



CANADA

# House of Commons Debates

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OFFICIAL REPORT  
(HANSARD)

**Tuesday, March 27, 2001  
(Part A)**

**Speaker: The Honourable Peter Milliken**

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# HOUSE OF COMMONS

Tuesday, March 27, 2001

The House met at 10 a.m.

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*Prayers*

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## ROUTINE PROCEEDINGS

• (1000)

[*English*]

### GOVERNMENT RESPONSE TO PETITIONS

**Mr. Derek Lee (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 one petition.

\* \* \*

• (1005)

### ABORIGINAL AFFAIRS

**Mr. John Finlay (Parliamentary Secretary to Minister of Indian Affairs and Northern Development, Lib.):** Mr. Speaker, I have the honour to present to the House, in both official languages, the agreement with respect to the Kanesatake governance of the interim land base.

\* \* \*

### INTERPARLIAMENTARY DELEGATIONS

**Mrs. Carolyn Parrish (Mississauga Centre, Lib.):** Mr. Speaker, pursuant to Standing Order 34(1) I have the honour to present to the House, in both official languages, the second report of the Canadian NATO Parliamentary Association which represented Canada at a joint meeting of the defence and security committee, the economic committee and the political committee of the NATO Parliamentary Assembly held in Brussels and Paris from February 7 to February 21, 2001.

\* \* \*

### STATUTORY PROGRAM EVALUATION ACT

**Mr. John Williams (St. Albert, Canadian Alliance)** moved for leave to introduce Bill C-308, an act to provide for evaluations of statutory programs.

He said: Mr. Speaker, I am pleased to introduce the bill which would bring some regularity and conformity to the way we evaluate programs to ensure Canadians get value for the \$170 billion the government spends every year.

The bill asks that each program be evaluated based on what is the public policy a program is designed to achieve; is it achieving what it is trying to achieve; and is it doing it efficiently or can it achieve the same results in a better way.

(Motions deemed adopted, bill read the first time and printed)

\* \* \*

### FINAL OFFER ARBITRATION IN RESPECT OF WEST COAST PORTS OPERATIONS ACT

**Mr. Dale Johnston (Wetaskiwin, Canadian Alliance)** moved for leave to introduce Bill C-309, an act to provide for the settlement of labour disputes affecting west coast ports by final offer arbitration.

He said: Mr. Speaker, I am pleased to introduce this bill which would prevent work stoppages at west coast ports. Stoppages at west coast ports have cost Canada billions of dollars over the years in lost sales and exports of grain, not to mention the impact they have had on the farming economy, on the unions and on employers.

(Motions deemed adopted, bill read the first time and printed)

**The Speaker:** Motions. Presenting petitions.

**Mr. Jim Pankiw:** Mr. Speaker, Motion No. 3 on the order paper respecting the first report—

**An hon. member:** This is petitions.

**The Speaker:** I was unaware the member was moving his motion. We will get to it.

[*Translation*]

**Mr. Stéphane Bergeron:** Mr. Speaker, I rise on a point of order. Had you not called petitions

**The Speaker:** I mentioned that we were at motions, but the hon. member did not rise.

I received no notice that the hon. member would propose his motion, except that he told me yesterday that if he could not

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propose it then, he would do it today. It was not on my list. I really should have recognized him, because he gave notice to the Chair yesterday.

**Mr. Stéphane Bergeron:** He did not rise.

**The Speaker:** Maybe not fast enough.

**Mr. Stéphane Bergeron:** Mr. Speaker, you should proceed to petitions.

**The Speaker:** Very well, let us proceed to petitions.

• (1010)

[*English*]

**Mr. Jim Pankiw:** Mr. Speaker, as you indicated, I did mention to you that I would be introducing this today and when you called motions I did stand. If you neglected to look my way I think that was an oversight on your part, but I should still be allowed to introduce the motion.

**The Speaker:** The Chair is not trying to be difficult. I did call motions. I admit it went quickly. I did not see any hon. members stand when I called motions.

The logical thing is to go back to motions if the House will agree.

**Some hon. members:** Agreed.

**Some hon. members:** No.

**The Speaker:** There is no agreement so the Chair's hands are somewhat tied. I regret that is the way it is being done, but there is nothing I can do.

\* \* \*

**PETITIONS**

## TRANSGENIC AQUATIC ORGANISMS

**Mr. Peter Stoffer (Sackville—Musquodoboit Valley—Eastern Shore, NDP):** Mr. Speaker, it gives me great pleasure to introduce a petition signed by the great people of Toronto, and thousands more will be coming, regarding prohibition of the release of genetically modified aquatic organisms into the natural environment.

The petitioners pray to parliament to prohibit the release and to commence a full and open public consultation and review process to determine the ecological, social and financial consequences associated with the development and use of transgenic aquatic organisms.

\* \* \*

**QUESTIONS ON THE ORDER PAPER**

**Mr. Derek Lee (Parliamentary Secretary to Leader of the Government in the House of Commons, Lib.):** Mr. Speaker, I ask that all questions be allowed to stand.

**The Speaker:** Is that agreed?

**Some hon. members:** Agreed.

**GOVERNMENT ORDERS**

[*Translation*]

**FINANCIAL CONSUMER AGENCY OF CANADA ACT**

The House proceeded to the consideration of Bill C-8, an act to establish the Financial Consumer Agency of Canada and to amend certain acts in relation to financial institutions, as reported (with amendment) from the committee.

## SPEAKER'S RULING

**The Speaker:** There are 14 motions in amendment standing on the notice paper relating to the report stage of Bill C-8.

The Standing Committee on Finance considered this bill at clause by clause on March 20, before my statement outlining the guidelines for the selection of motions at report stage.

Since hon. members could not be aware at that time of the new way to implement those principles, the Chair will once again be generous and select motions which could have been proposed in committee but were not.

[*English*]

May I remind all hon. members to use committee stage to propose their amendments. If hon. members do not avail themselves of this opportunity, the Chair will not select motions which could have been proposed in committee at report stage.

The motions will be grouped for debate as follows.

[*Translation*]

Group No. 1: Motions Nos. 1, 8, 12 and 13.

[*English*]

Group No. 2: Motions No. 2, 9 to 11 and 14.

[*Translation*]

Group No. 3: Motions Nos. 3 to 7.

[*English*]

The voting patterns for the motions within each group are available at the table. The Chair will remind the House of each pattern at the time of voting.

[*Translation*]

I will now put Motions Nos. 1, 8, 12 and 13 to the House.

*Government Orders*

[English]

## MOTIONS IN AMENDMENT

**Mr. Richard Harris (Prince George—Bulkley Valley, Canadian Alliance)** moved:

Motion No. 1

That Bill C-8, in Clause 5, be amended by replacing lines 14 to 16 on page 5 with the following:

“and report, subject to section 17, to the House of Commons from time to time on all matters connected with the administration of this Act, which stands permanently referred to the Standing Committee on Finance, and of the consumer provisions”

**Hon. Lorne Nystrom (Regina—Qu’Appelle, NDP)** moved:

Motion No. 8

That Bill C-8, in Clause 84, be amended by replacing line 27 on page 39 with the following:

“made.

(4) Except in the case where an amalgamation is the result of one or more of the applicants not being financially sound, an amalgamation must be approved by a resolution of the House of Commons supported by a majority of the members of that House and a resolution of the Senate supported by a majority of the members of that House.”

Motion No. 12

That Bill C-8, in Clause 183, be amended by adding after line 44 on page 367 the following:

“978.1 On the expiration of one year after the coming into force of this Act, and on the expiration of every year thereafter, all regulations made in the previous year by the Governor in Council under this Act shall stand referred to such committee of the House of Commons, of the Senate or of both Houses of Parliament as may be designated or established for that purpose and the committee shall, as soon as practicable thereafter, undertake a comprehensive review of such regulations and shall, within one month after the review is undertaken or within such further time as the House of Commons may authorize, submit a report thereon to Parliament including any recommendations pertaining to the object, impact or necessity of such regulations or any other aspects thereof that the committee deems appropriate.”

**Mr. Richard Harris (Prince George—Bulkley Valley, Canadian Alliance)** moved:

Motion No. 13

That Bill C-8, in Clause 244, be amended by replacing line 9 on page 408 with the following:

“effect of the designation. The Minister must also provide in writing:

(a) a statement of the reasons why, in the opinion of the Minister, it is in the public interest to designate a payment system;

(b) the process by which consultation of the manager, the participants, and other interested parties who could be affected by the designation can take place, including how the Minister’s concerns can be addressed;

(c) a statement to the effect that where a system fails to adequately address a Minister’s concerns, the Governor in Council may designate a payment system.”

He said: Mr. Speaker, I am pleased to rise in the House on behalf of the Canadian Alliance Party to speak to Bill C-8 and in particular to the motions we put forward at report stage.

Motion No. 1 deals with a clause in the original bill that would require, upon the setting up and operation of the financial consumer agency, the commissioner of the agency to report its activities to parliament through the Minister of Finance.

• (1015)

We have stood in the House on many occasions calling for the independent arms of government agencies and commissions to report not through a minister but directly to parliament, and in this case to the Standing Committee on Finance. The motion reflects that an amendment be put that would require Financial Consumer Agency of Canada to report to the Standing Committee on Finance on a permanent basis.

Motion No. 13 deals with the operation of Interac services. The bill calls for the association to report every rule change during the normal course of operation to the Minister of Finance. This is an onerous demand. We would make an amendment that would give the Interac Association a very clear and transparent framework to operate under that is self-regulating. Its compliance people would have a very clear understanding of what is required of them by the Minister of Finance.

The motion would require that the Minister of Finance provide:

(a) a statement of the reasons why, in the opinion of the Minister, it is in the public interest to designate a payment system;

(b) the process by which consultation of the manager, the participants, and other interested parties who could be affected by the designation can take place, including how the Minister’s concerns can be addressed;

(c) a statement to the effect that where a system fails to adequately address a Minister’s concerns, the Governor in Council may designate a payment system.

The broad, transparent and clear framework included in the bill by the Minister of Finance would be sufficient for the association to conduct its normal day to day business transactions. It would not burden it with a requirement to report and discuss every rule change so long as it was operating within the broad framework.

That is what I wanted to say as far as the motions put forward from the Canadian Alliance in Group No. 1. Overall it is a progressive bill. While we criticize the government for being tardy on it, we are happy with the bill. It is bringing Canada’s banking system to a more progressive stage so that we can compete with our competition around the world.

I ask government members to see the prudence and the common sense in these amendments and I am sure they will support them.

*Government Orders*

**Hon. Lorne Nystrom (Regina—Qu'Appelle, NDP):** Mr. Speaker, Group No. 1 deals with Motion Nos. 1, 8, 12 and 13. Two of them are in my name and I wish to say a couple of words about them.

Motion No. 2 deals with the powers of the Financial Consumer Agency of Canada. The bill is a very complicated piece of legislation dealing with financial institutions. It is 900 pages thick and affects about 1,400 pages of statutes. It is perhaps the most complicated bill ever debated in the House of Commons as one particular bill.

• (1020)

In addition to the bill and the statutes that will be changed, much of what will happen will be through regulation by the federal government. The regulations are extremely important in terms of the purport and the effect of the legislation on the ordinary person living in Halifax or in Moose Jaw, Saskatchewan.

We should do a number of things to improve the legislation before the House today. I would suggest one very small thing that can be found in one of my motions. The powers of the Financial Consumer Agency of Canada should be enhanced in terms of penalizing corporations that actually violate the new law. Under the present regulation it is suggested that an individual would be charged up to \$50,000 if there is a violation and a financial institution would be charged \$100,000.

My amendment would change the maximum penalty ceiling for corporations from \$100,000 to \$500,000. Some may ask why \$500,000. It is because \$500,000 was originally suggested by the Liberal Party in one of its white papers a year or so ago. This is not a very dangerous amendment. It is something that could be supported by the House and is perfectly reasonable in terms of a penalty.

**Mr. Ken Epp:** Madam Speaker, I rise on a point of order. Perhaps I am too late. The hon. member was speaking to a motion that is not presently before us since we are still dealing with Group No. 1. The motion he is speaking to is in Group No. 2. However, I believe he was just moving on to the next one so I am too late.

**Hon. Lorne Nystrom:** Madam Speaker, that is why I was speaking in generalities about improving the powers of that financial agency. Motion No. 8, which is part of the first grouping, would speak directly to parliament through a democracy.

If there is a bank merger, under the current legislation the Minister of Finance would have the final say. That is the way it is today. The Minister of Finance has the final say. My amendment would, except in the case of insolvency, give the Parliament of Canada the final say. There would be a vote in parliament on whether or not a bank merger would go ahead. That is not very

radical, but bank mergers could potentially be extremely important items on the public agenda or in terms of public policy.

We remember how in January 1998 four of the large banks wanted to merge: the Bank of Montreal, Royal Bank, TD and Scotiabank. We had a great debate on the matter. I am proud to say that our party at the beginning was very much opposed to these mergers, arguing that they would not help consumers and that they would concentrate more power into fewer hands in terms of financial institutions. I remember people saying that there was no use in fighting the large banks as they were powerful and would win. However, we led that opposition and within a year or so there was a lot of opposition across the country and in December 1998 the Minister of Finance said no to the merger of those four large banks.

As a result we now have a new mechanism in Bill C-8 before us today. Instead of democratizing the process and making parliament more meaningful in terms of the power MPs have to speak on behalf of their constituents, the Minister of Finance will have the final say as to whether or not a merger goes ahead.

We are saying in our amendment that a resolution of parliament should be the final say. We should vote yes or no. It would expand and empower the role of members of parliament so that someone from Nova Scotia, Manitoba, Quebec, Ontario, or anywhere in the country would have the final say in terms of the debate and the argument as to whether or not a merger is in the public good. We would decide if it is good for the country, if it will help consumers, or if it is good for rural Canada or different parts of Canada where mergers are to take place. The power should not reside in the hands of one minister, the Minister of Finance.

Madam Speaker, please try to divorce yourself from the idea that we will have the Minister of Finance for all time. This minister and the next minister may or may not make the proper decision. We should not leave that power in the hands of the Minister of Finance.

• (1025)

This is part of parliamentary democracy. It is part of democratic and parliamentary reform. It is part of empowering this place to be more meaningful and relevant to Canadians. When we see the alienation from this parliament and we see fewer people casting their ballots, it makes us wonder why we do not empower ourselves and make this institution more meaningful.

The House of Commons has to be a check and a balance on the powers of the executive and cabinet. Why do we not do that as members of parliament?

If members across the way voted for the motion, it would not be a vote of non-confidence in the government. In the case of a merger, unless there is an insolvency, parliament would have the final say. In the case of an insolvency the Minister of Finance

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would have the power to make that decision and make it very quickly. If the process is established under the bill, and this item is on the public agenda, then why would the Parliament of Canada not have the final say instead of the Minister of Finance?

My motion is a timid little step in the direction of parliamentary reform and parliamentary democracy and would make this place more relevant and meaningful. I hope members across the way will see this as an opportunity to bring in parliamentary reform and bring back more democracy to make this place more meaningful and more important in the lives of the average citizen.

[*Translation*]

**Mr. Yvan Loubier (Saint-Hyacinthe—Bagot, BQ):** Madam Speaker, I will start by informing you that we support some of the amendments made by the Canadian Alliance, in particular Motion No. 1 by the hon. member for Prince George—Bulkley Valley relating to accountability to parliament and to a report on the administration of the act being provided to parliament from time to time.

Having gone carefully through the banking bill on more than one occasion, and before that the white paper from the Minister of Finance, following up on the MacKay-Ducros report, I noted that, for perhaps the first time in a piece of legislation of this significance, the Minister of Finance had incredible discretionary powers.

Hon. members need only give this bill a cursory examination to see, every ten pages or so, that the minister can intervene to make decisions. These decisions are at his discretion. His discretionary powers are such as have never been seen before. Thus, Motion No. 1 by my colleague for Prince George—Bulkley Valley is a marked improvement over what we had before.

Throughout the entire process, I will have the opportunity to touch back on this important aspect of ministerial discretion as opposed to what we ought to find in a bill, which is enhanced parliamentary responsibility and better monitoring of decisions taken by the minister or the governor in council.

[*English*]

**Mr. Roy Cullen (Parliamentary Secretary to Minister of Finance, Lib.):** Madam Speaker, I seek clarification. Will we be debating group by group? It seems to me that we missed one motion in Group No. 1, did we not? Was Motion No. 12 presented by the member?

**The Acting Speaker (Ms. Bakopanos):** We are dealing with Motions Nos. 1, 8, 12 and 13. If I am not mistaken, the hon. member for Regina—Qu'Appelle addressed Motions Nos. 8 and 12.

**Mr. Roy Cullen:** Madam Speaker, I will be speaking to Group No. 1. I take this opportunity to thank the members of the House of Commons finance committee for their constructive approach to this very important and very massive legislation.

I would like to comment on Alliance Motion No. 1 which deals with the reporting of the financial consumer agency.

• (1030)

I would point out that under Bill C-8, the Minister of Finance is responsible for the financial consumer agency of Canada. Reporting arrangements have been specified which would allow the minister to appropriately monitor the activities of the agency.

However, the bill currently contains a provision that ensures that the consumer agency will be fully accountable to parliament. In particular, clause 34 of the bill requires the minister to annually lay before each House of parliament a report showing the operations of the agency for that year and describing in aggregate form its conclusions of the compliance of financial institutions with the consumer provisions. The financial consumer agency of Canada accountability structure and government reporting requirements mirror those that are currently in place for OSFI.

The second motion in this group from the Alliance, Motion No. 13, deals with the Canadian payments system. The process for designating a payment system in the proposed legislation is very extensive and would require the minister to consult with payment system managers and participants before notification of designation.

It is not necessary to detail in legislation, as proposed in Motion No. 13, process issues that would likely be part of any consultation. It is likely that the minister would outline the public interest reasons for the possible designation during the consultative period. It is possible, but if the payment system manager and participants addressed the concerns of the minister, there would not be a need to designate.

I will go now to the motions presented by the member for Regina—Qu'Appelle, the NDP finance critic. Motion No. 8 concerns itself with bank mergers. I should make it absolutely clear to the House that the government recognizes the importance of the role that parliament can play in assessing the public interest impact of bank mergers in Canada.

That is why the merger review guidelines include referral to both the House finance committee and the Senate banking committee. Through the reports of these committees to the Minister of Finance, the views of parliament would be considered in reviews of large bank mergers in Canada. The report of the finance committee would be presented to the House of Commons.

The Minister of Finance, however, is ultimately responsible for the safety, soundness and efficient functioning of the financial sector in Canada. The ultimate decision regarding whether a merger is approved or not needs to rest with the Minister of

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Finance and should not be conditional on approval by a resolution in parliament.

Furthermore, the proposed change could seriously undermine the safety and soundness of the financial services sector. Since mergers involving troubled institutions would not require the special resolution, this would signal to Canadians that at least one of the banks involved is in financial trouble. This could lead to a run on either one or both of the institutions, which in turn could seriously undermine the public's confidence in the financial services sector and the payment system.

I will now go to Group No. 1, Motion No. 12, from the member for Regina—Qu'Appelle. The motion deals with adding a new clause that would require any regulations made under the new bill in a calendar year to be referred to a committee of the House, the Senate or both for a comprehensive review.

As members are aware, Bill C-8 is a significant legislative initiative that sets out in comprehensive detail the key policy framework announced in the government's June 25, 1999 white paper. Within this framework, there are authorities to provide flexibility to specify elements of the new regime in regulations. Any regulations proposed under this framework would be subject to the same rigorous oversight process that applies to regulations proposed under any other federal statutes.

• (1035)

The Privy Council Office will review the regulation to ensure that it is consistent with the objectives of the legislation and interested stakeholders will be given an opportunity to comment on the proposed changes.

A key component of this regulatory flexibility is that it allows the government to respond to rapid changes in the industry in a more timely way than might be allowed by a five year review of the legislation. The motion, as proposed, would negatively impact on this flexibility.

A yearly review of the regulations would create uncertainty for the industry as to any changes proposed by the government in a particular area. To the extent that the review created delays, the proposed motion could lead to regulatory initiatives not being completed in a more timely way than a full fledged legislative amendment. For this reason, the government does not support this proposed change.

**Mr. Ken Epp (Elk Island, Canadian Alliance):** Madam Speaker, I am pleased to speak to Bill C-8, a massive bill, as has been mentioned. It is a bill which, when I hold it in my hands, increases my weight by about 10%.

When we look at the proposed amendments in Group No. 1, we see that they are there to improve the bill. I will speak specifically to Motion No. 1 right now, put forward by my colleague, which

deals with the reporting section. The parliamentary secretary just stated that there is a provision in the bill for this. For clarity, I will read from page 15 under "Annual Report". It states:

The Minister shall cause to be laid before each House of Parliament, not later than the fifth sitting day of that House after September 30 next following the end of each fiscal year, a report showing the operations of the Agency for that year and describing in aggregate form its conclusions on the compliance of financial institutions with the consumer provisions applicable to them in that year.

Do members notice who is reporting? It is the minister. The minister shall lay a report on the table. Of course the minister can say exactly what he or she wants. It is reported in the House and we all know what happens to reports. Routine proceedings take place every day in the House and someone presents a report under the tabling of documents. Under one of those proceedings, the minister could simply table a report showing the operations of the agency.

Motion No. 1 is really quite different. It is difficult by reasoned debate to persuade the members on the other side of the House because I am not sure they are listening. If they are listening, they do not show it by their body language. All we see is a bunch of green foreheads over there that are not really—

**The Acting Speaker (Ms. Bakopanos):** As the hon. member knows, since he has been in the House for quite a while now, the hon. members in the House are to be addressed with respect. I caution him to perhaps change the words he just used or to excuse himself, if he wishes.

**Mr. Ken Epp:** My apologies, Madam Speaker. I was simply urging the members opposite to listen carefully and perhaps even to consider voting in favour of the amendments that have been put forward.

I will digress for a second. A motion was passed by a majority not long ago that said that amendments at report stage in the House were not to be received by the Speaker. Then there were some really broad, sweeping statements made. The fact is that when we make amendments in committee, they are voted down by the majority in the committee before they have been given serious thought. I am contending that amendments made in the House often get no serious thought. I think it is time that we change that.

• (1040)

I would like members to seriously consider and support Motion No. 1 put forward by my colleague. Instead of the minister giving a report in the House, Motion No. 1 states that the report should go to the House of Commons:

—on all matters connected with the administration of this Act, which stands permanently referred to the Standing Committee on Finance, and of the consumer provisions.

We are dealing with a balance. Banks have tremendous power but we need them. They are an important component of the engine

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of our financial well-being and our economic development. However we need a balance between their powers and provisions and the protection of individuals, small businesses and others. We say that the report should automatically be referred to the finance committee and to the House of Commons and not just simply be a report tabled by the minister. I would urge members to seriously consider supporting that.

I will now make reference to Motion No. 13 put forward by my colleague, which deals with the designation of payment system. Someone might read *Hansard* somewhere down the road, or may be listening on television or perchance listening in the gallery today, who does not even know what the payment system is. The fact is that we have huge numbers of financial transactions every day ranging from mega corporations transferring millions and sometimes billions of dollars, down to an individual using a credit card to make a purchase of a couple of small items at the drug store.

We have a payment system that is the communications link between all our financial institutions. When I write a cheque drawn on the credit union to which I belong and it is processed by someone who deposits it in one of the banks, there has to be a communications system. The government, rightly, has the authority to designate the payment system. Motion No. 13 suggests that the minister must provide in writing the rationale for either declaring a payment system valid or not.

I will read subclause 37(3) of the bill on page 408. It states:

Before a payment system is designated, the Minister shall consult the manager and the participants of the payment system and may consult interested parties, with respect to the effect of the designation.

It says “may consult”, not have to, anybody who is affected. The provision of Motion No. 13 would strengthen this and would require the minister to do the work much more thoroughly. The motion says:

—the process by which consultation of the manager, the participants, and other interested parties who could be affected by the designation can take place, including how the Minister’s concerns can be addressed;

There is a strengthening of that. I would again ask members opposite to give some heed to the actual wording of this particular amendment. It is a good amendment because it strengthens the relationship between the banks and the people who use their services. It shows an accountability which exceeds just simply a minister being able to do pretty well anything he wants with a consultation which he may or may not use.

I would like to comment on the motions put forward by the member for Regina—Qu’Appelle in Group No. 1. My present inclination is to be opposite his motions on a rational basis. Quite clearly we have very few banks in Canada. If I read his amendments correctly, they say that amalgamations should be approved by parliament.

• (1045)

It is probably true that we have five maybe six major banks in Canada right now. It is foreseeable that some of them may try to merge their operations for whatever reason, but I will not go into those. We know we went through an exercise like that not long ago. It is reasonable to expect that this could occur again. The member is proposing that it should be approved by the House of Commons and by the Senate. That is what his amendment basically says.

I suppose one could not be opposed to that if we were looking at one or two occurrences. However there are hundreds of smaller financial institutions around the country. I think we would probably err if each of those would come before the House every time a little outfit in one town wanted to amalgamate and merge with another one in a neighbouring town to strengthen their position. It is not clear in the amendment that the member would exclude many of these.

My inclination is not to favour that amendment for the reason that these things could be held up interminably waiting for a parliamentary calendar which would permit us to deal with them. That would be my primary objection but in principle it is correct. It is in the House where presumably members of parliament have the voice to represent the needs of the people who are dealing with the banks.

