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OFFICIAL REPORT
(HANSARD)

Wednesday, March 24, 1999

Speaker: The Honourable Gilbert Parent

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HOUSE OF COMMONS

Wednesday, March 24, 1999

The House met at 2 p.m.

Prayers

• (1400)

The Speaker: As is our practice on Wednesday we will now sing O Canada, and we will be led by the hon. member for Souris—Moose Mountain.

[*Editor's Note: Members sang the national anthem*]

STATEMENTS BY MEMBERS

[*English*]

CAREGIVERS

Mr. Rey D. Pagtakhan (Winnipeg North—St. Paul, Lib.): Mr. Speaker, the struggles and joys of Canada's home caregivers and those to whom they give care for reasons of infirmity, disability or illness reflect the eloquence of our societal values.

André Picard and his team at *The Globe and Mail* are to be commended for drawing attention to this issue, the magnitude of which is staggering. Over one million Canadians need help—flexible work time, training, financing, respite and basic services—to cope with the demands of caregiving for their loved ones, most of whom are their parents or spouses. Indeed, governments at all levels have a duty to act and to act promptly.

May the issue ignite and the new social union framework facilitate the creation of a national home care program. To ignore its urgency is to surrender Canadian values at our own peril. The challenge to do good is at hand. We cannot long endure.

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CANADIAN PUBLICATIONS

Mr. John Cummins (Delta—South Richmond, Ref.): Mr. Speaker, the Minister of Canadian Heritage, in an attempt to

protect Canadian magazines, introduced legislation to limit foreign split-run publications.

Now, in a bizarre turn of events, the minister is creating a split-run policy for Canadian publications, taking away the favourable postal classification from a group of Canadian religious publications. The *Catholic Register* and regional catholic publications, the *New Freeman* of New Brunswick, the *Prairie Messenger*, and the *B.C. Catholic* all lost their favourable postal classifications because they use material from Canadian Catholic News, a news service they jointly finance. For the past 10 years, these publications have pooled their resources in order to report on national issues, something they could not afford to cover individually.

These catholic magazines are Canadian at their heart and soul. The Minister of Canadian Heritage should be a supporter of such publications rather than trying to kill them with friendly fire.

Canadian magazines are not protected by singling out catholic publications for destruction. I would ask the minister to reinstate these catholic publications under the publications assistance program.

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ST. MARY'S CHILDREN'S CHOIR

Mr. John Richardson (Perth—Middlesex, Lib.): Mr. Speaker, it is my pleasure to rise in the House today to congratulate the St. Mary's children's choir on its continued fine performance at regional, national and international competitions.

In 1998 the choir won its seventh provincial title in eight years, and the 10 and under category won both the provincial championship and the national trophy, first place award, receiving the Margaret Wharton Memorial Choral Trophy for outstanding choir work.

The choristers are divided into two choirs: the brio, the junior division, and the presto, the senior and touring division.

The choir has recently finished recording its second professional CD. In addition, the choir also travels extensively throughout Canada and the U.S.A. and as far as Scandinavia and Great Britain.

My congratulations, once again, to the St. Mary's children's choir and its outstanding director, Eileen Baldwin, for the standard of excellence they achieve year after year.

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ELIMINATION OF RACISM

Mrs. Karen Redman (Kitchener Centre, Lib.): Mr. Speaker, this past Sunday Canadians recognized the International Day for the Elimination of Racism. To mark this important occasion, grade 6 students in Kitchener Waterloo were invited to design a brochure on the effects of racism.

This contest is sponsored by the Kitchener Waterloo Multicultural Centre. It has been funded in part by the multiculturalism sector of the Department of Canadian Heritage. The winning brochure will be printed and distributed across the Waterloo region. The best five entries will be posted on the multicultural centre's website. The grand prize is a brand new computer.

This competition allows young Canadians to articulate their thoughts and feelings about racism, as well as encouraging them to work with their peers in the fight against racism.

• (1405)

Some of the slogans that have been submitted include "Be smart, don't start", "Racism is for fools", and "Racism is like a computer virus, shut it down".

I am pleased to be a judge for this project and I look forward to reviewing the entries of the 15 finalists who have been chosen by the women of the—

The Speaker: The hon. member for Abitibi—Baie-James—Nunavik.

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[Translation]

SOCIAL PROGRAMS

Mr. Guy St-Julien (Abitibi—Baie-James—Nunavik, Lib.): Mr. Speaker, the Canadian government cares about the plight of our poor.

By maintaining a network of accessible and universal health and social services, the government shows that it cares about Canadians' quality of social life.

Moreover, the Prime Minister asked the federal Minister of Labour to co-ordinate government involvement in improving the plight of the homeless, who have not been as lucky as others in life.

Everyone applauded this initiative on the government's part, and this is to the credit of the Prime Minister, who was acting on behalf of all Canadians when he made the decision.

The Liberal government is fulfilling its social commitments and it strives every day to improve the plight of those who have had some misfortunes in life.

[English]

HARRY FLANDER

Mr. Art Hanger (Calgary Northeast, Ref.): Mr. Speaker, Harry Flander joined the Canadian army during World War II so he could do his part for his country.

He completed basic training and was one of dozens of soldiers transferred to the Suffield Experimental Station where he underwent chemical weapons tests.

Mr. Flander had to swear secrecy about the tests and was told he would go to jail if he ever told anyone. Military scientists placed mustard gas on Mr. Flander's arms. They instructed him to walk through gas chambers. They drove him into a field and dropped gas all over him. These experiments left Mr. Flander with chronic chest pains and egg size blisters.

For more than 50 years he lied to his doctors and his family about the cause of the scars on his body. His mother and two sons died without ever knowing what caused them.

Now that the Suffield experiments have been declassified, Mr. Flander and hundreds of other Suffield victims are free to speak. So far they have been rebuffed by the government for recognition and compensation.

I hope we can agree that Mr. Flander and other Suffield victims deserve our thanks for their sacrifices. This government—

The Speaker: The hon. member for Pickering—Ajax—Uxbridge.

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BILL C-440

Mr. Dan McTeague (Pickering—Ajax—Uxbridge, Lib.): Mr. Speaker, on Monday Reverend Ilce Miovski was tragically killed by a stolen vehicle as the driver was trying to evade the car's owner and the police.

Reverend Miovski was a constituent of mine and his loss will be deeply felt by the congregation of St. Clement Church.

His death adds to the carnage across Canada resulting from someone using a motor vehicle to evade police.

Police officers also put their lives on the line and are placed in the unwinnable position of trying to apprehend the driver or withdraw. In some cases the police are subject to legal action for the pursuit even though they were only carrying out their direct duty to the public.

Current Criminal Code provisions dealing with dangerous driving and criminal negligence causing death are not appropriate sanctions for this crime. A specific provision is needed in the code, with severe penalties for the offender.

I call on the Minister of Justice to incorporate Bill C-440 into legislation to make those who evade police pay for this act and for the senseless death and injury it can cause.

We cannot wait for more innocent people to die and for their killers to evade justice in the same way they tried to evade police.

* * *

[Translation]

ST. LAWRENCE RIVER

Mr. Michel Guimond (Beauport—Montmorency—Côte-de-Beaupré—Île-d'Orléans, BQ): Mr. Speaker, 10 years ago today, the *Exxon Valdez* oil tanker struck a reef and leaked 41 million liters of oil along the Alaska coast. That tragedy came to symbolize the major risks shipping held for the environment.

In Quebec, two million people live right along the shores of the St. Lawrence River and see similar oil tankers go by, particularly in the Quebec City area, where Ultramar's piers are located.

As members know, the St. Lawrence River is one of the world's most difficult rivers on which to navigate. An inexperienced captain is exposed to many dangers. At the eastern tip of Île d'Orléans, in my riding, a supertanker is only 30 centimetres from the riverbed at low tide.

It is easy to imagine the devastating effects of an oil spill in the river. Half of Quebec's population gets its drinking water from the St. Lawrence, and there would also be irreversible damage to wildlife and plant life.

Luckily, inexperience is not tolerated on the St. Lawrence River. Pilotage is compulsory. It is experts from here, who know all the dangers of the river, who take over as soon as ships enter the estuary.

Through their work, the St. Lawrence pilots help prevent accidents such as the *Exxon Valdez*. Today I want to thank these pilots and to salute them.

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[English]

OFFSHORE DRILLING

Hon. Charles Caccia (Davenport, Lib.): Mr. Speaker, 10 years ago the tanker *Exxon Valdez* ran aground in Alaska, spilling more than 40 million litres of crude oil. More than 1,900 kilometres of shoreline were polluted and hundreds of thousands of fish, birds and mammals lost their lives.

Scientists say eight species, including killer whales, harbour seals and loons, have failed to recover since this accident.

• (1410)

A U.S. report says oil still remains in many stream beds and is dispersed into waterways when tides change. Although Exxon will

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pay over \$1 billion in penalties, money cannot compensate for the damage to the ecosystem and the loss in wildlife.

The *Exxon Valdez* lesson is that preventing pollution through strong legislation, good rules and effective enforcement is far better than reacting and curing. Therefore the moratorium on offshore drilling should continue.

* * *

KOSOVO

Mr. Bob Mills (Red Deer, Ref.): Mr. Speaker, as we go about our business here today, conflict continues to escalate in the lands of the former Yugoslavia.

Four years ago it was civil war in Bosnia. Today it is civil war in Kosovo. In both cases Canada and its NATO allies have determined that these conflicts are incompatible with our shared desire for European stability. The concern that the war in Kosovo might spread beyond the borders is very real. The fear of yet another humanitarian disaster in the Balkans is pressing upon us.

Under these conditions NATO interventions are necessary. We all know that efforts to resolve the war in Kosovo through peaceful means have so far failed. We cannot turn aside from the task that is before us, lest the flickering of this small war becomes a firestorm that engulfs the entire region.

I know the House will join me in telling the members of the Canadian forces that the hopes and prayers of all Canadians go with them as they once again are called on to serve our country.

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[Translation]

CARREFOUR DE L'ENTREPRISE ET DE L'EMPLOI

Mr. Raymond Lavigne (Verdun—Saint-Henri, Lib.): Mr. Speaker, this coming April 24 and 25, in my fine riding of Verdun—Saint-Henri, a job fair will be held at the polyvalente Monseigneur Richard, on rue Rhéaume, in Verdun: le Carrefour de l'entreprise et de l'emploi. All job seekers are welcome.

This fair will be a job finding opportunity where more than 1,200 positions will be available. As well, it will focus on building people's self-confidence and dignity, both of which are essential for success.

I have accepted the position of honorary chair of the event. On Saturday, April 24, at 2 p.m., the Minister of Human Resources Development will officially open the Carrefour de l'entreprise et de l'emploi.

My congratulations to the team of organizers at Cible retour à l'emploi.

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[English]

SOCIAL PROGRAMS

Mr. John Solomon (Regina—Lumsden—Lake Centre, NDP): Mr. Speaker, the phony debate between the Liberals and Reform Party on productivity has nothing to do with productivity at all.

Reform, the Liberals and their right wing friends at Nesbitt Burns and the Fraser Institute just want to cut taxes for the rich and gut wages and working standards for everyone else.

If we read the KPMG study of business costs carefully, it makes another, altogether different point: “Canada and the United Kingdom both enjoy a significant labour cost advantage over the third place United States, where relatively high costs for employer sponsored benefits drive up total labour costs”.

In other words, Canada’s social programs give us a leg up on the competition.

Our public health care system, our public pensions and other benefits all help make our workers and our businesses more productive and competitive.

No wonder Regina and Saskatoon are listed in the KPMG report as better places to do business than Calgary or any of our American neighbours in the midwest. In fact, better public programs for income support, child care and training would further reduce the cost of doing business and thereby continue to improve our productivity in Canada.

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[Translation]

YASSER ARAFAT

Mrs. Monique Guay (Laurentides, BQ): Mr. Speaker, today Canada welcomes the President of the Palestinian Authority, Yasser Arafat, on the occasion of his first official visit to this country.

It is worthy of mention that, in addition to numerous humanitarian aid projects in Palestine, Canada has recently signed a free trade agreement with the Palestinian government. We hope that this agreement will pave the way for a mutually advantageous relationship and a more diversified economic base for the territories administered by the Palestinian Authority.

I would point out as well that, with his participation in the peace process by signing the Oslo agreements, President Arafat has joined the ranks of middle eastern peacemakers, along with Anwar Sadat, Menachem Begin and Yitzhak Rabin. We can only hope that the Palestinian identity and autonomy will grow over the coming years within an overall context of peace between the Palestinian people and their Israeli and Arab neighbours.

YASSER ARAFAT

Mr. Yvon Charbonneau (Anjou—Rivière-des-Prairies, Lib.): Mr. Speaker, today, the government and parliament welcome a political leader with an extraordinary record.

Reaction to the President of the Palestinian Authority, Yasser Arafat, by either adversary, supporter or international public opinion is never one of indifference.

For the past 30 years, under his guidance, the Palestinian people have fought heroically against oppression and repression.

• (1415)

It was under his guidance that the Oslo agreement was signed enabling the Palestinian people to enjoy a form of recognition and political autonomy and providing for the establishment of the Palestinian Authority in some of the land occupied by the Israelis since 1967.

[English]

The Palestinian people have a long road ahead of them toward a global, just and sustainable peace that will provide them with security, a complete state, the return of refugees, and normal economic, social and cultural conditions.

[Translation]

I hope this visit will provide an opportunity for officials in our country to assure the Palestinian Authority of our support in its people’s struggle to recover its rights and territory.

* * *

[English]

NATIONAL DEFENCE

Mr. David Price (Compton—Stanstead, PC): Mr. Speaker, the Government of Canada has joined its NATO allies in war with Yugoslavia and Canadian CF-18s and their crews are now about to engage Yugoslav military targets. The governments of the United Kingdom and the United States have been fully briefed and have debated issues prior to the attack.

In the press we have heard statements from the minister of “soft power”, who now sounds a lot more like the minister of war, talking about military action in Kosovo, but no debate, nothing from the Minister of National Defence, nothing from the chief of defence staff, nothing even on D-NET. Even when the Prime Minister decides to go skiing instead of attending state funerals, we see the chief of defence staff.

Now that Canada has gone to war, we still hear nothing from the military responsible. There have been no briefings to parliament

Oral Questions

and no debates. After our party pressed the government, the Minister of Foreign Affairs agreed to make a ministerial statement.

Will the real minister of defence please stand?

ORAL QUESTION PERIOD

[English]

FOREIGN AFFAIRS

Mr. Preston Manning (Leader of the Opposition, Ref.): Mr. Speaker, NATO air strikes in Yugoslavia have begun. We understand that Canadian CF-18s will be involved. On behalf of the official opposition, and I am sure all members, we want to offer our support to our brave men and women who will be in danger.

So far Canadians have been provided with very little information on the role that our CF-18s will be playing. I wonder if the Prime Minister would tell Canadians what specific functions our CF-18s will be playing in the NATO air campaign.

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, I would like to say thank you to the Leader of the Opposition in wishing luck to the brave Canadians who will be involved in the operation. I can tell him that they will be very satisfied to know they have the support of the Canadian parliament in a difficult time.

With respect to the particulars of the activities of these soldiers, the Minister of Foreign Affairs is supposed to make a statement about it at 3 p.m.

I discussed this issue with President Clinton this morning and we agreed—and all NATO partners are in agreement—that the time has come to tell the leader of the Republic of Yugoslavia that we cannot tolerate the activities that he is imposing on the people of Kosovo, as I said in my statement last night.

Mr. Preston Manning (Leader of the Opposition, Ref.): Mr. Speaker, by all accounts the Serbs may well offer serious military resistance to the NATO strike. Unfortunately, this military campaign could turn into a long one. Canada's defence budget, as we all know in this House, is already seriously strained.

Can the Prime Minister pledge today that any Canadian personnel sent into that conflict will be properly equipped and supported throughout? Will he also agree to fully brief and consult with parliament before any new commitments are considered?

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, I am happy with the question from the Leader of the Opposition. I can assure him, the House and the Canadian people that every-

thing that is needed will be provided for our troops who will be involved in this very difficult action.

For a new development we have initiated, with the collaboration of all parties in the House, to have a debate on foreign affairs before taking action. That did not exist before 1993. We will have a debate in this House. The Minister of Foreign Affairs and the Minister of National Defence have been invited to brief and have discussions with the critics on these issues during the process of the operation.

• (1420)

Mr. Preston Manning (Leader of the Opposition, Ref.): Mr. Speaker, the disintegration of the Yugoslav federation has been characterized by bloody military conflict in Slovenia in 1990 and Croatia in 1991, in Bosnia from 1992 to 1995, and now in Kosovo.

Will the Prime Minister tell us what action is being taken on the political and democratic diplomatic fronts to halt this disintegration and what role he sees for Canada in that process?

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, we are very keen and hopeful that these activities by NATO will lead Mr. Milosevic to come to his senses and negotiate to find a political solution. We are available if we can play a role. There is already a mechanism established for that.

If more activity by the Canadian people is requested we will be happy to participate, but we hope that the strikes which started a few minutes ago will tell Mr. Milosevic that if he has any concern about human lives and respect for civil liberties he will come to a political resolution to this difficult situation.

* * *

BUILDING CONTRACTS

Miss Deborah Grey (Edmonton North, Ref.): Mr. Speaker, the Prime Minister could have ended the Shawinigan scandal long ago. The way this whole mess could have been cleared up would be very simple. It would be for him to table all documents and information about loans.

There is no one else to blame. There is no inquiry to hide behind.

Why is the Prime Minister refusing to let any light shine on this shady deal?

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, again these are tactics of the opposition to use words and innuendoes and run away when they are out of this House. But that is their way. When they were elected a few years ago they said they would create a new spirit in the House of Commons, and we know the result.

Yesterday I gave all of the answers I could. Today I can give more that I was not in a position to give last night because I asked my trustee to tell me, to reply to some questions. And she told me

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that when my partner sold it in 1993, it was paid in 1993, cash. I sold my share in 1993. I have no share. I will not receive any shares. We do not want the shares. The trustee is running it, but there is not a cent, as I said yesterday, that has been owed to me or my former partners by that person since the spring of 1993.

Miss Deborah Grey (Edmonton North, Ref.): Mr. Speaker, when the Prime Minister is personally responsible for giving loans and grants to former business associates, it would be so simple to clear that up. He could table all the documents and the information that is available. That is the only thing standing between all of these questions that are being asked and the truth.

There are so many questions and so few answers. He could clear his own name now by tabling all of the documents and details relevant. If he is so proud of those deals, where are the details?

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, the minister has answered all of the questions in relation to what happened in my riding, with the work I have done as the member for Saint-Maurice, who worked for his electors just like the members for Prince George—Peace River, Okanagan—Shuswap, Esquimalt—Juan de Fuca, Cariboo—Chilcotin, Kootenay—Columbia and others. They all do that for their ridings. I do that for my riding because it is my duty. I will not apologize to anybody for being a good member of parliament.

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[Translation]

CANADIAN EMBASSY IN BERLIN

Mr. Gilles Duceppe (Laurier—Sainte-Marie, BQ): Mr. Speaker, yesterday the Minister of Foreign Affairs added a new piece of information to the issue of why the contract to build the Canadian embassy in Berlin was awarded to a consortium, one of whose firms is based in his riding of Winnipeg South Centre.

He said that four separate committees had come up with an independent evaluation of the various proposals and that their reports were merged to arrive at a final decision.

So that we may understand his decision to overturn an almost unanimous recommendation, could the minister tell us who was on these four committees?

[English]

Hon. Lloyd Axworthy (Winnipeg South Centre, Lib.): Mr. Speaker, is that not a very sad commentary on the Bloc? At a time when we are facing a crisis of war in the Balkans, they are arguing over the petty question about which firm may have won a contract to build an embassy. It is an awful demonstration of the low levels to which the Bloc has sunk in terms of its consideration of the public interest.

• (1425)

[Translation]

I find the Bloc Quebecois' actions regrettable.

Mr. Gilles Duceppe (Laurier—Sainte-Marie, BQ): Mr. Speaker, this is a good attempt to divert attention, but if the minister behaved in a manner worthy of his office, we would not have to ask him such questions.

Since we know the composition of only one committee, since only that committee's recommendation was made public, and since the minister, for reasons unknown to us, ignored that recommendation, if the minister wants us to believe him when he talks about an objective decision, can he tell us who sat on these four committees so that we can get to the bottom of this murky affair? How many points did each of the proposals receive? What did each of the committees recommend?

[English]

Hon. Lloyd Axworthy (Minister of Foreign Affairs, Lib.): Mr. Speaker, the technical review was conducted by officials from my department, from public works, from the Fire Commission of Canada and outside private sector experts who deal with security matters. The area of costs was done by professional cost planning, an estimating firm, which also indicated that the winning design would have a substantial saving for taxpayers in Canada.

The investor and the heads of programs involved in Berlin also valued the proposals according to the function. In other words, four separate procedures, four separate evaluations, were all brought together to make the best decision for Canada.

[Translation]

Mr. Michel Gauthier (Roberval, BQ): Mr. Speaker, the Minister of Foreign Affairs set out in a draft document to elicit people's interest in the Berlin proposal, a broad view of what Canada's embassy in Berlin should be.

He defined it as a place that invites those approaching it. Those are his words.

How can the minister justify the choice of firm from Winnipeg, when the juries concluded that this proposal, and I quote "tends to erect a barrier to the public, is not a very inviting proposal". As a contradiction, is—

The Speaker: The Minister of Foreign Affairs.

[English]

Hon. Lloyd Axworthy (Minister of Foreign Affairs, Lib.): Mr. Speaker, first, let us clarify one thing. Let us get rid of the big lie tactics of this—

Some hon. members: Oh, oh.

The Speaker: Order, please. That is not acceptable parliamentary language. I would like the minister to withdraw, please.

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Hon. Lloyd Axworthy: I will withdraw, Mr. Speaker.

[Translation]

Mr. Michel Gauthier (Roberval, BQ): Mr. Speaker, perhaps the man feels a little at odds, he is insulting those around him.

Are we surprised at the minister's reversal in the matter of the embassy in Berlin, given that the proposal he favoured was assessed as follows by the experts "It does not suit either the decor or the architecture of the new Berlin". How does he explain that?

[English]

Hon. Lloyd Axworthy (Minister of Foreign Affairs, Lib.): Mr. Speaker, there is a very simple explanation. There was no reversal.

It was simply a decision based upon technical criteria, security criteria, cost criteria and design criteria. The evaluations of those four separate evaluation teams were all brought together. We wanted to provide the best kind of access for the public, the best security for Canadians, the best functionality for the people working there and the best presentation of the Canadian showcase for the country.

It surprises me very much for a separatist party to be so concerned about the Canadian embassy in Berlin.

