment plans. While it is true that the question of income contingent repayment plans was discussed with

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varying degrees of interest by other parties, including the provinces, discussions were broken off, and that is unfortunate.

The Government of Canada was alone with the Government of Ontario among the provinces in advocating this approach. The lenders and Ontario did not come to an agreement.

The motion proposes the implementation of a federal student grant program. The Canada millennium fund will go a long way toward providing financial assistance to improve access to education and these scholarships are to be based on need and on merit.

This \$2.5 billion program will provide scholarships averaging \$3,000 each to cover over 100,000 low and middle income students each year. Eligible individuals will be able to receive up to \$15,000 over a maximum of four years toward undergraduate degrees, diplomas or certificates.

The budget also recognized the changing demographics of our student population as more and more of them who have been in the workforce return to their studies to upgrade their skills.

The budget introduced a new Canada study grant for students with children or other dependants. These grants came into effect August 1, 1998 and are expected to help over 25,000 students over the next year.

There is also the Canada education savings grant to help families save for their education, and the Government of Canada will give a grant of 20% on the first \$2,000 invested in a registered education savings plan.

• (1425)

The motion proposes the establishment of accessibility as a new standard for post-secondary education. Accessibility can mean many things. In terms of program funding accessibility has been a fundamental principle of the Canada student loans program since it was introduced in 1964, and it remains so.

If the motion refers to accessibility to education we must remember there is a shared responsibility between the federal government and the provincial and territorial governments on matters related to higher education. Traditionally the operations of an education system are seen as outside the federal area of responsibility.

Any proposal to establish national standards for access to education would have to be considered within the wider and broad context of shared responsibility between the federal government and our provincial and territorial partners. It could not be unilaterally imposed by the federal government.

Thus we cannot support the motion for a number of reasons. First, the system has not been privatized as the motion implies. We have moved to a system of sharing the risks of the Canada student

loans program with the private sector but we have not privatized the program. Any moves to change a risk sharing arrangement would cause potential extra costs to the Government of Canada and would upset the existing program.

Second, the Government of Canada has already committed \$2.5 billion to the Canada millennium scholarship fund which will provide students with financial support. We do not believe it is prudent to add further to our grant programs at this time.

Third, accessibility is already a fundamental principle of the Canada student loans program and will remain so. Issues of accessibility to education in the operational sense are matters for discussion at the provincial and territorial government levels. The Government of Canada believes in a partnership approach to policy development and has no intention of formulating and/or imposing any national accessibility standards in this regard.

We do not believe the proposals presented in the motion are necessary, nor would they improve the existing system in support of Canadian students. While the government is always willing to listen as always to constructive advice and to make helpful changes, we are not persuaded in this instance that the actions proposed in this private member's motion will provide the kind of result needed. It is for these reasons that I ask that we oppose the motion.

[Translation]

Ms. Angela Vautour (Beauséjour—Petitcodiac, NDP): Mr. Speaker, the Liberal government has said in the throne speech and the budget that it was a government for youth. It even announced the millennium scholarship fund for students.

Before going any further, I must explain how this government is really helping today's young people. First, the Liberal government has cut \$1.5 billion from federal funding to education via transfer payments to the provinces. Over the past ten years, tuition fees have increased by 240%. Last year, the increase nation-wide was 12%, seven times higher than the rise in the inflation rate.

The average student debt load is \$25,000, compared to the 1993 level of \$13,000 when the Liberals came in. There are even students in my riding with debt loads of over \$50,000.

Student bankruptcies among those with loans have also attained record levels, with a 700% increase since 1989.

Thanks to the Liberal government, there is another factor contributing to the debt load of our young people: poverty. This government continues to impoverish the parents of these young people who end up at the mercy of the banks to finance their post-secondary education. We must not forget either the famous millennium fund, which is contributing to the debt load of thou-

sands of young people throughout this fine country and will help 7% of the country's students.

• (1430)

Despite the increased assistance to students announced in the throne speech and in the budget, the situation of thousands of students is in fact very sad. The intent of the motion is to rectify this injustice, to underscore the hypocrisy of the Liberals and to clearly establish a link between the attempt to privatize post-secondary education and the heightened despair of the young at finding themselves unemployed, and some of them even in a state of poverty at the end of their studies.