[*Translation*]

**Mr. Gilles-A. Perron (Rivière-des-Mille-Îles, BQ):** Madam Speaker, since this is the first time I have addressed the House during this parliament, I am sure that you will permit me a small aside.

I wish to thank the 50% of the voters in the lovely riding of Rivière-des-Mille-Îles who voted for me in the last election and to assure the other 50% who did not that I am still their MP and I will represent everyone in my riding, regardless of how they cast their ballot.

Second, I especially wish to thank the volunteers, who played a big role in my getting elected, as you know from your own personal experience, Madam Speaker. It is thanks to the work of your volunteers and mine, who worked their hearts out, that we have a seat in this House.

Third, I wish to welcome the new recruits, particularly my friend, the member for Châteauguay. He will find the House a place of wonderful experiences.

Fourth, I would ask you to pass on a message to the Speaker and to all your colleagues who were elected and appointed. I am certain that you will do a splendid, non-partisan job, and that you will ensure that we pay careful attention to the rules and procedures

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under which we must operate. Madam Speaker, I thank you in advance for the work you will do.

Now for the main topic. As everyone knows, I rise this morning to address Bill C-8, an act to establish the Financial Consumer Agency of Canada and to amend certain acts in relation to financial institutions.

I will begin by giving a brief background to the bill. It will be recalled that the MacKay report was tabled in 1998. My colleague, the member for Saint-Hyacinthe—Bagot, was a key player, suggesting some interesting amendments.

However, although we supported Bill C-38 in theory, subject to certain amendments, there was an exchange of correspondence with Quebec's then finance minister, Bernard Landry, who is now, as everyone knows, Premier of Quebec.

• (1050)

However, this exchange of correspondence between the Quebec minister of finance of the day and the federal Minister of Finance went nowhere. Fortunately, Bill C-38 died on the order paper because of the call of the precipitous election in November, for which most Canadians still doubt.

Here we are this morning debating Bill C-8, which replaces C-38. Basically, the Bloc Québécois can live with it, so long as a number of amendments are made. We have noticed in the new C-8, which is almost identical to C-38, that a number of changes have been made as the necessary result of the exchange of correspondence between the two finance ministers.

However, it leaves a bad taste in the mouth, since the concerns of the Quebec finance minister of the day, Bernard Landry, are not included in the bill. They are, rather, included in a schedule setting out guidelines for the reclassification of the banks, which had been in schedule 1 previously and whose owner's equity was less than \$5 billion.

With regard to this schedule, the Bloc Québécois has some concerns, since the schedule provides that:

—the Minister of Finance, in his sole decision, shall take into consideration, before permitting an exchange or the sale of one bank to another, the security and solidity of the bank, the direct and indirect jobs, the location of the decision-making centre and the management of the bank, the needs of consumers, the banks business and activities and the banks prospects for the future in the context of world markets.

The six points I have just outline are just wishful thinking, since the bill would allow the current Minister of Finance, who, I believe owns a shipping company, has adopted the practice since of being the only master on board, like the ship's captain, when decisions

are to be made. So, the minister has all the powers to ignore these six points without us being able to say or do anything about it.

Bill C-8 is much too important to allow a single individual, a single captain, that is the Minister of Finance himself, make the decisions about any changes to this legislation. This is very close to dictatorship. It is also dangerous considering that the government opposite has a great tendency to engage in cronyism and take care of its friends. We should be careful.

I strongly suggest that the final decisions be made by parliamentarians. We are here to make decisions. We are not decorating plants, we must make decisions. We must really be careful.

Another issue that is of concern to me and certainly to my friend, the hon. member for Drummond, is that the bill is three tiered with the possibility for an individual to own a bank.

• (1055)

It begins with large banks, that is those with equity in excess of \$5 billion. The limit on individual ownership of shares is 20% of the value of the bank.

The second group includes banks with equity of one to five billion dollars, such as the National Bank, the only Quebec bank with a federal charter. Since equity for these institutions is less than \$5 billion, 65% of the shares of that bank can be held by a single shareholder.

So we are back to the style of our finance minister, our great shipmaster, the only person who can decide how a bank can run itself. Will the bank defend the interests of its shareholders? Surely, since it is the majority shareholder. However, it will defend these interests to whose detriment? To the detriment of service and employees. This is cause for concern.

Then there are small institutions with less than \$1 billion in equity, which can be owned 100% by one person. Unfortunately, that was not what the MacKay report recommended, as it suggested that ownership rules be changed to allow and foster the regrouping of small and medium sized financial institutions in a financial holding.

According to the MacKay report, several small financial institutions could associate and form a large bank with equity of \$5 billion or more.

I see that my time is up, but I will indicate two other issues of concern to me.

First, Bill C-8 does not meet the expectations of the Bloc Québécois about community reinvestment, not in the least. Second, it provides no protection to savers and investors.

*Government Orders**[English]*

**The Acting Speaker (Ms. Bakopanos):** Is the House ready for the question?

**Some hon. members:** Question.

**The Acting Speaker (Ms. Bakopanos):** The question is on Motion No. 1. Is it the pleasure of the House to adopt the motion?

**Some hon. members:** Agreed.

**Some hon. members:** No.

**The Acting Speaker (Ms. Bakopanos):** All those in favour of the motion will please say yea.

**Some hon. members:** Yea.

**The Acting Speaker (Ms. Bakopanos):** All those opposed will please say nay.

**Some hon. members:** Nay.

**The Acting Speaker (Ms. Bakopanos):** In my opinion the nays have it.

*And more than five members having risen:*

**The Acting Speaker (Ms. Bakopanos):** The recorded division on Motion No. 1 stands deferred.

*[Translation]*

The next question is on Motion No. 8. Is it the pleasure of the House to adopt the motion?

**Some hon. members:** Agreed.

**Some hon. members:** No.

**The Acting Speaker (Ms. Bakopanos):** All those in favour of the motion will please say yea.

**Some hon. members:** Yea.

**The Acting Speaker (Ms. Bakopanos):** All those opposed will please say nay.

**Some hon. members:** Nay.

**The Acting Speaker (Ms. Bakopanos):** In my opinion the nays have it.

*And more than five members having risen:*

• (1100)

**The Acting Speaker (Ms. Bakopanos):** The recorded division on Motion No. 8 is deferred.

*[English]*

The next question is on Motion No. 12. Is it the pleasure of the House to adopt the motion?

**Some hon. members:** Agreed.

**Some hon. members:** No.

**The Acting Speaker (Ms. Bakopanos):** All those in favour of the motion will please say yea.

**Some hon. members:** Yea.

**The Acting Speaker (Ms. Bakopanos):** All those opposed will please say nay.

**Some hon. members:** Nay.

**The Acting Speaker (Ms. Bakopanos):** In my opinion the nays have it.

*And more than five members having risen:*

**The Acting Speaker (Ms. Bakopanos):** The recorded division on Motion No. 12 stands deferred.

The next question is on Motion No. 13. Is it the pleasure of the House to adopt the motion?

**Some hon. members:** Agreed.

**Some hon. members:** No.

**The Acting Speaker (Ms. Bakopanos):** All those in favour of the motion will please say yea.

**Some hon. members:** Yea.

**The Acting Speaker (Ms. Bakopanos):** All those opposed will please say nay.

**Some hon. members:** Nay.

*[Translation]*

**The Acting Speaker (Ms. Bakopanos):** In my opinion the yeas have it.

*And more than five members having risen:*

**The Acting Speaker (Ms. Bakopanos):** The recorded division on Motion No. 13 is deferred.

*[English]*

I will now propose Group No. 2 to the House.

**Hon. Lorne Nystrom (Regina—Qu'Appelle, NDP)** moved: Motion No. 2

That Bill C-8, in Clause 19, be amended by replacing line 15 on page 11 with the following:

“committed by a natural person, and \$500,000”

*[Translation]*

**Mr. Yvan Loubier (Saint-Hyacinthe—Bagot, BQ)** moved:

Motion No. 9

That Bill C-8, in Clause 98, be amended by replacing lines 24 to 26 on page 62 with the following:

“out by the affiliates of the bank;

(h) the best interests of the financial system in Canada; and

(i) the impact of the transaction on the security and soundness of the bank, on direct and indirect employment at the head office and branch offices of the bank,

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particularly professional and specialized positions, on the location of the centre of decision making and management of the bank, on the needs of consumers, on the business and activities of the bank, and on the future prospects of the bank in world markets, the best interests of Canadians and, where the bank operates principally in one region, the best interests of those living in that region.”

[*English*]

**Hon. Lorne Nystrom (Regina—Qu'Appelle, NDP)** moved:

Motion No. 10

That Bill C-8, in Clause 113, be amended by replacing line 21 on page 72 with the following:

“tail deposit account available to each customer for a monthly fee of 3 dollars and that has the prescribed”

Motion No. 11

That Bill C-8, in Clause 125, be amended by replacing line 14 on page 79 with the following:

“on either of those activities. For greater certainty, the closing of the branch can only take place for reasons of financial non-profitability.”

**Mr. Richard Harris (Prince George—Bulkley Valley, Canadian Alliance)** moved:

Motion No. 14

That Bill C-8, in Clause 314, be amended by replacing lines 32 to 36 on page 478 with the following:

“entity,

(ii) the association is permitted by regulations made under paragraph 396(a) to acquire or increase the substantial investment; or

(iii) the entity is an association and the investment is not restricted by regulations made pursuant to paragraph 396(d);”

He said: Madam Speaker, I would like to speak primarily to Motion No. 14, which was put forward by the Canadian Alliance.

● (1105)

Let me preface my comments by saying that one of the things the government sought to do as a result of the MacKay task force, and indeed, one of the many recommendations in the MacKay task force, was to give flexibility or give provisions in the bank legislation to allow for the progressive restructuring of the credit union system in Canada.

We have met continually with the people from Credit Union Central, the credit unions out in B.C. and representatives of that group. They have told us that they are prepared to restructure their operations so they can expand their service to Canadians, so that in the event there are bank mergers of domestic banks and there is a perception that competition is going to be tough, they want to fill that void. In order for them to do that, they have to restructure their operations. They want to be able to bring more branches in under an umbrella type of structure. In order to do that, they need to have some flexibility.

I believe I am correct when I say that the 10-50 rule applies to credit union structures now. As I recall it, one can either have a

10% interest or a 50% interest only. I am sure that the parliamentary secretary will tell me if I am on the wrong track here, but I believe that is the gist of it.

What they want is to have flexibility on the participation between the umbrella group and the branches that would be operating under this new business structure. I know the parliamentary secretary is warm to this proposal by the credit unions and by Credit Union Central.

This amendment would in fact give the credit union parties looking for this change the flexibility to set up their new structure and the flexibility to fill the void in customer service at the ground floor consumer level.

I know that the secretary of state for banks and financial institutions knows about this desire on behalf of the credit unions. I am of the opinion that the government has perhaps said to the credit union people who have been talking about this that it does not have a problem with this but that perhaps the credit unions should show the government how to do it. The government has sought the advice of the people in the credit union structure.

This amendment reflects a suggestion by the credit union people to the government on how they can be given that flexibility. I will close here and just assume that the Parliamentary Secretary to the Minister of Finance will see the wisdom of this amendment and ask his colleagues to say yea when it is called.

[*Translation*]

**Mrs. Pauline Picard (Drummond, BQ):** Madam Speaker, I want to tell you how proud I am that the occupant of the Chair is a woman. Women often have to work really hard to get certain prestigious positions. So, it is always with pride that I take the floor when you are presiding over our proceedings.

First, I would like to say that the Bloc Québécois supports Bill C-8, and to reassure certain groups, we agree that the bill ought to be passed as quickly as possible so we can have a swift and smooth transition.

Nonetheless, the bill as it stands does not meet all the requirements of certain groups.

● (1110)

The most important thing for Quebec is to protect the largest bank in Quebec, the National Bank. This is a very important concern for our nation. This bank is the Quebec's largest bank, and Quebec businesses have their money there.

This bill will make the National Bank more vulnerable than the big Canadian banks, and that is unacceptable. This bill provides for a three tier system, as far as individual control of banks goes.

I would like to explain once more something I have already talked about in the House, and I think I made myself clear at the time. Let me just go over the general concept to show the people

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who are watching, as well as you, Madam Speaker, what is going on in that system that we want to create and that seems acceptable to us.

As we all know, for the big Canadian banks, the Royal Bank for example, voting shares that one shareholder can own increase from 10 to 20%. So, for banks with assets worth \$5 billion or more, one shareholder could own 20% of the bank's shares.

The problem is, however, and this is the case in Quebec, that small banks, those with assets worth less than \$5 billion, the Minister of Finance is allowing one shareholder to own up to 65% of the bank's voting shares. This means that one shareholder could purchase 65% of the shares of the National Bank. That individual would control the assets of the Quebec people. It is incredible. Why is there such a difference?

Why is one shareholder allowed to own 20% of the Royal Bank's voting shares, but when it comes to the National Bank, a single shareholder, it could be a foreigner, if he has the money and holds 65% of the bank's voting shares, could decide to transfer the bank's head office, lay people off, transfer the bank's assets, transfer Quebecers' money outside the country because he is a foreigner, and the whole company will be administered in a foreign country?

So, those are the people's concerns. What will happen? In fact, jobs will probably be lost, and it is unacceptable to think that only one individual can manage most of this financial institution's assets. That is why we are denouncing this situation.

However, there was a certain change while this bill was being studied. Mr. Landry, now the Premier of Quebec, made demands that were incorporated in this bill. However these demands are like guidelines on the reclassification of the banks that were included before in schedule 1, banks with equity capital of less than \$5 billion, of which the National Bank is one.

The idea was to include these guidelines in the bill, but they remained guidelines. It is a small step, but not enough for us. We must really ensure that these guidelines are incorporated in the bill. I would like to quote some of them:

All transactions involving a reclassification will be evaluated on the basis of merit. It will have to be shown that the operation will add to the bank's growth potential and that it will lead to better customer service.

• (1115)

The guidelines also state:

In determining whether a transaction involving a reclassification is in the public interest, the Minister of Finance shall take into consideration all the factors he considers relevant, including the security and solidity of the bank, the direct and indirect jobs, the location of the decision-making centre and the management of the bank, the needs of

consumers, the bank's business and activities and the bank's prospects for the future in the context of world markets.

These elements, as they are not in the bill, may be amended by the minister as he sees fit. This is a matter of concern for us. It is all very nice that these guidelines were accepted, but what bothers us is that they are not included in the bill. They may be respected or not, as the minister sees fit.

The public as well as parliamentarians must put a great deal of trust in the minister right now, because he tells us is completely sincere. However if a new minister comes along, because ministers do change, whose philosophy is different from that of the current minister who wants us to trust him, how could we be sure that what we ask this new minister with a different philosophy will be respected? It is very important that this be included in the bill.

This process has to become more transparent and it should not cause us any more problem. Right now, there is something of a sword of Damocles over the National Bank because everything is up to the minister and nothing is set out in the bill. If it were, we could always refer to the legislation to show what the intent was, but it is not the case.

As I said earlier, we support the bill. We have worked very hard. My colleague from St-Hyacinthe—Bagot has even tabled a brief with the committee. He has put forward points that were included in the bill. However, we feel that we have been elected to protect the interests of Quebec consumers in our ridings. We are somewhat concerned right now, and when I say somewhat, I really mean to say that we are very concerned about the situation in which this bill puts the National Bank and the small banks with less than \$5 billion in capital.

I raise the issue, but this is a concern not only for members of the Bloc Québécois, but also for the directors of the National Bank. In view of this, the National Bank decided a few weeks ago to adopt a series of rules in order to prevent a hostile takeover at its expense. Looking for strategic partners, the president of the National Bank said that maintaining the head office in Montreal was simply not negotiable.

The shareholders passed two resolutions to protect the National Bank against a hostile bid. They agreed to drag things out so the directors would have more time to examine other bids. They also agreed to drop the limit on the number of common shares that could be issued by the bank. These measures clearly illustrated the concerns generated by the new environment.

With this bill, the Minister of Finance is giving himself the power to determine at his discretion, the future of Quebec's major banks. As I mentioned before, we find it unacceptable that this discretionary power has such sway, more even than the law itself.

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In concluding, I would like to say once again that we will support this bill, but we would like the Minister of Finance to take into account the concerns of Quebecers and of the members of the Bloc Québécois.

[*English*]

**Hon. Lorne Nystrom (Regina—Qu'Appelle, NDP):** Madam Speaker, before I deal with my three amendments I want to say publicly in the House that I support the position of the credit unions in terms of amending the legislation to make it easier for them to establish a national financial institution.

• (1120)

I moved a similar amendment in committee and it was turned down. We had the support of all four opposition parties: the Alliance, the Conservatives, the Bloc and me for the New Democrats. We had a recorded vote in the committee. Interestingly enough all the Liberals voted against the particular amendment asked for by Bill Knight, the CEO of Credit Union Central of Canada. The credit union made its position very well known to the government, to the members of the committee and to the House of Commons. It wants an equal and level playing field with the banks.

The reason it needs this kind of amendment is that there is a different culture in the credit union. It is one of a co-operative where one entity does not own another entity, which is the case with other financial institutions. In the credit union there is one member, one vote. It is truly a democratic structure.

Without an amendment to that effect it will make it very difficult for the credit unions to establish a national credit union system where people can go with their bank cards from one province to another and still do their financial transactions with the Credit Union Central of Canada. I indicate our support for the amendment in that regard, which is part of this group as well.

I have three specific amendments before the House today in this grouping. One of them I referred to earlier in general in the last round of debate: the changing of the penalties for the Financial Consumer Agency of Canada. Under the agency there will be all kinds of power, regulations and activities it can do, but when it comes to penalties, the maximum penalty for an individual who is in violation of the act is \$50,000 and for a financial institution it is \$100,000.

Financial institutions are very large. Some of them have revenues in excess of \$10 billion a year. Some of our banks are extremely large. I am suggesting in our amendment that we move the penalty for financial institutions from \$100,000 to \$500,000. The reason is that it makes the penalty more real, more meaningful for very large financial institutions than just a penalty of \$100,000. It is more in accordance with the size of their assets and the kinds of business they do.

Our banks are doing very well. If we look at their balance sheets and their retained earnings and profits in the last few years, we see that they have gone up in many ways in an astronomical sense. I am thinking of Royal Bank, TD Bank, Scotiabank and Bank of Montreal, which is having a few more problems but is still doing very well. All the big six banks are doing very well as we speak. I think a penalty that is more a reflection of their size would be \$500,000 rather than \$100,000.

The second amendment I am proposing is found in Motion No. 10. It is to set up a no frill bank account and to have a charge for that of \$3 a month. I am very interested in hearing what the parliamentary secretary has to say about this point. I am ashamed to say that I have moved what is almost a Liberal amendment today.

If we look at the government white paper in June 1999 it said that there should be a no frills account established for 12 transactions for a fee of \$3 to \$4 a month. In the bill itself the government dropped the idea of having a no frill account for \$3 a month. What I am doing is moving a Liberal amendment, saying that there should be a no frill account and that the maximum charge should be \$3 a month.

Why are we doing this? We are doing this because many low income people have difficulty with the cost of bank transactions today. In my riding of Regina—Qu'Appelle I represent most of the inner city in Regina. The poverty rate is extremely high. Many people are on welfare. Many are earning minimum wage. Many are struggling to make ends meet and have difficulty with bank service charges.

Some banks have on a voluntary basis been introducing special accounts with lower charges, but many people still find these charges to be very steep and very excessive. We should have legislation which says that there should be a minimum number of charges for each and every Canadian, rich or poor, and that the maximum charge for such an account should be \$3 a month.

What is wrong with that? Our banks are making a lot of money. Our banks are also making a lot of money on the poor people. We do not have, as has the United States, a community reinvestment act that forces banks to invest a certain amount of money in the communities they take their money from. We do not have many of those kinds of regulations. It is not onerous for a bank to be asked to establish a no frills account for low income people.

• (1125)

I know my good friend from Souris—Moose Mountain, who represents the neighbouring riding to mine in southern Saskatchewan, certainly supports the idea as well. He also has a number of low income people in his riding, a number of aboriginal people in

his riding who would certainly be in support of establishing this kind of an account.

It speaks to equality, to a more egalitarian society and to the common good. It speaks to opening up financial institutions to every Canadian, regardless of the size of his or her pocketbook. It speaks to what parliament should speak to: improving the common good.

I am very anxious to hear what the parliamentary secretary will say on behalf of the government about this issue. I remind him once again that it is really a Liberal amendment. It was taken out of the government's white paper of June 1999 when it suggested a no frills account to the tune of some \$3 per month.

The third amendment in my name is in Motion No. 11 which provides for an amendment to the Bank Act to ensure that branches could only be closed for reasons of non-profitability.

Today banks will often close branches even though they are profitable, which leaves many communities without banking services. What I am saying in this motion is that if a bank branch is profitable it should not be closed down. If it is not profitable, then it should have the right to pull out of a particular community.

We have had some interesting things happening on the prairies. In the last year the Bank of Montreal sold a number of its branches to credit unions in Saskatchewan, Manitoba and Alberta. I have a couple of examples in my own riding of Regina—Qu'Appelle where the credit union has taken over some branches from the Bank of Montreal. The Bank of Montreal in this case has made an accommodation with the credit union movement to provide a very important service to a particular community. I have seen in a couple of communities in my riding where people appreciate that the service is there. They do not have to drive an extra 20 or 30 miles to another town to be provided with banking services.

This again speaks to fairness and equality. Coming from rural Canada, it probably speaks to the fact that rural Canadians should not be discriminated against in terms of banking services. If the banking service is profitable, if the branch has made money over the years by providing loans to farmers, to the small business community and to consumers in a small town, it should not be able to close down that branch. We think that should be part of the legislation before the House today.

It is not only rural Canada. In parts of urban Canada, the parts of inner cities where there is a lot of poverty, often a branch will pull out even though it might be profitable but not as profitable as it might be in a wealthier suburb.

One could go on at length in terms of what should be said here. However I refer interested members to a presentation that was made to our committee by the Public Interest Advocacy Centre when it spoke about the accountability of banks, branch closings, and the services that should be provided to Canadians and the community at large.

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Once again I commend these amendments to the House. They are straightforward. In particular, I look forward to the response from the parliamentary secretary when he talks about the \$3 a month bank account for consumers. I am also interested in seeing what his reactions are to the suggestion of making amendments for the credit union movement.

I have not seen his briefing notes, but he will say that the government will try to accommodate credit unions through regulation. In other words, he is asking us to trust him, trust the government, trust the minister and trust the bureaucrats. Even the minister responsible for sport will be cynical about some of that. The parliamentary secretary will say that they will bring in the proper regulations so that the credit unions will be on a level playing field with the banks.

The credit union movement is saying that is not good enough. The Credit Union Central of Canada has said that. Various centrals across the country, such as the Van City Credit Union in British Columbia, have also said that. They want an amendment to the legislation.

If we do not do that in this House, I predict they will go to the other house and lobby senators to make the change. It will be sent back to the House of Commons and we will be debating this piece of legislation and amendment in a few weeks' time.

• (1130)

[*Translation*]

**Mr. Yvan Loubier (Saint-Hyacinthe—Bagot, BQ):** Madam Speaker, I would like to go back to the comments made by the hon. member for Drummond on the importance of the whole issue of the classification of banks and the degree of ownership.

For the benefit of those who are listening, I should point out that the new bill on financial institutions establishes three categories of banks: major banks, that is those with equity of \$5 billion or more; medium size banks, that is those with equity of \$1 billion to \$5 billion; and small banks, that is those with equity of less than \$1 billion.

For each of these categories, the degree of ownership is different. For example, in the case of major Canadian banks, such as the Royal Bank, an individual cannot hold more than 20% of the voting shares, while 80% of the shares must be widely distributed among the public.

The bill has a major impact on medium size banks, such as the National Bank in Quebec. For these banks, including the National Bank, the new degree of ownership is 65:35. In other words, a single individual can own up to 65% of the voting shares and thus have full control over the National Bank, while the other 35% must be widely distributed among the public.

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This new provision leads us to fear the worst in Quebec. This bill discriminates somewhat against the National Bank, the largest in Quebec, because the treatment of the Royal Bank, the largest in Canada, where one individual is allowed to own a maximum of 20% of voting shares, and the National Bank, where one individual may own up to 65% of voting shares, creates discrimination which is unjustified under the circumstances.

We are told that the purpose was to improve the National Bank's funding flexibility. I have often asked the Minister of Finance why one individual holding 65% of National Bank shares confers more flexibility than 65 individuals with 1% each. I have never had an answer. These new provisions are cause for alarm.

Recently I read comments by economists to the effect that this is no big deal, because the National Bank's equity is increasing by leaps and bounds anyway, and soon will be in excess of \$5 billion. Such an analysis is wrong.

It is certain that the bill states that the banks can be reclassified. This means that, should the National Bank one day have over \$5 billion in equity, it could be classified as a major bank and therefore the voting share split would be 20%:80%. In other words, with this bill a single individual could own 20% of voting shares and the other 80% of voting shares would be public, rather than the present 65%-35% split.

The point on which I disagree with the economic experts is that, under this bill, which must be read carefully, the Minister of Finance has three years to change the bank's classification. That time limit can be extended as he sees fit. In other words, even if the National Bank attains the \$5 billion equity ceiling, the Minister of Finance could decide to wait three years before reclassifying it as a major bank subject to the 20%:80% split of individual and public voting shares.