* * *

APEC INQUIRY

Ms. Alexa McDonough (Halifax, NDP): Mr. Speaker, last fall the Prime Minister insisted again and again that the RCMP were responsible for security at the APEC summit. Yet RCMP documents reveal that the Prime Minister was deeply involved in security planning and in fact directed the RCMP to do everything possible to cater to Suharto's sensitivity.

It is clear that the dictator's paranoia was about political embarrassment. Is that why the Prime Minister gave the RCMP the green light to muzzle demonstrators?

• (1430)

Hon. Lawrence MacAulay (Solicitor General of Canada, Lib.): Mr. Speaker, my hon. colleague is well aware this is before the public complaints committee. Mr. Hughes will evaluate the evidence and issue a report.

Ms. Alexa McDonough (Halifax, NDP): Mr. Speaker, no wonder the government does not want to answer these pesky questions, but I would like to return to the Prime Minister.

Was it not only yesterday that the PMO was roundly condemned for unfounded attacks on a CBC reporter for his APEC coverage? We now learn from the APEC transcripts that the Prime Minister was on the phone to Indonesia 28 times. What were those phone

calls about? Did the Prime Minister promise to spare Suharto any political embarrassment?

Hon. Lawrence MacAulay (Solicitor General of Canada, Lib.): Mr. Speaker, any problems should be brought to Mr. Hughes of the public complaints committee, a very qualified individual. He will issue a report and that report will be available to my hon. colleague and all Canadians.

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HOMELESSNESS

Mr. Jean Dubé (Madawaska—Restigouche, PC): Mr. Speaker, comments by the Minister of Transport and others show that the real reason for the appointment of the minister of homelessness is nothing more than a cynical attempt by the Prime Minister to intervene and to try to manipulate the results of the pending Ontario election.

Will the minister of homelessness admit that her role is not to help the poor and homeless but to help Dalton McGuinty?

Hon. Claudette Bradshaw (Minister of Labour, Lib.): Mr. Speaker, the hon. member from my province of New Brunswick, I realize, is very concerned about poverty and homelessness. I am a little surprised with his question.

I have lived with homelessness every day of my life for 30 years. I have been with these people every day of my life for 30 years and I want to assure everybody in Canada that I am in this for the long run and I am in this to work with Canadian people to find the right solutions so that every child in Canada will have a safe bed to sleep in.

Mr. Norman Doyle (St. John's East, PC): Mr. Speaker, it is hard to fix the homeless problem when government is unwilling to dedicate resources to it. Since 1993 the Liberals have cut funding for affordable housing, they have relinquished their responsibility for social housing to the provinces and now they are phasing out funding for most housing programs completely. The new minister says she has no idea how to fix the homeless problem. Let me help her out.

Will this government show some leadership and re-establish a lead role in social housing?

Hon. Alfonso Gagliano (Minister of Public Works and Government Services, Lib.): Mr. Speaker, we continue to work with the provinces on social housing. Some provinces have accepted and negotiated the transfer of social housing to avoid duplication. Avoiding duplication has created savings and we were able to invest it in a program that everybody, the provinces and all Canadians, like. It is the RRAP and this government invested \$300 million in one year.

*Oral Questions***BUILDING CONTRACTS**

Mrs. Diane Ablonczy (Calgary—Nose Hill, Ref.): Mr. Speaker, the more we learn about the money that was given to the Prime Minister's friend, the more questions are raised.

I have in my hands documents which show that the Minister of Human Resources Development signed off on \$200,000 to Mr. Duhaime over three months before Mr. Duhaime even filled out an application. It is these kinds of discrepancies which have to be cleared up quickly.

Is the Prime Minister prepared to have the auditor general conduct an inquiry and lay this thing to rest for once and for all?

Hon. Pierre S. Pettigrew (Minister of Human Resources Development, Lib.): Mr. Speaker, I can assure the member the process followed with this file was absolutely appropriate.

• (1435)

The file was recommended to me by my department following the appropriate consultation done with the local member of the Quebec national assembly and with a number of business partners, as we do all across Canada. What we want is to create jobs where unemployment levels are too high.

Mrs. Diane Ablonczy (Calgary—Nose Hill, Ref.): Mr. Speaker, that is a political answer but it does not answer the tough questions. I also have documents showing that the registered head office of the Prime Minister's numbered company is Mr. Duhaime's hotel. Does the Prime Minister not see the conflict here? We will never get to the bottom of this affair and the hundreds of questions it raises short of a full inquiry. Why is the Prime Minister delaying getting this thing cleared up?

Hon. Pierre S. Pettigrew (Minister of Human Resources Development, Lib.): Mr. Speaker, only the opposition from the Reform Party sees problems where there are none. This is a project that has been widely supported in the region before the member for Saint-Maurice looked after it. They like to speak about the government giving money to friends of the Prime Minister. That is not the case. This is money invested by the Government of Canada in business partners to create jobs in regions where the unemployment levels are too high.

* * *

[Translation]

KOSOVO

Mr. René Laurin (Joliette, BQ): Mr. Speaker, my question is for the Minister of National Defence.

The situation in Kosovo is extremely tense, and a major conflict between NATO and Yugoslavia is imminent.

Could the minister give us a progress report on the current situation and indicate to us what the nature and scope of any potential Canadian participation in this conflict would be?

[English]

Hon. Arthur C. Eggleton (Minister of National Defence, Lib.): Mr. Speaker, as the Prime Minister indicated earlier, the air campaign in Kosovo in the Yugoslav republic is under way. It is hopeful that this air campaign will bring about the Milosevic government's coming to the table and agreeing to a peace agreement. That campaign is now under way and it does involve Canadian air force squadrons. Four of the six CF-18s are currently in the air and currently engaged in that air attack.

[Translation]

Mr. René Laurin (Joliette, BQ): Mr. Speaker, in light of the civilian suffering, does Canada plan a humanitarian aid program for the needy?

[English]

Hon. Arthur C. Eggleton (Minister of National Defence, Lib.): Mr. Speaker, this is all about humanitarian needs. This is to avoid a humanitarian catastrophe. Canada can be proud along with its NATO allies to be there to try to bring about security and safety for the people in Kosovo. Our people are well trained and equipped. They are professional people. They are proud to be there in this humanitarian cause and are dedicated to serving Canada.

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APEC SUMMIT

Mr. Jim Abbott (Kootenay—Columbia, Ref.): Mr. Speaker, I wonder if the Prime Minister will confirm that he called President Suharto 28 times in a few months prior to the APEC situation in Vancouver?

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, I did not talk in one year 28 times with President Clinton, President Chirac or Chancellor Kohl, and I never called President Suharto.

How ridiculous to think that the Prime Minister of Canada would talk 28 times with President Suharto. I do not talk 28 times even with the president of the United States or the leader of the Democratic Party.

Mr. Jim Abbott (Kootenay—Columbia, Ref.): Mr. Speaker, I quote from RCMP documents: "The PMO has made it very clear to do anything to ensure the president of Indonesia attends APEC".

Oral Questions

Why was the Prime Minister putting so much pressure on the RCMP that it suppressed the rights of Canadians at the APEC situation in Vancouver?

• (1440)

Hon. Lawrence MacAulay (Solicitor General of Canada, Lib.): Mr. Speaker, this is the information that should be before the public complaints commission.

As I said many times in the House, let the public complaints commission do what it is suppose to do.

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[Translation]

EMPLOYMENT INSURANCE

Mr. Paul Crête (Kamouraska—Rivière-du-Loup—Témiscouata—Les Basques, BQ): Mr. Speaker, Liberal members themselves are beginning to realize that the EI system is not the eighth wonder of the world. They are calling for the withdrawal of the intensity rule, which unduly penalizes seasonal workers.

What does the Minister of Human Resources Development have to say to his Liberal colleagues, who are asking him for the same flexibility as the Bloc Québécois members are? Will he tell them they are behind the times, that they do not want what is best for unemployed workers, the same tape he has been playing for us for three years?

Hon. Pierre S. Pettigrew (Minister of Human Resources Development, Lib.): Mr. Speaker, what I have been trying to explain to the Bloc Québécois for three years is that the best way of looking after unemployed workers is to give them training and development tools and the means to get into the labour market.

For three years, Bloc Québécois members have done nothing but ask us to go back in time and hand out EI. They are never interested in creating jobs. They never ask us to take action to give the economy—

The Speaker: The hon. member for Kamouraska—Rivière-du-Loup—Témiscouata—Les Basques.

Mr. Paul Crête (Kamouraska—Rivière-du-Loup—Témiscouata—Les Basques, BQ): Mr. Speaker, the minister is always right, even when we can prove he is wrong. It is like maternity benefits: the minister said on Monday that these benefits remain unchanged, despite a 4.6% reduction in the birth rate.

How does he explain that, according to Statistics Canada, the number of women receiving maternity benefits dropped by 7.4% while the number of births dropped by only 4.6%? Where are these thousands of mothers who are no longer entitled to benefits?

Hon. Pierre S. Pettigrew (Minister of Human Resources Development, Lib.): Mr. Speaker, Canada's birth rate has gone down by 4.6% and maternity benefits have gone up by 1%. There are certainly not enormous problems in this regard.

In addition, a very large number of women have benefited from the growth in the job market. In 1998, two out of three jobs went to women, that is 300,000 new jobs. What members on this side of the House want is to help women get into the job market and enjoy the benefits to which they are—

The Speaker: The hon. member for Medicine Hat.

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[English]

THE ECONOMY

Mr. Monte Solberg (Medicine Hat, Ref.): Mr. Speaker, the government is so determined to hide the truth about Canada's declining standard of living that yesterday it blocked two separate damning reports produced by StatsCan and Industry Canada, one of which was called "The Relative Performance of Canada and the U.S.: A Gradual Slide Toward the Bottom".

Why is the government hiding the truth about Canada's declining standard of living?

Hon. John Manley (Minister of Industry, Lib.): Mr. Speaker, I am sure the hon. member is aware of the fact that the numbers released by Statistics Canada in the last few days have indicated that Canadian productivity has done better than had been previously estimated by Statistics Canada.

Consequently, whether Statistics Canada, an arm's length agency, or Industry Canada, a government department, when we are discussing these numbers it would be useful if we could agree on exactly what they are. It was for that reason it was suggested the paper should be written again in light of the current numbers from Statistics Canada.

Mr. Monte Solberg (Medicine Hat, Ref.): Mr. Speaker, I cannot believe what I am hearing from this minister. He is admitting they have interfered in the business of Statistics Canada.

This is the government's approach to information. First it attacks Terry Milewski. It fires the chief actuary of the Canada pension plan. Now it goes around telling people who are supposed to be independent what should be in their studies.

Is this the government's new approach to information management, censorship?

Hon. John Manley (Minister of Industry, Lib.): There is a thought loose over there somewhere, Mr. Speaker.

Industry Canada is not independent. Stats Canada is independent and the numbers it released in the last couple of days indicate some

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information which should be encouraging for Canadians that our productivity performance has been better than was previously estimated.

I do not think anyone should lose sight of the fact that if we are to continue to increase our prosperity, if we are to build our standards of living, then we need to continue to focus on the things that will contribute to productivity.

That includes investment in research and development, learning—

The Speaker: The hon. member for Berthier—Montcalm.

* * *

• (1445)

[*Translation*]

AUGUSTO PINOCHET

Mr. Michel Bellehumeur (Berthier—Montcalm, BQ): Mr. Speaker, yesterday, the Minister of Justice said she was waiting for the decision by the House of Lords in England before deciding whether to call for the extradition of General Augusto Pinochet.

Since the House of Lords today refused to give immunity to General Pinochet, does the Minister of Justice now, finally, plan to officially request his extradition on the basis of a complaint by a Montreal nun who was a victim of the Pinochet regime?

[*English*]

Hon. Anne McLellan (Minister of Justice and Attorney General of Canada, Lib.): Mr. Speaker, the hon. member is correct that the House of Lords this morning confirmed their original decision to the effect that General Pinochet cannot call to his aid the state immunity doctrine to prevent his extradition from Great Britain. We are at this very moment reviewing that decision. We will be discussing this matter with the Department of Foreign Affairs. I will be discussing the matter with the Minister of Foreign Affairs. We will decide at that time whether further investigation should be undertaken by the RCMP.

* * *

HEALTH

Mr. Paul Szabo (Mississauga South, Lib.): Mr. Speaker, in 1981 Health Canada adopted the World Health Organization's code for the marketing of breast milk substitutes. The code prescribes no samples to mothers or health care workers, no pictures of infants on packages, no free supplies to hospitals, and no advertising of breast milk substitutes.

Does Health Canada still support the WHO code? If so, what steps does the Minister of Health propose to take to assure compliance with the code in Canada?

Hon. Allan Rock (Minister of Health, Lib.): Mr. Speaker, Canada still very much supports the code. As the hon. member may know, it was in 1981 that the World Health Assembly met and discussed this matter. Member states were instructed to adapt the principles of that code to their own domestic situations.

Here in Canada we had unanimous agreement between the Government of Canada and the provincial governments that that should be done through promotion, education and collaboration. That is what we have done. Over the years Health Canada for its part has done everything it can to promote breast feeding as the most natural and appropriate way of infant nutrition.

* * *

THE ECONOMY

Mr. Gerry Ritz (Battlefords—Lloydminster, Ref.): Mr. Speaker, the industry minister found himself in hot water recently by admitting that Canada's standard of living is lower than Mississippi's. Since then his own department's economists wrote a paper verifying those facts.

Why did the minister block the distribution of that report?

Hon. John Manley (Minister of Industry, Lib.): There is trouble with the facts over there, Mr. Speaker. I recommend that speech to the hon. member. It is still available on the website.

The member will see that we never did say that the standard of living was lower in Canada than in Mississippi. We were expressing concerns about the level of productivity in Canada compared to the U.S. In recent days we have had more favourable numbers from Statistics Canada than had previously been the case. It would be important for the hon. member to take those numbers into account and perhaps to help us all work together in order to make sure that our standard of living continues to increase.

Mr. Gerry Ritz (Battlefords—Lloydminster, Ref.): Mr. Speaker, those same industry economists said "Basically, we were told not to distribute the paper". The Canadian Chamber of Commerce said that productivity remains a problem, that Canada is falling behind its major trading partner.

Why is the minister blocking the reports he does not like?

Hon. John Manley (Ottawa South, Lib.): That is bizarre, Mr. Speaker. In fact the report is not something we do not like. We want to make sure the facts are consistent. I know the hon. member does not want to let the facts stand in the way of some good political rhetoric, but I suggest to him that he review the daily from two

days ago from Statistics Canada and take into account what they are saying about levels of productivity.

* * *

BULK WATER EXPORTS

Mr. Bill Blaikie (Winnipeg—Transcona, NDP): Mr. Speaker, my question is for the Minister of the Environment.

The House will recall that on February 9 we passed a motion in this House calling for a national moratorium on bulk water exports and for legislation that would prohibit bulk water exports. Yet on an Environment Canada website under the section “A Primer on Fresh Water”, we find the following sentence for consumption by high school students and others who will be using this for educational materials: “Bulk water exports by ocean tanker await the development of foreign markets”.

● (1450)

What is going on? Does the motion that was passed in this House stand, or is Environment Canada—

The Speaker: The hon. Minister of the Environment.

Hon. Christine Stewart (Minister of the Environment, Lib.): Mr. Speaker, my colleague across the floor draws to my attention a statement that I am not aware of and it certainly does not follow the policy of this government.

We have announced and it is very clear that we are developing an accord at this moment with the provinces and territories to prohibit the bulk export of freshwater from this country. That is the position of this government. We will be introducing legislation to prevent the withdrawal of bulk water from international bodies. We will continue to work to develop a freshwater strategy.

I will clarify what is on the web and make sure that the web reflects the position of this government.

Mr. Bill Blaikie (Winnipeg—Transcona, NDP): Mr. Speaker, if the minister is not aware of what is on the website, she should be. Do we have a commitment from her that when we turn on the website tomorrow, this statement will be out of there for good?

Hon. Christine Stewart (Minister of the Environment, Lib.): Mr. Speaker, there are thousands and thousands of pages of information from my department on the website. I can guarantee that statement will be removed today.

* * *

[Translation]

POVERTY

Ms. Diane St-Jacques (Shefford, PC): Mr. Speaker, at the end of the opposition day when we invited the government to take steps to relieve poverty in Canada, the Liberal members denied us the

Oral Questions

unanimous consent we needed to establish a joint parliamentary committee to study this matter of national urgency.

Since it appears that the Prime Minister has finally seen the light on this, I would ask him once again whether he intends now to agree to the establishment of a committee that would benefit from the expertise and participation of all opposition parties.

Hon. Don Boudria (Leader of the Government in the House of Commons, Lib.): Mr. Speaker, the hon. member is now very familiar with parliamentary procedure. She knows that, first, members are not to comment on a vote in the House and, second, under Standing Order 108(2), a parliamentary committee is master of its own proceedings.

Ms. Diane St-Jacques (Shefford, PC): Mr. Speaker, it is hard to believe the Prime Minister feels compassion toward the poor in this country. Even yesterday he thought it a good idea to make fun of them as he tried to explain his unsuccessful dealings in Shawinigan.

This flagrant lack of respect for the most disadvantaged casts doubt on the reasons behind the appointment of a minister for the homeless.

Will the Prime Minister acknowledge that this appointment, occurring as it does two days before an important conference on the homeless in Toronto is nothing more than a publicity stunt intended to camouflage his inaction to date in this matter?

Hon. Claudette Bradshaw (Minister of Labour, Lib.): Mr. Speaker, I have a lot of respect for the member opposite, because she has worked very hard for the poor.

Homelessness is a national problem. It is true that I will be going to Toronto tomorrow. We took part in a symposium on Dr. Golden's report. I believe it is important for me to go tomorrow to discuss these issues. I will also be going to Vancouver to have a look at our programs there. I intend to travel throughout Canada, not just to Toronto.

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[English]

WOMENENTREPRENEURS

Mr. Gurbax Singh Malhi (Bramalea—Gore—Malton—Springdale, Lib.): Mr. Speaker, my question is for the Minister for International Trade.

A new report by the trade research coalition notes that Canadian women are starting new businesses at twice the rate of firms in general. What is the government going to do to help business women take part in Canada's active export market?

Hon. Sergio Marchi (Minister for International Trade, Lib.): Mr. Speaker, in the government's attempt to expand the trade culture to include small and medium size businesses, the women

Oral Questions

entrepreneur constituency is one of our main priorities. That is why we led a women's mission exclusively to Washington.

That is why we established the women's research coalition so that we can understand not only what is happening with women led, women owned companies in Canada, but what their needs are from an export market perspective. That is why in May the United States and Canada will be holding the first women's trade summit. We very much look forward to these initiatives.

* * *

BUILDING CONTRACTS

Mr. Jason Kenney (Calgary Southeast, Ref.): Mr. Speaker, we keep hearing all sorts of political evasions to the very simple question about whether or not the government will table all documents relevant to the Grand-Mère Hotel grant from the transitional jobs fund.

Why in the world, given all of the unanswered questions that are there, would the government not release this information in the full public light so that people can see for themselves whether or not this grant was made according to proper procedure? Will the government release those documents without the whiteout? Yes or no.

• (1455)

Hon. Pierre S. Pettigrew (Minister of Human Resources Development, Lib.): Mr. Speaker, this case is absolutely clear. It has followed the usual procedures absolutely. The opposition knows very well that there is a standard procedure for access to information. There is a very good access to information law and the member knows how to use it. We will absolutely respect it as we always do.

* * *

[Translation]

DAIRY PRODUCERS

Ms. Hélène Alarie (Louis-Hébert, BQ): Mr. Speaker, dairy producers are concerned about the future of their sector. A recent unfavourable World Trade Organization ruling on export milk pricing has done nothing to allay their concerns.

My question is for the agriculture minister. Can the minister guarantee that he will do everything in his power to support dairy producers in their approaches to the WTO, and that greater diligence and competency will be applied than in the case of the butter oil mixtures?

[English]

Hon. Lyle Vanclief (Minister of Agriculture and Agri-Food, Lib.): Mr. Speaker, I have explained to all members and to the House before that the WTO panel ruling last week had nothing to do with the domestic supply management system in Canada. It did address how the industry exports less than 5% of the milk into the export market and that is very clear.

As well, I had the pleasure yesterday at the Consensus 2000 conference here in Ottawa of meeting with all the supply managed sectors in Canada. I assured them that the government and I will work fully on their behalf for the support of supply management in the next WTO—

The Speaker: The hon. member for Acadie—Bathurst.

* * *

[Translation]

EMPLOYMENT INSURANCE

Mr. Yvon Godin (Acadie—Bathurst, NDP): Mr. Speaker, today's *Globe and Mail* and *National Post* report that Liberal backbenchers finally want to see changes in employment insurance.

They have come on side with the United Nations, the report of the minister himself, and the thousands of workers whom I have met in my travels in condemning the changes to employment insurance.

My question is for the Minister of Human Resources Development. When is this government going to heed the established consensus and to change employment insurance so as to meet the needs of workers?

Hon. Pierre S. Pettigrew (Minister of Human Resources Development, Lib.): Mr. Speaker, several years ago our government undertook an in-depth, and extremely necessary, reform of the employment insurance program.

The member speaks of a very considerable consensus, yet every time solutions are found for certain problems, ones which are regularly overrated, they always want us to revert to the old system, which did not serve Canadians well.

We are constantly being called upon to go back to passive assistance. We are aware that we must continue to help this country's unemployed. We believe that the best help is to give them assistance in getting into the workforce.

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BUILDING CONTRACTS

Mr. David Price (Compton—Stanstead, PC): Mr. Speaker, I learned today that the auditor general plans to act on the request by

Points of Order

the member for Markham and investigate the dubious dealings involving Mr. Duhaime and Mr. Thibault.

Section 11 of the Auditor General Act allows cabinet to order an independent inquiry into the granting of government funds to an individual.

If the Prime Minister has no doubts about the honesty of the \$2.3 million in subsidies and loans given Mr. Duhaime and Mr. Thibault, why does he not use his own authority and order—

The Speaker: The Minister of Human Resources Development.

Hon. Pierre S. Pettigrew (Minister of Human Resources Development, Lib.): Mr. Speaker, the Auditor General of Canada is free to investigate what he likes, when he likes. My department will put all the documents at his disposal, should he so wish.

I can assure this House and the Canadian public that in this, as in other cases, the transitional jobs fund is an excellent program intended to create jobs in regions where unemployment is too high. The strength of this program lies in consultation with the people in the community. It is precisely because it reflects the community's priorities that it has created over 30,000 jobs.