The Liberal strategy has undermined public funding of post-secondary education to the point where it is now completely in the hands of the private sector. With this motion, the New Democrats are continuing to try to force the Liberal government to acknowledge that students are critically in debt.

We want the government to listen to what they are saying. We want members to defend public education and say that stronger measures must be taken to reduce the student debt load.

[*English*]

We must keep a close eye on the Liberal government. One would want to think that the government actually cares for our young people, for the ones who will be running this country sometime in the near future, but let us not be mistaken. The government is very clear: profits first, students' future later, much later.

[*Translation*]

By introducing this motion today, the NDP wants to make it very clear that it resolutely defends our public education system. We in the NDP will not let the federal government forget the debts that students face and the crises these debts provoke.

A number of surveys were carried out in 1997. In one survey done in the maritimes, high school students were asked why they were not going to university. Forty per cent of them said they were not going on to university because they simply could not afford it.

In 1995, the Liberal government gave financial institutions greater responsibility over financial assistance to students. Until then, although they were assessed by the banks, student loans were fully guaranteed by the government.

In the last budget, the federal government announced another giant step towards privatization. Buried deep within the budget legislation is a provision giving banks greater authority to turn down student loans. This provision allows cabinet, outside of the

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scrutiny of the House, to decide which students do not deserve loans. The implications of this are staggering.

Instead of creating student loans programs or millennium funds, which duplicate existing scholarship programs and are of no assistance to students in need, we have on several occasions asked the government, and we will continue to do so, to take measures that will reduce student debts, rather than defer them.

By the time the millennium fund is established in the year 2000, \$3.1 billion will have been cut from post-secondary education. At about \$250 million a year for 10 years, the millennium fund will not even come close to compensating what we have lost as a result of this Liberal government's policies.

Today's motion calls on the government to promote public education and restore the \$550 million that was cut from this year's budget.

We in the NDP are asking the federal government to create, in co-operation with the provinces, a national grant program for first and second year students. We have had enough of the kind of unilateral actions we have seen in this House with regard to post-secondary education. The millennium fund was established without any consultations with the provinces and other stakeholders. It was an arbitrary measure that was taken by the government with no consultation and no information provided.

We believe that a national grant program has to be established within the context of a new federalism in which the provinces are active participants. The federal government must take the lead in establishing accessibility as a new national standard. The issue of accessibility must be tied to the federal government's financial contribution and payments to the provinces. This is what we need to do in Canada, and what the Liberal government needs to do.

• (1435)

It must also be kept in mind that this is a fine country we live in, but there is something increasingly unfortunate happening to that fine country, as it becomes very clear that there are two systems of post-secondary education. Perhaps, in fact, there is actually only one, a system for young people who can afford post-secondary education, or whose parents can. This must stop.

Too many young people are without access to post-secondary education, and this causes social problems, which result in additional costs to government and to the taxpayers of this country. Steps must be taken today to put an end to this vicious circle, which ends up costing the taxpayer very dearly and is highly unfair to families who need help if their children are to gain access to education, good jobs and success in life. Unfortunately, governments are continuing to present policies that are harmful to our young people.

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[English]

Mr. Pat Martin (Winnipeg Centre, NDP): Mr. Speaker, I am glad to join the debate on the motion.

The idea of post-secondary education has come up a number of times in the House. To listen to the various parties one would think it was an issue of great concern but in actual fact the track record has been that the Liberal government has been cutting funding for post-secondary education in a significant way ever since it has had the power to do so. Since 1995, \$1.5 billion has been removed from federal funding to post-secondary education. These are startling figures.

The motion as put forward by the member for Vancouver East tries to remedy the problem. It tries to say something about access to funding for post-secondary education for the many students who need it and who are not getting it.

Virtually every study emphasizes the need for a highly skilled workforce and more education. We are hearing the point made over and over again that grade 12 is not enough any more. At least one post-secondary degree is needed to make it in the world of work today. When the public schools act came into place in the 1930s, grade 12 was adequate. That is why it was decided that it should be freely accessible to everyone who wanted it and needed it. Students were strongly encouraged to stay in school to at least get their grade 12.

The facts have changed. All the experts are telling us 15 years to 17 years of education is the minimum. Although I understand why the motion was put forward and I believe in it, it does not go far enough. Our caucus is calling for free tuition. I believe that we should join the 27 countries in the world that already provide education free of charge to all the students who have hopes, ambitions or aspirations to join the workforce of the 20th century with the tools that they need.