Not only may he wait three years before recategorizing it, but he has the authority to extend this period. In other words, even with equity of \$5 billion and more, the National Bank would not automatically be recategorized as a major bank and would therefore still be in the 65:35 category, that is 65% of shares held by one person.

There is a danger in this. Not only is the National Bank the biggest bank in Quebec, but it is also the bank that finances SMBs. As well, Quebec is proud to have such a large bank, which, through the contribution of people like Mr. Bérard, has grown at record speed to become the flagship it is today.

• (1135)

Concern about this is so great that even Mr. Landry, former finance minister and deputy premier, and now premier, of Quebec, wrote to the federal Minister of Finance last June 2 to suggest a number of public interest criteria for evaluating any banking operation involving a mid-sized bank.

To my great surprise, just before the election, the Secretary of State for International Financial Institutions had even agreed to these criteria being part of the banking bill. He had even signed beside the four criteria suggested by Mr. Landry, saying "Yes, provided that it is not only for Quebec, we can Canadianize—as it were—these criteria, and make them part of the bill".

A few days later, the secretary of state hanged his mind. I do not know why, but after putting his signature on this document, he changed his mind and subsequently refused to include these evaluation criteria in the bill.

There is no substantive difference between Bill C-38 as it was before the election and Bill C-8 today. When the Minister of Finance and the secretary of state released the new Bill C-8, they also issued press releases and attachments, one of which concerned the evaluation criteria for operations involving mid-sized banks, such as the National Bank.

On reading these criteria, we realized that the government had understood the message on additional criteria. We were satisfied with that, but only half satisfied. What we called for, and this is the heart of the amendment, it is the essence of the amendment we are proposing this morning, is that these criteria, which parallel the bill and are to be used as guidelines by the Minister of Finance in making a decision regarding the shares in a medium size bank, such as the National Bank, must not be left to one side and left out of the decision making process, but incorporated in the heart of the Bank Act, to ensure reference is made.

In other words, we are not telling the government to reject all transactions involving the National Bank. That is not the intent. We want to ensure additional security, additional criteria leading to the best possible decisions benefiting Quebec's economy and finances and the financial sectors of Quebec and Canada too.

We are not asking the government to be obtuse or to reject every proposal. We would be the first to criticize this sort of attitude, because we want our financial and banking institutions to move ahead and to take their place in the world, the National Bank and others too.

So, it is with an open mind that we are proposing these amendments and we hope that the government will accept them. I would say, and this is evidenced by all the representations that we have made, that since the beginning of the process, the McKay study, the white paper and the bill before us, the Bloc Quebecois has always looked positively at the reform of the financial institutions act, particularly since it is three or four years late. The delay is getting longer by the week, considering how quickly the financial sector is changing in Quebec, in Canada and in the rest of the world.

We hope this bill will be quickly passed. However, would it be possible for the government to show some openness for once? We

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are not asking much; we are not asking for a complete overhaul of the bill. We are simply asking the government to reassure Quebecers who are concerned about the new provisions that specifically apply to the National Bank. They hope that this new reform of financial institutions will have a positive impact on the financial sector and will not raise concerns about takeovers that would be detrimental, particularly to the interests of small and medium sized businesses in Quebec.

I urge the government which, through its secretary of state, has already agreed to the four conditions, the four criteria proposed by Mr. Landry in June, to include these criteria in the core of Bill. It recently tabled a document, along with Bill C-8, that includes these criteria, albeit in a different format, but it includes them nevertheless.

• (1140)

So, I am asking the government to simply show some openness by taking that document and including it directly in the core of the bill. If it does that, the Bloc Quebecois will support the bill.

[*English*]

**Mr. Scott Brison (Kings—Hants, PC):** Madam Speaker, it is with pleasure that I rise to speak on these specific amendments in Group No. 2.

First, with regard to Motion No. 2 and the stiffer penalties for violations of the rules relative to consumer protection, while I understand the hon. member's notion of making the punishment even more onerous, the fact is that the legislation would give a greater amount of intrusion and regulation of the financial services sector than any other sector or industry in Canada. I understand the hon. member's philosophical foundation for the amendment but I disagree fundamentally with his intention.

On Motion No. 9, I generally agree with the notion that we need to improve and increase levels of flexibility for the Canadian financial services sector players which include the banks, credit unions et cetera. The greater level of flexibility in ownership rules for small banks makes a great deal of sense if we are serious about increased levels of competition. I would not agree with Motion No. 9 in general because I think it is contrary to the principles of the MacKay report and to the general direction that I believe is sound in terms of moving toward greater levels of flexibility in the financial services sector to increase the level of competition and ultimately services to consumers.

Motion No. 10 is very well placed. While I may disagree with it, it is important that the hon. member presented it. It points out the hypocrisy on the part of the Liberals. It was Liberal policy to have a \$3 basic account. Now the Liberals are lining up opposed to it.

Are we prepared to have these kinds of rules for every industry? For instance there is the food distribution business. Clearly food is a necessity since we cannot live without food and we also cannot live without shelter, unless we were to pass laws that would require grocery stores and distribution companies or real estate developers to provide a basic level of service to people at very low levels of cost or perhaps even free. It is incorrect and not logical for us to impose these same levels of onerous restrictions and over regulation on the financial services sector.

If I disagree with some elements of the legislation, they are the parts that would lead to a greater level of intrusion and over regulation of the financial services sector than any other industry in Canada. The motion in some ways would make it even worse, more onerous and unfair.

Probably it is good politics to present motions that are anti-bank but it may also be very bad public policy if in fact our interests are consistent with the long term interests of Canadians. In general, greater levels of regulation can also lead to greater levels of cost of compliance and ultimately higher levels of services charges for consumers and/or lower returns for bank shareholders. The bank shareholders include about seven million Canadians indirectly or directly who are counting on their long term returns from their investments, particularly for retirement income.

Motion No. 11 deals with prohibition of bank closures for any reasons but non-profitability. It is very intrusive and difficult to determine. Frankly this gets into issues of bookkeeping and cost allocation. It would be almost impossible to implement the principle of the motion.

• (1145)

Again, there is a greater level of transparency and there is a process put in place for branch closures in the legislation which goes quite a long way further than we have seen in the past.

I do agree with the hon. member in terms of the notion that the credit unions should be engaged more actively when there are going to be branch closures in order to ensure that every possible avenue has been identified and pursued to ensure continued services to communities, particularly smaller communities. I think the Bank of Montreal and the credit union movement have created a very positive example of how that level of co-operation can benefit consumers and citizens in smaller communities.

I think it was about a year ago when a number of Bank of Montreal branches closed in the western provinces, but instead of waiting for public backlash the Bank of Montreal pre-emptively negotiated with and announced a deal with the credit unions, which resulted in only a minimal disruption of services to consumers in those communities. I support that kind of initiative.

*Government Orders*

In terms of Motion No. 14, again I am supportive. It is consistent with the underpinnings of the co-operative movement, the credit union movement and the distinct democratic culture of the credit union and co-operative movements. If we are serious about enabling the credit unions to compete more effectively with banks, the amendment in fact makes a great deal of sense, because it enables them to compete and at the same time remain consistent with the democratic underpinnings of their movement.

As a result, I think this is a positive amendment and it is regrettable that the government does not support it. On the one hand the government is saying it wants to create greater levels of competition from the credit union movement, and on the other hand it is not providing the legislative vehicle through which to ensure that the credit union movement can also take advantage of this greater level of competition. I support Motion No. 14.

**Mr. Ken Epp (Elk Island, Canadian Alliance):** Madam Speaker, I thank you for recognizing me at this time, which actually accomplishes a couple of goals. First, since I have had to stand five or six times to be recognized, I have been afforded needed exercise. Second, I appreciate being able to speak before the parliamentary secretary on this particular grouping because I can hopefully change his mind since I think he may have considerable influence on the way the votes are conducted on the other side. At least I would hope he has, although I sometimes even wonder about that.

Let me address the issues that are before us in this group of amendments. I will begin, of course, with the matter of the penalty that is proposed to be amended by the member from the Bloc.

He proposes that the maximum penalty be changed. In order to see how the clause reads now, I need to haul out this book, the bill we are amending, Bill C-8. It says the maximum penalty for a violation is \$50,000 in the case of a violation that is committed by a natural person and \$100,000 in the case of a violation that is committed by a financial institution. That is for breaches of the act and of the regulations made by the minister.

I want to draw attention to the fact that this states the maximum penalty, so I think arguments could be made in favour of this particular amendment. The maximum penalty right now is \$100,000 and the amendment says it should be a maximum of \$500,000. This does not mean it is going to be applied.

• (1150)

As a matter of fact, if we read the next section, which is not referenced in this amendment, it states that in assessing the penalty these are some of the issues which are to be taken into account: the degree of intention or negligence on the part of the person committing the violation; the harm done; the history with respect to

previous convictions or violations; and any other criteria that may be prescribed.

In assessing a penalty for a violation, I am sure that a large bank, a huge financial institution, would, under that prescription, be given a larger penalty than a small credit union somewhere, depending on the severity of the violation. Yet at the same time, I am somewhat inclined to have a substantial penalty when a large business just will not comply. That could happen. I cannot imagine under what circumstances, but it could happen.

I think, for example, of a large but unnamed mall in Edmonton. When it first started in business we had the Lord's Day Act in place in Alberta, which meant that some days were available to families to spend together because basically all of the stores were closed and just essential services were provided. It was a wonderful time, actually, when I look back at it, when we could get together with our families. We had freedom. People were not obliged to go to work. It was the same day for everyone.

Then that particular mall said that if it were to be fined \$10,000 a day every time it was open on Sunday that was a fair and reasonable cost of doing business. It just paid the fine and broke the law with impunity. There was no provision under the law to escalate the penalty; it was just a straight \$10,000 a day. The mall gladly paid the fine and made a lot of money.

By the way, I believe that is where the erosion started. Then it went right across the country, so that working people now no longer have a day off each week that applies to all family members. Very seldom do we see a family being able to get together. Either mom has to work or dad has to work or one of the kids who has a job at the store has to work. They cannot be together.

That is an example of a penalty so small that the business was not compelled at all to obey the law. In that sense, I have a bit of a tendency to be in favour of just increasing the maximum. It would not necessarily be applied, but this amendment would put some teeth into this for those who were in blatant violation and who continued to be so.

I must hurry because I have spent too much time on that particular provision. The next motion is Motion No. 9. That has to do with the application of a problem specific to Quebec at this time but which could happen in other provinces as well. In order to preserve my time, let me simply say that I have an inclination to agree with it.

Motion No. 10 has to do with the provision that the banks should provide for a low cost account. I do not really believe that we should have this in legislation or in law, although I agree with the principle of it. I would much rather see the banks provide these necessary low cost accounts and advertise that fact.

*Government Orders*

If a bank were to have an ad in the paper that said there were a number of people in our society from whom they just did not make a great deal of money but for whom they felt obliged to provide a banking service at a low cost, I think the bank would get a lot of public relations benefit simply by advertising that and providing a service. The bank could ask small businessmen in towns and cities or wherever to support its business with their business. I think it would benefit the bank.

I agree with the principle that a person of limited financial means should have the ability to go into a bank and cash a cheque and to have a low cost bank account. That is definitely a principle I agree with. As I said, the only reason I would vote against this is that I think would be overkill. I also do not agree with putting in a fixed amount, because maybe the bank could do it for less. Maybe of necessity it has to be \$4 and a bank would be in violation if we ensconced \$3 in the legislation.

I am opposed to this particular motion on the basis that it is too specific, and I think the same goals, which I agree with, can be achieved by other means.

• (1155)

I turn now to Motion No. 11, also put forward by the NDP member, which proposes that the closing of the branches of a bank “can only take place for reasons of financial non-profitability.” I hate to say it, but this is a dreadful amendment.

I think it is a huge imposition on business operations. It is like telling farmers they could plant only a certain kind of crop and the only reason they could ever quit planting would be if they were not making money on it; otherwise, they would have to plant that crop. I disagree with that.

I believe the banks should have a certain degree of flexibility to open and to close branches based on an efficient way of providing services in the community. For example, let us say that there is a branch over here and there is a branch over there. With modern transportation it is now much easier for people to get around, so if the banks decided to have one branch operating in the middle instead of having two branches operating, it would mean the closure of two branches. Neither of them might be losing money, but the bank could be more efficient and provide a better service for less cost, including services for low income people. I do not think we should stand in the way of this. In this particular instance, I would simply say that I would be really hard pressed to support Motion No. 11.

The last motion is the one on the credit unions, proposed by the member for Prince George—Bulkley Valley. I propose that we heartily support it. This is where I want to get the ear of the parliamentary secretary over there and have him influence all of his Liberal colleagues to vote in favour of this very fine amendment.

I happen to believe in the credit union movement. My dad was a leader in the credit union in Saskatchewan for many years. He was on the board, on the finance committee and on the loans committee. He did all sorts of things. As a result of having grown up in that kind of an atmosphere, I guess, I am sort of inclined toward credit unions.

Over the years I have given some business to the banks for different reasons, but I have found that in a competitive market my dealings with the credit unions have been most satisfactory. I do not hesitate at all to give a little bit of free advertising to them here today. They can use this clip if they want to. I give them permission. I do not know whether the rules of the House of Commons permit that, but I certainly support the credit union movement and this amendment strengthens it. The reason we should favour this amendment is that one of the best things for the Canadian financial services industry is to have good competition, where we can say to our financial institutions “Treat me like that and I am out of here”.

I am going to run out of time here, but I remember when I had a bank loan for purchasing a car. I asked the bank whether I could pay the loan off more quickly. The bank said that I could but I would have to pay a penalty. Members would not believe it, but the total payment the bank wanted in order to have me pay off that loan early was greater than the sum of the remaining payments. I said to the bank that either it was nuts or it thought I was. I was not willing to comply with that. I just finished off my payments and said that if that was how the bank did business I would look elsewhere. Sure enough, soon I found another financial institution that pleased me more and I just moved my business to it.

That is the very best thing we can do: provide competition. Credit unions are one of the primary ways of holding the banks responsible and giving them some real competition.

**Mr. Roy Cullen (Parliamentary Secretary to Minister of Finance, Lib.):** Madam Speaker, what I propose to do is deal with the motions in the following order: Motion No. 14 from the member for Prince George—Bulkley Valley; then those from the member for Saint-Hyacinthe—Bagot, the Bloc amendments; and then finally the amendments from the NDP member for Regina—Qu’Appelle.

Dealing first with Motion No. 14, of course the members on this side of the House do not need convincing about the importance of the credit union movement and the kind of expanded and enhanced role we would like to see them play in the Canadian economy by providing consumers with more choice and by providing more competition. That is a given. The Secretary of State for International Financial Institutions, when he spoke at committee, gave the undertaking that the government would work with the credit union movement to try to enhance its role in the Canadian economy.

*Government Orders*

With respect to this particular motion, which was actually put forward by the NDP at committee, I would just like to mention that the member for Regina—Qu'Appelle seems to argue that the legislation does not provide equal treatment to credit unions.

• (1200)

The credit union movement, when it came to the committee, was looking for preferential treatment. We cannot accept having treatment for the credit union movement that would be preferential to the treatment we have for other financial institutions.

Members on this side are not the only ones to work actively with the credit union movement. The Department of Finance has worked closely with it in developing Bill C-8. The resulting legislation responds to the need of credit unions for greater structural flexibility as they move to restructure their operations and become more integrated.

However with this new flexibility come prudential concerns resulting from a whole new set of ownership possibilities, most of them unknown at this point. Because the landscape is changing so quickly we must be concerned about the potential for prudential risks. The control requirement is necessary to safeguard against such risks and is designed to ensure the parent company has the power to intervene in situations where a subsidiary might get into financial trouble. These same provisions apply to other financial institutions such as large banks and insurance companies that are also widely held.

Given the broader risks associated with this new flexibility it is more prudent, in the government's view, to establish a general safety net or prohibition and to provide the regulatory flexibility to make exceptions as necessary. This is a common use of existing regulatory authorities. If unforeseen circumstances arise, a general prohibition allows us to err on the side of caution.

The change made to proposed subclause 396(a) at committee would broaden the scope of the regulation making authority and provide further comfort to the Credit Union Central Canada, CUCC, that the government had all the flexibility it needed to provide exceptions from the control requirements as necessary.

The Department of Finance is already engaged in an extensive drafting exercise to prepare the regulations stemming from Bill C-8. It has had early discussions with the CUCC on the possibility of drafting a regulation that would provide the required flexibility. Once approved, the regulations would have the same effect as legislation.

[*Translation*]

I now want to speak to Motion No. 9 by the hon. member for Saint-Hyacinthe—Bagot. This motion deals with the matters the minister might take into account in determining whether or not to approve acquisition of a significant interest in a bank.

The matters to be taken into account under proposed paragraph (i) of the motion are contemplated in paragraph (f) on the conduct of businesses and operations of applicants. Consequently, the minister shall have the legislative authority to take into account the matters outlined under paragraph (i).

Since there is no need to amend the legislation to allow the minister to take these matters into account, it was determined for reasons of clarity and transparency to have these matters set out in the guidelines.

The guidelines indicate the government's commitment to take these matters into account in category changes.

[*English*]

I will clarify a point made by the member for Saint-Hyacinthe—Bagot. In his speech he seemed to imply that a bank with assets of over \$5 billion may not be subject to the widely held rule. Bill C-8 states that banks with assets over \$5 billion would automatically be subject to the widely held rule.

We have other motions before us from the member for Regina—Qu'Appelle, the NDP finance critic, and I will now refer to them.

• (1205)

I will move to Motion No. 10, which deals with low cost accounts. The member for Regina—Qu'Appelle and others spoke about how the government and the Liberal Party have talked about the need for low cost accounts. The amendment from the NDP would amend the definition of low fee retail deposit accounts in clause 439(1) to specify that such accounts shall cost \$3. The members opposite seem to be implying that we do not have a commitment to low cost accounts.

Bill C-8 in fact establishes the low cost account and that is exactly what the Liberal government has advocated for some time. Rather than renege on our promise, the bill delivers on that promise. As members are aware, the Department of Finance has successfully negotiated low cost account memoranda of understanding with each of the major banks.

The views of consumer groups on the desired features of the low cost account were sought prior to negotiating the arrangements. Taking those views into account, the accounts adhere to certain standards, including a maximum monthly fee of \$4 and the availability of some in branch transactions. Providing banks some flexibility in pricing and designing the accounts ensures consumers greater choice in obtaining low cost accounts that best meet their needs.

Motion No. 11 from the member for Regina—Qu'Appelle deals with branch closures. I will comment on that briefly. Our proposed reforms are intended to encourage financial institutions to be more responsive to the public without unduly interfering in the day to day business decisions of banks. Some members opposite have clearly pointed out that the motion presented by the member for

Regina—Qu'Appelle is intrusive into the day to day decision making of banks.

Issues such as branch operating hours and closures are a matter for individual banks and the marketplace to decide. That being said, we believe consumers should receive adequate notice of branch closures to facilitate adjustment to the closures. Under our new policy framework, should a financial institution choose to close a branch it would be required to provide at least four months' notice. If the branch is the last one in a rural community, six months' notice would be required. The notice period would give the community an opportunity to discuss alternatives with the institution or to approach other financial institutions that could perhaps fill the gap. That deals with the motions in Group No. 2.

**The Acting Speaker (Ms. Bakopanos):** Is the House ready for the question?

**Some hon. members:** Question.

**The Acting Speaker (Ms. Bakopanos):** The question is on Motion No. 2. Is it the pleasure of the House to adopt the motion?

**Some hon. members:** Agreed.

**Some hon. members:** No.

**The Acting Speaker (Ms. Bakopanos):** All those in favour of the motion will please say yea.

**Some hon. members:** Yea.

**The Acting Speaker (Ms. Bakopanos):** All those opposed will please say nay.

**Some hon. members:** Nay.

**The Acting Speaker (Ms. Bakopanos):** In my opinion the nays have it.

*And more than five members having risen:*

**The Acting Speaker (Ms. Bakopanos):** The recorded division on Motion No. 2 stands deferred.

The next question is on Motion No. 9. Is it the pleasure of the House to adopt the motion?

**Some hon. members:** Agreed.

**Some hon. members:** No.

**The Acting Speaker (Ms. Bakopanos):** All those in favour of the motion will please say yea.

**Some hon. members:** Yea.

**The Acting Speaker (Ms. Bakopanos):** All those opposed will please say nay.

**Some hon. members:** Nay.

**The Acting Speaker (Ms. Bakopanos):** In my opinion the nays have it.

### *Government Orders*

*And more than five members having risen:*

**The Acting Speaker (Ms. Bakopanos):** The recorded division on Motion No. 9 stands deferred.

• (1210)

The next question is on Motion No. 10. Is it the pleasure of the House to adopt the motion?

**Some hon. members:** Agreed.

**Some hon. members:** No.

**The Acting Speaker (Ms. Bakopanos):** All those in favour of the motion will please say yea.

**Some hon. members:** Yea.

**The Acting Speaker (Ms. Bakopanos):** All those opposed will please say nay.

**Some hon. members:** Nay.

**The Acting Speaker (Ms. Bakopanos):** In my opinion the nays have it.

*And more than five members having risen:*

**The Acting Speaker (Ms. Bakopanos):** The recorded division on Motion No. 10 stands deferred.

The next question is on Motion No. 11. Is it the pleasure of the House to adopt the motion?

**Some hon. members:** Agreed.

**Some hon. members:** No.

**The Acting Speaker (Ms. Bakopanos):** All those in favour of the motion will please say yea.

**Some hon. members:** Yea.

**The Acting Speaker (Ms. Bakopanos):** All those opposed will please say nay.

**Some hon. members:** Nay.

**The Acting Speaker (Ms. Bakopanos):** In my opinion the nays have it.

*And more than five members having risen:*

**The Acting Speaker (Ms. Bakopanos):** The recorded division on Motion No. 11 stands deferred.

The next question is on Motion No. 14. Is it the pleasure of the House to adopt the motion?

**Some hon. members:** Agreed.

**Some hon. members:** No.

**The Acting Speaker (Ms. Bakopanos):** All those in favour of the motion will please say yea.

**Some hon. members:** Yea.

**The Acting Speaker (Ms. Bakopanos):** All those opposed will please say nay.

**Some hon. members:** Nay.

*Government Orders*

**The Acting Speaker (Ms. Bakopanos):** In my opinion the yeas have it. • (1215)

*And more than five members having risen:*

**The Acting Speaker (Ms. Bakopanos):** The recorded division on Motion No. 14 stands deferred. I will now put Group No. 3 to the House.

[*Translation*]

**Mr. Yvan Loubier (Saint-Hyacinthe—Bagot, BQ)** moved:

Motion No. 3

That Bill C-8 be amended by adding after line 20 on page 28 the following new clause:

“54.1 Subsection 46(2) of the Act is replaced by the following:

(2) The shareholders of a bank shall, by resolution at the meeting of shareholders called pursuant to subsection (1),

(a) approve, amend or reject any by-law made by the directors of the bank;

(b) subject to section 168, elect directors to hold office for a term expiring not later than the close of the third annual meeting of shareholders following the election;

(c) appoint an auditor or auditors to hold office until the close of the first annual meeting of shareholders; and

(d) adopt a code of internal procedure respecting the conduct of meetings of shareholders.

Motion No. 4

That Bill C-8, in Clause 63, be amended by replacing lines 21 to 33 on page 31 with the following:

“63. Subsection 138(1) of the Act is replaced by the following:

138. (1) Notice of the time and place of a meeting of shareholders of a bank and the complete minutes of the last meeting of shareholders, whether that meeting was an annual or a special meeting, shall be sent not less than twenty- one days or more than fifty days before the meeting,

(a) to each shareholder entitled to vote at the meeting;

(b) to each director; and

(c) to the auditor or auditors of the bank.

(1.1) A bank with equity of five billion dollars or more shall set out in the notice of a meeting the number of eligible votes, as defined under subsection 156.09(1), that may be cast at the meeting as of the record date for determining those shareholders entitled to receive the notice of meeting or, if there are to be separate votes of shareholders at the meeting, the number of eligible votes, as defined in that subsection, in respect of each separate vote to be held at the meeting.”

**Mrs. Pauline Picard (Drummond, BQ)** moved:

Motion No. 5

That Bill C-8, in Clause 65, be amended by replacing line 6 on page 32 with the following:

“in whose names the shares are registered in the institution’s registers and entitled to receive notice of a meeting under”

**Mr. Yvan Loubier (Saint-Hyacinthe—Bagot, BQ)** moved:

Motion No. 6

That Bill C-8 be amended by adding after line 33 on page 34 the following new clause:

“70.1 Section 160 of the Act is amended by striking out the word “and” at the end of paragraph (h) and by adding the following after paragraph (i):

(j) a person who is a director of another financial institution; and

(k) a person who has, directly or indirectly, an interest in the supply of products or services to the institution.

Motion No. 7

That Bill C-8 be amended by adding after line 20 on page 35 the following new clause:

“71.1 The Act is amended by adding the following after section 161:

161.1 (1) The position of chairman shall be separate from the position of chief executive officer and shall not be held by the same person.

(2) For greater certainty, the role of the chairman shall be to ensure that the board of directors assesses the management of the institution, while the role of the chief executive officer shall be to manage the institution’s day- to-day activities.”