* * *

[English]

SHIPBUILDING INDUSTRY

Mr. Peter Stoffer (Sackville—Musquodoboit Valley—Eastern Shore, NDP): Mr. Speaker, in 1991-92 the current Prime Minister and the current industry minister were in opposition chastising the then Conservative government over the lack of an industrial strategy for a shipbuilding policy. After six years in government, the industry minister has failed on all counts to deliver an industrial strategy for a shipbuilding policy. What is worse, he absolutely refuses to meet with the marine workers federation and other interested groups to develop a strategy.

• (1500)

Will the Minister of Industry commit today to meet with the marine workers federation to sit down and discuss their concerns over the future of shipbuilding?

Hon. John Manley (Minister of Industry, Lib.): Mr. Speaker, the reality is that there have been over the last couple of years, in fact as recently as 1998, additional improvements to the measures that are available to assist shipbuilders. The Export Development Corporation has enhanced the benefits which it provides. In addition, we continue to have favourable tariff rules as well as rapid depreciation for ships that are built in Canada under the Income Tax Act.

However, in response to a request from the shipowners' association, it was my intention to meet with them—

The Speaker: The hon. member for Compton—Stanstead.

[Translation]

BUILDING CONTRACTS

Mr. David Price (Compton—Stanstead, PC): Mr. Speaker, the Prime Minister has intervened in a situation involving one of his former properties and a person with a police record who did not reveal this when asked. He later met with, and provided support to, an individual who misused close to \$1 million and is now under criminal investigation.

It is not a matter of determining whether the Prime Minister is a good MP, but rather whether there has been a misuse of taxpayers' money. I challenge the Prime Minister to give the auditor general the chance to clarify this matter.

Hon. Pierre S. Pettigrew (Minister of Human Resources Development, Lib.): Mr. Speaker, the Auditor General of Canada is free to investigate anything he wishes. My department will be completely at his disposal if he so desires.

I can assure you, however, that this is absolutely unnecessary, because this matter, like the others, has been stringently subjected to extremely clear processes, that are transparent, wide open, and discussed in the House.

* * *

[English]

PRESENCE IN THE GALLERY

The Speaker: I draw the attention of hon. members to the presence in our gallery of the Hon. Zhang Zuoji, Minister of Labour and Social Security of the People's Republic of China.

Some hon. members: Hear, hear.

* * *

POINTS OF ORDER

QUESTION PERIOD

Mr. Jay Hill (Prince George—Peace River, Ref.): Mr. Speaker, during question period, in reply to a question from my colleague from Edmonton North, the Prime Minister referred to me by riding and he referred to my involvement in the transitional jobs fund request.

Since this request involved absolutely no conflict of interest on my part, and I have the relevant documents with me, I would be pleased to table them today.

The Speaker: Does the hon. member have the consent of the House to table the documents?

Some hon. members: Agreed.

Some hon. members: No.

*Routine Proceedings***ROUTINE PROCEEDINGS**

• (1505)

*[Translation]***GOVERNMENT RESPONSE TO PETITIONS**

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

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*[English]***BUSINESS OF THE HOUSE**

Hon. Don Boudria (Leader of the Government in the House of Commons, Lib.): Mr. Speaker, there have been consultations among all parties represented in the House, and I believe that if you were to seek it you would find unanimous consent for the following motion, which has been circulated to my colleagues opposite. Therefore, I move:

That for each of the following items of business, at the specified times, all questions necessary for the disposal of specified stages shall be deemed to have been put and divisions requested and deferred to the end of consideration of Government Orders on Tuesday, April 13, 1999:

1. Second reading stage of Bill C-67, when debate concludes or at the end of the time provided for Government Orders on March 24, 1999, whichever is earlier;
2. Motion M-360, when debate concludes or after 45 minutes of debate, whichever is earlier.

The Deputy Speaker: Does the Government House Leader have the unanimous consent of the House to propose this motion?

Some hon. members: Agreed.

The Deputy Speaker: The House has heard the terms of the motion. Is it the pleasure of the House to adopt the motion?

Some hon. members: Agreed.

(Motion agreed to)

* * *

KOSOVO

Hon. Lloyd Axworthy (Minister of Foreign Affairs, Lib.): Mr. Speaker, thank you for recognizing me and let me at the outset indicate that I will be making a joint statement today with my colleague, the Minister of National Defence. Because the situation in Kosovo has such a shared responsibility we thought it would be

appropriate for both of us to take the time available to give the House a full explanation of where we stand.

I believe it is proper to begin with an expression of some sadness and disappointment concerning the events that are taking place, as we speak, in Kosovo. We all regret the need to have to use force, but at the same time I want to make it clear that Canada is very determined to play a proper role in ensuring that we can help to right the wrongs that have taken place so tragically in that area over the last year or two.

The international community has been faced with a deteriorating situation where the government of that area has been denying the most basic rights to its people, using force to quell any form of dissidence, sending tanks and artillery to destroy villages, murdering innocent people and forcing thousands upon thousands of people from their homes.

[Translation]

For 10 years now, the world has witnessed the tragedy unfolding in the Balkans: first in Slovenia, then in Croatia and then in Bosnia. In the last year the same extreme violence against civilians from a targeted ethnic group has appeared in Kosovo.

The international community has spared no effort to encourage the Federal Republic of Yugoslavia to find a peaceful arrangement with its Albanian Kosovar population.

[English]

As members of the House know, there have been many diplomatic missions sent to Belgrade. The security council, acting under Chapter VII, adopted crucial resolutions identifying the threat to peace and security in the region. Council resolutions 1199 and 1203, and the following October agreements between the federal republic and NATO and the Organization for Security and Cooperation, imposed a clear legal obligation on the Federal Republic of Yugoslavia to respect a ceasefire, to protect civilians and to limit deployment of security forces in Kosovo.

• (1510)

We also participated, along with many other nations, in a verification mission created to monitor the ceasefire and to build confidence in that area.

Following that, the parties were convened at a negotiation conference in Rambouillet and were asked to give up their maximalist positions and accept an honourable compromise for peace.

The Kosovars at that conference demonstrated a degree of courage and vision by signing on to the agreement. It was only the President of Yugoslavia who refused to depart from his intransigent position.

Over the past year, I want to underline to the House that Canada has made every effort to push for active engagement of the security

Routine Proceedings

council on this issue. I have instructed Canadian diplomats to urge the council to act in accordance with its mandate. As council president in February, our ambassador chaired many sessions dealing with the situation and crisis in Kosovo.

We have supported the peace negotiations and we have been an active participant in the OSCE efforts, at one point having close to 68 Canadians as part of the verification mission.

In addition, in March and June 1998 I announced measures to prompt the Federal Republic of Yugoslavia to resolve the Kosovo issue by imposing a degree of economic sanctions. We suspended EDC credits. We denied landing rights to airplanes. We had discussions on bilateral agreements on certain economic programs. We placed a ban on investments in Serbia and a freeze on the assets of the Serbian and FRY governments in Canada.

I also want to point out that the Minister for International Cooperation was very active in providing humanitarian efforts. Close to over \$3.8 million have been given to UNICEF, to the High Commissioner of Refugees, the Red Cross, CARE Canada and the World Food Program to help the humanitarian suffering in that particular area.

Diplomacy and civil effort have been given every possible effort and every chance to succeed, but to no avail. The looming humanitarian disaster caused by President Milosevic's unwillingness to come to any kind of accommodation to protect his own people leaves us with very few options. Every day the situation has grown worse and more and more civilians suffer.

It has been estimated that, as I speak today, over 450,000 Kosovars have been displaced from their homes. Since last week it is estimated that in that week alone 25,000 people were displaced. We have no way of counting the number of people who have been forced to experience the worst indignities, in some cases the loss of their lives, their precious possessions and their homes.

As long as it remains unresolved, as long as we do not find the willingness to come to a solution, the conflict in Kosovo threatens to precipitate a humanitarian disaster and destabilize the entire region.

The time has come to act and Canada is ready to play its part. As the Minister of National Defence said in question period today, already there are CF-18s of the Canadian Armed Forces participating in air actions. He will explain in much more detail the exact nature of our commitments in the military area.

I want to explain to the House that NATO's foremost objective is to avert a humanitarian crisis by enforcing compliance by the federal republic with the obligations which it has undertaken to respect, including respect for a ceasefire, an end to violence against civilians, full observance of the limits of force and police action in that area and trying to bring again to the table Milosevic and his government to come together to finally sign an effective peace agreement that will provide full protection to civilians in that area.

I also want to point out that while we have had to take this action, we do so knowing the full consequence that it carries. We debated this in the House of Commons three weeks ago when all members had an opportunity to participate.

I also want to say that we have acted to ensure the safety of Canadians.

All members of the verification mission of the OSE, including the 68 Canadians I mentioned, have now safely left the area, as well as the Canadian staff at the embassy in Belgrade. We have advised Canadians to defer all travel to the area and we have given proper advisory notice to any Canadians contained within that country.

• (1515)

[*Translation*]

Humanitarian considerations are the main impulse for our action. We cannot stand by while an entire population is displaced, people are killed, villages are burned and people are denied their rights because of their ethnic background.

We remain very concerned about potential atrocities. Those responsible for any action against civilians should be aware that they will be held accountable.

[*English*]

I want everybody in the House to understand that one of the primary objectives of Canada in pursuing things like the international accord, supporting the work of the tribunal in The Hague, is to make sure that someday, somewhere and somehow Mr. Milosevic and his cohorts will be held accountable for their actions. Make no mistake about that.

Canada wants a world where rights are respected, where peaceful solutions to regional conflicts are negotiated, where war criminals do not act with impunity, a world free of land mines. We want to consolidate a multilateral international system, which was created to make the world a better place, and institutions such as the United Nations, the OSCE and NATO.

Our actions today in Kosovo are guided by these humanitarian concerns, a clear defence of these goals and real representation of the interest of Canadians to make sure that the rule of law and the safety of civilians are preserved and protected around the world.

I close my remarks by saying that all our prayers go with the brave members of our armed forces who are now carrying out Canada's mission in this regard.

The Deputy Speaker: Does the Chair understand that the statement by ministers will be considered one statement given by two ministers? Is that agreed?

Some hon. members: Agreed.

Routine Proceedings

Hon. Arthur C. Eggleton (Minister of National Defence, Lib.): Mr. Speaker, today our Canadian forces are taking part in NATO air operations over the Federal Republic of Yugoslavia.

We have said all along, as the Minister of Foreign Affairs has reiterated today, that we wanted a negotiated settlement to end the crisis in Kosovo, to end the human tragedy. Unfortunately efforts to achieve a peaceful political solution have failed to this point.

Continued Serbian aggression presents a challenge, a to NATO's resolve, and the time has come for military action. We are not taking this step lightly but, as the Prime Minister said last night, inaction in the face of oppression only invites further aggression.

The aim of NATO's military action is clear: to prevent further violence by the Yugoslav security forces in Kosovo and to avert a large scale humanitarian disaster. To this end, Canadian forces are working alongside and in partnership with the forces of our NATO allies.

Make no mistake. NATO has assembled a powerful force, one that is fully capable of meeting its military objectives.

Canada has roughly 130 Canadian forces personnel and 6 CF-18 fighter aircraft stationed in Aviano, Italy. All our CF-18s are equipped with air to air missiles and precision guided munitions for a ground attack role.

Our air task force is well equipped and well prepared. Our people have been well trained for the role that they are taking on right now and in the days ahead. Our CF-18s have been in Aviano since June of last year. We also have Canadians with the NATO airborne early warning group in Germany. They are also taking part in the air operations over Kosovo.

This operation is not without risk. The Yugoslav military possesses a sophisticated air defence system, but we are satisfied that the NATO commanders have taken every step to reduce that risk as much as possible. There are escort aircraft, for example, when our jet fighters are out on missions.

• (1520)

I have confidence in our people. They have the equipment, the training, the professionalism and, I said earlier, the dedication to the cause and to their service to Canada. They have what is required to make a significant contribution to the alliance's efforts.

I am sure that all Canadians will join with us in the House in extending our support and encouragement to our CF members involved in this operation. Also, our support and thoughts are with their families in Canada. We wish them a safe return.

Mr. Bob Mills (Red Deer, Ref.): Mr. Speaker, the Minister of Foreign Affairs has given a detailed overview of the situation in

Kosovo. We have been provided with an explanation of Canadian policy toward the conflict.

We have seen much evidence over the last few weeks and months about the issue. I do not believe I need to repeat most of that. Indeed we agree that there is an international crisis in Kosovo. As I said earlier today, we support our involvement in that crisis.

As well, the tragedy of Yugoslavia and Kosovo as it has unfolded lends itself to our stopping a moment and looking at the crisis that war creates. The many comments that have been made and the reasons for intervention allow us to support this, but I do not think it should be a blind support. I want to state very clearly that I believe I am as patriotic as anyone in this country. I am here because I believe in this country. I think, though, that we need to stop for a moment and ask a few other questions about our intervention in Kosovo and what it might mean.

Let me very briefly address those points. As the days and the bombings unfold, we will probably have to evaluate just how long this sort of action can be sustained. The first question is what if Mr. Milosevic does not give in to this bombing. Obviously the reason for the bombing is that he will see the light and say he will come to the table and stop what he has been doing in Kosovo. That will be good for us and for the Serbian people, and that will certainly be good for the Kosovars.

We should remember, however, that the Serbs have a long history of war and of fighting anything they disagree with. They are not Iraqis. They are quite different in how they might respond. History tells us that. We have to ask what will happen if, at the week's end, bombings have not brought the reaction we want. What will happen next?

My second question concerns the degree to which Canada will be involved in further NATO missions in Kosovo. The House has never freely debated what would happen if we had to send in ground troops in an escalation of this event. We have already made a commitment to provide 700 or more troops to a NATO led peace monitoring mission in Kosovo should that become necessary, and we hope of course that it does.

Will this engagement go further than that? If it does go further than that and we are asked to send combat forces on a ground invasion, will we come back to this House to discuss that issue? I believe it is our job here to ask that question and to receive assurances that it will happen. I am concerned for the safety of our men and women in the Canadian forces, as all of us are. We need to ask ourselves if the armed forces are equipped to handle a sustained attack in a situation like that. No one doubts the courage of our men and women in uniform, but we do have to question whether they are prepared for what they might face in that invasion.

• (1525)

We also have to ask about the role of parliament in this whole issue. This is the House of Commons. This is the place where

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elected representatives should take this issue very seriously. We are talking about the sons and daughters of many of our constituents. The Commons must be consulted before this country undertakes any further serious foreign affairs action in this event.

I do not believe that the debates on Kosovo that took place in November and February dealt with a future escalation. It is not satisfactory to simply have a statement and to have the sort of debate that we have had.

As we and our NATO allies attack Yugoslavia, we are now at war. Some might call it peace enforcement. Others assert that it is simply forceful diplomacy. Let us not mince words. We are at war, and while we find that word distasteful, I believe that is the word we need to use. This is the reality of the international system. Military force is required to deter and punish aggression or to alleviate human suffering. The rhetoric of soft power cannot hide these simple facts.

I want to express my hope for a speedy resolution to this crisis and to extend all of our prayers to the men and women of the Canadian forces. May they all return safely.

[*Translation*]

Mr. René Laurin (Joliette, BQ): Mr. Speaker, I am pleased to rise today to speak about NATO's imminent intervention in the former Yugoslavia.

Yesterday, the secretary general of the Atlantic alliance, Javier Solana, gave the go-ahead for NATO bombing, after one last attempt by American envoy Richard Holbrooke to negotiate an agreement with Serbian president Slobodan Milosevic. The Serbian leader has categorically refused to sign the Rambouillet accord, which would have resulted in a ceasefire in Kosovo.

This peace accord was negotiated in a suburb of Paris under the supervision of the contact group for the former Yugoslavia, a group made up of the United States, Russia, France, the United Kingdom, Italy and Germany. Only the Kosovar separatists signed. The accord would have given them substantial autonomy for a three year transition. The peace plan also would have allowed the deployment of 26,000 NATO troops in Kosovo to ensure enforcement. This is the main stumbling block for Serbian President Milosevic. Even faced with imminent allied air strikes, he repeated on Serbian television only a few hours ago his firm opposition to what he considers to be occupation of Serbian territory by foreign military forces.

It must be kept in mind that from the onset of the conflict between the Yugoslav forces and the Albanian separatists more than a year ago now some 2,000 people have been killed and more than 200,000 people made refugees. For 10 months the international community has tried every possible approach to end the war and repression in Kosovo. Kosovo has not respected UN security council resolutions 1199 and 1203, or last October's agreements

between the Organization on Security and Cooperation in Europe, NATO and the former Yugoslavia. Belgrade has not complied with its obligations to limit the deployment of its forces in Kosovo, protect the population and bring about a ceasefire.

It must be kept in mind, that Yugoslavia has, moreover, been involved in bloody conflict for 10 years. There was Croatia, Bosnia-Herzegovina, Slovenia, and now Kosovo. Faced with this intolerable situation in which defenceless civilian populations are being fired at by the ex-Yugoslav army, the international community cannot remain indifferent. The international community will lose all credibility if it does not act immediately. Otherwise, it will find itself encouraging the various abuses being committed by the Serbian government.

• (1530)

In order to protect the civilian population of Kosovo, it seems that the armed solution is the last plausible option. It is unfortunate that it has to be contemplated and supported, but the situation as it stands renders it necessary.

That said, we understand and support Canada's desire to act with NATO forces to help the civilians of Kosovo. However, the minister did not tell us what would happen should the forces of the former Yugoslavia, with President Milosevic at their head, refuse to give in to NATO.

Indeed, what will happen if the NATO air strikes do not make Yugoslavia bend? What will happen if the conflict drags on? What are the long term objectives of the alliance and Canada in this conflict?

The Minister of Foreign Affairs' speech did not provide answers to this question. However, the hostilities with the former Yugoslavia are real. While we know when the adventure begins, who can claim to know when and how it will all end? Obviously, this is all the more true if the Serbs feel they have nothing to lose.

In closing, the people of Quebec and Canada are entitled to know whether Canada will become more involved in this conflict should it continue. What will Canada contribute in terms of humanitarian aid to the thousands of civilians who are in need and obliged to leave their homes?

In this regard, I invite the minister and his government to inform this House of the latest developments in the former Yugoslavia and to hold here a debate on possible changes in the nature of Canada's involvement in the former Yugoslavia.

[*English*]

Mr. Svend J. Robinson (Burnaby—Douglas, NDP): Mr. Speaker, last October members of the House debated the serious humanitarian crisis that was unfolding in Kosovo. At that time my colleague, the member for Halifax West, the New Democrat

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defence critic, and I rose in the House to say that there are times when the global community must respond to serious human rights violations, not just with words but with action. I profoundly regret to say that we have now reached that point of humanitarian tragedy.

It is clear that diplomatic attempts at a negotiated settlement to the Kosovo crisis have failed. The Serbian government has refused to sign a peace agreement that would provide Kosovo with autonomy within the Yugoslav federation, a plebiscite in three years on the future status of Kosovars and the presence of a NATO peacekeeping force in Kosovo. The Albanian Kosovars have signed and accepted this settlement.

The present situation in Kosovo is indeed unacceptable. We see villages in flames and refugees fleeing in terror. Serbian offences against the Albanian Kosovars continue as we speak. More than 40,000 Serb security forces are poised in and around Kosovo, with additional units on the way. In January the bodies of almost 40 ethnic Albanians were found at the scene of fighting at Racá in southern Kosovo in what appears to have been a mass execution.

The last time this type of ethnic violence erupted in the region was in Bosnia in the early 1990s. It took three years and 200,000 deaths and too many warnings before the west finally took action in August 1995. It was not unfortunately the United Nations at that time; it was NATO.

I visited Vukovar in Croatia and saw firsthand the terrible effects of Serb aggression against Croatia and its people there. I have often wondered since then if the international community had acted sooner in these conflicts a great number of civilian casualties could indeed have been prevented.

Since the horrors of World War II, the international community has spent many years trying to develop covenants and treaties that focus on respect for international human rights. Yet too often, while we have these human rights norms, the international community has failed miserably in enforcing them. It has only been recently that we have begun the difficult process of developing mechanisms to enforce international human rights. I note that the creation of the international criminal court, a creation in which Canada played an important role, is a step in the right direction to ensuring that dictators and tyrants will face prosecution for the crimes they commit while in office. Yet the Yugoslav government, the Milosevic government, has shamefully refused to allow Judge Louise Arbour to enter Kosovo to investigate crimes against humanity there.

• (1535)

On the subject of crimes against humanity, I note today how pleased my colleagues in the New Democratic Party and I are at the decision of the House of Lords to allow for the extradition of

former Chilean dictator Augusto Pinochet to Spain to stand trial for crimes against humanity. We urge the Government of Canada to seek his extradition as well. I know there is a case of a Canadian nun who is seeking that extradition and others, and we appeal to our government to take that action.

The possible NATO air strikes against the Serbian government are unprecedented. It will be the first time since the alliance was founded 50 years ago next month that NATO has prepared to go into action collectively against a sovereign state. Certainly we in the New Democratic Party have not reached the decision to support this military action without much anguish and much soul searching. Our party has a long and honourable tradition of opposing NATO's military structure and doctrine, of calling for Canadian withdrawal from NATO and of strengthening the United Nations and regional security mechanisms. This is particularly the case when NATO continues to cling to a neanderthal cold war doctrine of first use of nuclear weapons.

The type of political will that has led to the decision for military action in Serbia has certainly been lacking in other parts of the world. We need only look at the humanitarian crisis in Africa, stretching from the Horn to Angola, to see these kinds of inconsistencies.

The minister in his statement to the House said: "We cannot stand by while an entire population is displaced, people are killed, villages are burned and looted, and a population is denied its basic rights because it does not belong to the 'right' ethnic group and we remain very concerned about potential atrocities".

Precisely those conditions apply in the NATO ally of Turkey with respect to the Kurdish minority and yet the Government of Canada and the world stand by. Similar conditions apply in East Timor and elsewhere. To those who say there is a double standard, I say they are right and certainly we opposed Washington's unilateral bombing of Khartoum, of Afghanistan and of Iraq. To point out these inconsistencies and to suggest that NATO is not the most desirable international institution to enforce human security is at the end not enough. We are left with the humanitarian crisis in Kosovo and the question of what Canada's response and what the global community's response should be.

Slobodan Milosevic has systematically refused to engage in dialogue and compromise. He has continued his reign of terror in Kosovo against ethnic Albanians.

The New Democratic Party supports military action against selected Serbian military targets to address the humanitarian crisis facing Albanian Kosovars. Certainly there are significant risks in taking this military action, risks to the lives of Canadian service people and to the lives of civilians in Yugoslavia and in Kosovo itself.