Only 15% of students actually graduate; 15% of our youth are getting the education they need. What we are hearing is that many more students would take part in post-secondary education were it not for the insurmountable barrier of access to affordable loans so that they can follow through with their dreams and ambitions.

In a 1997 survey of high school students in the maritimes, 40% of the students interviewed not going to university said they were not going because they could not afford it. They simply could not get the wherewithal to go to school.

The average student debt in the country is \$25,000. That is up from a \$13,000 average since 1993 when the Liberals took power. The average debt in 1993 was \$13,000; today the average debt is \$25,000. It is not tolerable and it is inconsistent with what we know about the need for access to post-secondary education.

Bankruptcies for students who are trying to pay off student loans are at record levels. They have increased by 700% since 1989. The number of students who are struggling to repay student loans and have been forced into bankruptcy has increased 700% since 1989, figures that we should be shocked at.

Currently 130,000 students are in default on student loans. This is not because of a lack of will or because they are charlatans or they are trying to defraud the system. Simply the structure of the system is such that it is not possible for them to get the education they need and make good on their loans.

• (1440)

It is easy to see why. Over the last 10 years tuition fees have climbed by 240%. When \$1.5 billion in federal funding has been cut from post-secondary education, it is not hard to see why tuition fees had to go up. It is a natural consequence of starving our post-secondary institutions.

We are going in the direction of whole costing our tuition to where all the cost of tuition would be borne by the student. It was never the idea when we embraced the idea of accessible post-secondary education for it to be to the point where tuition fees almost have to match the whole cost of education. It is completely 180 degrees opposite from what most Canadians would embrace. This is the reason that we have to start looking at broadening the public schools act to include post-secondary education.

Maybe we could say that the first degree would be free of charge to students. It sounds like a radical idea but we have to start seeding that idea today and then find a way to make it happen and bring it to fruition. If we do not start talking about it now, it simply is not going to happen.

I would like to point to the example of the country of Ireland, my homeland. At a certain point in recent history, it was very slow to attract investment and have job opportunities for its young people.

The reason Ireland is enjoying a bit of an opportunity now and a bit of an increase in investment with high tech companies coming to that country is that it has the highest skilled workforce in terms of academic excellence in the world. Even though Ireland had high levels of unemployment, it never sacrificed the idea of post-secondary education for its people. Ireland knew it was building the base that would eventually attract the type of business and the type of investment that would ultimately lead it out of the economic slump it was in.

There is a real lesson to be learned there. We may say that we have high unemployment and that we need transition from school to work for young people. In actual fact, we need a more highly skilled workforce to where every student who has the ability can go

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forward as far as their ability will take them in a chosen field of study in post-secondary education.

The motion we are speaking to today, Motion No. 132, hopes to rectify this injustice but it is also really to highlight what can only be looked at as Liberal hypocrisy in this matter. To pretend that there is a real interest in post-secondary education and at the same time cut \$1.5 billion out of funding for those institutions is such a glaring contradiction that more and more Canadians are starting to see how fundamentally wrong it is and how fundamentally wrong-headed it is.

It is said that poverty is a consequence of poor education and also a cause of poor education. We can bring this whole subject around to the issue of the war on poverty and the redistribution of wealth. One of the ways people who are stuck in the bottom echelons of the economic system can pull themselves up is to have the marketable skills that they need to go forward and follow their chosen field.

I am not saying that is the be all and end all. There are other aspects to post-secondary education. The universities do not have a monopoly on providing the skills people need.

I am a journeyman carpenter myself. I like to think of apprenticeship as legitimate post-secondary education. I would like to see any student loans initiative broadened to include labour market training as well as the more traditional B.A., Bachelor of Education or Bachelor of Science.

We know that the institutions are in crisis through lack of funding. They passed on that crisis to students. It is students who are now in a crisis. They need relief. They need a remedy and they need some support. That is why this motion would take us at least one step in the way to providing some satisfaction.

The Acting Speaker (Mr. Morrison): The time provided for the consideration of Private Members' Business having now expired, the order is dropped to the bottom of the order of precedence on the order paper.

● (1445)

It being 2.45 p.m., the House stands adjourned until Monday next at 11 a.m.

(The House adjourned at 2.45 p.m.)

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(As of September 25th, 1998 — 1st Session, 36th Parliament)

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