He said: Madam Speaker, basically, these amendments have three purposes. The first is to give more power to shareholders of financial institutions. Earlier, we spoke about the special ownership structure of the Canadian financial sector and that is precisely the idea of the first motion. We said, for example, that for large banks 20% of the shares can be held by a single shareholder and that 80 % of voting shares would be widely distributed in the public.

The effects of such a distribution can be negative since small shareholders have very little to say, particularly during annual meetings of the large Canadian banks, and the bill is designed to strengthen the powers of those small shareholders.

We add our voice to that of the Association de protection des épargnants et des investisseurs du Québec, the APEIQ. We want to give our support to its campaign for more democracy at annual meetings of banks, as well as in the way the boards of directors of financial institutions operate.

On this point, in our first group of amendments, we say that shareholders, no matter how small, have a right to be heard and to participate in any decision made by the financial institutions. To do so, they must receive prompt and timely notice of a general meeting. They must have all the documents relevant to this meeting and they must also be allowed to be heard, not just on matters having to do with the profitability of the financial institution, but also on any other matter which directly or indirectly affects the activities of the institution per se.

I will give an example. Right now, it is not possible for shareholders at a general meeting to raise matters having to do with

the social aspects of a company's activities. Nor may they raise political issues. For instance, they could not ask questions about the activities of a company in which they were a small shareholder in countries where democracy was not the rule and where fundamental rights were not respected. It is not possible at a general meeting to table resolutions along these lines or even to question the board of directors. It is time that this changed. It is now 2001 and the democratic system in use at the general meetings of major financial institutions is completely archaic.

There are also other motions, one of which was to avoid any possibility of conflict of interest.

• (1220)

A person cannot sit on the board of a major bank and also provide that bank with goods and services. This would make him or her both judge and party to the action when it came time to make decisions relating to the financial institution.

For example, someone cannot be a member of the board of a bank and a shareholder in a company of external auditors, for instance, hired by the bank to audit its financial statements.

What we are proposing then is to ensure that there are new provisions which would, for example, call for questions to be asked and for it not to be acceptable for a board member to be directly or indirectly involved in providing the institution with products and services. Nor would it be allowed for a board member of one financial institution to also sit on the board of another. This could lead to problems.

That is the gist of what we are proposing. It is also the position of the Association de protection des épargnants et des investisseurs du Québec, APEIQ, which we totally endorse.

It is our hope that, in the spirit of greater democratization and transparency of the activities of the financial institutions, the government will support such proposals, along with the members of the other opposition parties. They cannot help but improve things from the point of view of equity, small shareholder participation, democratization and, above all, transparency of the activities of these major financial institutions.

**Mr. Roy Cullen (Parliamentary Secretary to Minister of Finance, Lib.):** Mr. Speaker, Motions Nos. 3, 4, 5, 6 and 7 brought forward by the Bloc relate to the provisions of the Bank Act on crown corporation governance.

As hon. members know, the Senate is presently considering a separate bill, Bill S-11, to amend the provisions of the Canada Business Corporations Act relating to corporation governance.

### *Government Orders*

The government is closely monitoring progress of Bill S-11 with a view to assessing the opportunity to apply the various initiatives included in that legislation to financial institutions.

After parliament has completed consideration of Bill S-11, the government will consult interested parties on the changes.

The consultation process will allow parties who did not take part in the amendment of the Canada Business Corporations Act to express their views on the appropriateness of making similar amendments to corporation governance provisions that apply to financial institutions.

Since the general examination of provisions of financial institution legislation concerning corporation governance will focus on the issues raised in the motions, we think there is no need to amend the bill at the moment.

**Mrs. Pauline Picard (Drummond, BQ):** Mr. Speaker, it gives me great pleasure to speak to the motions brought forward by the Bloc Québécois and supported by my colleague for Saint-Hyacinthe—Bagot, who worked very hard on this issue. He submitted a brief on the subject, listened to hundreds of witnesses and also took to heart most of the recommendations made by witness groups.

• (1225)

The problem with this bill, and it was mentioned earlier, has to do with banks with assets totalling under \$5 billion.

We are also concerned with the recommendations made by the Association de protection des épargnants et investisseurs du Québec. It submitted a brief at the committee hearings on Bill C-38, which is now called Bill C-8.

The Association de protection des épargnants et investisseurs du Québec then said:

Bank ownership is widely spread in Canada and it is so intended in order to limit a big shareholder's capacity to control one or more financial institutions while these are considered to be public services. Unfortunately, this widespread shareholding has had a perverse effect—

I repeat, "a perverse effect",

—by leaving way too much influence in the hands of the directors of major banks. This perverse effect could well be eliminated through some legislative changes to the Banking Act.

The Bloc Québécois supports the recommendations made by the Association de la protection des épargnants et investisseurs du Québec, and that is why we brought forward the motions read earlier. We have moved many more in support of the association, but they were rejected.

The association has made numerous representations to the federal government, to the McKay Commission in 1997, to the Standing Senate Committee on Banking in 1998 and to the House

### Government Orders

Standing Committee on Finance in November 1998. Despite these many meetings, Bill C-38 and Bill C-8 did not take any of the association's recommendations into account.

For the most part, these recommendations refer to the recommendations made by the association. I would like to quote some of these recommendations if I have enough time, but I know that time flies.

First there is the restriction on the number of boards a director is allowed to sit on at any one time. Our proposal dealt with the restriction on the number of boards a director would be allowed to sit on at any one time. What exists now is the old boys' club rule where "You appoint me, I appoint you, and we appoint each other".

**Mrs. Pauline Picard (Drummond, BQ):** Mr. Speaker, there is something I did not really understand with the adoption of Motion 3. It would appear that you allowed something, but on this side we did not hear what you said.

**The Deputy Speaker:** The hon. member for Saskatoon—Humboldt requested the unanimous consent of the House on some report and it was given. We are therefore resuming debate.

**Mrs. Pauline Picard:** As I said, our proposal dealt with limiting the number of boards on which a director can sit at the same time.

We were saying that, right now, what exists is the old boys' club rule where "I appoint you, you appoint me and we appoint one another", which makes boards of directors increasingly less efficient and less representative of shareholders. We believe that the number of boards of directors on which a person is allowed to sit should be very limited, because one needs time and a minimum of dedication to do a good job. The bill completely ignores those recommendations.

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## ROUTINE PROCEEDINGS

[English]

### COMMITTEES OF THE HOUSE

#### SCRUTINY OF REGULATIONS

**Mr. Jim Pankiw (Saskatoon—Humboldt, Canadian Alliance):** Mr. Speaker, I rise on a point of order. I apologize for interrupting the member's speech but it is a procedural matter. I believe you would find unanimous consent to adopt Motion No. 3 on the order paper without debate.

**The Deputy Speaker:** Does the hon. member for Saskatoon—Humboldt have unanimous consent to propose the 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)

• (1230)

Second, there is the elimination of potential conflicts of interests between board members and those who provide goods and services to the institution. Our proposal dealt with the elimination of potential conflicts of interests between board members and service providers.

Bill C-8 contains no provision to that effect, except the general provision on very general conflicts of interests. As we know, in the United States and even in Canada, there has been some success in getting shareholders meetings to pass, often against the will and recommendations of bank managers and other corporate directors, resolutions making it a requirement to disclose at least the fees paid to external auditors for audit services, on the one hand, and general consulting services, on the other hand.

For example, a consultant who is paid \$1 million to audit records, while at the same time being paid \$10 million for various consulting services could presumably have some difficulty presenting a critical internal audit report. Everyone understands that.

Third, there is the requirement to submit financial statements for review and discussion during the annual shareholders' meeting. That proposal seeks to clarify the legislation so that the agenda of the yearly shareholders' meetings include the item "consideration of financial statements and auditor's report".

In that regard, according to the *Canadian Oxford Dictionary*, the word consideration means more than just tabling, but the act of considering and careful thought not just tabling, but giving careful thought.

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## GOVERNMENT ORDERS

[Translation]

### FINANCIAL CONSUMER AGENCY OF CANADA ACT

The House resumed consideration of Bill C-8, an act to establish the Financial Consumer Agency of Canada and to amend certain Acts in relation to financial institutions, as reported (with amendments) from the committee, and of the motions in Group No. 3.

Since the financial statements are the main report of the agents on their management of the corporation, consideration and discussion of that document is a basic right of the principal shareholders, even those of banks.

There is also the presentation of the officers' remuneration policy to the shareholders' approval. With respect to banks, which are essentially public service companies operating in a very protected environment compared to other companies in the private sector, we find the remuneration paid to officers literally outrageous.

Of course we know the process through which they receive very positive recommendations about remuneration systems providing they are paid this or that amount. Nevertheless, the end result is that the officers of these institutions are not necessarily paid a basic salary, but aggregate remuneration with a very generous option plan, and that is unacceptable.

As for the adoption of a code of procedure respecting the conduct of shareholders' meetings, the purpose of this proposal is to facilitate active and effective shareholder participation in meetings and to protect them from the arbitrary decisions of presiding officers who are anxious to cut short shareholders' remarks. Our suggestion is that each corporation prepare a code of procedure respecting the conduct of these meetings and that this procedure be adopted at an annual meeting of shareholders within a reasonable timeframe.

Some banks, and more particularly the Laurentian Bank, have voluntarily adopted such a code, but it is not a requirement of the bill.

Corporations should also be required to prepare a comprehensive report on all shareholders' meetings and send it to all shareholders. Our recommendation is that corporations be required to do so. Some of them already do, but there is no requirement to that effect in the bill.

Another suggestion is to reduce the barriers that prevent shareholders from making proposals before and during shareholders' meetings. This suggestion is being made generally rather than by the board or the management of banks exclusively. At this time, a shareholder must hold 5% of the shares of a financial institution or public corporation or have control to be entitled to present candidates as directors on the board.

• (1235)

Do members know how much 5% of the Royal Bank shares represents? It represents \$900 million. I do not think any member has that much money or has the proposed control of a bank to be able to present candidates. I do not know too many people with that kind of money.

### *Government Orders*

**An hon. member:** Paul Martin.

**Mrs. Pauline Picard:** Of course. Access should be given to all bona fide shareholders: most shares are held in trust by brokers, and these intermediaries are the registered shareholders. Only these intermediaries hold the list of actual shareholders, so the corporation does not know who these shareholders are and cannot communicate directly with non registered shareholders. This would ease communication between the corporation and its shareholders.

The position of chairman should be separate from the position of chief executive officer. We are also proposing a reduction of barriers to the shareholders' right to submit proposals for and during shareholders' meetings. Thus, we recommend a reduction of barriers to the shareholders' right to submit proposals.

At this time, the act and the bill provide that the bank's management may refuse a shareholder's proposal that is primarily for the purpose of promoting general economic, political, racial, religious, social or similar causes. It may essentially refuse almost anything and it is only public pressure, so to speak, that forces banks to accept shareholders' proposals.

Our proposal also deals with branch closures. We are told that banks will now be able to proceed with branch closures. We would like this to be very transparent. People, especially those living in rural and isolated areas where there are less services, will be given a six month notice. How lucky; a six month notice to warn them that their bank will be closed. And who cares about where they will get the same services.

There is nothing in the bill on this. There is only the minister who is convinced that his bill will help ordinary people, small investors and small savers. I hope these flaws will be corrected in the bill before it is passed.

[English]

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

**Some hon. members:** Question.

• (1240)

**The Deputy Speaker:** The question is on Motion No. 3. Is it the pleasure of the House to adopt the motion?

**Some hon. members:** Agreed.

**Some hon. members:** No.

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

**Some hon. members:** Yea.

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

**Some hon. members:** Nay.

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

*Government Orders*

*And more than five members having risen:*

**The Deputy Speaker:** The recorded vote on Motion No. 3 stands deferred.

[*Translation*]

The next question is on Motion No.4. Is it the pleasure of the House to adopt the motion?

**Some hon. members:** Agreed.

**Some hon. members:** No.

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

**Some hon. members:** Yea.

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

**Some hon. members:** Nay.

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

*And more than five members having risen:*

**The Deputy Speaker:** The recorded division on Motion No. 4 stands deferred.

The next question is on Motion No.5. Is it the pleasure of the House to adopt the motion?

**Some hon. members:** Agreed.

**Some hon. members:** No.

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

**Some hon. members:** Yea.

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

**Some hon. members:** Nay.

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

*And more than five members having risen:*

**The Deputy Speaker:** The recorded division Motion No. 5 stands deferred.

The next question is on Motion No. 6. Is it the pleasure of the House to adopt the motion?

**Some hon. members:** Agreed.

**Some hon. members:** No.

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

**Some hon. members:** Yea.

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

**Some hon. members:** Nay.

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

*And more than five members having risen:*

**The Deputy Speaker:** The recorded division on Motion No. 6 stands deferred.

The next question is on Motion No. 7. Is it the pleasure of the House to adopt the motion?

**Some hon. members:** Agreed.

**Some hon. members:** No.

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

**Some hon. members:** Yea.

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

**Some hon. members:** Nay.

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

*And more than five members having risen:*

**The Deputy Speaker:** The recorded division on Motion No. 7 stands deferred.

The House will now proceed to the taking of the deferred recorded divisions at the report stage of the bill. Call in the members.

*And the division bells having rung:*

**The Deputy Speaker:** The recorded divisions stand deferred until tomorrow, March 28, to the expiry of the time provided for Government Orders.

\* \* \*

• (1245)

[*English*]

#### INCOME TAX AMENDMENTS ACT, 2000

**Hon. Robert Thibault (for the Minister of Finance)** moved that Bill C-22, an act to amend the Income Tax Act, the Income Tax Application Rules, certain acts related to the Income Tax Act, the Canada Pension Plan, the Customs Act, the Excise Tax Act, the Modernization of Benefits and Obligations Act and another act related to the Excise Tax Act, be read the second time and referred to a committee.

**Mr. Roy Cullen (Parliamentary Secretary to Minister of Finance, Lib.):** Mr. Speaker, I welcome the opportunity to present Bill C-22, the Income Tax Amendments Act, 2000 for second reading today.

While the bill amends several sections of the Income Tax Act, more important, it implements key elements of the government's five year tax reduction plan which was introduced last year.

[*Translation*]

Briefly, this plan will provide \$100 billion in tax relief by 2004-05, thereby reducing the federal personal income tax paid by Canadians by 21% on average.

Families with children will receive an even larger tax cut—about 27% on average.

[English]

The bill also includes many additional measures, including technical amendments that were introduced in Bill C-43 last fall but which died on the order paper when the election was called.

Many of these amendments are relieving in nature. Some correct technical deficiencies in the act while others lighten the administration of the tax system. Whatever the changes, one thing is certain, each is based on the principles of fairness and equity in the federal tax system to which our government has been committed since coming to office in 1993.

[Translation]

Once we eliminated the deficit in 1997-98, we began to cut taxes for all Canadians. The bill before us today is the biggest step forward in our tax cutting efforts to date and is based on four key principles.

[English]

First, our approach to tax reduction must be fair starting with those who need relief most, middle and low income earners, and especially families with children.

Second, we will focus initially on personal income taxes since that is where we are most out of line.

Third, we will ensure that Canada has an internationally competitive business tax system.

Fourth, we will not finance tax relief with borrowed money because that means an inevitable return to higher taxes in the future.

For the government, fiscal responsibility is fundamental and tax cuts are essential. At the same time, it is essential that an effective, fair and technically valid tax system be maintained, which is the thrust of the legislation before us today.

I will now discuss the main measures in the bill beginning with some of the personal income tax changes.

In 1999 the government promised Canadians that it would set out a multi-year plan for further tax reductions. The 2000 budget delivered on that commitment by making the most important structural changes to the Canadian tax system in more than a decade with a special emphasis on the needs of families with children. The bill provides for tax rate reductions at all income levels as of January 1, 2001.

[Translation]

The low and middle income tax rates fall to 16% and 22% respectively. The top 29% rate is reduced to 26% on incomes

### *Government Orders*

between about \$61,000 and \$100,000, which means that the 29% rate applies only to income over \$100,000.

[English]

While tax burdens will fall for all Canadians, the decline will be felt substantially by middle income earners. In addition, the bill would eliminate the 5% deficit reduction surtax as of January 1, 2001.

One component of the five year tax reduction plan must be in place by July 1 of this year because it benefits Canadian children. I am referring to the increased support for families with children through the Canada child tax benefit.

As hon. members know, the Canada child tax benefit is a key element of federal assistance to families. It is an income based benefit with two components: the Canada child tax benefit base benefit for low and middle income families and the national child benefit supplement for low income families.

The maximum Canada child tax benefit for the first child will rise to \$2,372 in July 2001, well on the way to the five year goal of \$2,500 by the year 2004.

• (1250)

For the second child, the maximum Canada child tax benefit will increase to \$2,308 in July 2004. Together with increases announced in previous budgets, annual Canada child tax benefits will exceed \$9 billion a year in the year 2004, of which low income families will receive about \$6 billion and middle income families about \$3 billion.

The bill contains other personal income tax changes that are specifically designed to help those who need it most.

[Translation]

For example, the amount on which the disability tax credit, the DTC, is based is increasing from \$4,293 to \$6,000 effective 2001. This tax relief will increase over time, as the DTC is fully indexed to inflation.

[English]

The list of relatives to whom the disability tax credit can be transferred has expanded to make it consistent with the medical expense tax credit rules. In addition, speech language pathologists will now be able to certify eligibility for the disability tax credit with respect to speech impairments.

Another measure increases the maximum annual amount that can be deducted for child care expenses to \$10,000 from \$7,000 for each eligible child for whom the disability tax credit can be claimed.

The amounts on which the caregiver tax credit and the infirm dependant credit are calculated are both going up to \$3,500. With full indexation, this tax relief will continue to increase over time.

*Government Orders**[Translation]*

At present, individuals with certain mobility impairments may qualify under the medical expense tax credit for renovation costs that enable them to gain access to, or be mobile or functional within, their home. Bill C-22 includes reasonable incremental costs relating to the construction of a principal residence to help these individuals.

*[English]*

To provide additional assistance to students, the annual exemption for scholarships, fellowships and bursaries received in conjunction with programs for which the education tax credit may be claimed increases to \$3,000, up from \$500.

I also want to mention that self-employed individuals will now be able to deduct one-half of their Canada pension plan or Quebec pension plan contributions on self-employment income. The remaining one-half will continue to be eligible for a personal tax credit at the lowest tax rate. Without the bill they would be entitled only to the credit on both the employer and employee contributions, which would put them at a disadvantage vis-à-vis owner-operators who can deduct the employer share.

*[Translation]*

The technical amendments in this bill are too numerous to mention in the short time allotted to me in this debate. However, I would like to highlight a few of them before moving on to the business tax changes implemented in this bill.

*[English]*

On the personal tax side, some of the changes ensure that the rules under which clergy can claim a deduction for their residence are clarified. They also ensure that Revenue Canada can release information about a former registered charity as long as it relates to when the organization was a registered charity.

They ensure that municipalities do not have to file T4s for volunteers to whom they paid not more than \$1,000. They also ensure that the exemption applicable to reasonable travel allowances to part time teachers be extended to teachers who do not have other jobs.

The five year tax reduction plan also goes a long way toward making Canada's business income tax system more internationally competitive. This is important because business tax rates have a significant impact on the level of business investment, employment, productivity, wages and incomes.

- (1255)

*[Translation]*

With this in mind, Bill C-22 includes significant corporate tax rate reductions. Corporate tax rates will drop to 21% from 28% for businesses in the highest taxed sectors, such as high technology services, to make them more internationally competitive. These reductions begin with a one-point cut effective January 1, 2001.

*[English]*

By 2005 the combined federal provincial tax rate, including both income and capital taxes, will drop from the current average of 47% to 35%. This would put our businesses on a more competitive level with other G-7 countries.

Two measures in the tax reduction plan involve capital gains. The first provides a tax deferred capital gains rollover for investments in shares of certain small and medium sized active business corporations. It includes increasing the \$500,000 investment limit, originally announced in the 2000 budget, to \$2 million as announced in the economic statement and increasing the size of small businesses eligible for the rollover from \$10 million to include corporations with no more than \$50 million in assets immediately after the investment.

The second measure reduces the capital gains inclusion rate to one-half. This would reduce the tough federal provincial tax rate on capital gains in Canada from an average of about 31% to about 23%, lower than the typical U.S. combined federal state top rate of about 25%. Both measures would improve access to capital for small businesses with high growth potential. High technology industries would particularly benefit.

Consistent with this change to the capital gains inclusion rate, the deduction for employee stock options would increase from one-third to one-half. As a result, employees in Canada would be taxed more favourably on their stock option benefits than employees in the U.S. The bill defers the taxation for certain stock option benefits and allows an additional deduction for certain stock option shares donated to charity.

Another measure that I want to discuss relates to branches of foreign banks operating in Canada.

*[Translation]*

These new rules stem from the 1999 amendments to the Bank Act, which allow foreign banks to establish specialized, commercially focused branches here. Previously, foreign banks could operate in Canada only through Canadian incorporated subsidiaries.

*[English]*

The tax system for the new foreign bank branches would now be comparable to that for Canadian banks. These new rules would give foreign banks a time limit window to move their operations from a Canadian subsidiary into a Canadian branch without undue tax consequences.

As with the personal tax measures, the business tax changes are too numerous to discuss individually during today's debate. I would like to summarize a few of them.

*Government Orders*

The bill, for example, provides a tax deferred rollover for shares received on certain foreign spinoffs. It strengthens thin capitalization rules. It phases out over a three year period the special income tax regime for non-resident owned investment corporations. It treats provincial deductions for scientific research that exceed the amount of the SR & ED expenditures as government assistance. It ensures appropriate treatment of foreign exploration and development expenses in computing foreign tax credits. It introduces a temporary 15% investment tax credit for grassroots mineral exploration and it amends the corporate divisive reorganization rules.

Other technical amendments ensure that Canadian corporations that hold shares of non-resident corporations through partnerships are not subject to double taxation. The additional capital tax on life insurance corporations is extended until the end of 2000. Shares of one foreign corporation can be exchanged on a tax deferred rollover basis for shares of another foreign corporation. The tax treatment of resource expenditures and the rules governing gifts of ecologically sensitive land are clarified. In a chain of corporations, a corporation is controlled by its immediate parent, even where the parent is itself controlled by a third corporation. Replacement property rules do not apply to shares of the capital stock of corporations, and a member of a limited liability partnership under provincial law is not automatically a limited partner under the Income Tax Act.

● (1300)

Those are some of the more technical changes incorporated into the bill. There are three remaining measures that I wish to discuss briefly before closing. The first involves changes to the rules governing the taxation of trusts and their beneficiaries.

[*Translation*]

Bill C-22 addresses the tax treatment of property distributed from a Canadian trust to a non-resident beneficiary. It also introduces measures dealing with the tax treatment of bare, protective and similar trusts, as well as mutual fund trusts, health and welfare trusts and trusts governed by RRSPs and RRIFs.

[*English*]

For example, the existing rules whereby an individual can roll over property to a trust for the exclusive benefit of a spouse or common law partner would be extended to alter ego trusts and joint spousal or common law partner trusts.

Several new anti-avoidance measures designed to ensure that transfers to trusts cannot be used to inappropriately reduce tax are also included in the bill. For example, there would be limits on the

use of rollovers where trusts were used to avoid tax when a beneficiary emigrates. Also, income allocations to beneficiaries could not be used by trusts to circumvent the rules ensuring that spousal or common law partner trusts, alter ego trusts and joint spousal or common law partner trusts would not allocate income to others before the beneficiary, spouse or common law partner dies.

In addition, rollovers to a trust would be denied if the transfer was part of a series of transactions designed to defer capital gains through the use of a trust as an intermediary between a vendor and purchaser of property.

A final anti-avoidance measure would prevent certain pre-1972 trusts from using graduated income tax rates if they received property from a trust not subject to these rates, and the beneficial ownership of the property had not changed.

The second measure I wish to highlight involves the new taxpayer migration rules, which are also part of the government's ongoing commitment to greater fairness in the tax system.

Since 1972 Canada has had special tax rules that apply when people give up Canadian residence. The basic entitlement of those rules is a deemed disposition that treats the immigrant as having disposed of property immediately before leaving.

[*Translation*]

For many years, questions have persisted as to the exact scope of this deemed disposition on departure from Canada and its interaction with Canada's international tax treaties. Under Bill C-22, Canada retains the right to tax emigrants on gains that accrue during their stay in Canada.

[*English*]

The bill would also clarify the effect of the new rules on various kinds of rights to future income and would allow returning former residents to reverse the tax effects of their departure, regardless of how long they were a non-resident.

In addition, former residents would be able to reduce the Canadian tax payable on their pre-departure and distribution gains by certain foreign taxes paid on the same gains. This is part of Canada's commitment to avoiding international double taxation, a commitment that is reflected in our network of tax treaties as well.

Since 1999, in anticipation of these rules coming into effect, Canada has been negotiating its tax treaties to reinforce protection against double taxation when immigrants' pre-departure gains are taxed.

A final measure, deals with amendments to the Income Tax Act that relate to the June 3rd, 1999 agreement between Canada and the United States concerning foreign periodicals.

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Since the 1960s the Income Tax Act has precluded the deduction of advertising expenses unless a newspaper or a periodical is at least 75% Canadian owned and has at least 60% original Canadian content.