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I certainly want at this time to indicate on behalf of my New Democrat colleagues that our thoughts are with Canadian forces personnel stationed in Italy and their families in Canada, particularly those who are in the air at this time in the four CF-18s. They deserve the support of all members of the House. As well we want to take this opportunity to salute the 63 brave Canadians who took part in the OSCE Kosovo verification mission and did their part to ensure compliance with UN resolutions for peace in the region.

Certainly any military action has to be taken with the greatest possible care for the lives of civilians and of those in the armed forces. We must do everything in our power to bring about, even at this late stage, a peaceful settlement with Milosevic.

I recognize there are those who approach international security challenges from a pacifist position of opposing the use of force in all circumstances. A former leader of my party, J. S. Woodsworth, took that position. These are strong, deeply held views and they must be respected.

As well, I understand and frankly I share many of the concerns of groups like the Canadian Peace Alliance, Veterans Against Nuclear Arms and End the Arms Race which oppose the use of force in this situation.

• (1540)

They have raised legitimate questions, legitimate concerns that such strikes would be a violation of state sovereignty and that the UN security council should be the only body to authorize such use of force. We in the New Democratic Party have recognized that without reform of the veto powers, of the permanent members of the security council, the UN is too often paralysed in an action.

Concerns have been raised as well that the state of humanitarian objectives cannot be reached by military means. There are valid concerns of escalating the conflict in a region that is already historically a powder keg, that this may draw in Albania and Montenegro. What next? Will Milosevic simply use this as a means of consolidating his support for standing up to the international community?

We in the New Democratic Party accept that the use of military force as a last resort is sometimes necessary in grave humanitarian crises when all efforts at diplomatic settlement have failed, and we believe this meets that test.

As Canada is prepared to back up our concern for human security with military action, we must be equally prepared to provide the necessary financial and personnel resources for humanitarian relief as a result of the conflict. This action will certainly create a large refugee crisis, and Canada should play a very generous and constructive role in addressing the needs of the refugees.

The minister underlined in his comments earlier the truth that Canada wants a world in which human rights are respected. May this be a turning point for the international community to accept that our present international institutions are incapable, sadly, of ensuring those human rights for all. We must all come together and reform these institutions to put peace and respect for human rights at the forefront of relationships between people and relationships between nations.

Mr. David Price (Compton—Stanstead, PC): Mr. Speaker, the Progressive Conservative Party of Canada and I want to see an end to the humanitarian tragedy taking place in Yugoslavia in Kosovo.

I also want to make it clear that we support our soldiers, sailors and air crew who have now been placed in harm's way and also those of our allies.

Canada and the NATO alliance made up of sovereign states have just gone to war with a sovereign state, the Federal Republic of Yugoslavia, over a civil war with the ethnic Albanians of Kosovo.

We have done this without a declaration of war and without the support of the United Nations. The minister quotes security council resolutions 1199 and 1203, but they do not specifically give NATO the right to use military force against Yugoslavia. He might want to brush up on his international law and his long lost text of *realpolitik*. We as a country and an alliance may have broken the codes of international law.

In Bosnia in 1995 NATO was directed by the United Nations to keep the peace and to intervene in a bloody civil war, but NATO is now engaged in an offensive military operation outside its own territory. We are quickly subscribing to the view of NATO as a global policeman. Let there be no mistake. We have just launched an air attack with our allies on a sovereign state.

The Canadian government has said by its actions that the United Nations and the soft power are not up to the task of ensuring global peace and security. We have just heard the Minister of Foreign Affairs, Mr. Soft Power, state that the use of force is the ultimate guarantee of peace and security. I hope this act of violence will not tarnish his Nobel peace prize, the one he wants so bad.

Let us leave the minister of war or foreign affairs for the moment and the fact that we may be violating international law. A minister of the crown just stood in the House and made a statement as the attack is going on. After the first weapons have impacted on our opponent's territory, the saddest thing for Canadians and the parliamentary process is that this country has slipped into war without briefing its people through parliament and through meaningful debate.

It is very sad indeed to see what little regard the government has for the principles of parliamentary democracy and the House. It obviously did not support the Somalia inquiry recommendations for a vigilant parliament and that is very upsetting to Canadians.

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● (1545)

In conclusion, parliamentarians deserve honest and open answers from this government of self-proclaimed transparency and accountability, from its ministers, and we must hear from the chief of defence staff and his commanders immediately. Let us have a chance to ask the real questions that need to be asked on behalf of Canadians.

I also want to thank the Minister of National Defence for at least keeping the defence critics up to date on the military action that was taking place.

* * *

[Translation]

INTERPARLIAMENTARY DELEGATIONS

Mr. Bob Kilger (Stormont—Dundas—Charlottenburgh, Lib.): Mr. Speaker, pursuant to Standing Order 34, I have the honour to table, in both official languages, the report of the Canadian section of the Parliamentary Assembly of the Francophonie, as well as the related financial report. The report has to do with the meeting held in Saint-Denis, France, from January 19 to 21, 1999.

* * *

COMMITTEES OF THE HOUSE**ABORIGINAL AFFAIRS AND NORTHERN DEVELOPMENT**

Mr. Guy St-Julien (Abitibi—Baie-James—Nunavik, Lib.): Mr. Speaker, I have the honour to present, in both official languages, the sixth report of the Standing Committee on Aboriginal Affairs and Northern Development.

Pursuant to its order of reference of Thursday, November 26, 1998, our committee has considered Bill C-56, an act respecting an agreement with the Norway House Cree Nation for the settlement of matters arising from the flooding of land, and respecting the establishment of certain reserves in the province of Manitoba, and has agreed to report it without amendment.

* * *

[English]

PETITIONS**NATURAL HEALTH PRODUCTS**

Mr. Jim Gouk (Kootenay—Boundary—Okanagan, Ref.): Mr. Speaker, I have a petition from a number of constituents who add their signatures to the thousands, if not tens or even hundreds of thousands who have already written in concerned about their lack of access, or their potential lack of access to natural health products. They wish to have that freedom of choice.

They call on the government to not only support the German delegation and the World Health Organization Codex delegation, but any other move by a government that would take away their right of free choice to make decisions on health products for their own health care.

TAXATION

Hon. Lorne Nystrom (Regina—Qu'Appelle, NDP): Mr. Speaker, I have the honour to table two petitions in the House today.

One is signed by what appears to be hundreds of people who ask the House of Commons to pass a private member's motion on the Tobin tax. Of course, we did that yesterday in the House of Commons.

The petition deals with the notion that we have a financial transaction tax in concert with the world community because of the tremendous flow of capital around the world, over \$1 billion a day. I want to table this petition. Of course, the motion passed yesterday by a vote of 164 to 83, with some members of all parties supporting it.

THE SENATE

Hon. Lorne Nystrom (Regina—Qu'Appelle, NDP): The other petition is one that will probably surprise you, Mr. Speaker.

I have a petition signed by 104 Canadians calling for the abolition of the Senate. They say the Senate costs \$50 million a year, that it is undemocratic, unelected and unaccountable. I can even see the Liberal whip shaking his head in acknowledgement of that. The petitioners say it should be abolished. With great pride I table this petition. Mr. Speaker, I hope you will consider it very sincerely because you have tremendous influence on policy in this country.

FIREARMS REGISTRY

Mr. Leon E. Benoit (Lakeland, Ref.): Mr. Speaker, I am happy to present a petition on behalf of people of the Bonnyville-Cold Lake area. These petitioners are concerned with the increase in violent crime in their communities. They are also concerned with the hundreds of millions of dollars that are being spent on the whole gun registry program. They are suggesting that this money instead of being wasted on gun registration and licensing of gun owners should be spent on crime prevention programs. They have listed several crime prevention programs which they feel would be much more beneficial than the gun registry program.

● (1550)

HUMAN RIGHTS

Mr. Paul Szabo (Mississauga South, Lib.): Mr. Speaker, pursuant to Standing Order 36, I am pleased to present two petitions today signed by a number of Canadians including from my own riding of Mississauga South.

The first petition is on the subject matter of human rights. The petitioners would like to draw to the attention of the House that human rights abuses continue to be rampant around the world in countries such as Indonesia.

The petitioners also point out that Canada continues to enjoy respect in the international community as being a champion of human rights. Therefore the petitioners call on the Government of Canada to continue to speak out against human rights abuses around the world and also seek to bring to justice those responsible for such abuses.

PUBLIC SAFETY OFFICERS COMPENSATION FUND

Mr. Paul Szabo (Mississauga South, Lib.): Mr. Speaker, the second petition has to do with our public safety officers, police officers and firefighters.

The petitioners want to draw to the attention of the House that our police officers and firefighters place their lives at risk on a daily basis as they discharge their responsibilities and that when one of them loses their life in the line of duty, the benefits available to the family often are very modest.

Therefore the petitioners would like to call on the government to establish a public safety officers compensation fund for the benefit of families of public safety officers who are killed in the line of duty.

* * *

QUESTIONS PASSED AS ORDERS FOR RETURNS

Mr. Peter Adams (Parliamentary Secretary to Leader of the Government in the House of Commons, Lib.): Mr. Speaker, if Questions Nos. 120, 143 and 156 could be made orders for return, these returns would be tabled immediately.

The Deputy Speaker: Is that agreed?

Some hon. members: Agreed.

[Text]

Question No. 120—**Mr. Mike Scott:**

Can the government provide a list of all band elections held from January 1996 to the present, including in each individual case: (a) the name of the band; (b) the date the election was held; (c) the names of all the candidates; (d) the final vote distribution; (e) the number of eligible voters; and (f) the number of eligible voters who voted (i.e. voter turnout)?

Return tabled.

Question No. 143—**Mr. Paul Forseth:**

With respect to grants or loans awarded by the federal government for building restoration, such as awards made under infrastructure and regional development programs, in each of the last five years, 1994, 1995, 1996, 1997, and 1998: (a) how

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many have been awarded; (b) what specifically have they been for; (c) what was the geographic location; (d) what was the amount of each award, including whether or not it was on a matching basis; and (e) under which federal department or program was each award made?

Return tabled.

Question No. 156—**Ms. Wendy Lill:**

With regard to the October 1996 Report of the Task Force on Disability, entitled "Equal Citizenship for Canadians with Disabilities—The Will to Act", what actions has the government taken to implement recommendations nos. 1 to 9 (including 9a, b) and c)), 10 to 13 (including 13a) and b)), 14 to 18 (including 18a) through f)), 19, 20 (including 20a) and b)), 23 (including 23a) through d)), 24, 25 (including 25a) and b)), 26, 27 (including 27a, b) and c)), 28b), 29b), 30b), 31 (including 31a) through e)), 32 (including 32a, b) and c)), 33 (including 33a) through e)), 34, 35 (including 35a) and b)), 36 (including 36a, b) and c)), 37 to 43, 44c), 45 (including 45a) through d)), 46a), 47 to 51 (including 51a) through f)) and 52 (including 52a) through g))?

Return tabled.

[Translation]

Mr. Peter Adams: Mr. Speaker, I ask that the remaining questions be allowed to stand.

The Deputy Speaker: Is that agreed?

Some hon. members: Agreed.

* * *

[English]

MOTIONS FOR PAPERS

Mr. Peter Adams (Parliamentary Secretary to Leader of the Government in the House of Commons, Lib.): Mr. Speaker, I ask that all Notices of Motions for the Production of Papers be allowed to stand.

Mr. Ted White (North Vancouver, Ref.): Mr. Speaker, I rise on a point of order.

On January 28 of this year I submitted a Notice of Motion for the Production of Papers in connection with section 31 of the Elections Act and the Communist Party of Canada.

A week ago in this House I brought this matter to the attention of the parliamentary secretary who said, and I quote from *Hansard*, "I will certainly look into that matter as soon as possible".

Could the parliamentary secretary please tell the House what he has found out by looking into the matter? Exactly how long will I have to wait to get the answer to this question?

Mr. Peter Adams: Mr. Speaker, I did look into that matter and I assure the member that it is being pursued vigorously.

With regard to the second part of the member's question, I cannot tell him exactly when we will be presenting that.

Government Orders

[Translation]

I ask that all notices of motion for the production of papers be allowed to stand.

The Deputy Speaker: Is that agreed?

Some hon. members: Agreed.

[English]

The Deputy Speaker: I wish to inform the House that because of the ministerial statement, Government Orders will be extended by 38 minutes.

GOVERNMENT ORDERS

[English]

BANK ACT

The House resumed from March 19 consideration of the motion that Bill C-67, an act to amend the Bank Act, the Winding-up and Restructuring Act and other acts relating to financial institutions and to make consequential amendments to other acts, be read the second time and referred to a committee.

Mr. Richard M. Harris (Prince George—Bulkley Valley, Ref.): Mr. Speaker, I am pleased to rise today to speak on Bill C-67 as the official opposition party's critic for banks and financial institutions.

We have been following the government's lack of progress on bringing in changes to the financial services sector that would put us on a level playing field with other countries around the world, specifically with the OECD countries. Of the OECD countries, only Canada and Mexico do not presently allow foreign branch banking.

For the information of Canadians viewing this debate today, I will give a little description of what this bill is about.

• (1555)

Until now, a foreign bank that wanted to establish an operation in Canada was required to set up an autonomous separate corporation in Canada with its own board of directors, its own accounting firm. It would operate for all intents and purposes a Canadian company with an asset base that was established at the time of its being set up. In many respects this presented a lot of difficulties for foreign banks that wanted to do business in Canada and participate in the economy through lending, deposit taking and various other operations that banks pursue.

As far back as 1996 the then secretary of state for banks and financial institutions, Mr. Peters, told the House that the government was going to make provisions for what we have come to know as foreign branch banking. A change in the Bank Act through legislation would allow foreign banks to simply establish branches here once they have met certain criteria. Their branches would have the benefit of being able to operate in Canada, plus be able to draw on the full asset base of their parent company.

That was 1996. It is now 1999. The question to ask is why it has taken the government so long to bring this plan to fruition. In our opinion, not only has the government been dragging its feet on this issue, but it has been doing some pretty heavy foot dragging on the whole issue of the changes to the financial services industry. This has created a lot of confusion. Quite frankly, it has left the Canadian owned banks that are operating in Canada as well as consumers at somewhat of a disadvantage. The banks' point of view is that they have not been able to pursue opportunities on a global basis to the extent they would like to. Our consumers of bank services have not had the choices they are entitled to and which they deserve.

In November 1998 I produced a report for the Reform Party entitled "Competition: Choices You Can Bank On". It was quite a lengthy report. We went through most every phase of the financial services sector. We examined it and we put forward recommendations which our party supports.

I am happy to see the Liberal government is following one of our recommendations which deals with foreign bank entry. We said very clearly in the report that the federal government must end its long delay in allowing foreign branch banking. Foreign branch banking legislation must offer foreign banks that wish to have a branch in Canada the same regulatory and taxation regime encountered by domestic banks.

We also said that foreign branch banking must be in place before the government considered the merits of any merger proposal. As we saw last year when four of our major domestic banks put forward their merger proposals, because the government had been dragging its feet on introducing changes that would allow for more competition in the banking industry in Canada, it had no choice. The government dug itself into a hole with its foot dragging and had no choice but to turn the mergers down.

Had we had changes in this country's financial services sector where Canadians had more choices on where they did their banking, perhaps the mergers could have been looked at in an entirely different light, in a more competitive light, in a more competitive environment here in Canada.

• (1600)

There are going to be basically two types of foreign branches in Canada. One will be what they call a full service branch, which will

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be able to operate primarily in the commercial sector, in the business area. I am sure that will be their target. They will not be permitted to take deposits of less than \$150,000, but they will be able to lend money to Canadian companies, to small, medium and large companies that wish to start up or expand their operations in Canada. I am sure that this new access to financing will be of huge value to the Canadian business sector.

The other type of banking they will be able to do is what they refer to as a lending bank, in which there will be no deposit taking. It will simply be a branch of a foreign bank that will be lending money primarily to businesses that want to expand, develop or otherwise increase their services in Canada.

We do not want to mislead Canadian consumers, the retail consumers. It is very clear that foreign branch banking will really not have much of an impact on their lives. They will not see foreign branches established on different street corners in their communities or in their cities.

Foreign branch banking will primarily be setting up in Canada to service the commercial business. There may be a trickle down effect on Canadian consumers, because by providing increased access to financing for business, perhaps there will be some new start-ups of businesses for which individuals may not have been able to get financing from existing domestic banks or other sources. There may be easier financing available for companies that wish to expand in Canada, and this will create more competition in the marketplace. Whenever competition is thriving, consumers always do well. We see it in the big megastores that have been established in Canada, the big box retailers, the grocery stores, the superstores. Consumers are really, in my opinion, getting a huge benefit from having more competition in Canada at stores and in places where they want to spend money.

We will support Bill C-67. Not only do we think it is good legislation. We cannot go without saying that it is about time the Liberal government brought it in. We also question why this government took so long to bring in this legislation, which was promised back in 1996 when the former secretary of state talked about it in this House.

The current secretary of state for banks made some comments in his speech that I think bear response. He said, for example, that a considerable number of foreign banks have cut back on Canadian activities or have pulled out of Canada altogether, that between 1990 and 1998 the number of foreign banks with subsidiaries in Canada dropped from 57 to 45. It is no wonder. The government has been negligent in making changes to the legislation that would allow these foreign branches to come into Canada and service the needs of Canadians who require their services. That legislation simply was not in place.

I did a survey among some 30 very large foreign banks and asked them what changes to the environment in Canada would make this marketplace most attractive to them. The number one answer was

to bring in the long overdue legislation that would allow foreign branch banking.

• (1605)

I am happy to see, finally, that the government is doing something that is truly needed in this country. That is a rarity in itself. I can certainly say that.

In our opinion, all the supervisory checks and balances of the regulatory structure are in place to ensure that this is to be a secure system for foreign branch banking in Canada. We are satisfied that Canadians who deal with these new institutions will be able to deal with them in a very confident fashion, considering the criteria that these banks must meet before they are allowed to establish here.

The secretary of state also said "I want to put on the record very clearly that I could not be prouder than to be the secretary of state dealing with Canada's financial institutions". I am sure he is very proud of that. I suggest that we could all be prouder of him if he would keep encouraging the Minister of Finance to take some of the steps that have to be taken to make Canada a leader in the world banking industry, not just a follower.

For example, we believe that there should be a regular review of the regulations put in place by the Office of the Superintendent of Financial Institutions and the Competition Bureau, the guidelines they operate under and the demands they make on the financial services business, to ensure that the regulations are effective and cost effective. Canada, as we know, can be best described as a very overregulated country to do business in. In so many cases overregulation costs Canadian consumers and businesses a lot of money.

About three years ago a survey was done on all the types of regulations that were in place in Canada. The bottom line of the survey was that overregulation and useless regulations in this country cost Canadians about \$5 billion a year. Cost effectiveness in regulations is something that we should look at.

There is another thing the government has been dragging its heels on. We talk about the constitutional division of powers as we deal with the regulations that govern the financial and securities sectors. There is a profound overlapping of federal and provincial regulatory structures, where the regulations are exactly the same but there are two different bodies doing the regulating. This is very costly and very confusing to people who operate under these regulations.

The government can take a giant step by getting rid of the overlap. One regulation covering the same subject, with two different bodies administering it, can be very costly and very annoying to Canadian business. In the banking system, there is overlap and there is regulatory structure that can be made a lot simpler. Maybe it could be overseen by either the province or the federal government. It would be a cost saving step.

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One of the things that a lot of politicians will not dare talk about is the subject of taxation and how it applies to banks. I am not afraid to talk about that for two reasons. Canada is an overtaxed country, whether you are a worker or have a business or a large megacompany like a bank.

• (1610)

The New Democratic Party constantly talks about banks not paying their fair share of taxes. Incidentally, for the interest of the New Democratic Party, banks are a business, a business like any other business in Canada, and they are required to pay a fair share of their taxes, but they alone are one of the most overtaxed segments of Canadian business.

For that reason, in the November report that I presented to our party I recommended that a comprehensive review of the taxation regime encountered by Canadian financial institutions be required with the aim of improving competitiveness. The Canadian financial institution taxation regime must be brought in line with the taxation levels of their domestic competitors and other Canadian businesses. That has to be done.

This government also has to take some very serious steps to examine alternative financial institutions, like the proliferation of credit unions. The government could make a lot of changes that would allow credit unions to expand and to serve Canadian consumers' needs. Eliminating provincial trade barriers in that area would be great, as would allowing credit unions to pool their capital so they can take advantage of financing opportunities.

One of the other ways the government can take some steps to improve the industry in Canada is in the area of the clearing and settlement of cheques, better known as the Canada payment system. We need to have the Canada payment system opened up to more players than simply those that we know as banks. Large securities companies do not have access to the payment clearing system and must deal second hand through a bank in clearing their cheques.

I want to talk briefly about improving the role of the national ombudsman, who oversees all banking operations. We believe that when the ombudsman investigates an alleged infraction by a bank, he or she should have increased powers to go in and do a very thorough investigation and, if that institution is found to be in contradiction to the regulations, to actually name names and assess penalties. There is a system like that in the U.K. which we understand works very well. We would like to see that addressed as well.

We are supporting Bill C-67. We think it is long overdue and is needed. The only question we have about the bill is what took them so long. What took this Liberal government so long to bring in this bill that will allow foreign branch banking? It talked about it in 1996. The then secretary of state he said he would do it. It is 1999,

almost four years later, and we are finally seeing it. We are happy about that.

Mr. Charlie Power (St. John's West, PC): Mr. Speaker, I would like to ask the hon. member a brief question.

I was probably one of the few members in the House who were open minded on the bank mergers. I said to the banks and to all who would listen that as long as bank mergers did not reduce competition and did not reduce the rights of Canadians to have access to free and competitive business in the banking circles, I was willing to support them.

I look at other things that have happened with mergers since then, like the consolidation of the grocery business in eastern Canada. In Newfoundland and all through Atlantic Canada all the reports show that through the merger of a couple of large grocery retail outlets, grocery costs for every family in Atlantic Canada will go up by an average of 7% a year. We allow mergers in one sector when we will not allow mergers in another sector.

Now that we are allowing foreign banks to come into Canada and increase the competition, maybe they will just come into the big cities. Maybe they will come in and take the cream of the crop and just open branches in bigger places, in the places that are more profitable.

• (1615)

Equally now that we will have a more competitive banking system in Canada which will give better access to all Canadians, should we not reassess the bank mergers which were rejected primarily upon the basis that we would have a less competitive banking system?

Mr. Richard M. Harris: Mr. Speaker, I thank the hon. member for his question. It is a good one.

The fact is that when the merger proposals were put forward, because of the government inaction in making changes that would allow more competition in the financial services sector, the Minister of Finance basically painted himself into a corner. Under the current regime the merger of the banks would have indeed created a lessening of competition because the Minister of Finance and Liberal government have not taken any steps since 1993 to allow the opportunity for more competition in the banking industry.

With this step, this very important but still small step, we will have foreign branch banking in Canada that will be able to compete head-on with the big banks for commercial business. It may fill a void. There may be some switching of business between domestic banks and new foreign banks. Yes, this is more competition indeed.

There are a few more steps, and this is a good one, that the government could take to increase competition. Then we should let

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those bank merger proposals come forward to be viewed in an entirely different light, in a more competitive environment.

The banking industry is going to go through a number of changes to compete in the global economy in the next few years. It has been doing it now, but there are some big changes to be made. One of those changes may very well be that our domestic banks will have to get together in some sort of marriage to take advantage of all the opportunities there are in the global economy.

Yes, this is a good step and it will create more competition, but there is more to be done. This government is the only thing standing between a fully competitive banking industry in Canada and what we have right now. It is time that it stopped its foot-dragging and brought Canada into the 21st century where we can compete with big foreign banks in other countries.

Mr. John Bryden (Wentworth—Burlington, Lib.): Mr. Speaker, I cannot let this opportunity pass without making a comment.

My read on the bank merger was that the danger of having the big banks merge at this time was the amount of exposure to Canada's economy that would be incurred if our banking institutions merged. In the context of a world economy where we have major disasters like the Asian flu, I think the Minister of Finance showed genuine prudence in putting off, at least for now, the prospect of a merger. If there were to be a major loss with these merged banks it could have a catastrophic effect on the economy.

I point out to the member opposite that the CIBC experienced this past year a major downturn and very significant losses. I suggest that we keep our comments closer to the truth. It is not just a matter of competition; it is a matter of the safety of our fiscal and economic nationalism.

Mr. Richard M. Harris: Mr. Speaker, I am afraid the member is completely wrong in that assessment.

I believe that our big Canadian banks are among the finest bankers in the entire world. They are leaders in the way they run their operations. They are leaders in making prudent business decisions that will benefit not only their companies but also the Canadian economy.

I think it is irresponsible to compare our Canadian bank structure and our Canadian bank expertise with those of the banks that ran into trouble in Asia and in some third world countries.

We can compete and we can lead in the industry with any bank in the world. I do not believe for a moment that our Canadian banks are in any danger of making decisions that would lead to anything like what happened during the Asian flu.

• (1620)

The fact is that the finance minister and this government since 1993 have been dragging their feet on making changes to the financial industry that would allow Canadian banks to get even stronger and have more opportunity to be leaders in the global economy. That is what they have to do. They know it, and this is just one small step.

Mr. Peter Stoffer (Sackville—Musquodoboit Valley—Eastern Shore, NDP): Mr. Speaker, I do not want to get into the merits or the pros and cons of whether we should allow foreign banking. However, if foreign banks were allowed in and allowed to compete, as he and his party wish, would he not agree or take under advisement the private member's bill of my hon. colleague from Regina—Qu'Appelle which would force banks to have more community investment, similar to the credit union movement, where they would have to reinvest so much of their profits in the community so that we could have regional development, especially in the rural areas? I know that he comes from a rural area. Would he not agree that would be one hell of an idea and would he not agree that his party should support that initiative?

Mr. Richard M. Harris: Mr. Speaker, if I was a rabid socialist I probably could support that idea very well, but the fact is that I am a free enterpriser, always have been and always will be.

To place those types of requirements on Canadian business of any kind, whether it is a bank, Magna Industries or Bombardier, is a profound intrusion of government into free enterprise and I could never support that.

Let me point out to this member that it is Canadian business which provides millions and millions of jobs in this country. Those members may think that it is government that should employ everyone, but the fact is that Canadian business is the number one employer, always has been and always will be.

As this economy grows we can look to Canadian business, which is employing workers who support that party and other parties. Canadian business writes the cheques for this country and keeps the economy going.

Mr. Roy Cullen (Etobicoke North, Lib.): Mr. Speaker, I am very pleased to stand in the House today to speak in favour of Bill C-67, an act to amend the Bank Act. This bill is very important, not in itself necessarily, but because it begins the process of creating a more competitive financial services sector in Canada.

As a member of the 1998 national Liberal caucus task force on the future of the financial services sector, which was chaired by my colleague from Trinity—Spadina, I met with Canadians and listened to their concerns about the financial services sector. Cana-

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dians of all walks of life are concerned with both the accessibility and the affordability of financial services in Canada.

For example, seniors and seniors' organizations shared with the task force many of the same concerns about banking services as did other Canadians. Seniors are concerned about reduced choice in banking services, tied selling, poor service in rural areas, access to capital for small businesses, high levels of profit and privacy issues. Seniors also brought forward issues regarding the cost of banking services, reduced teller services, fewer branches, reduced pedestrian access and a lack of information about basic accounts.

Although many seniors are having their banking needs properly met, the multitude of different banking options now available can be very confusing. Banks have a tendency to promote the most expensive service packages, which may include features seniors do not need. It is particularly important that services available to seniors and basic low-cost service packages in general be advertised prominently at bank branches and automated teller machines.

The trend toward automated services cuts costs for banks and can provide a convenient service for many customers. Many seniors, however, are uncomfortable with some of the new technologies and prefer to deal with a person rather than a machine.

Further, not all branches have lower counters for persons with limited mobility or provide areas where seniors and others can sit while waiting for service.

• (1625)

For many seniors dependent upon public transportation, a visit to a bank branch a few kilometres away can cause significant travel time while waiting for buses.

Low income Canadians and ethnocultural communities in Canada have also raised concerns about the accessibility and affordability of financial services in Canada.

[*Translation*]

As well, small and medium size businesses, which are the driving force behind economic growth, also need affordable and accessible financial services. There are 2.4 million SMBs in Canada. Half of all private sector jobs are in these businesses. They are also responsible for 45% of the production in the private sector, and 95% of all new jobs.

[*English*]

Small businesses are highly dependent on the chartered banks for financing. This dependence has been increasing over the past few years. The Conference Board of Canada has shown that domestic chartered banks held 50.3% of the total SME financing market in 1996, compared to 48.4% in 1994. In addition, they held 72% of outstanding commercial loans to SMEs in 1996, up from 66% in 1994.

With such a large share of the SME lending market, the chartered banks face little competition from other institutions. This absence of competition is even greater in some regions of the country and in rural areas where small businesses may be totally dependent on one or two banks that operate in their communities.

The situation is even worse in areas located outside financial centres. Women, young entrepreneurs and aboriginal people in particular have poor access to debt financing. Small and medium size businesses are an integral part of our economy, yet they have only limited access to bank capital.

In the gallery are two business people from Alberta, Darrell Toma and Tom Clark, who have a very good entrepreneurial idea involving innovation in the agricultural and agribusiness sector. Capital is an issue that is constraining them. For that reason I am hoping they are successful in their visit to Ottawa.

It is for these reasons that our caucus task force made it a priority to offer solutions to ensure that affordable financial products and services are available to all Canadians and their businesses, regardless of where they live. We, the members of the task force, concluded that the most effective way to make the financial services sector more affordable is to encourage more competition.

Among other measures, the task force recommended the introduction of foreign bank branching into Canada. Our government again has responded.

[*Translation*]

At the present time, foreign banks wishing to operate in Canada must open distinct Canadian subsidiaries. For foreign banks not wishing to receive retail deposits in Canada this constitutes a needless regulatory requirement, which adds to their costs of doing business in the country.

[*English*]

Since reaching a peak of 59 in 1987, the number of foreign bank subsidiaries in Canada has declined to just 45 in 1998. Their share of total banking sector assets, which stood at about 12% in 1990, fell to just under 10% by the end of 1998. Almost all of the foreign banks in Canada operate solely as investment banks specializing in financing large corporations.

Foreign banks have publicly stated that they currently find the cost of trying to compete head to head with Canadian chartered banks for personal and small business lending to be so high as to make it futile. These banks cite tax, regulatory issues and the delay in introducing branching as factors inhibiting the entry of foreign banks.

I am pleased to note that earlier this year our government announced measures which will ensure that Canadian branches of foreign banks, Canadian subsidiaries of foreign banks and domestic banks are all taxed on a similar basis. Bill C-67 further levels

the playing field for foreign banks. At the same time, however, no advantage has been provided to foreign banks over our domestic banks.

Compared to other industrialized nations, Canada is falling behind. The 1998 world economic forum on global competitiveness ranked Canada 39th in the ease with which new banks can begin operation and 40th for the participation of foreign banks in the Canadian financial sector.

• (1630)

There is no question there are significant barriers to entry for foreign banks and that is why this bill is so important. It is also why our national Liberal task force encouraged the government to move expeditiously to allow foreign banks greater access to Canada, and our government has responded.

Bill C-67 will bring Canada's foreign bank entry policies in line with practices in other major industrialized countries, all of which allow foreign bank branching. The new rules will give foreign banks the option of establishing one of two types of branches, a full service branch or a lending branch. Full service branches will not be allowed to accept deposits of less than \$150,000 from Canadians. Lending branches will not be able to accept any deposits or borrow except from other financial institutions.

[Translation]

Since the branches of foreign banks will not be accepting retail deposits, they will be subject to slightly less stringent regulatory requirements in Canada than the subsidiaries of foreign banks.

The restrictions applicable to deposits ought not to discourage the arrival of any new banks, since most foreign banks want primarily to provide commercial banking services in Canada. Those wishing to accept retail deposits will still be able to establish a distinct subsidiary in Canada for that purpose.

[English]

The proposed banking regime will permit foreign banks to use their larger capital base to support lending activities in Canada. Over time this should allow foreign banks currently operating in Canada to increase their lending activities. This will provide new sources of capital for small and medium size businesses.

Bill C-67 is the first step in a process to encourage more competition in Canada's financial services sector. I encourage our government to unleash the power of our domestic financial institutions such as the credit unions, near banks and some of our very own crown corporations through further legislative and regulatory change. This will further encourage greater competition in Canada's financial services sector.

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[Translation]

In conclusion, the bill benefits all consumers of banking services. It will, in particular, help small businesses to create still more jobs in the 21st century.

[English]

It is for this reason that I am proud to support Bill C-67 and I hope my colleagues will do the same.

Mr. Bill Blaikie (Winnipeg—Transcona, NDP): Mr. Speaker, I am pleased to speak on behalf of the NDP in the debate today on Bill C-67, basically a bill which implements an agreement the current federal government signed at the World Trade Organization. Interesting that it signed it a day before the banks announced their plans to merge.

I always remember being struck with what I thought was the simulated shock on the part of the Minister of Finance that the banks had not told him this, that he had no idea what was happening. He was appalled and yet surely to goodness the Minister of Finance must have realized that by signing this agreement he created some of the significant conditions that led to the banks feeling they had to merge. We did not agree with the proposal to have the banks merge.

[Translation]

The Acting Speaker (Mr. McClelland): It is my duty, pursuant to Standing Order 38, to inform the House that the questions to be raised tonight at the time of adjournment are as follows: the hon. member for Yorkton—Melville, Agriculture; the hon. member for Churchill River, Agriculture; the hon. member for Lévis-et-Chutes-de-la-Chaudière, Shipbuilding.

• (1635)

[English]

Mr. Bill Blaikie: Mr. Speaker, as I was saying before I was so procedurally interrupted, the Minister of Finance feigned surprise when the banks said they wanted to merge. It is not a coincidence as far as I am concerned and as far as many other people are concerned that they made this announcement a day after the signing of this international financial services agreement of which we are now debating the implementation.

What this will do is introduce an element of competition at a certain level in the Canadian banking industry and obviously the banks felt, wrongly, that they had to merge in order to meet the new conditions. These new conditions whether or not the banks merge still should be of concern to Canadians. What I think will happen is that these foreign banks will be allowed to compete at the high end of the banking industry. They will be able to deal with the people who have \$150,000 to deposit. These foreign banks will not have

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anything to do with sort of ordinary folks who cannot keep \$150,000 in their account.

The Canadian banks if they do not win this competition with these foreign banks and begin to lose money, where will they look for more profits in order to meet the inquisitive instincts of their shareholders? They will look to ordinary Canadians who are still captive customers of the Canadian banks. I see more and higher service charges ahead, more of all the little ways the banks have devised to take a little money off people here and there and everywhere and nickel and dime them to death.

There was a time when people actually had the feeling that banks, although it was probably an illusion, were there to serve them. When I was a kid the bank used to come to our school every Monday. This is what we would call capitalist inculcation or something like that. Nevertheless people from the bank would come to this school on Mondays and we would all have our bank books and we would put a dime in or whatever. This was to teach us to save. It was also to create sort of a lifetime brand loyalty to this bank which I will not name because I would not want to give it a free advertisement.

That was service. Teller did things for people. There are still some banks that do that, some individual bank locations. Certainly what the banks would like us to do is not have anything to do with a teller at all, not having to do with any human being. If we need something to do with a human being we are supposed to stand there and fill out all the forms while they do something else.

I went the other day to pay a Visa bill for somebody else. There is a special charge to pay somebody else's Visa bill. Pretty soon they will be measuring people's footsteps from the doorway to the teller and they will charge by the footstep or how long they are in there using up air. They will have a long line-up and then they will be charging so many bucks per cubic inches of oxygen. I do not want to get too ridiculous but the banks have in my judgement become ridiculous in the manifold ways in which they find new inventions to charge people money for things they used to do for nothing.

I want to move on to the larger issue, the WTO, and this international financial services agreement. There are two things here. There is the way the WTO works and the way the government allows itself to be worked over by the WTO, and the fact that these agreements are signed without any input from parliament.

• (1640)

There is no debate before the government signs these agreements. Then what we get here is an agreement that is already signed. It is a fait accompli and we do not really have any say in the matter whatsoever. I do not think that is right and it shows up the undemocratic nature of the WTO. Governments sign these agreements and then they simply expect them to be ratified.

It is part of a larger trend, particularly on the part of this government, which we see unfolding that I find objectionable not just in terms of the WTO but in terms of some of the other significant decisions it has made.

Just today, for example, people were commenting on the NATO operations in Kosovo. NATO was recently enlarged. Three countries were added to NATO. Every other NATO country had a debate in its parliament about the enlargement of NATO. Most of those other NATO countries, I think 13 out of 15, were required by their constitution or statutes that when such a significant decision would be taken there would be a real debate in parliament about the merits of that expansion, because a treaty was being changed. Certainly it was mandatory in the United States.

The only other place like Canada where it was not mandatory was Westminster, United Kingdom, but it did have a debate. Its parliamentary tradition is stronger and it would not make such a significant decision without having a debate in parliament.

What happened in Canada? We just issued a press release. The Minister of Foreign Affairs just issued a press release saying that the Government of Canada had ratified the expansion of NATO. Not a take note debate, not ministerial statement, absolutely nothing, no consideration by the standing committee on foreign affairs. Zippo.

Whether it is the WTO or NATO, we see a pattern on the part of the government that it simply signs agreements and expects parliament to ratify them or expects parliament to be silent about the ratification, depending on whether there is legislation required. When it came to the NATO expansion there was no legislation required so it did not have to go parliament a year later for implementation purposes. It never has to go to parliament. I think it is a shame.

With the WTO sooner or later it has to go to parliament, but then we are debating things a year and a half after the fact. That is inadequate also because what we find with respect to international financial services is that there is a great need for reform.

We are not having that debate about reform of the international financial services and system, although we did make progress yesterday. We made progress when the private member's motion of the hon. member for Regina—Qu'Appelle was passed in this House, not unanimously but nevertheless by a significant majority, calling for the enactment of a tax on international financial speculation, sometimes called the Tobin tax after Professor Tobin who invented it.

I sometimes think that for years we have been trying to get the Minister of Finance to agree to the Tobin tax and then finally somebody got to him and told him that the tax was not named after the Premier of Newfoundland. Then he was willing to go along with the idea. I do not know if his feelings about the future Liberal leadership were getting in the way of his relationship with the

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Tobin tax. Anyway, at some point the Minister of Finance decided that it might be okay to support something called the Tobin tax.

It is not inconsistent with some of things the Minister of Finance has been saying over the last little while about the need for a new global architecture for the international financial system. We need a Bretton Woods agreement for the 21st century, not an imitation in any way of the Bretton Woods system that broke down, but something that has the same principles and goals, not just the goals of creating an unfettered global free market in capital movement and speculation.

• (1645)

At least the world leaders after the second world war had some kind of vision of what kind of world they wanted. They were not afraid to talk about a world in which the systems they devised were there for the purposes of creating employment. They were there for the purposes of bettering the social conditions of people in all countries of the world. These sort of uncritical, brainless mantras about trade investment and liberalization as if this would be the salvation of mankind were not for them.

Mr. Speaker, it might be a good learning experience for you to go to a WTO meeting. People get up and speak about trade investment and liberalization as if it had salvific qualities; whatever problems humanity experiences, a little more liberalization of trade and investment will do the trick. It is a quasi religious experience to be at a WTO meeting. It is like being at some kind of revival meeting where a guy gets up, like Ruggiero, the head of the WTO. I am not kidding. They talk about liberalization of trade and investment as if it is the solution for everything; if there is a problem, all that is needed is a little more investment liberalization or trade liberalization.

It is not working. We are in a world in which there is a greater gap between the poor and the rich countries, and a greater gap between the poor and the rich within countries. It is creating a world which is very unjust, very unstable and very unsustainable environmentally.

Not so long ago some of us in the House rose on jubilee 2000 and the call from the leaders of many of the churches in Canada for forgiveness of debts for the poorest nations in the world. Are we doing this just because we want to be nice guys? Partly I hope.

We recognize the situation in which these countries have found themselves. Many of these countries are in these situations as a result of decisions taken by previous authoritarian dictatorship unelected governments. They are in a hole which they have a hard time getting out of. The churches have said that we need to have some debt forgiveness. We need to realize in our own time the insights of the biblical teaching about the year of jubilee in which

debts are forgiven, slaves are freed, captives are liberated and people have a chance to begin anew, to start over. Many of these countries need to have that. It is not just for that. It is also in our own interests that we do this, particularly from an ecological point of view.

What do these countries do? This is part of the problem with the international financial system. They have to pay these debts in hard currency. In order to get hard currency they have to export. In order to export they have to do things that are not necessarily good for the population or good for the local environment. They have to stop doing all the things they might normally do to provide food for the local population. They grow coffee, or they have to burn down the rain forest and turn it into pasture, or they have to harvest the rain forest and turn it into exportable hardwoods or other wood products. Acres and acres of forest in southeast Asia are being turned into chopsticks as part of a growing export market.

We are not being very smart in the extent to which we make these people destroy our common environment in order to pay these debts. We are cutting off our nose to spite our face. Penny wise and pound foolish. There are an infinite number of morals which we are not paying attention to when we ask people to do this.

Imagine a world in which all the debts are paid, but we cannot breathe the air. We cannot drink the water. We cannot enjoy a stable political relationship with other countries because everything is in absolute violent chaos. But the banks will be okay. The debts will be paid. And that is the important thing because that really is our god, is it not?

• (1650)

What is a god after all, at least in the sense of a false god, an idol? That which has this power over human life, that is a false power, that is there only because we give it that power and we pretend that it has that power over us in some objective way rather than realising that it has that power over us because we give it that power. That is one of the commandments. Thou shalt not make a graven image. Thou shalt not have false gods before me. It means that we give power to something which has no power, except that power which we give it.

What we do here over and over again is we give power to systems over us, as if they have some kind of objectivity and reality apart from our acquiescence, apart from our own participation in giving them that power. What I am saying here today is that we need to name those idols, those false gods for what they are, as just that: something over which we should have more control as human beings instead of them controlling us. Because when we are controlled by something other than ourselves, when we are captive to something, we are captive to a particular point of view or to some power.

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That is what they meant in the old days by the demonic. If you had a demon it meant you were not in control of your own life, that something else was controlling your life.

What we have here now is the elevation of the free market to the level of the demonic. We cannot control anything. We want to have a decent drug system in this country, generic drugs. We cannot do it. That would get in the way of the free market and intellectual property rights. We would like to have our own culture and protect it through split-run magazines, but we cannot do it. That would get in the way of the free market. The list goes on and on.

Soon it will be, we would like to keep our water and not export it to a country that is irresponsible in its use of water, like we ourselves are but nevertheless, we cannot do it. It will be NAFTA and free market principles that will keep us from doing that. The list goes on and on of the ways in which we have ceded the power that we should rightly hold individually and collectively, politically, over our own lives to this thing that we call the market.

That is what this bill is about and what many other bills that come before this House are about. That is why the NDP is against it.

Mr. John Bryden (Wentworth—Burlington, Lib.): Mr. Speaker, I listened to the member opposite. He brought up the issue of the Tobin tax. I have to say it is terribly typical of members of his generation in this House who talk about issues long on sentiment but very short on practicality.

Yesterday we passed a private member's motion with respect to supporting a Tobin tax, which is a global tax on financial transactions. I have to say that many of the members on my side of the House supported the motion. I did not.

I did not because anyone should realize that the only way this financial transaction tax can ever work is if every country that has a financial transaction market gets on side, everyone. The United States, Europe, the Cayman Islands, everyone has to get on side otherwise the money, the transactions will just flow to wherever there is no tax.

I suggest to the member that here again we have a do good notion that raises expectations. Just as the member said, it is such a great thing, it will solve the world's problem, but he ignores the fact that it can never be implemented. We in parliament should be dealing with issues that are possible with things that can be done, not with simple dreams that look good in the public and perhaps will win the member a few votes. That is not where we should be at.

Mr. Bill Blaikie: Mr. Speaker, I suppose the member is free to say what he just said, but the record should be clear that what he said obviously applies to 95% of his own caucus. They voted for that particular motion by my New Democratic colleague. It was

not my motion. It was the motion of the member for Regina—Qu'Appelle.

• (1655)

What if we took that attitude toward everything, that it cannot be done, that it cannot be done until everybody does it? There is some truth in that. We are talking about an international tax. We understand it is not going to have the effect we want it to have if only Canada does it.

We are talking about Canada showing leadership in international fora, trying to get such a tax to be imposed not just by Canada but by other countries. The member has set up a straw man and then conveniently knocked him down. Unfortunately for him, I am not a straw man.

I never said it would solve everything. I never said anything of the kind. I said it would be a step forward in trying to set up an international financial system that was not driven by the greed of international money speculators. If he is for that, good for him. He should go out and get a job as a PR agent for the money speculators. As for me, I would rather drive them out of the temples.

Mr. Paul Szabo (Mississauga South, Lib.): Mr. Speaker, very briefly for anybody who might be following the debate, the motion dealt with by the House last night was to consider the advisability and in fact to study, not to approve a tax and to move forward with it. Obviously, this needs a starting point. I wanted simply to clarify that. I am sure the member would also want to confirm this is a starting point for consideration of the advisability.