• (1305)

As a result of the Canada-U.S. agreement, this rule no longer applies to advertisements and periodicals. Instead, advertising expenses and periodicals with at least 80% original editorial content would be fully deductible and advertising expenses and other periodicals would be 50% deductible regardless of ownership.

[*Translation*]

In addition, after July 1996, the meaning of Canadian citizen will include Canadian pension funds and other entities that own Canadian newspapers to ensure that they qualify as citizens under the ownership requirements of the Income Tax Act. For periodicals, this amendment applies from July 1996 to May 2000, after which time nationality of ownership is irrelevant.

[*English*]

In conclusion, while the bill is lengthy, very detailed and technical in nature, its components are all very important and deserve to be passed without delay. Most are relieving or clarifying measures and a few are housekeeping measures.

As I indicated earlier, each measure is designed with the principle of tax fairness in mind and there are many taxpayers out there who will benefit from these changes. The measure with the highest profile of course implements the key components of our government's five year tax reduction plan. In summary, that plan reduces the tax burden at the middle income level, increases support for families with children and makes Canada's business income tax system more internationally competitive. As I stated earlier, the five year tax reduction plan will provide \$100 billion in cumulative tax relief by 2004-05.

I urge all hon. members of the House to give the bill quick and speedy passage and, most importantly, to keep in mind all the Canadian children who will benefit from the increases to the Canada Child Tax Benefit on July 1.

**Mr. Jason Kenney (Calgary Southeast, Canadian Alliance):** Mr. Speaker, congratulations on your elevation to the Chair. I am pleased to rise to debate Bill C-22 which is, as the hon. Parliamentary Secretary to the Minister of Finance has indicated, a very substantive tax bill which appeared before this place in the form of a ways and means motion several days ago in the session. It seeks to give effect in part to tax changes proposed by the hon. Minister of Finance in his economic political statement here before the dissolution of parliament at the call of the election.

Let me say at the outset that the bill before us is a classic example of what has gone wrong with parliamentary oversight of legislation, particularly with respect to taxation. The bill before us has some 513 pages of technical amendments. I can say with a fair degree of certainty that not a single member of this place, let alone the parliamentary secretary who just spoke or the minister he represents, has read or will read. It is a bill that exercises enormous power over the lives of Canadians through the Income Tax Act which in itself has coercive powers delegated to it by this parliament. The some 500 pages of amendments in the bill are amendments to a tax act which runs over 1,300 pages long.

Let me remind my hon. colleagues that in the House in 1917, before it burned down, this same parliament passed what was called the temporary Income War Tax Act. It ran all of seven pages. The government of the day of then Prime Minister Borden said that the bill was only necessary for a short period of time to finance the war effort during the great war and that we would be able to repeal it shortly thereafter. This was an income tax which applied only to very wealthy Canadians at the time, people who were in the top fraction of income earners. The vast majority of Canadians were unaffected by it. The politicians said that it was temporary and that would be repealed.

• (1310)

This does not look like a repeal bill to me. This looks like another 500 pages of amendments on top a 1,300 page statute of which I doubt a single person in this country understands the totality. There might be a tiny handful of tax experts in academia or in the Department of Finance who have even a vague grasp of the myriad complexity of the Income Tax Act which we are seeking to amend today. This is a testament to the enormous complexity of the tax code with which Canadians must grapple every day.

That act in 1917 was passed in good faith by parliamentarians and committed to the Canadians, who they were taking money from to finance the war effort, that it would be repealed. It was not. Not only was it not repealed, it was added to, broadened and expanded to bring more and eventually every single working Canadian into its ambit.

Today we end up with an enormous, complex web of tax laws which inhibit the wealth creating potential of this nation which diminishes our productivity. It drives down our competitiveness and undermines the standard of living of Canadian families who are working harder to get ahead but who are falling behind because of the tax act which the bill seeks to amend.

Let me say as a matter of principle on behalf of the official opposition, the Canadian Alliance, that we stand four-square against this huge complex and destructive system of penalizing work, investment, risk taking and wealth creation. These are the very virtues and habits upon which a prosperous and free nation is

built. All of those things are undermined by taxation in general and this extraordinarily complex tax system that we have in this country.

A political philosopher once remarked that the power to tax is in fact the power to destroy. It is the power of government to use its monopoly on coercive force to reach out the hand of the state and to take from individuals, businesses and corporations the fruits of their labours. We can never underestimate just how destructive that power can be. We can never know how many small businesses or how many dreams have been vanquished because people were unable to realize their potential and dreams of starting up and operating a successful business because they were unable to keep enough of the fruits of their labours to keep their heads above water. That is what the bill represents.

I am sure the parliamentary secretary who just spoke perhaps does not reflect often on the first principles of taxation. It is important for us every now and then in this place to remember the enormous power that we wield through this taxing power. We do so somewhat recklessly. As I suggested, I am certain that not a single member of the House has now or will read the entire bill.

I tried to make my way through as much of it as I can. I consulted the experts in the finance department. I received the bill a couple of days ago and I am supposed to stand here on behalf of the official opposition, which has a quasi constitutional obligation to be the watchdog of the government particularly with respect to issues like this, and provide a thorough, detailed, thoughtful analysis and assessment of the bill, when these 500 pages of technical amendments were just delivered to us.

I know for certain that the finance minister not only has not read the bill, he is likely at best vaguely familiar with the impact of the amendments contained herein.

• (1315)

Even though the official opposition will vote against it for a number of reasons, this will undoubtedly go on to the finance committee which, I predict, will have fairly brief hearings because none of the members will be able to penetrate the impenetrable complexity of the Income Tax Act.

Well meaning and very bright officials from the Department of Finance will appear before the committee to explain and analyze, as best they can, the impact of the bill. The committee members, who were elected to represent the best interests of their constituents and to uphold any parliamentary oversight and scrutiny, will have to take the bureaucrats at their word and then the bill will come back to this place and be passed.

Members will not understand what they have passed because of the complexity of the act. That is a very serious concern, but it does not need to be that way. In a more functional democratic

### *Government Orders*

institution, the American congress for instance, both the upper and lower houses have ways and means committees with independent legislators and adequate staff resources. The staff of those committees have become experts on the complexities of tax legislation and are able to frame and craft bills of this nature with a real understanding of what they are doing. The U.S. congress has specific committees to deal with taxing power and taxing legislation.

As a result, congress and the people it represents have the benefit of real, serious, substantive democratic oversight and input into tax legislation. We only pretend to have such input in this place because of the dysfunctional nature of parliament and the complexity of the Income Tax Act.

How do I know that is the case? How can I prove that the consideration of tax legislation does not work in this parliament? It is very simple. This bill, and at least three other bills before the House right now, include amendments to tax legislation that seek to undo the drafting mistakes of previous bills passed by parliament. It is unacceptable that we waste the valuable time of parliament time after time by undoing mistakes made in the drafting of legislation. Those mistakes were not identified by members of parliament because they do not have the expertise, the time or the resources. What is the point of digging down into the depths of a bill if it will be passed anyway?

We do not have time to ensure at a meaningful level that the bureaucrats have it right. The minister does not do that. He receives draft legislation from bureaucrats, rubber stamps it and sends it to parliament. We ought not spend time correcting the errors that drafting officials and bureaucrats have made. If we had more serious parliamentary scrutiny, oversight and involvement in the development of tax legislation, and a tax code which made sense to ordinary taxpayers, we would not need to constantly revisit bills such as the one before us.

For those reasons my party stands four square for the reform and simplification of the tax code. I will quote from the Canadian Alliance policy declaration. It was not dreamed up by any one person. It was the result of a grassroots, bottom up democratic process. Our members agreed that:

We will restore public confidence in the fairness of the Canadian tax system by reducing its complexity. We will restore indexation and move towards a simpler tax system, built around—

This is a novel concept for a government which likes to play the politics of envy and class warfare. It continues:

—a single rate of taxation to ensure lower taxes for all Canadians. We believe that all Canadians above a minimum income level should share in the cost of the services provided by government, which benefit us all.

That is what we seek to do.

*Government Orders*

• (1320)

The hon. parliamentary secretary suggested the bill would give effect to what he called, disingenuously, the largest tax cut in Canadian history. That is absolutely bogus. He argues the bill would give effect to the political statement made by the finance minister in October.

Let me give credit where it is due. After seven years of advocacy in this place by the Reform caucus and then the Canadian Alliance that tax relief be our nation's highest economic priority, and after millions of Canadians demanded to see a little more of what they earn and said they were fed up with Liberal tax increases, the finance minister, days before an election, finally came forward with some modest tax cuts.

However they are not real tax cuts for real people. I challenge people to take the paystub test. People who watch the debate in this place see me and my colleagues stand to demand the finance minister cut taxes and they see him stand to say he has already done so. How are people to know which of us is telling the truth? I have a very simple test.

**Mr. Paul Szabo:** Mr. Speaker, I rise on a point of order. I need some clarification. The member said his party supports a single rate of tax, and yet in the last election it did not even include it in its platform.

**The Deputy Speaker:** With the greatest of respect, if I looked high and low, nowhere would I find anything in that statement resembling a point of order.

**Mr. Jason Kenney:** Mr. Speaker, not only was it not a point of order. It was completely inaccurate. Our platform included a policy for a single rate of tax.

I will make clear what I was saying. People are confused by competing claims about whether taxes have been cut. They can be the arbiters. They have very simple documentary evidence to adjudicate the test. It is called their paystub.

I invite everyone listening to or watching the debate to look at their paystubs and compare them to the paystubs for the same week or month last year. They will see that the supposed Liberal tax cut for this year was actually a tax increase. It is bogus.

When we combine the impact of Bill C-2 regarding Canada pension plan payroll taxes, which was passed during this fiscal year by the previous parliament and is the largest tax increase in Canadian history, with the myriad of other tax increases imposed by the government and the snail's pace at which its modest tax cuts will apply, Canadians at most income levels will find they are paying more than they did the year before.

If they are not, it is because of the foresight of provincial governments. Provincial taxes in Ontario and Alberta have gone down, thanks to the leadership of people like Mike Harris and Ralph Klein, but federal taxes have stayed the same or gone up.

The finance minister and his parliamentary secretary claim the bill includes \$100 billion of tax relief. A nice round figure like that is like pricing something at \$9.99 in a department store. The finance minister was told by campaign officials to get the number up because he needed a nice, big round number to talk about in the election. They decided it would be \$100 billion. It is nothing of the sort.

The government claims \$100.5 billion of gross tax relief in the bill and \$3.2 billion of that is an increase in spending. The government has taken the Canada child tax benefit, which is an entitlement program and a spending program, and booked it as a tax cut. Once again the paragons of clean accounting in the government opposite are misleading Canadians.

• (1325)

Then there is the \$29.5 billion by which the government increased the Canada pension plan payroll tax. The government, after enormous pressure from this party, from the Canadian Taxpayers Federation and from the Canadian people, finally decided to stop the insidious back door tax grab on inflation known as deindexation. Under deindexation people were bumped into higher tax brackets and paid more taxes. They did so because they were getting cost of living adjustments and not because of any real increase in income.

The Canadian Alliance objected to deindexation. Finally the government responded to our objection and stole our policy by agreeing to reindex the tax system, but not retroactively to 1986 when the Mulroney government deindexed the system.

Let me say parenthetically that the Liberal Party in the 1988 and 1993 elections ran against the Tory Party, and rightfully so, for having deindexed the tax system in 1986. However when it finally came to setting things right, did the Liberals give back the money that had been stripped out of people's wallets by taxes and inflation since 1986? No, sir. They reindexed. They did not give back the some \$9 billion that people had lost to deindexation.

The Liberals say they will adjust tax brackets, exemptions and credits upward to account for the consumer price index so that they no longer impose a tax on inflation. That is good. However they count that as a tax cut. In other words, the government counts a non-increase as a cut. They tell Canadians they will not tax them on inflation and that Canadians should be grateful it will be counted as a tax cut. There are accountants in this place who would find that

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pretty specious. The government has declared \$21 billion worth of specious, non-existent tax cuts which are merely non-increases.

When we add all that up, the real total net tax cut in the government's bill is \$47 billion over five years. That is about half the tax relief proposed by the Canadian Alliance over five years based on comparable accounting. It is a fraction of the tax relief proposed by U.S. President Bush of \$1.6 trillion to \$2.3 trillion, depending on how we count it, over 10 years for a country with taxes that are already lower.

That would not be such a problem if Canada had its tax burden under control. However it does not. Revenues to the federal government last year were at their highest level in history. The government is bigger in terms of the money it hoovers out of people's wallets, purses and small business tills than any government in the history of the dominion. Personal income taxes in Canada consume a higher percentage of gross domestic product than in any other nation in the G-8. At 17.6% of GDP we have the highest personal income taxes.

According to a recent study by Price Waterhouse that was published in *The Economist*, Canada has the highest corporate income tax rates in the OECD, the Organization for Economic Co-operation and Development, the 23 principal industrialized countries in the world. Of those 23 countries, yes, we are number one when it comes to business tax rates.

When we look down the line, we see that none of this will change under the bill. When the tax cuts here have been fully implemented, and after the Bush tax changes have been implemented in the U.S., Canada will still have income taxes far higher than those of the United States and our other principal competitors. That is having an impact on our competitiveness and our standard of living. We know that.

• (1330)

We know that Canadians are working harder now than they ever have and are falling behind. We know we have an increase in the brain drain: the loss of talent and human capital to the United States and other jurisdictions, in large part because of the tax burden.

We know that Canada has fallen from second to 16th place in the OECD in terms of our standard of living over the past 15 years. We went from the second highest per capita GDP to the 16th, to the middle of the pack. Over the past 10 years, by comparison, Ireland leapfrogged over Canada in terms of its growth in per capita GDP, which is the best measure of increases in the standard of living, in large part because it provided huge tax incentives.

A member opposite said that it was because of something other than tax relief. My brother moved a company with 30 very well paying jobs to Dublin because of the tax cuts offered in Ireland and the huge advantage it offers over Canada.

This is not an agenda that would restore the competitiveness of the nation. It would continue to impose on Canadians an enormous burden of taxation into the future.

The bill would do a number of other things to which we object. First, there are a couple of elements which do step in the right direction. Reducing the inclusion rate on capital gains to 15% is something that should have happened a long time ago. We would like to see that inclusion rate go down to 33 1/3% so that we stop penalizing people who invest their whole lives in a business or in a property. This is a form of a death tax. We work hard our entire life, we invest in a business or property and we look forward to passing that on to the next generation. We, as individuals, may not take any benefit from it, but guess what? The moment we die, the Government of Canada comes in with deemed capital gains, which is really a form of estate tax or death tax, and grabs one-third of our lifetime earnings that were in that investment. That is wrong. We should not penalize people's lifetime investments. We should not diminish their abilities to pass on to the next generation their life's savings as we do through deemed capital gains.

There are a number of technical changes in the bill. One of the technical changes with which we have a great deal of trouble is the fact that the bill would continue the unfairness with which single income families with children are treated under the tax code.

The House will recall that this was a very hot issue at one point in the last parliament. The Secretary of State for International Financial Institutions, in response to a question I put to him about why the government discriminated against single income families with kids and why there was as much as an 80% tax penalty for those families versus their dual income counterparts, stood in his place and said that the government discriminated against single income families because they did not work as hard or have as many expenses as the double income families. That was pitting one kind of family against another.

As we said then and I say now, let me inform the secretary of state that moms and dads who stay home to raise small kids, to care for the elderly and the infirm, and to build families and homes, work just as hard, if not harder, as those of us in the paid workforce. They deserve and demand our respect and fairness in the tax code.

The current tax code's discrimination against those families must be eliminated and fairness must be brought in. The Canadian Alliance has proposed, among other things, equalizing the spousal or equivalent to spouse basic exemption with the basic personal exemption.

Under the bill we would have two classes of citizens: those who are primary income earners and their spouses. They have equal worth and that worth should be reflected in the tax code by a spousal exemption equal to the basic personal exemption. That would not be done here. We would continue to penalize the stay at home parents.

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● (1335)

We would raise that exemption from \$8,000, which it will eventually get to pursuant to this bill after several years, to \$10,000. That would lift hundreds of thousands of working families off the tax rolls so that instead of giving money to be misspent by the government they could invest it in their own priorities, their own children and their own homes.

We would bring in a child tax deduction. We would provide a deduction of \$3,000 per child so that families with children would be able to keep more of what they earn to reflect the costs of raising kids.

What does the government do? Absolutely nothing of the sort. To the contrary, the bill before us raises the so-called child care expense deduction from \$7,000 to \$10,000. This is another piece of discrimination because only certain families would get to claim the child care expense deduction. Only those dual income families with receipted child care expenses could make use of it. Only 17% of tax filers could claim this deduction, and even a smaller fraction could claim it to the full amount.

If a mother with three children is the main income earner and the father decides to stay home until the kids are in school, the tax code says that the dad's work at home cannot be deducted. The tax code says that it has no value to society and therefore will not be recognized. However, if a parent decides instead to earn a second income and drops the kids off at a day care on the way to the second job, the federal government will give recognition for the third party costs of child care. The at home costs, the opportunity costs, the forgone income and the real financial costs of raising children at home are recognized nowhere.

It is intolerable that we should be increasing discrimination against single income parents. We will oppose the bill on that ground alone.

The bill includes an element which further erodes parliament's recognition of the unique and important role and status of the institution of marriage in our society and culture. It does so by bringing forward further amendments to change any reference from spouse to common law partner.

This is a change which was begun in a bill amending the Income Tax Act in the previous parliament, but in one of the many drafting errors to which I referred earlier the officials neglected to amend certain sections of the bill saying that in various sections reference to spouse as part of the institution of marriage has been abolished for all intents and purposes from the Income Tax Act. It is an institution which in this and every other society I know of has been given certain privileges because it is the basis of the family, the basic institution of society.

We have said from time immemorial that the institution of marriage should be given certain preferences and privileges to protect the family. The bill would further erode the distinctiveness of that institution by saying common law partners, not spouses.

We as a parliament or as a country should not be ashamed of declaring that the spousal commitment in the covenant of marriage is a fundamental contractual relationship in the development of strong and healthy families and that they are necessary to having a strong and healthy society.

That is another reason we oppose the bill. It further undermines and weakens marriage as an institution.

● (1340)

There are a number of other provisions in the bill which the Alliance finds objectionable. It does include certain technical changes to which we do not object. Here is an interesting one: the foreign actors' tax credit. Most people ask what that is all about. It turns out that we currently withhold 15% of the income of foreign actors who come to Canada to act in Hollywood movies. We then reserve the right to force them to file a tax return and tax them even more.

The Hollywood movie actors have been shedding crocodile tears about this unfair tax treatment by Canada. The same government which cannot find the fiscal room to help out single income families, has decided to give millionaire Hollywood movie actors a tax break in the bill. Lo and behold, Sylvester Stallone and Bruce Willis will be at the front of the line when it comes to tax relief from the government. Single income moms and dads can stay at home without fairness.

The government would do this by raising the withholding tax from 15% to 23%, a very modest increase, but then it says that the actors would not have to file returns beyond that. These are people making millions of dollars at the highest possible marginal rates.

My office staff called the movie producers, the Hollywood actors, the actors' guilds and so on to hear what they thought of this move by the government. They were in favour of this because it would be a big tax cut for the millionaire Hollywood movie stars. They said that if we did not make this change, they might not keep coming back to work in Canada. I find it very odd when I look at the priorities that the government has for tax relief.

We in the Alliance have talked about raising the basic exemption for individuals and spouses, or equivalent to spouses, to \$10,000. We talked about introducing a \$3,000 deduction per child. Let us just figure out what that means. If we had a Canadian Alliance government, it would mean that a family with two parents and three kids would pay no taxes on their first \$29,000 of income. It would mean that a single mom could give her first child the equivalent to

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spouse deduction of \$10,000, so that a single mom with two kids would have \$23,000 tax free.

These measures would lift 1.4 million low income Canadians off the tax rolls altogether, giving them a hand up so they could get ahead. It would stop penalizing them for earning that small incremental income to try to get ahead economically. The government does nothing in the bill to lift Canadians off the tax rolls.

When our party came out with its bold and powerful proposal to eventually get to a 17% single income tax rate and lift 1.4 million low income people off the tax rolls and to restore and create family tax fairness, the government said that it looked popular. It said that it was testing well in the polls so it had better try to outflank the opposition. What did it do? It came up with a new basic rate of 16% in the bill and thought that Canadians would be fooled by that because, after all, 16% is lower than 17%.

Yes, it is. However, for the people for whom it matters, those at the lowest income levels, there are no increases in the basic exemptions and deductions. Those are far more generous. What the Liberals want is for a single mom working as a waitress to pay 16% of her paltry income. Our plan would say that a low income individual would pay no taxes at all because we want that individual to get ahead through higher deductions and exemptions at the bottom end of the tax system.

In closing, I encourage the government to think about the enormous complexity of the Income Tax Act and the destructive effect it has on our economy and our society. It should think of the tens of thousands of bright, young Canadians, whose educations we subsidize, who leave the country every year to pursue their economic opportunities elsewhere in large part because of diminished opportunities and our tax system.

• (1345)

I want them to think about the low income working families, the single moms and the seniors on fixed incomes who are forced to pay taxes today. I want them to join us in dreaming about creating a tax system which is simple, fair and low, which rewards risk taking, investment and productivity and which rewards the virtues upon which a prosperous society is built.

I want to invite them to join us in the opposition in proposing a tax system that lifts the low income people off the tax rolls, that puts the family first and restores fairness to the tax system and that stops the beggar thy neighbour, class warfare politics of envy approach, which informs the so-called progressive tax system that penalizes people who succeed, work hard and get ahead.

I invite them to do all of those things by opposing Bill C-22, a bill that once more adds yet another destructive layer on to the tax act which was first passed in this place in 1917. I hope they will join us in doing that and working together to create an economic environment of opportunity which rewards risk taking, saving,

investment and hard work. That is what Canadians are asking for and that is what we are fighting for by opposing the bill.

[*Translation*]

**Mr. Yvan Loubier (Saint-Hyacinthe—Bagot, BQ):** Mr. Speaker, I am pleased to rise to speak to Bill C-22 implementing certain provisions of the latest budget of the Minister of Finance.

I can say right away that we will oppose this bill, because we have repeatedly criticized, not only during the course of the regular budget of March 2000, but also when the Minister of Finance tabled his mini budget in the fall, the fact that the huge tax resources at his disposal over the next five years were being badly used.

When we speak of huge tax resources, the situation has not changed, even with the prospect of a downturn in the States. We will return to this later. In the next five years, even taking into account a downturn in the economy in fiscal 2001-02 linked to that of the States, the Minister of Finance will have some \$135 billion in surplus.

That is a lot of money, \$135 billion. It is slightly down from what he anticipated last year in fact because of the American situation. Last year, the talk was of \$147 billion or thereabouts. Now the figure cited is \$135 billion. However, the possibility of making choices around these huge surpluses remains essentially the same.

The Minister of Finance is faced with a situation in which, through various unfair measures he created, on the backs of just about everyone, annual surpluses that will reach record levels in the next five years.

He has accumulated these surpluses and will continue to do so on the backs of the unemployed. He will take from the employment insurance fund between \$5 billion and \$6 billion annually to create his budget surplus. Five to six billion dollars a year will be taken from the contributions by employers and employees, contributions which have nothing to do with those of the federal government. The government has not contributed to this fund for a number of years, but still takes \$5 billion to \$6 billion annually from it. It is shameful.

In recent years, the Minister of Finance has taken \$38 billion from the EI fund surplus. This money came from the pockets of employers, workers and mainly the unemployed. What must be kept in mind is that, if the surplus in the EI fund is accumulating as rapidly as it is, it is because of two things: first, employer and employee contributions are too high, and second, the majority of people who are out of work are excluded from the plan.

I remind hon. members that only 43% of people who end up unemployed are in fact eligible for employment insurance. Corrective measures by the government will remedy some of this, but

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only a tiny portion, not all of it. Despite the improvements made by the bill on employment insurance, most of those who are left out will continue to be.

• (1350)

Year in, year out, the Minister of Finance is going to continue to pocket at least \$5 billion of the \$6 billion EI fund surplus to add to his budget surplus and to look good, as well as to be able to give tax cuts to the richest members of Canadian society.

As well, we must not lose sight of the fact that the Minister of Finance created this surplus, and will continue to add to it, at the expense of the provinces.

For six years now, the Minister of Finance has cut transfer payments to the provinces for the funding of education, health and income security. This was money that the provinces did not have, year after year, to meet their citizens' needs.

The surplus is in Ottawa, while the needs are in the provinces. The health sector needs money, and the Minister of Finance had plenty. Last year the Minister of Finance did restore some funding, but year after year they are still some \$2 billion short of what is required to cope with changing health costs, caused in large part by the aging of the population. Over the next five years, the shortfall in transfers will total \$10 billion.

Given the greying of the population, we know there will be a natural increase of 3% in health requirements, in Quebec and elsewhere in Canada. This increase is solely because of the fact that the population is aging. The Minister of Finance has not taken this phenomenon into account and the surplus continues to accumulate in his coffers.

This year again, in spite of the downturn in the U.S. economy, the Minister of Finance will have a surplus of about \$18 billion to \$20 billion. It is easy to have such surpluses when one does nothing and makes the provinces do the work by cutting transfers, by not indexing in view of the urgent needs in health and education, and by shamelessly dipping into the employment insurance fund. It is easy to accumulate surpluses under these circumstances.