Mr. Bill Blaikie: Mr. Speaker, that is the way all motions read, but we all know, in spite of the fact that they read that way, politically they are taken as approval of the idea that is contained in the motion.

That is why the government so very often resists motions. If the government were to take the member's comments, technically speaking the government should vote for everything because it is only considering the advisability of it. But the government does not vote for everything. Some things it does not want to consider the advisability of because it is against them. When we get to the point that the government wants to consider the advisability of, this is a step forward and should be recognized as such.

Mr. Bryon Wilfert (Oak Ridges, Lib.): Mr. Speaker, I do not know whether the discussion has now moved back to the Tobin tax, but I was very interested and I did support that. It is a step in the right direction.

I listened to the member with some interest. Unfortunately, for me, the member paints a very gloomy picture of the state of the

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nation-state as we move into the 21st century. If we look at the works of Joseph Frankel or Hans Morgenthau on the role of the nation-state in the international system, what we have seen is that over the years the nation-state has become more important particularly in terms of its relationship between the citizens and government.

In listening to the member, the member gives me the impression, and hopefully it is a wrong impression, that we as parliamentarians and indeed as a government are losing our ability to act on the international stage. Certainly anything which would infringe on an issue, whether the issue is water—and I certainly concur with my colleague across the way about the export of water—one of the things we have to be very careful about in Canada is the loss of sovereignty both in economic and political terms.

I just want some clarification from the member with regard to the picture he was painting. Does he feel that we have lost our ability, again in dealing with this bill, to serve our citizens? Will we become not only slaves to the market but to other international organizations to the point that we might as well just close up shop, because at the end of the day it will be those international bodies, both in an economic and political sense, that really will be dictating our future?

Mr. Bill Blaikie: Mr. Speaker, yes, I was painting a very gloomy picture. I do feel that parliament has a lot less power than it had certainly when I arrived here 20 years ago this May. A lot of the power that parliament had in 1979 it has since ceded through various international trade agreements, depending on how we want to describe it, either to the marketplace or to the culture of those particular international organizations.

• (1700)

I am talking particularly about the WTO. Things that this parliament has done have been literally struck down by these international organizations. The member from Kamloops was talking about the MMT decision. Thanks to the investor state dispute settlement process in NAFTA, we now have a situation in which various decisions taken by governments can be challenged by corporations in the courts. Governments are suffering what is called the chill effect, that is, they are very reluctant to move on certain environmental matters because they may be sued in the courts.

I already mentioned the drug patent and property rights thing and the split-run issue. There is a long list. I say to the hon. member that there is a long list of things that parliament can no longer do. We in this place have lost a lot of power, not just to the international marketplace. We have lost it to executive federalism. We have lost it to the charter of rights. We have lost it in at least three different ways. We have lost it to polling. We have lost it to the media.

There is a lot to be gloomy about as parliamentarians. I think we should be concerned and I do not think we should puff ourselves up with a sense of false importance. We should be concerned about how unimportant we are in this place and about how many decisions that used to be made in parliament are no longer made here, for a variety of reasons.

I was concentrating on those national economic decisions that used to be made in this place but which now cannot be because of the free trade agreement. I cite a recent speech by the member's own former leader, Mr. John Turner, former Prime Minister of Canada, who spoke in the Canadian Club of London in January.

I circulated a copy of that speech to every Liberal member just a week or so ago and I recommend to the member that he read that speech by Mr. Turner. It certainly does not read like anything that anybody in this Liberal government has ever said since they were elected in 1993. One of the reasons why we do not have the power we used to is the total betrayal by the Liberal Party of the position it took on the FTA in 1988 and on the NAFTA in 1992.

If there is something to be gloomy about, most of it can be attributed to that betrayal. At least the Conservatives had the decency to run on the free trade agreement. At least you always knew where the Tories were coming from. They were coming right at you with a machete.

These people say one thing and do another and they continue to behave in that same deplorable way. I feel a little gloomy about it. I have a lot to be gloomy about when our country is run by a pack of people like the members opposite, who say one thing and do another.

Mr. Scott Brison (Kings—Hants, PC): Mr. Speaker, I enjoyed the spirited discussion between the member for Winnipeg—Transcona and the members opposite. When I hear the member for Winnipeg—Transcona, I have a great deal of respect for him. This House is a better place due to his presence. As he was saying, he has been here for 20 years.

One of the things I respect about the New Democrats, even though I disagree with them on particular issues, is their consistency on these issues. There is a set of core values. Even though I disagree with them fervently on a number of them, it is like the quotation that was falsely attributed to Voltaire: "although I disagree with what you are saying I will fight to my death to protect your right to say it".

I will also say that the member for Winnipeg—Transcona has a terrific oratorical flair. I guess that comes from his time in the clergy. He makes me very proud to be a member of the United Church of Canada. If he ever decides to leave this political life and re-enter the clergy on a full time basis, I would probably move to his community just to hear him on Sunday mornings. He is a terrific orator even though I disagree with an awful lot of what he says.

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The legislation before us today on the liberalization of the regulations for foreign banks in Canada is a very important piece of legislation. It is part of Canada's compliance with the WTO agreement on financial services.

• (1705)

It is also part of an ongoing trend, a global trend of significant changes in the financial services sector and in every sector. Much of this change that is occurring is technologically based. For instance, in the financial services sector and in the banking sector, many of the changes have been developed through technology. There has been the death of distance as a determinant in the cost of telecommunications. There have been the advent of the bank machines and the automation in banking, which have changed and revolutionized banking.

Some would say, and there is some credence to the argument, that it has depersonalized banking, that it has made banking services less friendly, that there are not as many tellers in the communities. Others are saying that in fact there are some positive developments: we can now withdraw money at a grocery store with a bank card, which effectively makes a grocery store like a bank, to a certain extent, due to the fact that we can withdraw or deposit money.

One of the members opposite in the Liberal Party says this can be done at liquor stores too. I do not frequent those establishments, but I certainly would not speak judgmentally of anyone who does.

In any case, the fact is that there are many changes occurring in terms of trade and commerce and there are changes that are technologically driven.

In the banking sector, we have seen a great deal of merger activities around the world over the past several years. This week there were announcements coming out of Italy, where there has been significant merger activity. There has been activity in Switzerland and in the U.S. Banks are getting larger, partly to develop economies of scale in order to afford the types of technologies necessary to be competitive in the global environment.

In the Canadian banking sector, one of the difficulties that has occurred over the past 50 years is that there has not been enough competition in the Canadian banking sector, particularly in terms of lending to small business.

I spent some time living in the U.S. One of the things I noted when doing business there was that the banking sector was far more entrepreneurial. For instance, if you lived in Maine and were turned down as a small business person by the Bank of Bath, one could go to the Bank of Bangor. If one lived in Georgia and were turned down by the Bank of Loganville, an actual bank that has been there for about 150 years, one could go to the Bank of Snellville, an actual bank in Snellville, Georgia.

In Canada, the banks used to do something called character lending, which was very positive in some ways. They would lend to people because they knew them and trusted them. They knew they would get their money back, regardless of the financial situation. Banks stopped doing that a few years ago. Effectively it is all ratio lending in Canada now. If we do not match one bank's ratios, we do not match any of them. It is very difficult for small business to attain financing.

We do need to move to increase competitive factors in Canada in the banking sector, in particular to improve lending to small business. In this legislation, the government has made a baby step to address this. Having more foreign competition in the Canadian banking sector, for instance creating more competition in small business lending, will help somewhat. The fact is even before this legislation we have seen players like Wells Fargo introduce services in Canada. In 1997 Wells Fargo had about 10,000 customers in Canada. By 1998 that had grown to 120,000. Much of that is in small business lending.

It is occurring and the competition is growing. We would argue as well that part and parcel of the government's response to the MacKay task force recommendations should be that we allow the credit unions to compete more directly with banks. Changing the co-operatives act to allow credit unions to compete directly with banks would help as well.

It is very important that while we do these things to allow more competition in Canada we do not do things that hurt the Canadian banking sector too much. It is very easy to pick on banks. It is like picking on politicians. One of the nice things about the bank merger discussions was that there were a lot of bankers in Ottawa and they made politicians feel more popular.

• (1710)

It is very easy for us to attack banks, but one thing we have to realize is that over 50% of Canadians own bank shares, either directly or indirectly through their RRSPs and pension funds. We have an RRSP policy that basically forces Canadians to invest 80% of their retirement savings in the Canadian equities markets or in Canadian investments, which represent about 1.5% of global equities markets. At the same time, it is hard to invest in Canadian equities markets without buying Canadian bank shares. They dominate the TSE.

We have to be careful that we do not, in the interest of short term political gain, make decisions that actually hinder the long term growth of Canadian retirement savings plans. All these things should occur as parallel initiatives.

I am looking forward to the government's response to the MacKay task force, which I believe will be a white paper—I hope it is not a whitewash—on the Canadian financial services sector.

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We are advocating greater competition in the Canadian financial services sector through more foreign competition and through changing the co-operatives act. It is important to recognize that more competition in the Canadian financial services sector and more efficiency in the Canadian financial services sector, with better services for Canadians, is a productivity issue.

I spoke earlier about small business. For small business access to capital is critical to growth and to getting started. That has hindered economic growth in Canada relative to the U.S., because, frankly, it is easier for a small business person to raise money in the U.S. than it is in Canada.

One of the strengths of the Canadian banking system is that we have five very strong banks that will never go broke. The fact that they never take risks with small business people is one of the weaknesses we have. There is a risk and reward question here.

The U.S. banking system is more entrepreneurial and does contain higher elements of risk, which results in more capital being available to U.S. small businesses when they want to grow and prosper. That does have a significant impact on our productivity in a competitive sense, particularly with our largest trading partner, the giant to the south.

This bill will help facilitate more small business lending. This bill will help foreign banks currently participating in the Canadian market to expand their operations. It will also help attract more foreign banks to initiate lending to Canadians.

During the bank merger discussions, some people who were opposed to the mergers said that foreign competition is really not a factor in the Canadian banking sector, that this was a red herring being used by the proponents of the mergers. The fact is that foreign competition has had and does have a presence in Canadian industry. It has not had a strong presence because the regulatory framework was not conducive to it or supportive of it. That had to be changed. It is changing. This is one step.

There are what I think are some reasonable arguments for the government to move quickly on liberalizing and allowing more foreign competition in Canada. At the same time, it is very important that while we increase foreign competition and allow more small business lending from foreign competitors, co-ops and others, we do not, by some shortsighted political decisions, handcuff Canadian banks or Canadians who are saving for their retirement with their investments in the equities of Canadian banks.

The types of decisions I am talking about can have a significant impact on the savings of Canadians. For instance, the gap between the Dow Jones index and the TSE has grown by about 500 points since December. Part of that had to do with the performance of the

Canadian banks in the past several months. Part of that had to do with the decision the minister made in December.

• (1715)

When Canadian bank stocks fall, it is not without an impact on the average Canadian, on ordinary Canadians who through their pension funds, mutual funds and union pension funds have their investments. It is very important. The fact is some of these decisions by this government do threaten the future standards of living of Canadians.

For instance, since 1993 the Dow Jones in the U.S. has grown by about 180%. In Canada the TSE has gained by about 60%. Wealth being a relative thing, we have to realize that if our largest trading partner is getting richer, we are getting poorer. When it gets richer, the price of goods and services due to competitive factors actually will increase and we, as Canadians, can less afford to have them.

I believe now the best selling car in the U.S. is the Toyota Camry and the best selling car in Canada is the Honda Civic. I believe that is the latest factor. I would think that if the government is in much longer the best selling car in Canada will be perhaps one of the old Austin minis or maybe it will be a bicycle.

We have to be very careful because with public policy the law of unintended consequences can wreak havoc. When we do not really realize it, sometimes the decisions we make here can really have a tremendous impact on Canadians.

One of the things we felt very strongly about and we were not in support of was the bank mergers. What we were in support of was the government's using an opportunity that it had from the merger proponents who were seeking approval for something to engage in a discussion and negotiate on behalf of Canadians, to stand up for Canadians and to get from the banks commitments on things like a reduction in service charges, more customer service staff, continued service to rural Canada, creation of new banks for small business lending, increased bank branch access and that sort of thing. Those are the types of things that are very important to Canadians.

There was a *Maclean's* poll done in November that indicated that 53% of Canadians were opposed to the mergers based on the information they had. Some 57% said they would be supportive if the government were to negotiate commitments from banks and the banks were to make specific commitments on particular areas.

The fact is that the MacKay task force actually recommended making these commitments legally binding so that the banks would have to make good on these commitments. It could not just be a marketing ploy. They would have to actually keep the commitments or ultimately directors would end up going to jail or facing legal penalties.

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What was interesting was that during that process some of the bank merger proponents, for instance the Royal Bank and the Bank of Montreal, said they would reduce service charges by 10%. They would increase customer service staff and they made specific commitments in numbers. They would continue their services to rural Canada.

For instance, they committed to doubling their small business lending. I believe it was from \$25 billion to \$50 billion. That is \$25 billion more for the Canadian small business sector as a result of this and a new bank for small business.

One of the terrible things about being in small business, particularly in small town Canada, is that they change the bank managers every few years. We just get to know one manager and then they switch him or her. It is a real problem. That was one of the things they were willing to address with a small business bank where they would keep people in the same area for longer and it would create better relationships. I think that a lot of that stuff was positive.

Unfortunately we kind of lost our opportunity to get these commitments because we sort of shut the door before the negotiation even began. Now we are seeing banks closing branches. It is happening all the time. Last week in Nova Scotia I believe two communities lost bank branches, their only bank branches. We are seeing on an ongoing basis services threatened.

• (1720)

Right now in some ways the banks are trying to do the right thing because they have a responsibility to their shareholders and when they were willing to make those kinds of commitments the minister kind of shut the door. I hope the minister has not made a shortsighted decision that would prevent Canadians from having received the best possible banking services that they could have achieved and at the same time not necessarily handcuff our banks. We will see how well that decision ages.

I suggest that the Dominion Bond Rating Service's downgrading of the Canadian banks a few weeks ago is one of the indications that the minister's decision was a little shortsighted.

Unfortunately when that kind of downgrading occurs it means that for Canadians there will be higher borrowing charges ultimately for banks. The cost of the banks' money for capital goes up. The banks will pass that on to consumers. When Dominion Bond Rating Service downgrades the Canadian banks and the cost of capital for the Canadian banks goes up that means for Canadian consumers the cost of services will face increased pressure and interest charges will face increased pressure. The effects could be quite significant. I am quite concerned that we in the future study these issues as parliamentarians and do not just make shortsighted decisions that

may be politically expedient in the short term but in the long term are very deleterious to Canadians.

On the legislation to reduce the regulatory impediments to foreign banks in Canada we are supportive of this direction. We believe that if we are serious about increasing and improving competition and services for Canadian consumers as a parallel initiative we need to ensure greater access to the markets by foreign competition.

We believe there should be greater efforts by the government to make it possible for more domestic competition to grow through changing the co-operatives act so that the credit union can compete with banks or through what the MacKay report suggested in terms of changing the ownership rules such that small banks could actually start up in Canada as long as they meet the safety and soundness regulations of OSFI. We could actually see more small banks start up for instance by changing the ownership rules.

All these things have to occur quickly. The government has had since 1993 full knowledge of the global competitive forces in this very important sector and has sat on its hands for a long time not doing a whole lot. There were two things that pushed the envelope. One was the WTO financial services agreement that the government signed on to. The other was those proposed bank merger announcements. It kind of pushed the envelope and brought this debate forward.

Unfortunately it is another example of where the government only deals with these complex long term issues that are on the horizon when they are directly in front of the government and they have reached a crisis proportion. We need to develop these issues or these policies a lot more quickly in response to issues not as they evolve today but as we see them evolving tomorrow and well into the future and into the next millennium.

Mr. John Bryden (Wentworth—Burlington, Lib.): Mr. Speaker, I congratulate the member for Kings—Hants for his excellent speech which in comparison to the New Democratic MP who preceded him was a full glass of thought versus an empty glass.

I draw attention to one item in his speech. He commented that in the United States banks much more aggressively chase small business. I suggest to him that part of this is because in the United States there is a whole galaxy of small banks. There is tremendous cutthroat competition and there are a great many failures in the United States banking system because there are so many small banks.

As he said, we enjoy because of our five banks much greater security in the banking system. The price we pay is less aggressiveness in terms of providing a competitive environment for getting the business of small business.

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• (1725)

Given that we have five large banks that should be competing for the small business and yet we feel they are not, not effectively, what makes him certain, and maybe he is not certain, these new foreign bank branches will competitively go after small business? Are the competitive incentives there?

Mr. Scott Brison: Mr. Speaker, I thank the hon. member for his typically erudite intervention. The foreign banks have, significant incentives in the Canadian market and there are opportunities. As I mentioned earlier, Wells Fargo in a one year period went from 10,000 customers to 120,000 customers. One of the ways Wells Fargo succeeded or is succeeding in Canada is by lending to small businesses and individuals with fairly wide margins, fairly wide spreads, for instance lending sometimes at prime plus four or five. A lot of small business people can go to a bank and the banks in Canada are reticent to that type of high margin lending because I think part of it is the political stigma of doing it. They do not want to be seen as loan sharks.

For a lot of small business people if they cannot get any capital they will pay a premium to get capital. Wells Fargo has discovered a niche in that area.

The differences between the Canadian banking system and the U.S. banking system have had a real impact on the growth of our economies. I read a study about 12 years ago that compared the concentration of wealth in Canada to the concentration of wealth in the U.S. In the early 1900s in Canada wealth was fairly concentrated with a few families. In the U.S. it was concentrated similarly, the Duponts, the Kelloggs, the Vanderbilts.

Since then in the U.S. wealth has become very much disbursed, whereas in Canada it remains fairly concentrated. This study was basically positing that the Canadian banking system had played a role in that because frankly it is awfully difficult in this country to get capital to grow our business without actually being a part of one of those families or knowing somebody who is or getting a guarantor. Banks are not that entrepreneurial.

I believe there is a significant market in Canada for more entrepreneurial banks if these foreign banks will pursue quite aggressively. I have heard from a number of constituents in small business who have been receiving letters from Wells Fargo. Probably every member of parliament has received letters from MBNA on credit cards. Maybe members of parliament typically do not receive those types of solicitations because we are considered a bad credit risk with no job security and that sort of thing. In any case, I think foreign banks will grow their markets in Canada because they will pursue them aggressively and smartly.

Mr. Ted White (North Vancouver, Ref.): Mr. Speaker, the hon. member mentioned a number of ways government actions can

cripple the activities of Canadian banks. That takes me back to the previous speech from the NDP member who was talking about the Tobin tax and how it would solve the problems of the world because it would get those nasty speculators.

It is true that the government side did vote for that Tobin tax last night. The only reason I can think for doing that is that it is a tax and Liberals like taxes. They voted for it because it is a tax. There simply was not any logical reason to do it.

An NDP speaker earlier was talking about how these dreadful speculators had to be stopped. If there is one way to cripple our Canadian banks it is to introduce a Tobin tax and remove from their possession all the major international transactions and the major corporate business that would be going on. It would all be transferred to different countries.

When I came to Canada 20 years ago, 1979, the Canadian dollar was worth more than 90 cents U.S. Today it is down to about 67 cents U.S. I ask who caused that. Overspending, overtaxing, oversized government caused that. It did more damage than all the speculators we could name.

Can the hon. member think of any case, any example where speculators did more damage than overspending, overtaxing, oversized government?

• (1730)

Mr. Scott Brison: Mr. Speaker, to explain the government's position on this, the Minister of Finance has been very busy lately. He has had a lot of things on his plate. He has this leadership thing coming up and everything. He was walking along one day and one of his staff asked what he was going to do about this Tobin tax. I think the minister thought it was a Tobin attack. He was thinking of the premier in Newfoundland and he said, "I support any attack on that guy because he is going after the same job I want" and ultimately this changed things very quickly.

On the issue of speculation, the southeast Asia meltdown occurred partially because governments were operating monetary policies that were inconsistent with their fiscal policies. They had pegged currencies, and that could exist only for so long. The speculators saw a huge opportunity. The only time there is a huge opportunity for speculators to make a lot of money is when governments operate fiscal policies inconsistent with monetary policies, and that is not sustainable anyway.

Effectively, if the speculators had not done what they did in southeast Asia, it is kind of like someone who is injured and is lying on the sidewalk bleeding to death. The difference would be getting hit by a bus and being taken to the hospital as opposed to lying on the sidewalk and slowly bleeding to death. Those economies ultimately were not sustainable with that.

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The way that kind of speculation occurred, sometimes can be considered to be very negative. The other kind of speculation that occurs every day and is an operating mechanism for floating exchange rates is not a negative speculation. Even the Prime Minister who calls the speculators the guys in red suspenders would probably agree that it is not so bad.

The bad thing about a Tobin tax is that it would punish the good speculation, but would not inhibit the bad speculation because the margins on the good kind of speculation that we need if we are going to have floating currencies, or floating exchange rates, are minute. The margins are very small. The Tobin tax would discourage that, but it would not stop the Soros type of speculation because the margins are so big.

The only way a Tobin tax would ever be able to work is if every jurisdiction in the world signed on. Even if we had every OECD country sign on, and for instance a Singapore or a Cayman Islands opted out, we would be creating havens there or increasing the level of tax havens those countries would have. With the death of distance as a determinant in the cost of telecommunications, we cannot afford to do that to our Canadian financial services sector because there would be an exodus.

The other issue is these new financial instruments. For instance, derivatives have become so complex that they cannot be traced. It is almost impossible. One of the issues we have in terms of safety and soundness issues in Canada is how the heck can OSFI which is already overburdened deal with all these financial complexities in the global environment, plus the complexities in the instruments?

Look at what happened in Orange county, California. I think the treasurer of the county was actually a hero for years because he had been investing in derivatives and making copious quantities of quid on behalf of the people of Orange county. Ultimately, when the derivatives he was participating in went down, Orange county faced bankruptcy.

It is very difficult and we have to be very careful to watch those kinds of things. When there are failures, those are not failures of speculators; those are failures of regulatory authorities within our countries.

Mr. Paul Szabo (Mississauga South, Lib.): Mr. Speaker, I wanted to ask a question of the member for Kings—Hants. Since the time has expired, I want to put on the record a couple of points which he may wish to consider.

With regard to this debate, one of the important areas that has not been discussed as much as it probably should have been is the whole issue of consumer protection. Members and Canadians should know that the government is working on a consumer protection package, particularly with regard to issues such as coercive tied selling and other business practices of the banks. Canadians need to understand better what their rights are and what

the situation is with regard to their options within the financial services sector. I wanted to make that point.

• (1735)

The member for Kings—Hants also spoke, as many members did, about the access to capital issue for small business. There is no question that this is an important area. Canadians want to know that the accessibility issue is going to be addressed, and that foreign competition is going to provide some additional competition and access to capital.

The member for Kings—Hants gave a speech with regard to the small business sector, which was very much reminiscent of what Brian Mulroney spoke about in this place when he introduced a \$100,000 lifetime capital gains exemption. The whole discussion was with regard to how we could put some incentives for Canadians where they could start to invest in small business and get a tax break by doing that.

The flaw and the big flaw of the Conservative government of the day, and I recall raising it with the then leader of the Liberal Party, John Turner, was that there was no grandfathering of the provisions. In other words, the capital gains exemption was applicable not just to gains that would be earned on investments made from today forward, but they were eligible even for holding gains, gains that people had made on investments and other assets that they had held from wherever.

When capital gains taxes did come in, there was a V-day, a valuation day on which any gains or appreciation in the value of investments and assets were not going to be captured under a capital gains provision. There was prospective legislation so that capital gains tax would only be applied on gains from the point at which the tax was brought in to the time of disposition or deemed disposition.

If members are very serious about access to capital issues, they also have to be very realistic about the risks that face lenders when they are dealing with small businesses. When there is a smaller capital base, when there is less ability to take that financial hit, there is a risk premium associated with it. That is one of the contributing factors to small business.

Certainly the other is that most small businesses are not having difficulty getting capital for capital expansion purposes where there would be collateral assets for the loan. One of the biggest problems they are having is with regard to getting working capital loans. This is where businesses need the cash flow to finance their receivables, their inventories and their general float of cash requirements.

Capital gains taxes and the lifetime exemption have gone away now. They have been basically eliminated except for those who have made declarations that were permitted when it was phased

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out. Maybe it is time we reconsidered some sort of a tax benefit or a capital gains exemption for small businesses, where equity investments made in small business would get the kind of support from the taxpayers of Canada who pay for all tax expenditures, to the extent that we could stimulate the investment in small business equity financing. Canadians would have an opportunity to support the biggest job generator sector in the country, that being small business.

I wanted to raise those issues because as we deal with legislation, whether it be opening up the foreign banking and amending the Bank Act et cetera, there will be many complex issues and collateral issues to deal with.

For instance, Wells Fargo is in the business of electronic banking over the Internet. It does not pay tax to Canada on profits because it is not resident here. It has no physical building that it is a resident in Canada and has to register that company. In fact, it has an arrangement with Revenue Canada whereby when it pays interest to the depositors of Wells Fargo for instance, a withholding tax on payments made to non-residents would have to be remitted.

There are some significant anomalies or challenges to be addressed in terms of the banking sector.

• (1740)

The MacKay task force report obviously has raised a number of important issues. I think the member from Kings—Hants well knows that the finance committee has not finished its job. In fact, we have just started our job with regard to assessing how we can continue to promote consumer protection and consumer confidence in the banking sector, regardless of whether it is provided domestically or through foreign bank facilities.

Mr. John O'Reilly (Haliburton—Victoria—Brock, Lib.): Mr. Speaker, I hate to let the member for Mississauga South off the hook that easily. He has not given a complete speech. I would like to have his comments on a couple of the items that were mentioned by the member for Kings—Hants and the member for North Vancouver.

The member for North Vancouver has indicated how bad the Canadian dollar is and that his native country, New Zealand, is so much better because of its political system. Actually this afternoon a New Zealand dollar can be bought for 65 cents Canadian, so that should be on the record. The actual parliamentary system in New Zealand has almost collapsed because of MMP.

I wonder if the member for Mississauga South could comment on the assault right now on the Canadian public and the almost misleading advertising from the foreign nationals that are trying to come in here, the foreign banks, Bank One and so forth. They are assaulting Canadians with massive credit card applications. Almost nothing is required to get on the list. The lists are sold to them by veterinary clinics and all kinds of organizations.

My dog received an application for a MasterCard. I am sorry to say my dog probably has a better credit rating than I do. I sure hope there is never a big sale at the dog food store.

Could the member for Mississauga South comment on those items?

Mr. Paul Szabo: Mr. Speaker, I thank the member for the question. I do not know his dog, but I am sure the member's credit rating is quite healthy.

One of the things we did learn of in the review of the MacKay task force report was the increasing control of the credit card business of the financial services sector by foreign banks. Our big five banks have basically admitted they cannot compete in the credit card business. Virtually all organizations now have their own marquee card. This is a very large business.

Our banks are dealing with the issues. They are not going to compete in an area in which others can compete through economies of scale, can provide services and are prepared to take risks which maybe are not very commensurate with the returns but they are still prepared to do it. Who knows what happens after this. That is why we have to be more vigilant in moving to expand our financial services sector.

Mr. Peter Stoffer (Sackville—Musquodoboit Valley—Eastern Shore, NDP): Mr. Speaker, today it was announced that 20% of Bell has been purchased by the Americans. The other day we lost the Canadarm from Spar to the Americans. The member for Winnipeg—Transcona indicated in a question a couple of days ago that almost \$63 billion of what used to be Canadian is now gone.

Would the member not agree that if foreign banks are allowed into this country, with the power and the size they have, they would eventually not only gobble up our own financial institutions, but also would intrude into areas of auto leasing and insurance? Would he not think that would not be a good thing for Canadians?

Mr. Paul Szabo: Mr. Speaker, it would be an interesting debate, but the member fails to realize there is a non sequitur here. It is not the foreign banks that are buying Canadian corporations; it is other corporations. Maybe if the member has another opportunity at a later date, he could phrase the question in a way in which it could be answered.

• (1745)

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

Some hon. members: Question.

The Deputy Speaker: Pursuant to order made earlier this day, the question to dispose of the second reading stage of Bill C-67 is deemed put and a recorded division is deemed demanded and

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deferred until Tuesday, April 13, 1999, at the expiry of the time provided for Government Orders.

It being 5.45 p.m., does the House give its consent to proceed with Private Members' Business at this time?

Some hon. members: Agreed.

PRIVATE MEMBERS' BUSINESS

[English]

TRANSIT PASSES

The House resumed from February 8 consideration of the motion.

Mr. Ken Epp (Elk Island, Ref.): Mr. Speaker, once again we have an opportunity to debate an issue of considerable importance put forward by the member for Kamloops, Thompson and Highland Valleys.

The member has put forward an interesting motion. He is proposing that we influence human behaviour by the manipulation of the tax code. The member is saying that if we want a person to do *a*, then we tax that less and the person will do *a*. If we do not want the person to do *b*, then we tax that more and *b* will happen less often.

There is a deep philosophical question here: To what extent are governments justified in using the tax code to manipulate behaviour?

In this particular case the argument is fairly strong that this may be a valid use of the tax code. The proposal is that if employers want to provide a benefit for their employees they can do so by providing them with free transit passes in the various urban communities of our country. In return for that the company will presumably use the benefit as a tax write-off because it is a part of doing business. On the other hand, the employee would receive it as a non-taxable benefit. That is the way I understand the motion.

Immediately when we look at this we can see that these are pretty laudable goals. It forgoes a bit of government revenue, but one can immediately turn around and argue that it saves a lot of government expense.

It helps us to meet our emission goals. It helps the environment, presumably, by reducing the number of vehicles on the road. Instead of having 100 vehicles with one person in each, we may have two or possibly three buses to haul the same number of people. If we ignore the black smoke that comes out of the diesel buses, then we have made an environmental gain. Certainly we have made a gain with respect to the amount of road infrastructure

required, since 100 cars require more road space to move the same number of people per hour than a couple of buses on the same road. This looks like a good, laudable motion which has been put forward.

However, I have a few problems with it. They are not serious problems, but I have a few problems with this whole idea. I have a prior aversion to using the tax code to manipulate human behaviour.

When I lived in Edmonton I took the bus to work. I am one who thinks it is important to do our part environmentally. I know members will appreciate this. I could hardly wait until spring so I could ride my bicycle to work and did not have to use the bus any more.

• (1750)

I was a real pioneer in this area because I rode my bicycle to work, a total of some 6.8 miles, and I rode it before there were bike racks. I was the only one and people looked at me as if I were still a child because only children rode bicycles in those days.

However, I found it very convenient. It was an excellent physical workout. It was, except if a guy rode too close behind me, essentially pollution free. It was very enjoyable to be out in the fresh air. I always felt very good making my contribution to reducing the amount of pollution and the rate at which we were using up our non-renewable resources. I always thought that was a worthy goal. When I speak the way I am now, being in at least tentative favour of this motion, I am simply carrying through with the commitment that I have had for a long time.

I do not know how many millions of dollars we spend as taxpayers building roads and bridges. In fact, between here and the airport in Ottawa, in the last two or three years, the road was constricted while they were extending it, adding another lane to one of the bridges. It must have cost millions of dollars.

I am annoyed at that because when I look at the traffic on that bridge not only are there very few buses, not only are there many single passenger vehicles, there are thousands of vehicles with only a driver.

We have an insane rule which says that only those who pay the money can actually go to the airport to pick up passengers. So every taxi that takes a passenger to the airport is not permitted to pick up a passenger and bring one back. Therefore, half of the cabs are going empty in one direction and, of necessity, the others are coming back empty.

Just by the stroke of a pen we could have changed this and saved the taxpayers an awful lot of money, and basically cut the amount of traffic on that road in half.

I would have changed it so that at least the cabs would be permitted to take passengers both ways. In fact I might have even gone so far as to say it was required. But that is too much common sense for a government town, Canada's capital.

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In principle the motion contains some very worthy goals. There would be a reduction in the amount of taxpayers' money required to build roads. It would certainly make a contribution to the reduction of pollution. However, I have a bit of a problem with respect to the application of it. As I said earlier, there are many people who either cannot use public transportation because of their location or, in some cases, because of the nature of their work.

Therefore, this would become a tax break to only one group of people, and I am a strong advocate of saying that everybody in this country needs a tax break. I would like to see tax breaks or tax reduction on a large scale because we end up having approximately half of our income confiscated by the various levels of government in this country. Every dollar that our citizens earn is cut in half. They get to keep only half of it.

I have mentioned before in the House that when I was a young man and we had a young family we decided that my wife would be a full time mom. In order to make ends meet, as expenses went up, I took an evening job teaching night classes. I used to teach Tuesdays and Thursdays. I always said that Tuesdays I worked for Trudeau and Thursdays I worked for my family. It was pretty well a 50:50 split on my incremental income. We are overtaxed in this country.

When the motion was proposed to have public transportation provided to employees without making it a taxable benefit I liked that. However, I would like to see that principle expanded and broadened in a very major way to apply to the millions of Canadians who are overtaxed in a very great way.

The other problem that I have is with respect to accessibility.

• (1755)

For many years now my wife and I have lived approximately 20 miles from the nearest bus. I know I need the exercise. It would be good for me to walk to meet the bus I am sure, but it would take quite a big bite out of my day. As a matter of fact, after we moved out into the country I had been riding my bicycle for many years and I was in fine condition. I put over 4,000 miles on my bicycle just driving it to work and back. I decided to drive my bicycle to work from our new country place, but unfortunately it took me two hours each way and I just could not spare four hours.

Perhaps we should be looking at that as well. Perhaps we should look at ways in which we can encourage our citizens to walk and to use bicycles. From a physics point of view, the bicycle is the most efficient form of transportation.

I regret that you are giving me the signal, Mr. Speaker, because I am just getting warmed up. However, I do appreciate this member's motion and I think that we should probably support it.

Mr. Peter Stoffer (Sackville—Musquodoboit Valley—Eastern Shore, NDP): Mr. Speaker, it gives me tremendous pleasure to rise in the House on behalf of my most hon. colleague from Kamloops, Thompson and Highland Valleys who has introduced this motion.

I should say for the benefit of all those listening that when this member, with close to 20 years of parliamentary experience, brings forward a motion, we can guarantee that it is a good one and well thought out. With minimum debate we should support it because he is such a great member. In fact, this member is so highly respected in the House that I expect to see a statue of him when he retires so I can come by and remember him every day.

We are discussing Motion No. 360 which would make employer provided transit passes an income tax exempt benefit. This is probably one of those motions in the history of the House of Commons where it is a win win win situation for absolutely everyone.

Millions of Canadian children every day go to school on a bus and return home on a bus. However, when these kids get older, what do we teach them? To drive a car. They forget about transit services and the fact that they have been riding a bus for the last 10 or 12 years. Now they are going to drive a car. It is absolutely insane that they stop using the bus once they finish their schooling.

By the year 2000, 80% of the Canadian population will live in urban areas with access to public transportation. Our trade minister said this in Ottawa in 1997. By increasing public transit use, all transit users will benefit: lower income families, women, students and the elderly. By increasing transit revenues and service, all taxpayers benefit from health care savings, infrastructure cost savings, and so on. Very few tax policies impact so favourably on so many people.

The other day in Nova Scotia the gas companies, in their relentless attack of greed on the people of Nova Scotia, raised the price of gasoline by 6 cents a litre. It is absolutely abominable that these corporations can get away with that.

I always say that the best way to get back at these corporations is to use the transit services. More people would love to ride the buses, but unfortunately in many areas, as my hon. colleague from the Reform Party has pointed out, there is no access to transit services.

Many employers would love to give this benefit to their employees. One of the reasons they would love to do that is that it makes a happier employee. They do not have to worry about getting into their car in the morning. They do not have to worry about finding a parking space. The employees would save a tremendous amount of wear and tear on their vehicles.

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We would also, as a community of communities, save a tremendous amount and actually get to fulfill a promise now and then. This government could actually fulfill a promise, many of which it has broken. It could meet its commitments to the Kyoto agreement. It would be an absolutely wonderful thing for our environment.

When building new infrastructure in cities we would not have to build massive parking lots, which are always ugly. I do not think I have ever seen an attractive parking lot. I have been through a good part of this country and I have not seen one yet.

• (1800)

We have been getting a lot of occurrences of road rage. In areas like Vancouver, for example, every hour is rush hour. As my colleague from the Reform Party said, from here to the airport, 95% of the vehicles have just one driver. They then put in an exit sign to Red Hill Road or whatever it is and there are huge lineups. I have even missed a plane because of it. It is insane. There should be rapid massive transit in this country, especially in areas like this, but of a more frequent nature. That would benefit all of us.

It would also be a drastic decrease in our dependence on fossil fuels. We would not have to destroy the planet. Maybe we could actually leave something for our great-grandchildren. They would know that we did not have to burn every fossil fuel just so we could make it easy for ourselves to get from point A to point B. It would also bring a lot more safety to our streets.

Unfortunately, in Halifax, for example, there is an increase in incidents of people being hit at crosswalks. I noticed it here when walking from the hotel to Parliament Hill. A lot of people just narrowly miss getting hit because people in their vehicles are in a rush to get somewhere. I watch people get off the buses and they are happy and generally more easygoing because life has been good. They sat down and read a book or spoke to their colleagues in the morning. They are much happier employees. I believe most employers would honour this type of motion.

I should put in a plug now for all the transit workers in this country who wholeheartedly agree with the member for Kamloops, Thompson and Highland Valleys that this is an excellent motion. It would create employment in the transit field. It would also help out our elderly, those who are disadvantaged and many of our students who cannot afford to get from one area to another, who could then spend the money they have on more important things like their books or tuition. Maybe they could even go and have a glass of beer now and then. Who knows what students do these days? We would have to ask the pages.

If this motion is passed this House will have shown a terrific responsibility toward the future of this country and toward all citizens by showing leadership, the leadership that

the member for Kamloops, Thompson and Highland Valleys has just displayed by bringing forward this motion.

I am very happy to hear that our colleagues in the Reform Party will be supporting it. I understand that our colleagues from across the House may be supporting this motion as well.

An hon. member: It is an individual decision.

Mr. Peter Stoffer: Exactly. It is an individual decision. We know that the hon. member has an awful lot of influence with the leader and many other members of his party even though he sits on the backbench like me.

I wish to concur with the member. This an honourable and very good motion. It would do an awful lot of good for this country. It is one that should get the unanimous consent of everybody in this House.

[*Translation*]

Mr. Clifford Lincoln (Lac-Saint-Louis, Lib.): Mr. Speaker, I would like to begin by congratulating the member for Kamloops, Thompson and Highland Valleys on his November 4, 1998 motion. It is as important as it is topical.

In fact, greenhouse gases represent one of the greatest challenges facing the planet for the next 100 years. They cause adverse climatic changes affecting all nations, not just Canada, but every country in the world.

In Canada we have quite a challenge ahead of us. We undertook in Kyoto to reduce our greenhouse gas emissions by 6%. We were already over 13% behind target. We will therefore have to reduce our greenhouse gas emissions by 20% over the coming years.

Transportation generally accounts for one quarter of all greenhouse gases. If we can concentrate on the issue of transportation and public transit, together we will make a huge contribution to the debate on climatic changes.

In fact, public transit has become a key issue. In all our urban centres—whether larger centres where the problem is even more serious, or smaller ones—all our roads today are completely clogged with traffic during rush hour.

• (1805)

North Americans have a real love affair with automobiles. But, more and more, urban stress, the stress of taking one hour and sometimes two to get to work in the morning, is beginning to get people thinking about the whole issue of public transit.

[*English*]

We have to provide them with a means to be able to shift from the personal automobile to massive public transport, because, as I mentioned, the issue of public transport is closely tied to climate change.

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Under the climate change secretariat, the government has set up 16 issue tables that are looking at all the various questions, including transportation and fiscal and economic incentives. The various stakeholders, the federal government, the provincial governments, the municipal governments and Canadians at large, have joined these issue tables. Therefore my colleague's motion is timely and topical. The issue tables are going to report in the fall. It is important that we consider the question of mass transit, of providing tax benefits for transit passes.

It is interesting to know that in 1993 a study by the U.S. General Accounting Office showed the drawbacks and benefits of a tax transit program. In the drawbacks, is the whole question of cost, of whether we should give tax exemptions for this particular program or another particular program. It seems from the study that the benefits far outweigh the downside. Out of 150 U.S. federal agencies, 75% now have a transit benefit program. Among those agencies, which represent thousands of employees, the people who are using mass transit are encouraged to continue to do so. In that crucial 25% of agencies, where the employees use personal automobiles to get back and forth to work from large urban centres, the transit benefit pass system showed that nearly a quarter of them shifted from using personal automobiles to mass transit.

The study showed that if the program shifted from half of the federal agencies to all federal agencies, if it shifted into the private system and if tax benefits were given to corporations to encourage workers to take mass transit, we could wean at least 50% of the total personal automobile population from private transit to public transit.

What a tremendous goal, for all kinds of reasons: the declogging of our roads, the reduction of pollution in our cities and in all our centres of population, and the social benefits, especially the health benefits.

This motion is timely. It is important. It has to be carried out. It is an incentive for the government, as the issue tables are now in place and are discussing these various subjects, to pick up the motion, which I hope will be supported the great majority of members of parliament, and to give more momentum to the benefits of transit passes.

I believe that all of these various issues that touch on the environmental question are not just environmental issues. They are also cost cutting issues. As I mentioned, they touch on health side and the social side of our lives and on the economic benefits as well. As a country, one thing we never do is to add up the massive cost of keeping our roads in shape, especially given our climate, and of keeping our individuals in single driver cars day in, day out. There are massive costs to the country as a result of pollution and of road repairs, as well as social costs. These costs are never accounted for in our taxation system. We should put back some of that money into a productive and constructive system of transit passes.

• (1810)

I believe the motion before us is a cost cutting issue that is a quality of life issue. It is fitting and propitious that it is before us today. We should consider with great seriousness the motion before us, both the pluses and the minuses. I think we are going to find that the pluses are going to greatly outweigh the minuses.

Again, I congratulate my colleague from Kamloops, Thompson and Highland Valleys for having brought this before us. I hope we support it with a massive vote when it comes up for a vote.

Mr. Gilles Bernier (Tobique—Mactaquac, PC): Mr. Speaker, I am happy to rise today to speak on this private member's motion presented by my colleague from the NDP, for whom I have great respect.

We will support this motion because this is a win win win situation. The only gamble the federal government takes is a potential loss of revenue which to my knowledge would be small. It is the responsibility of other levels of government and individual transit properties to market their services according to this new policy.

Revenue losses can occur only if transit properties are successful at encouraging businesses to participate. The impact of success on ordinary Canadians, economically, environmentally, and on our health, will be tremendous. Also, it is a real window of opportunity, because the balanced budget has increased the finance department's ability to examine and invest in new strategies that promote sustainable transportation practices.

This is a rare opportunity for the federal government to effect public policy at a local level. This tax exemption is one of the few financial instruments available to support transportation demands and management efforts and is one of the easiest to implement. This measure is supported by social, environmental, business, labour, health, transit, political and municipal organizations across Canada, representing a wide variety of interests.

Forest fires, floods, ice storms, cyclones, extreme temperatures, smog days, high UV reading days and children with asthma have opened Canadians' eyes to the dangers of climate change and greenhouse gas emissions. The tax exemption would be an immediate concrete action, proving that the federal government is serious about working toward a sustainable future.

It is a reality. The federal government is unable to meet its international obligation to reduce greenhouse gas emissions. Provincial governments are struggling with the high cost of health care due to pollution related illnesses. Municipal governments do not have the resources to maintain and expand transportation infrastructure. Canadians can no longer afford to support an indefinite increase in single occupancy vehicles and yet they have little incentive to use public transit.

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Transportation is the largest single sector source of Canadian carbon emissions, 32%. It accounts for 30% of energy used and 65% of petroleum consumed. In cities where public transit is available, 50% of transportation related emissions occur due to cars and light trucks. Only 10% of Canada's 9.1 million commuters use public transit. This was reported by Statistics Canada in 1994. Today the number might be a little higher, but I do not think it is really that much higher.

Support for this initiative continues to grow steadily. Encouraging the use of public transit is no longer viewed solely as a transit issue. It is a health issue, a social issue, a pollution issue, an environmental issue and an economic issue.

At a national level this proposal is a solid foot forward in the battle to meet our Kyoto obligations. It is a proposal that makes sense. It is cost efficient and has been proven to be an effective incentive in other countries, most notably the United States.

New riders are defined as those changing their primary commuting behaviour, but current riders were also found to increase their transit use by 25% to 30% after receiving transit benefits.

• (1815)

The bottom line is that single occupancy vehicle use is reduced when an employer provided tax exempt transit benefits. The same GAO report quoted by finance discusses the limitations of the report in following paragraphs. Employees surveyed were receiving an average of \$21 per month in transit benefits.

It should also be noted that because employers are not currently supplying transit passes except in some rare instances there is no existing revenue to be lost. The revenue can only be lost if the transit pass is substituted for taxable wages. All other revenue is not lost but forgone.

This is a huge difference when we look at the cost of other initiatives that may require immediate funding from existing budgets. This revenue that is forgone does not happen immediately but will be spread over many years as transit properties begin marketing these incentives.