We believe that with the surpluses for this year and the four previous years, the Minister of Finance could do a lot more than what he intends to do under his five year plan. He is in a position to target groups that need help. The Minister of Finance intends to give major tax cut to those who earn \$250,000 and up.

From this year on, those, and there are not too many of them, who earn in excess of \$250,000 and others such as millionaires and billionaires will enjoy significant tax cuts. They will get about 70% of all the tax cuts planned by the Minister of Finance. If a person is earning \$250,000 this year, he is lucky because he will get the

largest tax cuts, because of the changes related to the partial inclusion of capital gains, because of tax cuts as such, or because of indexation. These people will get at least \$9,000 to \$11,000 in tax cuts.

However, a single parent with dependent children is not so lucky, because he or she will only get about \$250 in tax cuts this year. Talk about equity and social justice.

Under our proposals, with the same tax resources the Minister of Finance has estimated for the next five years, we in the Bloc Québécois would have taken measures to ensure that starting this year families earning \$35,000 or less would not pay any taxes. Everyone else would have benefited from a 50% tax break. That is what I call being progressive. That is what I call dealing with the needs of the people, the real needs of the people.

The Minister of Finance could have diverted his resources to the majority of taxpayers, as we have done. Nine out of ten taxpayers would have benefited from a tax break under our proposals, not just 1% of all taxpayers, the richest taxpayers in Canada and partisans of the Liberal Party and our millionaire friend, the finance minister, but nine out of ten, that is 90% of taxpayers.

If we can come up with these proposals using the same basic figures as the Minister of Finance did, why has he not redirected his policies?

• (1355)

With the estimated tax resources for the next five years and despite the downturn in the U.S. economy, because we adjusted our estimates accordingly, the Minister of Finance could have used \$5 billion of the \$6 billion EI surplus every year to improve the system, raise the benefits and expand the system to include the 57% of the unemployed who do not currently qualify.

Seasonal workers, women and especially young workers who are particularly hard hit by the vicious employment insurance system could have benefited this year from decent EI benefits.

Why are we able to come up with a scenario whereby each year \$5 billion stays in the EI fund to help young people, women and also families? We are talking about a good parental leave plan in Quebec City, not the useless kind of plan being proposed to us. With our forecasts with regard to surpluses, why are we able to do all these things? It is because we in the Bloc Québécois believe that our first duty is to serve the most disadvantaged, those who belong to the middle income category, those into whose pockets the federal government has been dipping since it came into office in 1993.

Let is not forget that these nine taxpayers out of ten, to whom we wanted to give tax cuts considering the huge surpluses that will accumulate in the federal government's coffers, are the ones who

pay the biggest share of taxes. Indeed, the federal government gets most of its tax revenues from families in the \$25,000 to \$80,000 a year income range.

With all these surpluses, the federal government is not thinking about those families. It is not thinking about those who have been taxed to death these last few years. It does not want to ensure that they benefit from these surpluses, but it wants to ensure that millionaires do. That is the kind of social justice practised by this government.

Let us not even talk about social housing any more. It is not a priority for this government, as evidenced by the fact that it has not invested a cent in this area since 1993. Yet, the needs are enormous. Since that year, the number of families spending more than 50% of their income on housing has almost doubled. If one spends 50% of one's income on housing, it means that there is only 50% left to buy food and clothing for one's self and one's children.

**The Speaker:** I am sorry to interrupt the hon. member, but he will have 28 minutes left to conclude his remarks after oral question period.

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### POINTS OF ORDER

#### OFFICIAL REPORT—SPEAKER'S RULING

**The Speaker:** Before beginning Statements by Members, I have something to say about the point of order the hon. House leader of the Bloc Québécois raised yesterday concerning the Prime Minister's reply to a question posed by the hon. leader of the Bloc Québécois on March 21, 2001.

The hon. member for Roberval alleged that the office of the Prime Minister had improperly intervened with the publications process to change the reply given by the Prime Minister as it appeared in the blues so that it read substantively differently when printed in *Hansard*. Specifically, he said that the phrase "nous n'avions pas d'intérêt financier" was changed to "nous n'avions pas de parts" and that this constitutes a substantive change that is unacceptable under our usual practices.

[English]

I have now had an opportunity to review all the pertinent information on this case: the video tape of the exchange, the blues and the official *Hansard*, and I asked for and received a report from my officials on this matter. This is what have I learned.

[Translation]

The videotape of the exchange shows the Prime Minister's reply, with the phrase "nous n'avions pas de parts" just as indicated in the official *Hansard*.

● (1400)

However, that portion of the tape is admittedly hard to understand and the reply may have contained some additional words that

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remain unclear in listening to the tape. It appears that the transcriber preparing the blues, faced with a difficult portion of the tape to decipher, sought, as is often the case, the context of the question in the words of the questioner. So, the words "nous n'avions pas d'intérêt financier" appear in the blues, which, I remind hon. members, are the unedited transcript of the first take on transcribing events in the Chamber.

The change from the phrase in the blues "nous n'avions pas d'intérêt financier" to the phrase in the *Debates* "nous n'avions pas de parts" was made by the *Hansard* editors as a result of their listening to the tape and coming to the conclusion, as I invite members themselves to do, that this was the accurate transcription of the phrase used in the Prime Minister's reply.

[English]

I am satisfied that there was no impropriety here and no interference with the usual practices concerning the preparation of the official record of House *Debates*. I thank the hon. member for his intervention.

[Translation]

I therefore conclude that the allegations of the member for Roberval are without foundation and the matter is closed.

## STATEMENTS BY MEMBERS

[Translation]

### GOVERNMENT OF QUEBEC

**Mr. Guy St-Julien (Abitibi—Baie-James—Nunavik, Lib.):** Mr. Speaker, the Premier of Quebec, who was appointed by only 203 Pequistes, said that the dollars are in Ottawa, while the needs are in Quebec.

However, Mr. Landry and PQ members made no mention of the studies of Richard Le Hir on sovereignty, which resulted in a major fiasco for the Parti Québécois, then led by Jacques Parizeau.

Quebec's treasury is full of money. This year an additional \$953 million will come from Ottawa under the equalization program and another \$500 million next year. Quebec has only allocated \$10 million out of the \$730 million that it invested in eight non profit organizations, and it will get an additional \$1 billion in federal transfers this year for health, also let us not forget the \$840 million treasure still sitting in a trust in Toronto.

What Quebecers really want is not a referendum, but substantial tax cut and the elimination of the indexation of provincial tax tables, just like the federal government did.

*S. O. 31*

[*English*]

### HEALTH

**Mr. Kevin Sorenson (Crowfoot, Canadian Alliance):** Mr. Speaker, last week I rose in the House reiterating the concerns being expressed by my predominantly rural riding regarding foot and mouth disease. The letters and calls have not stopped and fears have not been abated as British soldiers continue to be deployed to military camps such as Wainwright, Suffield and Cold Lake.

Hopefully there will be some appeasement given news reports indicating that no British soldiers who have assisted civilians in the United Kingdom with the disposal of carcasses are being sent to Canada and that stringent precautions such as submerging shoes and other personal items in disinfectant are being taken.

I am putting the ministers of defence and agriculture on notice. The cattle industry is the lifeblood of many of my constituents. The economic vibrancy of Alberta depends significantly on a healthy cattle industry.

The ministers must therefore do everything possible to stop foot and mouth disease from invading the country. They are responsible for safeguarding the livelihood of my Crowfoot constituents.

\* \* \*

### AUTISM

**Ms. Jean Augustine (Etobicoke—Lakeshore, Lib.):** Mr. Speaker, I wish to support my constituents, Margaret McIntosh and Karen Taylor, in bringing to your attention the situation of families who are caring for autistic children.

Autism is a neuro-developmental disorder affecting communication, socialization and behaviour. Statistics indicate that 1 in 200 children have a form of autism, an increase of over 500% in the past 10 years. Parents are in desperate need of services and support.

Margaret and Karen look to the Geneva Centre for Autism for the necessary support and services. The centre cannot do it alone and therefore has to seek financial assistance from the community. I congratulate the Geneva Centre and encourage support for its very important work with autistic children.

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### WORLD THEATRE DAY

**Ms. Sarmite Bulte (Parkdale—High Park, Lib.):** Mr. Speaker, today I invite Canadians to celebrate World Theatre Day. Inaugurated in 1962 by the International Theatre Institute and UNESCO, World Theatre Day is celebrated in more than 90 countries.

In Canada, celebrations are focused on recognizing all Canadians participating in theatre: actors, designers, directors, educa-

tors, playwrights, producers and the many theatre patrons and volunteers who support various theatre communities.

[*Translation*]

Theatre provides inspiration for all Canadians. It gives us an opportunity to marvel, to laugh, to cry and to think. This art form is well adapted to our society.

● (1405)

This is evidenced by the increasing popularity of our playhouses. This year, Montreal's Théâtre du Nouveau Monde is celebrating its 50th anniversary. Throughout the years, this theatre has presented quality plays that are appreciated by both the entertainment world and the public.

[*English*]

By its various programs, the federal government is proud to participate in the promotion of the Canadian theatre.

\* \* \*

### MINING

**Mr. Benoît Serré (Timiskaming—Cochrane, Lib.):** Mr. Speaker, the Canadian mining industry is a global leader and one of the few industrial sectors where Canadian knowledge, technology, expertise and leadership dominate internationally.

It is certainly no holdover from the past. Investing \$350 million a year in research and development, Canadian mining is one of the most productive and innovative sectors of the Canadian economy. It is inextricably linked to the knowledge based, technology driven global economy.

[*Translation*]

The mining industry plays a significant role in Canada's economy and is a major ally in the development of the new economy. Mining accounts for close to 400,000 jobs in Canada, or one worker out of 40, and pays the highest salaries for industry in the country.

[*English*]

On this mining day in Canada, let us continue to work together to ensure Canadian mining reaches new levels of achievement, leadership and opportunity, because mining works for Canada.

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### SOFTWOOD LUMBER

**Mr. Reed Elley (Nanaimo—Cowichan, Canadian Alliance):** Mr. Speaker, I rise today to speak on behalf of my riding of Nanaimo—Cowichan, which is very dependent upon the government to act in regard to the expiration of the softwood lumber agreement. My riding is covered with rain forest timber. Over the

past number of years the market has been hard hit by many negative effects, particularly this agreement. Few people will be sorry to see it expire on Saturday.

Literally thousands of British Columbians are dependent upon the softwood lumber market. They have concerns over the solidarity of the national softwood lumber coalition and fear that we will look weak if the united front breaks down as we enter into some form of negotiations with the United States.

The federal government needs to remain strong and firm with the Americans. It needs to remind them of concerns which we all face, including the erosion of foreign markets for North American softwood lumber if we are not able to produce an economically and competitively priced product.

The government needs to make the Americans aware of the changing products that are now entering the marketplace as alternatives to traditional building materials. Countervailing duties and other discriminatory measures will only add to the cost of our products and lead consumers to consider the alternatives.

There is too much at stake here. I ask the government to strongly intervene on behalf of B.C. softwood lumber producers to reach a North American agreement which will truly work for all concerned.

\* \* \*

[Translation]

#### SUMMIT OF THE AMERICAS

**Mr. Jean-Guy Carignan (Québec East, Lib.):** Mr. Speaker, the present government was elected on a platform based primarily on the promotion of Canadian values. For our government, the promotion of democracy, the rule of law and economic and political liberalism must not stop at our borders.

With this in mind, the Liberal Party of Canada last March passed a resolution to tie our globalization efforts to the promotion of certain key values of our society.

Our party promised to maintain the fundamental right of citizens to take part in the building and development of our society. We could take a moment here to mention the contribution our government is making to the holding of the peoples' summit, in which the key players in civil society will be able to meet to discuss the impact of globalization.

Through its international commitment, Canada has become one of the principal promoters of an approach which balances social and economic needs in the context of the new, increasingly interdependent economy.

#### S. O. 31

Too often, it is forgotten that the summit of the Americas will not be just a forum for the promotion of free trade, but a place where heads of state will get together to try to give—

**The Speaker:** The hon. member for Lévis-et-Chutes-de-la-Chaudière.

\* \* \*

#### VOLUNTEERISM

**Mr. Antoine Dubé (Lévis-et-Chutes-de-la-Chaudière, BQ):** Mr. Speaker, it is with pride that I announce that a travelling exhibit on the history of volunteerism is going to be in my riding from today until April 3.

This exhibit will be stopping in only three cities in Quebec, and Lévis has the honour to be one of them. I wish to congratulate Lévis's Service d'entraide, regroupement et solidarité for obtaining permission to co-ordinate the holding of this exhibit.

I also wish to take this opportunity to pay tribute to the invaluable contribution volunteers make to our society. In this International Year of Volunteers, we must recognize the value and the vigour of social and community life in all our regions, and thank these volunteers, who give so generously in such a wide variety of areas.

Let the spotlight shine on all those who work behind the scenes for the well-being of our community. I thank them all. Quebec is deeply indebted to them.

\* \* \*

• (1410)

[English]

#### TOURISM

**Mrs. Sue Barnes (London West, Lib.):** Mr. Speaker, tourism is an industry on the move, with more people than ever before travelling both domestically and internationally. In Canada, tourism spending contributed over \$50 billion to our economy in 1999 and 70% of that figure was spent by Canadians. Our international travel deficit fell to \$1.9 billion, which is the lowest since 1987.

Tourism is important to Canadians because of the jobs. Tourism has a high level of employment. Five hundred thousand people are employed annually in 80 tourism related industries throughout the country. Moreover, tourism related jobs are a major source of economic activity not only in urban areas, but increasingly in rural areas and with our first nations people.

[Translation]

The federal government, in association with the Canadian Tourism Commission and the industry itself, will maintain and improve Canada's place in the world tourism market.

*S. O. 31*

[English]

### MINING

**Mrs. Lynne Yelich (Blackstrap, Canadian Alliance):** Mr. Speaker, mining in Saskatchewan has grown to represent a very big component of the economy.

We have four potash mines in the Saskatoon area, which hosts the head office of the world's largest potash company, Potash Corporation of Saskatchewan.

This morning I met with representatives from Cameco Corporation and Cogema Resources. Cameco is the world's largest uranium producer. Its operations include the world's largest high grade uranium mines, located in Saskatchewan. Cogema Resources is part of a larger corporation with the world's largest uranium reserves. Both have head offices in Saskatoon.

We are at a nuclear advantage. Uranium is a clean energy fuel, seen by many as the only possible long term energy source. It evokes fear in some and a determination to protest against it for others. Yet many of these same people would be surprised to learn that nuclear power is now a proven middle aged technology that accounts for 17% of the world's electricity production—

**The Speaker:** The hon. member for Nepean—Carleton.

\* \* \*

### INFRASTRUCTURE

**Mr. David Pratt (Nepean—Carleton, Lib.):** Mr. Speaker, today Mike Harris visited Ottawa and spoke to the board of trade. While everyone expected a big announcement, what we got was a profound disappointment. The premier promised to study a ring road, with absolutely no money announced. He might just as well have stayed at home.

The city of Ottawa has the second fastest growing economy in Canada and leads Ontario in economic growth. We need new convention space, better transit facilities, fairer amalgamation funding and more health care equipment. The premier's "don't worry, be happy" speech was particularly disappointing from the standpoint of health care. We still have an MRI crisis in Ottawa with 7,000 people on the waiting list and only 2 MRIs for adults, compared to 17 in Toronto, this after the federal government transferred \$189 million to the province for new medical equipment.

When, oh, when will our local Tory MPPs stand up for the needs of the nation's capital?

\* \* \*

### FISHERIES

**Mr. Peter Stoffer (Sackville—Musquodoboit Valley—Eastern Shore, NDP):** Mr. Speaker, today Greenpeace is bringing the

attention of the House to the rapid rise of genetically engineered or transgenic fish. The New Democratic Party agrees with Greenpeace that the government should respond to the Royal Society of Canada's report by bringing in a moratorium on the rearing of GM fish in aquatic facilities.

GM fish represent a huge potential danger to our oceans, plus an added unknown risk to human health. The fisheries minister must stop this dangerous new technology. The threat to our wild stocks and our oceans is too great to ignore.

At this time, on behalf of the federal NDP and our counterparts across the country, we would like to extend condolences to the family and friends of Mr. David McTaggart, the founder of Greenpeace and a great Canadian.

\* \* \*

[Translation]

### YOUNG OFFENDERS

**Mrs. Pauline Picard (Drummond, BQ):** Mr. Speaker, Mrs. Micheline Germain-Saucier, the president of the teachers' union in my region, the Syndicat des enseignants et enseignantes de la région du comté de Drummond, centre du Québec, has asked me to support the Quebec consensus in favour of the rehabilitative approach to youth crime, and to oppose Bill C-7.

Mrs. Saucier wishes to remind us that youth crime is constantly decreasing, and this year has hit a 20-year low, which confirms that Bill C-7 is based on a myth. She also points out that Canada is a signatory to the United Nations Convention on the Rights of the Child, which requires two distinct systems to be maintained, one for minors and one for adults.

• (1415)

The members of the Bloc Québécois will support the position of Quebec stakeholders, while the Liberals will support their Minister of Justice. The reason is a simple one: we in the Bloc Québécois are in Ottawa to defend the interests of Quebec, while the Liberals defend the interests of Ottawa in Quebec.

\* \* \*

[English]

### OAK RIDGES

**Mr. Bryon Wilfert (Oak Ridges, Lib.):** Mr. Speaker, how can we measure the importance of the Oak Ridges moraine to the Greater Toronto area? By counting the acres that the federal government has protected on the moraine as green space, all 5,562 acres.

We will work with the community, environmental groups, other federal and provincial agencies and the local governments to ensure that this acreage is protected forever.

The Oak Ridges moraine contains the headwaters of 35 Greater Toronto area river systems. It is one of the last remaining continuous green corridors in southern Ontario and has streams, woodlands, wetlands, kettle lakes, kettle bogs and significant flora and fauna. It is still 30% forested and is one of the last refuges for forest birds in all of southern Ontario.

The members of parliament for the Greater Toronto area listened to what their constituents were telling them and took up the fight. We drove this issue, made it happen and got the government on board, way on board, thanks to the transport minister. Why? Because it was the right thing to do.

\* \* \*

### MULTICULTURALISM

**Mr. John Herron (Fundy—Royal, PC):** Mr. Speaker, imaginary multiculturalism issues must be replaced by a government program on the real issues of Canadian socio-cultural diversity.

The time is now for a fresh start on the government's multiculturalism program. There are numerous real issues to be dealt with, so many in fact that the minister responsible does not have to combat imaginary problems.

In the past, Canada has had a solid record of concrete achievements from Trudeau's achievements through to the enactment of the Canadian Multiculturalism Act by Prime Minister Brian Mulroney.

Recently, Canada's multicultural policy has been unfocused and often wishy-washy when approaching the promotion and protection of multiculturalism. This lack of leadership in the program development of real contemporary issues has resulted in a focus on either the imaginary or motherhood statements and soft issues.

The explosion of hate sites on the Internet is an objective measure of the failure of the present multiculturalism programs.

The failure of the government to fully implement the cross government commitment to diversify as mandated by the Multiculturalism Act is further objective evidence.

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## ORAL QUESTION PERIOD

[English]

### PRIME MINISTER

**Mr. Stockwell Day (Leader of the Opposition, Canadian Alliance):** Mr. Speaker, for 134 years Canadians have looked to the Prime Minister's office to be an example of integrity and upright-

### Oral Questions

ness. Now we have the appearance of a Prime Minister's office being used to expedite a private business deal.

First, the Prime Minister denied lobbying for money for the hotel next to the golf course. Then he admitted it. He then tried to cover it up and that was wrong. Tabling a few selective documents like he did today just is not good enough for Canadians.

The Prime Minister has still not come clean. Would he immediately table all the documents that cover the transactions between 1993 and 1999, between that timeframe?

**Right Hon. Jean Chrétien (Prime Minister, Lib.):** Mr. Speaker, I was expecting the Leader of the Opposition to be a gentleman today and get up and apologize.

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

**Right Hon. Jean Chrétien:** On March 15, 2001, in the House, the member for Edmonton North—

**The Speaker:** I am sorry, the time has expired.

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

**The Speaker:** Well, I have made the point before. If you pause for the applause, you lose the time. Unfortunately it is not fair but it happens on both sides.

**Mr. Stockwell Day (Leader of the Opposition, Canadian Alliance):** Mr. Speaker, I asked the ethics counsellor to check the corporate registry to see whose names were listed as shareholders. The ethics counsellor said today that he did not even look, that he had asked somebody else to take a look. Someone else took a peak and said "Oops, we have a problem here. We have to make a few changes". However we still do not know whose names were on that document.

Yesterday, three of the his MPs would not stand up for him, five did not today and none of us will stand up and take this cover up that is going on. We will not stand for it. Where are those documents? Where are they?

• (1420)

**Right Hon. Jean Chrétien (Prime Minister, Lib.):** Mr. Speaker, I understand the Leader of the Opposition being so preoccupied. He will not be there very long because he is afraid of the leader of the fifth party. I would just want him to be a little consistent. On March 15 the member for Edmonton North said:

The Prime Minister could get over this in a heartbeat by just tabling his bill of sale for those shares in 1993.

It was done.

**Mr. Stockwell Day (Leader of the Opposition, Canadian Alliance):** Mr. Speaker, nothing was tabled. For two years the Prime Minister's office has been getting people to change their stories about the ownership of the shares. Last week, his office had Melissa Marcotte change her story about who owned the shares. In

*Oral Questions*

1999 his lawyers got Jonas Prince to change his story. First he owned them, then he did not. Now officials at Industry Canada have had someone change the records. They will not even tell us what was on there. They said that they had to make some changes.

Will the Minister of Industry tell the House whether the golf club was in compliance with the law or not, and, if not, why did his department ask people to retroactively change those records?

**Hon. Brian Tobin (Minister of Industry, Lib.):** Mr. Speaker, I have never seen a more vacuous, empty drum in all my life. Everyone knows that an empty drum makes the most noise and there is no one emptier of substance than the Leader of the Opposition.

The Leader of the Opposition is not interested in information. He is interested in trying to save his skin from the leader of the Conservative Party. That is the reality of these questions. Industry Canada has given no direction to anyone to change anything.

**Mr. Stockwell Day (Leader of the Opposition, Canadian Alliance):** Mr. Speaker, it came back and said that it had to make a few changes.

[*Translation*]

Two long years later, the Prime Minister finally lifted just the corner of the veil over his involvement with “Shawinigate”. He is, however, still a long way from unveiling the whole truth. The documents tabled today raise still more questions.

Is the Prime Minister going to at last get to the end of his dance of the seven veils and agree to an independent inquiry?

**Right Hon. Jean Chrétien (Prime Minister, Lib.):** Mr. Speaker, the Leader of the Opposition has written four or five times to the ethics counsellor, and has always received the clear reply that the shares had been transferred way back in November of 1993. The counsellor has proven this as clearly as possible.

In allowing private documents to be tabled, I have done something that is totally without precedent, something never before done in this House. He has tabled those documents. He has always said, and said again a while ago, that there was neither a conflict of interest nor the appearance of a conflict of interest. All I did was to help the people in my riding to get—

**The Speaker:** The hon. Leader of the Opposition.

[*English*]

**Mr. Stockwell Day (Leader of the Opposition, Canadian Alliance):** Mr. Speaker, he is not giving us the documents for which we asked. The ethics counsellor did not even look at the register. He asked someone to check it and that person wrote back saying “Oops, there is something here we have to change. We will get back to you later”.

This morning, retired Justice W. D. Parker, who conducted the Sinclair Stevens inquiry, has called for an independent judicial

inquiry into this. He said “A commission will make findings of fact”. No one at that time was shrieking louder for an inquiry into the Sinclair Stevens matter than these Liberals.

Will they now listen to the judge who conducted that inquiry and call for a full inquiry into Shawinigate?

**Hon. Brian Tobin (Minister of Industry, Lib.):** Mr. Speaker, the ethics counsellor released 11 documents today. This is an unprecedented release of information only because consent was given by the Prime Minister and other parties to these arrangements to have these documents released.

However, we just heard from the Leader of the Opposition the real motivation here. It is called revenge. It is called payback. It is called getting even. It is called making up any kind of allegation to get a headline because he is trying to hang on to his job and he is on pretty thin footing.

[*Translation*]

**Mr. Gilles Duceppe (Laurier—Sainte-Marie, BQ):** Mr. Speaker, the documents released today—

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

• (1425)

**The Speaker:** Order, please. It is impossible to hear the hon. member, and he has the floor.

**Mr. Gilles Duceppe:** Mr. Speaker, the documents released at noon today show that the Prime Minister continued to have a financial link with the Grand-Mère golf club after November 1993. His company was a signatory to the September 1999 agreement.

Article 2.1 of the third document says that once the Akimbo shares are transferred to Michaud, the Prime Minister’s company “will no longer have any right of ownership or interest”, I emphasize “or interest in respect of these shares”.

How can the Prime Minister tell us that he had no financial link, nor any interest in respect of the shares, when those interests ended in September 1999, in an agreement which his company signed?

**Right Hon. Jean Chrétien (Prime Minister, Lib.):** Mr. Speaker, it was an account receivable, and the lawyers wanted to cover all the aspects with respect to any transaction in order to wrap up matters as clearly as possible.