Taxation is already effectively used to discourage some behaviour while encouraging others. We have taxes increased on alcohol and cigarette use, tax credits to all companies for land replenishing costs, tax reduction for charitable and political donations. This tax exemption is a proven incentive in the U.S. to use public transit.

Ground level ozone, the smog, has increased by 20% and that was from a report on advancing the dialogue on sustainable transportation in Canada, 1996. Four hundred Toronto residents die prematurely each year due to poor air quality. Ozone is a pulmo-

nary irritant that results in inflammation of the lungs, decreased lung function and decreased resistance to infection.

Transportation related air pollution is particularly harmful to people at risk, young people, the elderly, those with asthma or chronic lung and heart disease.

By 2010 the number of cars on the planet will double and the number of vehicle miles travelled will triple. Again this is from a report on moving the economy from a conference held in Toronto in 1998.

One of the greatest economic and environmental challenges now facing the world is control of carbon dioxide, CO₂, and other greenhouse gasses that threaten to destabilize climate and lead to global warming. Rising sea levels, regional aridity, drought and extreme weather events cause human displacement, severe regional food shortages and losses that exceed the financing capabilities of the insurance industry.

Government response to date will not meet our international obligation to reduce greenhouse gas emissions, the Kyoto protocol. That is why I am urging members from both sides of the House to support this motion.

Mr. Paul Szabo (Mississauga South, Lib.): Mr. Speaker, I am always pleased to speak to private members' initiatives. I am a very big fan of private members' bills and motions because they provide the ordinary member of parliament, most of us, an opportunity to raise issues which we feel will promote and stimulate dialogue and discussion on issues which we otherwise might not deal with in terms of government business.

It gets people thinking. It gives them an opportunity to demonstrate the thinking behind and the philosophy behind some of the things we are doing. It is very easy in this place to argue why we should not do something.

I think the strength of Private Members' Business is it gives people an opportunity to argue why we should do something and why we should find ways. Do not tell me why we cannot, tell me how we can.

I am very pleased to speak to this motion because we could certainly argue it on an environmental basis. However, if we wanted to speak against this motion, we could clearly deal with it totally on a tax basis and come to a different position in the context of only taxation or in the context of only the environment, or in terms of any other impacts this may have.

There is no question this proposal has some merit and should be considered by the House. Motions are not binding on the government. They are simply to consider the advisability of an idea, in this case that the government should consider making employer provided transit passes an income tax exempt benefit. It is quite straightforward. As has been clearly laid out by other speakers, the

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proposal contained in the motion is not simply a taxation matter. It is also very much an environmental matter related to climate change, an issue which is extremely important to the House and which will be a major item as we enter the new millennium because of our commitments under the Kyoto agreement.

• (1820)

I wanted to deal with this motion on behalf of the member from Kamloops in the affirmative. I want to speak in favour of this motion. The Government of Canada has announced the establishment of a climate change secretariat. We have done a number of things which I think will advance the issues. I know the government is working on a comprehensive approach to the environmental aspects of the matter before us. It is part of the solution. It is not part of the problem. It is an interesting perspective to raise.

There is no question as we adopt strategies and move toward implementation the important strategies will be those that are in a co-ordinated fashion so that there is an efficiency and an effectiveness in terms of making changes in policy. It would be very easy to say this is premature, that it pre-empts somehow the process in place on the environmental side. Any time is a good time to talk about ideas. That is exactly what this motion has done.

I am aware of a couple of arguments that could be opposed. The one about being premature is a valid argument. In the context of advancing the dialogue, advancing the knowledge and kind of raising this issue, maybe even getting it to committee where we can have experts to further evolve the thinking and the knowledge on the issue that has been raised, in all its broad context I think it is a good thing. It is a good thing for the House. It is a good thing for Canadians.

There is an argument that one could make that the proposed measure would be unfair to individuals who are not supplied with employer paid passes. That is quite true. I was mentioning to a colleague that this is an issue which tends not to be as inclusive as we would want simply because there are not public transit systems in all parts of Canada which would even allow businesses to take advantage of some sort of tax exempt status.

It does raise the interesting point about philosophy of providing benefits or supporting consensus initiatives or objectives of government. Do we have to treat everybody the same? Does everybody have to be treated exactly the same? Or, is it that we are trying to promote equity or equality of benefits? If you had two children you might give one a book because they are a good reader. You might give the other a chemistry set because they want to get involved. You treated them equally because they both got something that maybe brought out the best of their talent but you did not treat them the same.

I think in this context we have an item which admittedly may have more of an urban thrust to it. Yet it has some linkages which make it important for us not to dismiss it simply because it is not

universally accessible and relevant to all Canadians. I think it is one of those arguments we could go either way on. I think we as parliamentarians always want to be as open as possible with regard to broader implications and maybe the philosophy of approach to dealing with issues that Canadians feel are important as we enter the new millennium.

Another argument brought to my attention was that the bulk of the assistance of non-taxation of employer paid transit passes would accrue to individuals who already are using the transit system and therefore it would not be an efficient way to increase the ridership of our transit systems in our major centres.

I suspect that is the case. I think it would be somewhat difficult to determine how many employers would start providing tax exempt passes, if this were to come to pass, and whether it would have the impact on people.

• (1825)

Maybe people have made up their minds. Maybe there is a price elasticity here when using one's car. There are really not very many options. I think we have cases right across the spectrum.

The real point is there is a broad range of issues that would have to be balanced. A motion like this helps to probably identify the circle of issues to be considered not only on this motion but generally the thinking we have on a lot of matters that come before the House. There are conflicting interests or there are competing interests with regard to almost everything that comes before us.

The laws of Canada are by their very nature discriminatory. They have to be discriminatory. If there were no discrimination in the law then there would be no need for the law because everybody would be treated the same, and we do not have laws and policies which try to treat everybody the same.

We have certain benefits, for instance employer paid health care benefits, which are not taxable benefits in the hands of employees. Dentists et cetera have brought this to us. There are so many people who are directly or indirectly covered by employer paid plans that to make that taxable may have an adverse consequence in terms of the number of people making use of health care services.

It is discriminatory because those people in Canada who do not have employer paid health plans are left to their own devices, either to buy insurance themselves or to pay as they go for the services they require. They are all subject to a deductible and only get a modest break on our tax return system for medical and dental and vision care expenses that would be incurred directly on their behalf. There is a discrimination there.

One of the things I had suggested is that for those who do not have group life plans which cover the broad range of health services, maybe there should be a super or an extra tax benefit or deduction, those kind of things.

Adjournment Debate

With regard to the tax exempt status of bus passes, yesterday on the news I saw that Northern Telecom and I believe the transit system in Ottawa have kicked off a one month pilot on this very thing where the employer is providing those passes. The Ottawa transit system announced that it needs to increase its ridership by some 70% over the next few years to maintain the efficiency and service levels it presently enjoys simply because of the changing of this region.

There must be at least a dozen different angles or issues on this. I believe it provides an ample opportunity for members from all sides of the argument to be engaged in debate, which is one of the most important reasons we have private members' bills and motions.

Ms. Bev Desjarlais (Churchill, NDP): Mr. Speaker, I am pleased to have the opportunity at least for a few minutes to comment on Motion No. 360 by my colleague from Kamloops, Thompson and Highland Valleys. I will just make a couple of key points.

I certainly support his motion and whatever we can do to encourage a public transit system, get people off of the roads. Certainly as someone not in a huge urban area, I have no problem acknowledging that if larger urban centres can put something in place to have fewer vehicles on the roads, decrease emissions within their areas, we can have some kind of benefits such as a tax exempt bus pass benefit.

As the member for Mississauga South indicated, there is not equality throughout the system. Northerners have a northern remoteness allowance and we get a tax exempt status for remoteness in some areas. It acknowledges that Canadians recognize there is diversity and we need to reflect that in the actions we take.

Seventy-three per cent of Canadians are in favour of this type of legislation. I think the comment that it is already taking place in a pilot project in Ottawa is an indication that there is certainly support for this type of a program within Canada. Canada needs to work very hard in meeting its Kyoto commitments. This is certainly one way of doing that. The number of large urban centres that would put this type of a practice in place could certainly go a long way to helping Canada reduce its emissions and meet those Kyoto commitments.

• (1830)

I want to thank the House for these few minutes. I commend my hon. colleague. Hopefully the House will support the motion unanimously.

[*Translation*]

The Deputy Speaker: It being 6.30 p.m., the time provided for debate has expired.

Pursuant to the order made earlier today, every question necessary to dispose of Motion No. 360 is deemed to have been put and a recorded division deemed requested and deferred until Tuesday, April 13, 1999, at the expiry of the time provided for Government Orders.

ADJOURNMENT PROCEEDINGS

[*English*]

A motion to adjourn the House under Standing Order 38 deemed to have been moved.

AGRICULTURE

Mr. Garry Breitkreuz (Yorkton—Melville, Ref.): Mr. Speaker, last Friday I asked the Minister of Agriculture and Agri-Food a question and he responded by declaring that my comments were absolutely false.

I represent my constituents in this House. My constituents call me with their problems and I raise their concerns in the House. When the minister accuses me of making false statements, he is calling my constituents liars. The minister should pay more attention to what farmers are saying about his programs than what his bureaucrats are telling him.

Last Friday I asked the minister, "The disaster application forms are 40 pages long and accountants are charging farmers between \$500 and \$1,000 to fill them out. Why is the minister giving western grain producers more bills to pay instead of the disaster assistance they desperately need?"

My constituents are telling me that the AIDA application forms are not even available in printed form yet. I checked the Internet, found the application forms and counted the pages for myself. There are 50 pages, not 40.

I checked with a few accountants in Saskatchewan and asked them how much it was going to cost farmers to have the accountants fill out these AIDA applications. One accounting firm in Regina that does thousands of returns for farmers said the charges for filling out an AIDA application would be about the same as filling out an application for the Alberta farm disaster program. That is \$500 to \$1,000. Is the minister saying that his AIDA application is simpler than Alberta's?

The minister said "It is so simple. Just transfer information from one form to another". The minister's statement is an absolute falsehood.

Here is what accountants who do thousands of returns for western grain farmers are saying. The information a farmer needs is more than just his tax return and his NISA forms. Accounting firms told me that grain tickets or permit books are needed as well as their crop insurance records and documentation to prove their level of inventory.

Producers who are not a part of NISA will have another eight pages of forms to fill out. Accountants say producers cannot use the cash basis but need to determine what their inventories were on January 1, 1998 and then again on December 31, 1998. Accountants say getting the accurate records to comply with the accrual method on the AIDA forms is going to be quite a struggle. The form asks not only how much wheat a producer has, but what grade and protein content it is.

Even when the AIDA forms are filled out, there is no way of knowing if that is how much compensation the farmer will receive. These forms are directly tied to NISA. The farmers' NISA numbers might not reflect the same numbers that the bureaucrats have.

Also the timeframe given to complete these AIDA applications in Saskatchewan is June 15. That is too short. Accountants say it will be a struggle to get all of their producers' forms filled out by that deadline.

Farmers are getting into seeding season and it is going to be extremely tough to get farmers off the tractor and into the accountant's office. In Ontario and Alberta, farmers have until July 31 to fill out their applications. Why is the federal government putting such a strict deadline on the forms coming from Saskatchewan and Manitoba?

• (1835)

One accountant said that these forms are extremely complicated and that it looks like a make work project for the bureaucrats in Ottawa. The whole package could have been much simpler.

Farmers are telling me that when they see the forms, they get extremely frustrated. Many wonder if it is worth taking the time to fill out the AIDA application. They feel they will not be entitled to anything anyway because of the way the program is structured.

The AIDA program does not take into account any bills or outstanding lines of credit that a farmer may have. As a result, the AIDA form is not an accurate representation of a farmer's financial situation. This final point is very key.

My final question is why did the Minister of Agriculture and Agri-Food create a make work project for bureaucrats and accountants instead of a simple cost effective system that the farmers were asking for.

Mr. Joe McGuire (Parliamentary Secretary to Minister of Agriculture and Agri-Food, Lib.): Mr. Speaker, first of all we

should straighten out just how many pages we are talking about. The hon. member for Yorkton—Melville has stated 40 to 50 pages. In actual fact the number of pages for the AIDA form, if the farmer is enrolled in NISA, is seven pages. The rest are instructions. There are an additional five pages if the farmer is non-NISA, with the rest being instructions. The number of pages may be relevant in one way but very irrelevant in another. The actual form is from five to seven pages.

The basic information needed is revenue and expense data filed for income tax purposes for the current year and the preceding three years. Everyone with a farm business has this information already on hand.

This year the tax forms also serve as the NISA application. The forms now fill three functions. They can do their income tax, their NISA and their AIDA. There is a limited amount of supplementary information required for AIDA. The added information relates primarily to the changes in inventories, accounts payable and accounts receivable and is essential to ensuring that the applicant receives the appropriate payment. Let me provide two examples.

First, let us consider a farm which had a major production loss in 1998. The cash receipts will not be down that much because the farmer will be selling the inventory on hand, emptying the barns or the bins. Inventory decline must be reflected in AIDA or the payment will not reflect the true loss.

Second, those in difficulty will leave bills unpaid. This must be reflected to determine the true loss.

Finally, if a producer has an accountant for income tax and NISA, it should not cost too much more to transfer that data to the AIDA application form. The cost of hiring an accountant need not be overly excessive.

AGRICULTURE

Mr. Rick Laliberte (Churchill River, NDP): Mr. Speaker, various Liberal members like to claim that they are friends of the farmers. This is interesting because in each of the last two budgets the finance minister never allowed the word farmer to pass his lips during his speeches.

The Minister of Agriculture and Agri-Food should tell his Liberal colleagues that many Canadian farmers are facing a full-blown income crisis which is getting worse day by day. Predications are that realized net farm income for Canadian farmers will drop as much as 40% in the year just ended.

Grain prices last year were at the worst level since the Great Depression and hog prices were not much better. We saw some farmers giving their hogs away to food banks because they were being paid next to nothing for them.

In December the Minister of Agriculture and Agri-Food promised a contribution of \$900 million from Ottawa to be supplement-

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ed by \$600 million from the provinces. Now there is a clear indication that the bureaucrats are fiddling around with the program design to ensure that Ottawa will pay less than it promised.

The minister says that the program will not cover losses or negative margins. It means if farmers actually lost money as they did in northwestern Saskatchewan because of the drought, those losses are not covered. These farmers say that this program will do nothing for them.

The minister is also going to deduct from his payments to farmers any contributions the government has made to the net income stabilization account, NISA. By setting up this program the minister will pay about \$600 million or even less, not the \$900 million he promised as recently as December.

• (1840)

I should mention that the forms the government is sending out to farmers, as another hon. member has stated, are long and complicated. A lot of farmers are throwing their hands up in the air and saying to heck with it.

Another problem is that the provinces are being forced to pay 40% of this program. That is not fair. North Dakota or Minnesota are not paying disaster relief to American farmers; it is Washington. And it should be Ottawa, not small provinces like Saskatchewan, that foots the bill to help our farmers through trade wars. Our small provinces cannot afford to take on the treasuries of the United States or Europe.

Until the late 1980s Ottawa took major responsibility for safety net and disaster programs. This Liberal government has walked away from its responsibility. The Liberals have slashed spending on agriculture by 60% since 1993. The money they plan to spend on the disaster relief program is just a brief two year blip. By the year 2000 the Liberals will again be spending less than they did last year. In turn, it is much less than what they had spent in 1993.

In addition, our farmers have been impacted by the falling commodity prices, as everybody is well aware, but their increased input costs have compounded the financial squeeze that is driving our families away from their farms. This government should immediately investigate the input costs in agriculture, the unrealistic fuel costs, the whole issue of concentrated control of our food supply, as referenced by the *Western Producer* recently, and claim it as food clusters.

Farmers have played a key role in the deficit reduction of this country and the restoration of the balanced budget this government is so proud of. It is time for Ottawa to put back money into agriculture. We in the NDP believe that Canadian farmers need stable incomes. Our federal caucus intends to keep the pressure on the agriculture minister so that a solid sustainable farm income disaster plan will be there not just for one or two years, but for the long haul.

Mr. Joe McGuire (Parliamentary Secretary to Minister of Agriculture and Agri-Food, Lib.): Mr. Speaker, I must say this question goes back to November 26, 1998. A lot of things have happened since the member asked the minister the question.

I have addressed the length of the application, which has been fairly well exaggerated. The amount of money is \$900 million plus \$600 million, \$1.5 million federal-provincial, 60:40 cost shared because the jurisdiction is a shared jurisdiction.

As the Minister of Agriculture and Agri-Food and his provincial colleagues announced after their meeting on February 23 and 24, Canadian farmers now avail themselves of comprehensive income disaster protection. Whatever commodity they produce in whatever province, agriculture producers will be eligible to receive government assistance if their gross margin falls below 70% of their three year average.

The spirit of federal-provincial co-operation and our sense of urgency, given the gravity of farm income difficulties, meant that the new agricultural income disaster assistance program was developed very quickly and expeditiously.

As of March 5, application forms were available in electronic format and in hard copy a week or so later. This is quite an achievement.

The national program will not be delivered in isolation of its existing instruments. AIDA is built on the substantial protection already offered by other safety nets, including NISA and crop insurance. The design and administration of AIDA includes several built-in incentives to take full advantage of the existing safety nets. This encourages farmers to get actively involved in the management of their own risks.

Similarly, the disaster program will be delivered in full respect of existing provincial initiatives. Where a provincial program decreases the cost of AIDA by enhancing producers' incomes, this will be taken into account. It was agreed that producers should not be compensated twice for the same income shortfall. Ways were found to accommodate and build on other initiatives with the same purpose as the national disaster program.

In closing, I am very satisfied with the progress that was made in such a short time. Farmers impressed upon us the urgency of the situation and the government has taken action.

[Translation]

SHIPBUILDING

Mr. Antoine Dubé (Lévis-et-Chutes-de-la-Chaudière, BQ): Mr. Speaker, on March 4, I asked the Minister of Finance a

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question about shipbuilding. The Minister of Industry replied to my question. He did not answer satisfactorily in my opinion. On several occasions, I had questioned him in committee.

• (1845)

On October 28, 1997, he replied that it would be better to ask the Minister of Finance, who would perhaps be in a better position to answer my question about shipbuilding and tax credits. Similarly, on April 22, 1998, the Minister of Industry told me that many issues were not the responsibility of his department, but rather that of the Secretary of State for International Financial Institutions or the Minister for International Trade.

On March 4, I directed my question to the Minister of Finance, but the Minister of Industry replied. What can we do? I note that, today, the Parliamentary Secretary to the Minister of Agriculture is likely to be responding, because he is the only member I can see at the moment.

Are we to give up and be content with the government's game of ping-pong and incomplete responses? We can see easily that the Minister of Industry relies on the Minister of Finance. The latter does not want to intervene, because he already has interests in Canada Steamship Lines. The Minister of Transport says he no longer controls the St. Lawrence Seaway following privatization. As for the Minister for International Trade, he has often been unable to answer our questions on the interventions of the Export Development Corporation. When he finally did answer, it was some two years later, on the *Spirit of Columbus*. In this context, I would like to know who I should speak to in order to get a response, if not action.

The Liberal government has not yet managed to explain why it is refusing to harmonize federal tax measures with those of Quebec. It has yet to explain why, by taxing the tax advantages of the shipbuilding industry, it is obliged to cancel the beneficial effect of the tax deductions offered by Quebec in order to stimulate this industry.

The government has not explained why it does not deign to propose measures of greater benefit to shipbuilding. It has yet to say why it is refusing to establish a real policy on shipbuilding, as all the representatives of the shipping industry have been asking it to do for months.

I plan to continue my campaign in favour of a real shipbuilding policy, which I began a few months ago. I am very pleased to see that more and more business people, union leaders and politicians are taking up the cause.

I am particularly pleased at how this issue has brought people together. Two examples are the coalition of opposition parties I formed on December 8 in Ottawa and the coalition of unions the

Davie Industries union managed to get, two groups of stakeholders that are beginning to ask the government serious questions.

I take this opportunity to urge people to send in the postcard calling for a genuine shipbuilding policy in Canada. Since no postage is required on letters to MPs, I particularly urge the residents of Lévis-et-Chutes-de-la-Chaudière and other citizens throughout Canada, in the maritimes and British Columbia, as well as in Quebec, along with the unions, to send it in. We must show that Canadians are not happy with the national shipbuilding policy the Minister of Industry says he has and that he says he knows nothing about. He is forever passing the buck to other ministers, and we never get an answer.

[English]

Mr. Joe McGuire (Parliamentary Secretary to Minister of Agriculture and Agri-Food, Lib.): Mr. Speaker, I am pleased that the hon. member for Lévis-et-Chutes-de-la-Chaudière has given me the opportunity to speak to the subject of shipbuilding.

The federal government acknowledges the important contribution the marine industry makes to our national economy. As well, I must reiterate that the government currently maintains a generous package of measures which, in conjunction with provincial policies and sound industrial practices, benefit shipbuilders.

These measures are: a 33.5% accelerated capital tax allowance for Canadian built ships; a 25% duty on most non-NAFTA ship imports; domestic procurement on a competitive basis for all government shipbuilding and ship repair needs; Export Development Corporation financing for commercially viable transactions; and a very favourable research and development tax credit system.

We acknowledge that despite this support the industry continues to face considerable challenges in international markets. For instance, in December 1997, in an OECD workshop on shipbuilding policies, it was reported that a substantial overcapacity exists in the shipbuilding industry and that this overcapacity would grow to around 40% of the estimated world capacity by 2005.

The Canadian shipbuilding sector went through a voluntary rationalization process that culminated in a more streamlined and viable industry. The government participated in this industry led process by contributing nearly \$200 million between 1986 and 1993. Through reorganizing and streamlining its operations over the past decade, the Canadian industry has been able to improve its productivity levels even with the forecast world overcapacity and has been successful in obtaining some international sales in specific markets, such as tugboats.

• (1850)

In summary, substantial support has been provided to the shipbuilding industry in the past and we continue to support it through a variety of initiatives. If the provinces wish to supplement

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our initiatives, as has been done by Quebec and Nova Scotia, they are free to do so. [Translation]

The comments concerning the Minister of Finance made by the opposition and by the president of Davie Industries workers' union are completely false. As is the case for all cabinet ministers, all such assets are placed in trust under the control of a trustee. It is the trustee who has the final say. Consequently, there is no conflict of interest.

The Deputy Speaker: The motion to adjourn the House is now deemed to have been adopted. Accordingly, this House stands adjourned until tomorrow at 10 a.m., pursuant to Standing Order 24(1).

(The House adjourned at 6.51 p.m.)

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