I would say this to the Bloc Québécois leader. Not so very long ago, the member for Roberval once again said:

Does he not understand that the only way to settle this matter—the only way, there are not 50 of them, only one—is to provide us with the record of sale, as we have demanded so many times already? Let him provide that, and the problem will be over.

*Oral Questions*

This was said in the House on March 15, 2001, which proves that is all they want. They are unable to attack the government—

**The Speaker:** The hon. member for Laurier—Sainte-Marie.

**Mr. Gilles Duceppe (Laurier—Sainte-Marie, BQ):** Mr. Speaker, that was because we believed the Prime Minister at the time.

What I am getting at is that when the lawyers have made provision for everything, they have also provided that an interest in the shares remained. They provided for more than that. They provided that the Prime Minister's company would be responsible for compensating Michaud "for damages and costs of any sort", including article 3.6, "arising from proceedings or inquiries of any nature".

In other words, through this agreement, the Prime Minister is proving to us that he has every interest in an inquiry not being held, not even in the Standing Committee on Procedure and House Affairs, because his company would have to pay the cost of Michaud's lawyer. That is why he does not want an inquiry.

**Right Hon. Jean Chrétien (Prime Minister, Lib.):** Mr. Speaker, like everyone else, the Bloc Québécois leader has repeatedly asked the ethics counsellor whether there was any conflict of interest. He gave his answer when he appeared before the committees in 1999. Today, the only problem remaining, he said, was the deed of sale. That was tabled today.

What is sad is that, with real problems in the country, this is what the opposition is focusing on. They want to go after the Prime Minister's reputation. The Prime Minister is very well known in this country. There were 172 members—

**The Speaker:** The hon. member for Roberval.

**Mr. Michel Gauthier (Roberval, BQ):** Mr. Speaker, the most serious problem in this country is the lack of credibility of its leader.

In order to be complete, the sale documents must be accompanied by the stock certificates, because the sale of shares only actually takes place when the certificates are signed at the back.

Why did the Prime Minister not table the stock certificates with the bill of sale to certify that the shares no longer belonged to him, assuming he endorsed them?

**Right Hon. Jean Chrétien (Prime Minister, Lib.):** Mr. Speaker, let it be clear that, at one point, Mr. Prince returned all these documents to the company, to Mr. Michaud. Last week the lawyer clearly stated that a resolution was passed by the company on November 1 saying that I had sold my shares and that a few days later I was no longer a director of that company.

As of November 1, 1993, I and my company had no interest in the company, no connection with the golf club. This is clear, as

evidenced by the documents that we tabled today, which is something unprecedented.

**Mr. Michel Gauthier (Roberval, BQ):** Mr. Speaker, if the Prime Minister signed away his shares in 1999 as a contracting party, either he never endorsed the stock certificates and always remained the owner since he had not been paid or else he endorsed them and they were returned to him and endorsed again. If that is the case, we would like to know when the Prime Minister became a shareholder again.

• (1430)

**Right Hon. Jean Chrétien (Prime Minister, Lib.):** Mr. Speaker, there was a debt to be paid. I will quote the hon. member again because he refuses to understand, and we know that opposition parties have a very hard time finding things that are wrong with our government. Again, the member for Roberval said "There is only one thing to do and it is to table the bill of sale".

This is what we did this morning in front the whole nation. All Canadians are wondering when the opposition will deal with the real issues in this country.

\* \* \*

[English]

**THE ENVIRONMENT**

**Ms. Alexa McDonough (Halifax, NDP):** Mr. Speaker, my question is for the Prime Minister. Last fall in The Hague the global accord on greenhouse gas reductions went up in smoke due to a major disagreement over the carbon sink concept.

On the one hand we have the Americans tripping through the forest counting the trees as their contribution to greenhouse gas reductions. On the other hand we have Europeans backed by the United Nations climate change panel rejecting the American position as flawed science, as simplistic and short-sighted.

Could the Prime Minister explain why we have the environment minister headed for Latin America to peddle bad science—

**The Speaker:** The right hon. Prime Minister.

**Right Hon. Jean Chrétien (Prime Minister, Lib.):** Mr. Speaker, this is a very important problem. I am happy to say we want to make sure that not only free trade will be discussed with all the nations of the Americas but that all elements of good government, environment, social problems and education will be part of the discussions.

It is not only about free trade. It is about improving the quality of life of all countries that participate in the negotiations in Quebec next week.

**Ms. Alexa McDonough (Halifax, NDP):** Mr. Speaker, let us get serious here for a minute. The Prime Minister knows perfectly well the American president has served notice that he has no intention of meeting the U.S. Kyoto commitments.

*Oral Questions*

Why is the government doing the Americans' dirty work? It is bad enough for Canada's reputation as a responsible environmental citizen to be smeared because we refuse to take the lead on tackling greenhouse emissions at source.

Why is the government adding insult to injury by urging the poorest nations of the hemisphere to buy favour on the eve of the FTA summit by associating with the unscientific and irresponsible American position on greenhouse gases?

**Hon. Ralph Goodale (Minister of Natural Resources and Minister responsible for the Canadian Wheat Board, Lib.):** Mr. Speaker, the principle of carbon sinks is embedded in the Kyoto protocol itself. The Canadian position with respect to carbon sinks in either agriculture or forestry is squarely based upon sound science.

The hon. gentleman sitting next to the leader of the NDP, coming from Saskatchewan, should know that the very best science in the world on sinks comes from Saskatchewan. He should be proud to stand up for that, to think of the world.

\* \* \*

**PRIME MINISTER**

**Right Hon. Joe Clark (Calgary Centre, PC):** Mr. Speaker, the Prime Minister's letter yesterday said that Debbie Weinstein was acting as an officer of J&AC Consultants when she negotiated the final sale of the shares.

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

**The Speaker:** Order, please. There is a lot of exuberance today, but we have to be able to hear the questions and the answers in case somebody says something that is out of order. The right hon. member for Calgary Centre has the floor and the Chair wants to be able to hear.

**Right Hon. Joe Clark:** I will not, Mr. Speaker. The Prime Minister's letter yesterday said Debbie Weinstein was acting "as an officer of J&AC Consultants" when she negotiated the final sale of the shares. Yet the official corporation profile report of the government of Ontario shows that Ms. Weinstein became an officer of that company only on September 1, 1999, mere weeks before the transaction was completed.

• (1435)

Will the Prime Minister confirm that Ms. Weinstein was acting as his lawyer and his agent in negotiations that began in 1996 and included the period when he made his intervention on behalf of the Auberge Grand-Mère?

**Right Hon. Jean Chrétien (Prime Minister, Lib.):** Mr. Speaker, I said that she was my trustee with another person, because we all have two trustees for managing our assets. All my personal

assets, all the assets that had to be in trust from J&AC, are in trust and she was negotiating. She had the books in her office. She was dealing with that.

She can be a lawyer at the same time as being a trustee, something that probably the leader of the fifth party cannot do. She can chew and walk at the same time.

**Right Hon. Joe Clark (Calgary Centre, PC):** Mr. Speaker, she was acting for the Prime Minister on this file at the same time that he intervened with the Auberge Grand-Mère.

[Translation]

Was the Prime Minister consulted or otherwise involved in the decision to appoint Ms. Weinstein, an employee of J&AC Consultants Inc., and why was that decision made so late in the process?

**Right Hon. Jean Chrétien (Prime Minister, Lib.):** Mr. Speaker, in November 1993, I put my affairs in the hands of my trustees, who talked with Mr. Wilson, who is responsible for the trusts of all members, ministers and public servants. Ms. Weinstein was always in contact with Mr. Wilson. I am told that she has been a director of the company since 1993, and that can be verified, and she had a clear mandate from me to always follow Mr. Wilson's instructions and advice and she did a very good—

**The Speaker:** Order, please. I am sorry, but we have agreed to certain rules on the time allowed for replies. I am sorry to interrupt the Right Hon. Prime Minister, but I did not make these rules.

[English]

**Mrs. Diane Ablonczy (Calgary—Nose Hill, Canadian Alliance):** Mr. Speaker, even though not all relevant documents were tabled today as the Prime Minister promised yesterday, what was tabled made it clear that Jonas Prince did not accept ownership of the golf course shares until the end of 1999. That was confirmed today by the ethics counsellor.

It was also confirmed that the Prime Minister had a receivable, an asset, and therefore a personal interest in those shares for six years between 1993 and 1999, all during the time he was lobbying—

**The Speaker:** The Right Hon. Prime Minister.

**Right Hon. Jean Chrétien (Prime Minister, Lib.):** Mr. Speaker, it was a clear sale with no relation at all to the shares. From November 1, 1993, I was no longer a shareholder, but what is very preoccupying for opposition members is that for two years they have used smears based on no facts all the time.

*Oral Questions*

They have refused to recognize the truth. They have it now. They are embarrassed and what they should do is apologize, turn the page and deal with the problems of the nation.

**Mrs. Diane Ablonczy (Calgary—Nose Hill, Canadian Alliance):** Mr. Speaker, the Prime Minister said today that there was a debt to be paid. That amounts to an interest.

• (1440)

Why does the Prime Minister not just accept responsibility for leaving himself in a position of an apparent conflict of interest for three years and have the matter settled for Canadians by an independent judicial inquiry?

**Right Hon. Jean Chrétien (Prime Minister, Lib.):** Mr. Speaker, it was a debt owed to me by Mr. Prince that was paid in 1999.

Now they are always moving the post. I just want again to say the very simple fact. They challenged me here. It was by the member of Edmonton North a few days ago. She said:

The Prime Minister could get over this in a heartbeat by just tabling his bill of sale for those shares in 1993.

I have done it. They are terribly embarrassed and they should be all ashamed of themselves.

[Translation]

**Mr. Stéphane Bergeron (Verchères—Les-Patriotes, BQ):** Mr. Speaker, when a minister of the government finds himself in a potential conflict of interest situation, the Prime Minister, on the advice of his ethics counsellor, decides on the situation and asks the minister to change his behaviour.

In the case of the Auberge Grand-Mère, since the Prime Minister himself is involved, he becomes judge and jury.

How can the Prime Minister allow himself to be the only judge of his behaviour, finding himself not guilty of conflict of interest, when all observers of the political scene think otherwise?

**Right Hon. Jean Chrétien (Prime Minister, Lib.):** Mr. Speaker, Mr. Wilson has appeared a number of times before committees and has given all the facts to all the members. This man was the government's assistant deputy registrar, appointed by the previous government, applying rules that existed in 1993.

He never refused to appear before committees. He was on television barely two hours ago, yet they will not accept the truth. All they want is to try to tarnish my reputation, but I know that Canadians know I have served this country for 37 years and have always defended my honour. My father gave me my name.

**Mr. Stéphane Bergeron (Verchères—Les-Patriotes, BQ):** Mr. Speaker, in this whole matter involving the Prime Minister directly, is it not time he appeared before his peers on the Standing Committee on Procedure and House Affairs so his conduct may be judged not by himself, as has been the case up to now, but by persons outside? If he refuses, is it because he is trying to avoid, as section 3.6 of the 1999 agreement provides, responsibility for the costs of representation and defence of the purchaser?

**Right Hon. Jean Chrétien (Prime Minister, Lib.):** Mr. Speaker, the greatest committee of the House of Commons is the House of Commons itself.

For at least three weeks, I have answered hundreds of questions. I have said the same thing all the time. I divested myself of these shares on November 1, 1993, and that was clearly proven with Mr. Wilson's tabling of the conveyance this morning.

[English]

**Ms. Val Meredith (South Surrey—White Rock—Langley, Canadian Alliance):** Mr. Speaker, today's release of documents raises more questions than answers. We know that the ownership of the golf course shares was in limbo for six long years during the time he lobbied for money for the neighbouring hotel.

Will the Prime Minister not admit that the debt, the dispute over ownership, and his lobbying for the neighbouring property placed him in a conflict of interest?

**Hon. Brian Tobin (Minister of Industry, Lib.):** Mr. Speaker, documents have been released today, all of which required the consent of the parties to this agreement, including the Prime Minister and others. Some 11 documents in total have been released by the ethics counsellor.

The ethics counsellor has made very clear in his release of these documents that they make absolutely clear that post-November 1993 the Prime Minister has not owned the shares of the golf course and, more to the point, that Mr. Prince has owned these shares as he has acknowledged in the document.

• (1445)

The leader of the Conservative Party can stand, puff out his cheeks, turn red and look outraged, but he cannot change the facts.

**Ms. Val Meredith (South Surrey—White Rock—Langley, Canadian Alliance):** Mr. Speaker, the ethics counsellor today refused to release some of the most important documents, the share registry of 161341 Canada Inc., but he did disclose that the Canada Business Corporations Act was broken, even though both the Prime Minister and Jonas Prince are corporate lawyers and know the requirements of the law.

*Oral Questions*

Why is this department going to change the record to suit the Prime Minister's version of the facts?

**Hon. Brian Tobin (Minister of Industry, Lib.):** Mr. Speaker, we have two leaders in the House, one of whom has cost the taxpayers of Alberta \$800,000 and taken a \$70,000 contribution from the firm that defended him, and the other leader who saw his leadership disappear with German money involved in his leadership convention. Both of them, if they wanted to investigate conspiracies, should look in their own backyards, not across the floor of the House.

[Translation]

**Ms. Caroline St-Hilaire (Longueuil, BQ):** Mr. Speaker, the famous 1993 contract through which the Prime Minister claimed he had got rid of his shares has finally been released. There is no clause indicating that, even in the event of non-payment, the Prime Minister could not resume ownership of his shares, unless he had endorsed the share certificates.

Why has the ethics counsellor stated that the Prime Minister absolutely could not take back his shares in the event of non-payment, while it appears obvious that he did not endorse his certificates, thus completing the transfer?

**Right Hon. Jean Chrétien (Prime Minister, Lib.):** Mr. Speaker, I read in this morning's *La Presse* that a legal expert, Paul Martel, has made the following statement: "Even if shares are not paid for, the purchaser becomes the owner, according to the Civil Code. Once the sale is concluded, the parties cannot change their minds without going before a judge to get the sale cancelled".

This is an opinion given by a lawyer to a *La Presse* reporter, and certainly for my benefit. This is a man who knows his law. When there is a sale, the sale is effected at the time the two parties give their consent.

**Ms. Caroline St-Hilaire (Longueuil, BQ):** Mr. Speaker, is the Prime Minister's participation in the 1999 agreement as a contracting party not confirmation that the Prime Minister still had a direct ownership tie to his shares and that, by stating otherwise, he and his ethics counsellor have misled the entire House of Commons?

**Right Hon. Jean Chrétien (Prime Minister, Lib.):** Mr. Speaker, I have to keep repeating the same thing. My apologies to the Liberal MPs, who are ladies and gentlemen showing a great deal of patience with the irresponsibility of the opposition, when they would prefer to discuss real problems.

For the thousandth time, I repeat: I sold my shares on November 1, 1993; the record of sale was tabled here this morning. We were owed money, most of which was collected in 1999. We gained nothing. We acted in the interest of the constituents of the riding of

Saint-Maurice, by creating jobs in a riding with one of the highest rates of unemployment in Canada.

\* \* \*

[English]

### STANDING COMMITTEE ON INDUSTRY, SCIENCE AND TECHNOLOGY

**Mr. Charlie Penson (Peace River, Canadian Alliance):** Mr. Speaker, my question is for the chair of the standing committee on industry, which has been tasked by the standing orders of the House to examine the ethics counsellor and the operations of the Canada Business Corporations Act.

This morning she ruled out of order a motion to call Mr. Jonas Prince to committee, a man whose testimony pertains to the act and the ethics of the government. Why did the chair deny democracy in order to protect the Prime Minister?

**Hon. Don Boudria (Leader of the Government in the House of Commons, Lib.):** Mr. Speaker, both the hon. member who asked the question and the entire House know the rules of the House.

They know very well that this excellent chair of the standing committee, supported by all members of the House, rendered excellent decisions in ensuring that the work of the committee was properly done. I wish hon. members across had similar interests at heart.

● (1450)

**Mr. Charlie Penson (Peace River, Canadian Alliance):** Mr. Speaker, I think most Canadians would see the action of the chair this morning at committee as simply outrageous.

When a real ethical question comes up, a question that speaks to the heart of the ethics of the government, the chair and other Liberals on the committee would not even allow it to be discussed. So much for democracy that she claims to uphold over there.

Why did the chair use her parliamentary office today to cover up for the Prime Minister?

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

**The Speaker:** Order, please. The Chair cannot hear the question. Questions directed to chairs of committees concerning the business of the committee are in order in question period, but I cannot hear the question.

I do not know whether it concerns the business of the committee. I was hearing a good long preamble but I need to hear the question. Perhaps the member could put the question with no preamble.

**Mr. Charlie Penson:** Mr. Speaker, I am happy to repeat the question. Why did the chair use her parliamentary office today to cover up for the Prime Minister?

*Oral Questions*

**The Speaker:** I am not sure the question is in order. I am not sure it concerns the business of the committee, but the government House leader may wish to answer.

**Hon. Don Boudria (Leader of the Government in the House of Commons, Lib.):** Mr. Speaker, the hon. member is telling us that if he brings a point to committee and he is wrong it means that others are undemocratic.

The fact is that he is wrong because he is wrong, because the facts are not right. We all know what the real answer is. These are false accusations against the Prime Minister. That is all that is being made. He does not respect the rules of the House, and he knows it.

\* \* \*

[Translation]

**ANTI-PERSONNEL MINES**

**Ms. Paddy Torsney (Burlington, Lib.):** Mr. Speaker, as Canadians, we are proud of Canada's leadership role in the Ottawa process to ban anti-personnel mines.

[English]

An important effective instrument of international law, the convention demands that signatory countries destroy their stockpiles of landmines.

Could the Minister of Foreign Affairs tell the House what Canada is doing to help Ukraine deal with its significant stockpile of anti-personnel mines so Ukrainian authorities can meet their Ottawa convention obligations?

**Hon. John Manley (Minister of Foreign Affairs, Lib.):** Mr. Speaker, yesterday during the visit of the foreign minister from Ukraine to Canada we were able to enter into a framework arrangement on the destruction of anti-personnel landmines with Ukraine.

This is a very important development. As members will know this will enable us, together with the co-operation of NATO partners, to begin the destruction of 400,000 landmines that have been stockpiled in Ukraine.

We have managed to begin to make the world a safer place with the elimination of landmines. This is something of which all Canadians should be very proud.

\* \* \*

**FOREIGN AFFAIRS**

**Mr. Svend Robinson (Burnaby—Douglas, NDP):** Mr. Speaker, my question is for the Minister of Foreign Affairs. It concerns the Talisman Energy complicity in the bloody civil war in Sudan.

Earlier this month the Secretary of State for Latin America and Africa urged all Canadians to sell their shares in Talisman and called for a much tougher Special Economic Measures Act. Last

week his colleague, the Minister of Natural Resources, was on a PR show for Talisman promoting the oil industry.

Will the minister accept the recommendation of his colleague, the secretary of state, to toughen the Special Economic Measures Act? Will he explain to the House who speaks for the government on Talisman in Sudan? Is it the Secretary of State for Latin America and Africa who condemns it, or is it his colleague who supports it? Which is it?

**Hon. John Manley (Minister of Foreign Affairs, Lib.):** Mr. Speaker, we certainly share the hon. member's deep concern about the continuing conflict in Sudan. He will know that a number of members of parliament from different parties in the House have recently visited Sudan investigating the situation for their own part.

I received, for example, a report yesterday from the member for Esquimalt—Juan de Fuca, who provided a very thoughtful view of the situation in Sudan.

I certainly will be taking into account all these points of view as we consider what if anything Canada should be saying with respect to the developments in Sudan.

**Mr. Svend Robinson (Burnaby—Douglas, NDP):** Mr. Speaker, I want to ask the minister again specifically whether he will agree to toughen the Special Economic Measures Act.

While he is at it, the minister referred to a group of members of parliament that travelled to Sudan. How does the minister feel about the fact that the tickets for that trip were paid for by Talisman Energy?

Does the minister feel it is appropriate that two Liberal colleagues and one Alliance member, one of the Liberals being the vice-chair of the foreign affairs committee, should be travelling to Sudan, paid for by Talisman Energy? Is that acceptable to the minister?

**The Speaker:** I do not believe that question is in order. It has nothing to do with the administrative responsibilities of the government.

\* \* \*

● (1455)

[Translation]

**PRIME MINISTER**

**Mr. André Bachand (Richmond—Arthabaska, PC):** Mr. Speaker, the Prime Minister still has a few little problems when it comes to the Auberge Grand-Mère affair.

I remind hon. members that the documents tabled this morning did not include the official bill of sale. What we have is a photocopy of a sheet of paper signed but not witnessed.

Moreover, there are no documents for the 1993-99 period, when the Prime Minister was actively lobbying for the Auberge Grand-Mère.

*Oral Questions*

Where are these documents? Where is the original bill of sale?  
[English]

**Hon. Brian Tobin (Minister of Industry, Lib.):** Mr. Speaker, we now know what is the next line of attack by the Conservative Party. It has now discovered something powerful and important.

We do not have 300 original copies of the bill of sale to be tabled in the House. This indeed is proof of wrongdoing by the Prime Minister.

**Mr. Gerald Keddy (South Shore, PC):** Mr. Speaker, the Prime Minister stated in yesterday's letter that he was in full compliance with the conflict of interest code for public officeholders. The code that the Prime Minister signed states that a public officeholder shall make a confidential report to the assistant deputy registrar general of all assets that are not exempt assets.

The debt owed to him by Akimbo Development Corporation was a delectable asset. Why did the Prime Minister not declare the asset?

**Hon. Brian Tobin (Minister of Industry, Lib.):** Mr. Speaker, the member for Pictou—Antigonish—Guysborough who sits very close to the member who just spoke said on March 26, and I think that was less than 24 hours ago, that the Prime Minister could have put this matter to rest a long time ago by providing definitively that he did not stand to gain himself by his actions by tabling a document that would lay out the details of a sales agreement he had with an individual named Jonas Prince. That is precisely what the Prime Minister has done today.

The people of Canada are tired of this nonsense. They want parliament to go back to work on behalf of all citizens of the country.

\* \* \*

**MULTICULTURALISM**

**Mrs. Betty Hinton (Kamloops, Thompson and Highland Valleys, Canadian Alliance):** Mr. Speaker, it is reported that the minister of multiculturalism contacted the RCMP to find out if there were any cross burnings or racist incidents after her statement to support her horrible accusations against two British Columbia cities.

This fishing expedition to use the powers of the RCMP to attempt to incriminate people after she smeared them is a clear violation of cabinet ethics. When will the Prime Minister see that it is time for this junior minister to go?

**Right Hon. Jean Chrétien (Prime Minister, Lib.):** Mr. Speaker, after the question was asked on the subject yesterday I verified that there were no phone calls made by the minister or anybody in her office about that.

We checked with the department and now apparently it is not sure that there were. There were no instructions and no commu-

nications from the minister or anybody on her staff dealing with the RCMP on that. It is not even sure that somebody from the department contacted the RCMP. What was written in the press yesterday was not the real fact. It was not true.

**Mrs. Betty Hinton (Kamloops, Thompson and Highland Valleys, Canadian Alliance):** Mr. Speaker, I beg to differ. This junior minister has destroyed any credibility she might have had in fighting genuine racism. She has a record of making false accusations. She will not produce a letter to the House because no such letter exists.

She has tried to use the power of the RCMP to support her smear campaign after the fact. When will the Prime Minister fire the minister?

**Right Hon. Jean Chrétien (Prime Minister, Lib.):** Mr. Speaker, I just said that nobody has called the RCMP. When the Prime Minister of Canada stands and says he has inquired and there were no phone calls by the minister or her staff, the burden of proof is on the opposition and it has no leg to stand on because there were no phone calls made by anybody.

\* \* \*

[Translation]

**PRIME MINISTER**

**Mr. Gilles Duceppe (Laurier—Sainte-Marie, BQ):** Mr. Speaker, the Prime Minister was asked whether he had endorsed the stock certificates in 1993, when he is alleged to have sold his shares once and for all.

I put the question very simply once again and clearly. Did he or did he not endorse the stock certificates in 1993?

• (1500)

**Hon. Brian Tobin (Minister of Industry, Lib.):** Mr. Speaker, the statements by the leader of the Bloc Québécois are totally false. The facts are clear. This is my first opportunity to respond in French and I am pleased to be doing so in response to this question.

**Mr. Gilles Duceppe (Laurier—Sainte-Marie, BQ):** Mr. Speaker, he would do well to continue his French lessons, because I was not making a statement, I was asking a question.

Section 3.6 of the September 29, 1999 agreement provides that if Michaud, the company, its representatives, administrators or shareholders were called to testify or be part of proceedings, the company of the Prime Minister would have to cover the legal and representation costs, for example, if they came before the Standing Committee on Procedures and House Affairs.

Is this not proof that he had an interest, since it is always to the Prime Minister's advantage that there be no investigation or appearance because his company would pay and he does not want us to hear the full truth about the matter?

*Points of Order*

[English]

● (1505)

**Hon. Brian Tobin (Minister of Industry, Lib.):** Mr. Speaker, all the questions that need to be answered and that have been asked in the House over the last period of time have been dealt with this morning in the release of the documents by the ethics counsellor.

We have had questions to the RCMP. The RCMP has opened the books and closed the books. We have had the ethics counsellor. We have had a request for a tabling of the document of sale and other relevant materials. All of that has been done.

It is time for those opposite to recognize that this fishing expedition, so described by the leader of the Conservative Party, has yielded no catch. It is time to put away the poles, go back home and get back to the real work of Canadians.

\* \* \*

**MULTICULTURALISM**

**Mr. Richard Harris (Prince George—Bulkley Valley, Canadian Alliance):** Mr. Speaker, I would like to tell the Prime Minister that nobody wrote a letter to that junior minister of multiculturalism, no mayor from any city in British Columbia, about any cross burnings ever in that province.

She made it up. She fabricated that story. She lied to the House.

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

**The Speaker:** The hon. member knows that is out of order and I would ask him to withdraw the words.

**Mr. Richard Harris:** Yes, I withdraw that, Mr. Speaker. She fabricated that story and misled the House. Why does the Prime Minister not just fire her?

**Right Hon. Jean Chrétien (Prime Minister, Lib.):** Mr. Speaker, I said, and I will repeat, that last week the minister got up in the House; she said she made a mistake and she apologized.

The day before there was a member of parliament on the other side, and it was not in reply to a question, who had planned to have somebody speak on his behalf. It was a mistake. He came to the House and said “I am sorry. I apologize”. We have accepted his apology. I do not know why they do not want to accept the apology from this side.

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**PRESENCE IN GALLERY**

**The Speaker:** I draw to the attention of hon. members to the presence in the gallery of the Hon. Brad Clark, Minister of Transportation for the province of Ontario.

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

**POINTS OF ORDER**

ORAL QUESTION PERIOD

**Mr. Svend Robinson (Burnaby—Douglas, NDP):** Mr. Speaker, my point of order arises from the decision of the Chair to rule my supplementary question to the Minister of Foreign Affairs during question period out of order.

I want to appeal to the Chair, perhaps on reflection, to recognize that the question I was asking related specifically to the implications of three members of the House accepting a trip to Sudan paid for by a corporation which has been heavily criticized by a minister of the crown. Clearly that may have implications on Canada’s foreign policy.

My question was put specifically to the foreign affairs minister. It raised serious concerns about the implications of the decision of these members to accept this payment, but more specifically it sought guidance from the minister with respect to his administrative responsibilities as minister.

In Marleau and Montpetit, at chapter 11, the relevant provisions on questions, I would draw the attention of the House and the Chair to two citations:

—Members should be given the greatest possible freedom in the putting of questions that is consistent with the other principles.

Then it goes on to refer to the specific criteria of the question, saying that members should “seek information” and of course:

—ask a question that is within the administrative responsibility of the government or the individual Minister addressed.

With respect, one of the members who made the decision to accept this funding from Talisman is the vice-chair of the foreign affairs committee, and clearly this could have an implication with respect to Canada’s role in this important issue.

I would hope the Chair would recognize that this is entirely in order. I would appeal to the Chair to acknowledge that and to permit the question to be asked at the earliest possible opportunity.

**The Speaker:** The Chair is quite prepared to rule on this issue immediately. I refer the hon. member for Burnaby—Douglas to Marleau and Montpetit, as he has done, at page 426:

—In summary, when recognized in Question Period, a Member should—ask a question that is within the administrative responsibility of the government or the individual Minister addressed.

Furthermore, a question should not—seek an opinion, either legal or otherwise—

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The hon. member asked the minister for his opinion on what some other hon. member had done. It had nothing to do with government expenditure. It had nothing to do with the Department of Foreign Affairs.

Apparently there was a choice by these members, on the face of the hon. member's question, to take a trip from someone else. That is not the business of the minister and in my opinion it is clearly not part of the administrative responsibility of the government. The member was seeking an opinion. He violated the principles on two counts. The question was out of order. I have no doubt on the issue.

[*Translation*]

AUBERGE GRAND-MÈRE

**Mr. André Bachand (Richmond—Arthabaska, PC):** I rise on a point of order, Mr. Speaker. We have checked with the Clerk as to whether the documents relating to the Auberge Grand-Mère have been tabled.

The Prime Minister and the Minister of Industry have both insinuated, if one might put it that way, that they have tabled documents. I would remind hon. members that the tabling of documents must be done here in the House, so that all hon. members may be aware of them, not in the press gallery.

There are two possibilities: either you remind government members that they have a duty to table the documents in the House and that, if they have not tabled them officially, they should withdraw the statements to that effect made in the House, or let us finally see them table the documents officially, which is not the case at present.

**Hon. Don Boudria (Leader of the Government in the House of Commons, Lib.):** Mr. Speaker, the hon. member seems to be confusing two or three different matters.

First, he knows very well that a Minister may table a document, not that he must do so.

Second, it was not a minister. The hon. member ought to check with his leader, who no doubt is aware of this. The documents were made public, not by a minister but by the ethics counsellor.

• (1510)

That said, however, if the House so desires, I will commit to tabling them. Moreover, as soon as I obtain a copy in the other official language, within the next ten minutes probably, I will do exactly that; in other words, I will make the documents public by tabling them officially in the House personally.

[*English*]

**Mr. Greg Thompson:** Mr. Speaker, as you know, I have been on my feet on a number of occasions, and would have been today during routine proceedings, regarding questions that I have placed on the order paper. You are very familiar with this, Mr. Speaker. I would like to refer you to yesterday's *Hansard*, page—

**The Speaker:** Order, please. If the hon. member is going to raise the same point again might I suggest that he wait until tomorrow's routine proceedings when we come to questions on the order paper. I am sorry he was not here this morning and I must say I was sort of surprised he was not.

However, I do not think we should go into questions again now. Questions were dealt with this morning. The House agreed to allow them all to stand, so it is off the face of the record, as it were, until tomorrow. The hon. member will be free to raise the issue again then and I would invite him to do so.

I am not going to listen to a lot. The hon. member had better get to his point very quickly if he has something new to say.

**Mr. Greg Thompson:** Mr. Speaker, it goes beyond that. It is misleading the House. I have been informed that these questions were coming. They have never been tabled. Why not? How many times do I have—

**The Speaker:** The hon. member should have asked that this morning when the questions were allowed to stand. If he had a question, that was the time to raise it, not now.

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## GOVERNMENT ORDERS

[*Translation*]

### INCOME TAX AMENDMENTS ACT, 2000

The House resumed consideration of the motion that Bill C-22, an Act to amend the Income Tax Act, the Income Tax Application Rules, certain Acts related to the Income Tax Act, the Canada Pension Plan, the Customs Act, the Excise Tax Act, the Modernization of Benefits and Obligations Act and another Act related to the Excise Tax Act, be read the second time and referred to a committee.

**Mr. Yvan Loubier (Saint-Hyacinthe—Bagot, BQ):** Mr. Speaker, I am very pleased to be able to go on with my speech.

As I was saying before you so politely interrupted me for question period, despite the expected downturn in the U.S. economy during the current year, the federal government has accumulated surpluses that will increase federal tax revenues over the next five years.

Even using conservative estimates of federal tax revenues due to a possible economic downturn in Canada during the current year, we could get surpluses over the next five years totalling some \$135 billion, and this is based on pessimistic estimates of economic growth rate.

As I was saying before question period, it is easy for a finance minister to accumulate surpluses when he does not need to make any special efforts. He only has to squeeze annual surpluses of \$5

billion to \$6 billion out of unemployed Canadians to create a budget surplus.

He was also able to save money by cutting provincial transfers for social and education programs. He has generated revenues since 1993 through hidden personal income tax increases, by refusing to index tax tables before last year.

This just goes to show that the Minister of Finance has incredible opportunities to make the right choices and promote social justice.

The minister knows full well, since he is the one who has been emptying the pockets of middle income families, that a large part of the tax reductions he brought in does not go to middle income families or to those families who made sacrifices by paying high taxes or by being subjected to EI cuts. They are not getting the share of surpluses to which they would be entitled if the government wanted to reward those who have been most responsible for putting our fiscal house in order.

The Minister of Finance could have taken exactly the same amount he intends to spend on tax reductions over the next five years, which is about \$73 billion, to reduce taxes for low and middle income families.

• (1515)

According to our own calculations, if the Minister of Finance redid his homework, he could bring in measures that would ensure that, as early as this year, families with an income of \$35,000 or less, particularly single parent families, would not pay a cent in federal income tax.

They pay taxes now and they are not the ones who will benefit the most from tax reductions this year. Those who will benefit from significant tax reductions are those who make \$250,000 and more. They will save at least \$9,000 to \$11,000 in taxes this year. For a single parent family with dependent children, we are talking about savings of some \$250 this year. They are laughing in people's faces.

It is also tantamount to laughing in the faces of nine out of ten taxpayers who have significantly helped to get Canada's public finances back in order and helped the finance minister amass huge surpluses, but are still unable to benefit from our financial house being put back in order.

The poor will still have to wait for social housing, since the Minister of Finance has announced no new measures in the last budget or in last fall's mini budget to help thousands of families who are hurting because they have to spend too much money on shelter, compared to what they spend on basic needs like food, clothing and heating.

When the Minister of Finance took over the department in 1993, about 500,000 households in Canada were spending more than 50% of their income on shelter. Nowadays, we have over 850,000

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households spending more than 50% of their income on shelter. What it means is that these people have to feed and clothe their children and heat their house with only half of their income.

People spending more than 30% of their income on shelter are considered as the less fortunate since they have to cut spending on other basic needs in order to pay the rent.

In light of these devastating figures, with estimated surpluses of some \$135 billion over the next five years even with the expected downturn, why has the finance minister not thought about reinvesting in that area?

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## ROUTINE PROCEEDINGS

[*Translation*]

### TABLING OF DOCUMENTS

**Hon. Don Boudria (Leader of the Government in the House of Commons, Lib.):** Mr. Speaker, I am pleased to table, in both official languages, the documents concerning the sale of the Auberge Grand-Mère shares, which were requested earlier today by the member opposite.

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## GOVERNMENT ORDERS

[*Translation*]

### INCOME TAX AMENDMENTS ACT, 2000

The House resumed consideration of the motion that Bill C-22, an act to amend the Income Tax Act, the Income Tax Application Rules, certain acts related to the Income Tax Act, the Canada Pension Plan, the Customs Act, the Excise Tax Act, the Modernization of Benefits and Obligations Act and another act related to the Excise Tax Act, be read the second time and referred to a committee.

**Mr. Yvan Loubier (Saint-Hyacinthe—Bagot, BQ):** Mr. Speaker, there are days when no amount of effort moves things forward. This is only the third time I have tried to finish my speech. I hope that no other prerogatives of the House will prevent me from making it all the way to the end. I hope, Mr. Speaker, that you will show some understanding.

Before I was interrupted I was saying that when one puts 30% of one's income into accommodation one is viewed as needing assistance.

In view of such outrageous figures, which reveal that an additional almost 60% of homes in Canada spend over 50% of their

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income on accommodation, how is it the Minister of Finance did not give a moment's thought to spending a cent on social housing? It would have been easy to allocate \$2 billion or \$3 billion of the \$135 billion expected surplus over the next five years. Why did he not think of that?

• (1520)

Why, on the other hand, did he think to turn to the millionaires, people who are not having a hard time, people who do not need \$9,000 or \$11,000 in savings this year? However, people earning less than \$15,000 a year would certainly like to have had better housing for their family. No, this is not one of the Minister of Finance's priorities, not at all.

With the billions he has, how did he end up taking money out of the pockets of the unemployed, the disadvantaged and the sick, those who cannot benefit from proper transfers corresponding to the needs of the people in the health care sector? How did he end up picking the pockets of students, too, who could have used some of the manna going into the government coffers? Why did the Minister of Finance not think of putting money into these sectors? Why did he not give a moment's thought either to increasing Canada's contribution to international aid, which has shrunk since this heartless minister has been Minister of Finance?

How can this man continue to believe that the best way to fight poverty and unemployment is to continue to make off with the surplus in the employment insurance fund every year? How can he not have given a minute's thought to doing something for the 57% of people who are excluded, the people out of work who are not eligible for employment insurance? It is because he needs the dough, because he needs to make use of the surplus to offer tax cuts to those with annual incomes of \$250,000 and up.

How can this man not have thought that it would be a good idea to raise the old age pension, particularly for older women living alone?

Barely 16 months ago, a National Council on Welfare report informed us that the situation of seniors who are on their own, particularly the women, is getting worse, and that additional funding was needed to help them and keep us from returning to the vicious circle we were in prior to 1960s. Back then, there was no safety net for these people. How can this man still want to make women and children the first ones that have to pay?

The Minister of Finance's reaction to that, when I said it the other day, was to laugh. I would love it if, at some point, the camera would catch his smile when we confront him with such evidence, when we tell him that women and children are paying for his negligence, when we tell him that his grabbing billions of dollars from the employment insurance surpluses, \$38 billion since 1994,

directly hits women and children first, and further marginalizes young people. He is still smiling. I would love it if the camera would catch him.

He also smiles when we tell him about elderly women living alone. There is nothing funny about the plight of elderly women living alone and getting increasingly poor.

Why did this man think of reducing taxes for millionaires before using money to help the poor and the homeless?

Recently, an alderman from Hull, whom I salute and congratulate for his work, told us that in the Outaouais region there are not only more and more homeless people who lose their jobs, who lose everything, but that entire families are also homeless. There are no shelters for these people.

Why did the Minister of Finance, who must know the Outaouais since he has been living here for several years, not to mention the fact that he is a member from Quebec, not think about using part of the billions that he is taking from the poor to build facilities to house these homeless families?

One sometimes wonders if the minister and his government have a heart. Mr. Speaker, you know what a heart is. You do. I am sure that you have one, but I sometimes have doubts about whether the Minister of Finance and the Prime Minister do.

• (1525)

When we see how priorities are set with regard to budget allocation and when we see the savage cuts in social programs, particularly income support programs, over the last few years, we cannot help but wonder if he has a heart. If he has one, and he must have one since he appears to be alive and well, it is not in the right place, as my grandfather would have said.

If his heart were in the right place, with the means available to him today to really meet the needs of those in difficulty, of middle income families that have been bled white by taxes for almost two decades, he could have made the right decisions.

I urge him to go back to the drawing board and to make sure that these billions of dollars that will be coming are allocated in a way that will benefit the right people, low and middle income people, particularly families, as well as the unemployed. These people would benefit from a true reform of the EI plan, which now excludes 57% of the clientele it is supposed to serve. These funds should also be put toward full indexing of federal transfers for health, education and income security.

In the area of social housing, there are crying needs. Will our shouts be loud enough to make the finance minister understand that there are people in the street who are cold and hungry? Will we have to shout louder and louder to express the pain of those

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helpless people who cannot speak for themselves here, who cannot speak directly to this heartless government? How loud will we have to shout to express their pain?

There comes a time when we do not know anymore what data we should bring here, because we have the impression that the people opposite do not care. We can mention facts that speak for themselves, talk about the 25% increase in child poverty since they took office, the 60% increase in people who must spend more than 50% of their income for housing, we can tell them that 57% of the unemployed, mostly women, are excluded from EI benefits, the people across the way just do not care. What will it take to make them understand?

It should not be so difficult for the Minister of Finance to re-examine his forecasts. Incidentally, he will be making an economic statement in May. I hope he will have the decency to stop taking us for morons and come up with concrete numbers. Even if these numbers are a bit pessimistic due to the U.S. economic downturn, I hope he will not have the outrageous idea to try to pull the wool over our eyes once again. I hope he will not take us for what we are not and take Canadians for fools. At one point, one has to stop laughing at people.

Last week, he said that it was a good thing he made conservative forecasts in spite of the fact that the opposition blamed him for being cautious. However there is a difference between being cautious and hiding the facts. There is a difference between being cautious and accurately stating the facts. There is a difference between being cautious and being cynical when people say they need information.

The Minister of Finance has shown cynicism these past few years by forecasting surpluses that were half the real surpluses. I even remember one time when, within a six month period, the finance minister, who claims to be competent, open and transparent, was off by 130% in his surplus forecast for a four or four and a half month period. Who was he trying to kid? He said he was happy he erred on the side of caution. What caution? He was not the least bit cautious.

He has spent the surplus he has creamed off the EI fund, to the tune of \$38 billion since 1994. He has put it towards debt reduction. He has used it to lower taxes to millionaires. Where is this so-called caution? Where is the EI cushion?

Suppose there is a downturn in the economy resulting in an increase in the number of unemployed, then we will need more money to help them. Where is the cushion to do that? It is gone. Where is the finance minister's caution? It has gone by the wayside.

• (1530)

I will give you the real numbers. Before the downturn in the U.S. economy, we were expecting a surplus of roughly \$148 billion over

the next five years. For once we were in agreement with the finance minister, and we will not start arguing about a few comas or decimal points. With this year's downturn, and we have also taken into account next year's downturn and a normal real growth of the GDP, the gross domestic product, we came up with a projected surplus of \$136 billion at worst. This would mean a shortfall of about \$12 billion over five years. A little over two billion a year is not that bad.

If the finance minister would only stop lowering the taxes for the rich and use the bulk of the surplus to lower the taxes for middle and low income earners, invest in social housing, correct the inequities and injustices of the employment insurance system, and index the health, education and income security transfers, there would be no problem. Every year he could even pay back some of the federal accumulated debt. He would be able to do that. He better not come up with numbers lower than this projected surplus.

If he does, we will travel across Quebec, and Canada if necessary, to let everybody know that the finance minister is taking everybody for a ride. People are not stupid. He should take his responsibilities.

Consequently, we will be voting against Bill C-22 because it does not serve the interests of the majority of taxpayers. When they talk about tax reductions, we must know to whom they are addressed. They are for the finance minister's friends. It is not you and me, it is not middle income families, it is not low income families. They will get almost nothing this year. It is the people who earn \$250,000 and more who are benefiting from these cuts.

With regard to his tax reduction plan, the finance minister should go back, take a good look in the mirror and ask himself if he is proud of what he did. I am sure the mirror would tell him that he is not proud of himself. He will have a second thing to do: sit down at his desk, do his homework again and rethink the tax cuts, give them to low and middle income people and consider the unemployed. For once, he should have the heart to look at what he has done since the beginning of his mandate.

It would be a good idea if he started having more feelings, if he behaved a little more like a human being, if he developed a little of what is called social partnership. I do not know if he is aware of this concept. He talks about compassion, a more liberal and bourgeois value. However social partnership means partnering with people who live in poverty to try to bring them some relief. He is in a major position and he could bring some relief to these people.

I simply ask him to reconsider his past decisions, to do his homework over and to reflect on what I have told him: to help people, to bring them some relief, to demonstrate some social partnership and to show some heart. It seems to me that this is easy, that one does not need magic to do it.

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**Hon. Lorne Nystrom (Regina—Qu'Appelle, NDP):** Mr. Speaker, I wish to say a few words about the budget implementation bill. Like my colleague from the Bloc Quebecois, I wish to indicate that the NDP will also be opposing the bill at second reading because it speaks to the general economic direction and position of the Government of Canada. The bill tells us what the government and House of Commons priorities should be in terms of the direction of our economy for the next three to five years.

The Minister of Finance believes that the most important priority is to have a massive tax cut of around \$100 billion over the next four years. That is not in sync with what Canadians are saying.

Based on public opinion polls and from speaking with people on the street the most important priority is not a tax cut primarily directed at the wealthy, unless they are members of the Canadian Alliance. That is their big priority.

The Alliance has convinced the government that the number one priority is to cut taxes massively. That is being applauded enthusiastically by one member of the Canadian Alliance from Manitoba. What I am saying must therefore be accurate. However, the Canadian Alliance priority, and now the government's priority, is not in sync with what Canadians want.

We have seen in all the polls where approximately 7% or 8% of the people say that the most important priority is to cut taxes.

• (1535)

People want to invest in people. They want to invest in health care, in education and in the environment. They want to invest in our farmers who are in the biggest crisis since the 1930s. Those are their priorities and those are the areas they want us to spend the important part of the money.

In terms of tax cuts, Canadians want a more progressive and fair tax system. They do not want the flat tax system that has been advocated by the Canadian Alliance. The minister himself is going in the direction of having a flat tax. He is doing this by changing the taxation regime in terms of capital gains.

Until recently, 75% of capital gains was included in taxable income. If someone made \$10,000, \$100,000 or \$1 million on the stock market or anywhere else, 75% of that was included in the taxable income and taxed at the marginal tax rate. Now the minister would reduce that to two-thirds of capital gains, instead of 75%.

If that was not good enough, in the mini statement last fall he reduced it from two-thirds to 50% of capital gains. If someone happens to be a very wealthy dishwasher in a restaurant and

happens to make \$1 million in capital gains, only half of that would be included. That is what the minister thinks.

There are very few ordinary people who would be able take advantage of this tax change. It would help the wealthy. They would get the biggest bang for their buck in terms of having their taxes reduced, and reduced drastically. The major measure in the bill would be a tax cut for the wealthy, for people who make a lot of money in capital gains, for the bankers, for the large corporations and for the privileged. This is happening under a Liberal government.

Mr. Speaker, I know you have been a member for a while and you would probably agree with me that what we have across the way is probably the most conservative Liberal government in the history of the country. It is much more conservative than the governments of Pierre Trudeau, Lester Pearson or Liberal governments that went before. It is more conservative because of the agenda of the Reform Party and the Alliance that are driving it to the right. That is what is happening and that is why the issue has to be debated.

I agree with the hon. member who spoke before me, that the priorities of the government are wrong. Canadians do not want to spend almost all the fiscal resources that we have, two-thirds or three-quarters, maybe 80% or 90%, depending on how strong the economy is with the recession or near recession we are entering into, in terms of a massive tax cut. They want the money to be spent on health care.

If we go back to 1995, the government across the way, again on the advice of the Reform Party, massively cut expenditures to health in terms of transfers to the provinces. Canadians want those transfers to the provinces increased. They want the best first class health care system anywhere in the world to be restored.

I turn to another big issue that the government is ignoring because of the tremendous priority placed on massive tax cuts, and that is aid to the farmers. A little while ago the government announced some \$500 million to farmers. Our farmers, particularly the grain and oilseed farmers, are going through the biggest crisis that they have gone through since the 1930s. As a result of that crisis, many farmers have now left the land.

Between the fall 1999 and the fall 2000, over 20,000 farmers in Saskatchewan, Manitoba and Alberta have been forced off the land, largely because of federal government policy that is not supporting our farmers like it should be.

A few days ago there was an article in the *Globe and Mail* which stated that the American government supports its farmers or subsidizes the grain farmers to the tune of eight times more than we do. That is why American farmers are better off. The European

farmers are better off yet in terms of money that they get from Brussels. The government across the way is staring a big farm crisis in the face and instead of providing more money for the farmers, \$1 billion or \$1.5 billion instead of \$500 million, it is giving \$100 billion in tax cuts, many to the wealthy and the big corporations. That is wrong and that is why we should be changing the economic and fiscal direction of the Government of Canada.

• (1540)

That is what the bill is all about. We are implementing the fiscal moves and the taxation cuts of the Minister of Finance. What he is doing is wrong in terms of the direction of Canada. We only have so much money. We only have a pie of a certain size.

If \$100 billion goes into cutting taxes, how much will be left for farmers and for health care? How much will be left to fight poverty and to fight the problems of the environment which are worsening day in and day out? We do not have a very proud record in terms of the environment.

If \$100 billion goes into cutting taxes and padding the pockets of big bankers and the wealthy, how much will be left for the first nations and the Metis? How much will be left for social housing, students, tuition fees and the education system? How much will be left for science and technology in terms of research and development? How much will be left for the infrastructure needs in the towns, cities and municipalities? How much will be left for fishermen on the east and west coasts, for the lumbering industry in British Columbia and elsewhere, or for the mining industry?

If we spend \$100 billion out of \$100 billion, depending upon the slowdown in the economy, or \$100 billion out of \$130 billion if the economy does not slow down as much as feared by many people, how much will be left for the real priorities of Canadians?

When we have the government party and the official opposition party applauding a massive tax cut—in fact the opposition wants an even larger tax cut than provided by the Minister of Finance—it shows how out of touch those parties are with the priorities and needs of ordinary Canadians.

Canadians want to have money invested in people. They want a people's agenda. In 1995, when the present Minister of Finance brought down his budget, it was the people of the country who suffered through the most massive cutbacks we have ever had by a federal government in Canada.

Some of those cutbacks had to occur because of the tremendous problem of the debt and the deficit, but instead of just cutting back in a more moderate and selective way we had the slash and burn policy by the minister across the way.

My Liberal friend from Winnipeg was horrified by the big cuts to the health care system. He knows the health care system very

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well. My Liberal friend from Peterborough was horrified by the cutbacks in transfers in terms of education. He knows post-secondary education very well, being an old professor from Trent University in Peterborough. When I say old, I mean a man with a lot of seniority.

We have a parliamentary system where government members have to sit on their hands, be mute and say “Aye, aye, good soldier” when they vote in the House of Commons on particular bills. It is up to us to try to persuade the Minister of Finance of the error of his ways.

In the last decade, the decade of the nineties we saw the gap between the rich and the poor widening once again. Throughout the sixties, seventies and into the eighties the gap between the wealthy and the poor was narrowing. In the sixties and into the seventies we had the advent of proper old age pensions and the Canada pension plan. Between 1972 and 1974 we had a minority parliament with the Liberals and NDP working in combination. We had the indexing of social programs like the old age pension and an increase of transfers to the provinces for health care.

As a result of the real emphasis on social policy and on social justice we saw the gap between the rich and the poor narrow throughout the sixties, seventies and into the eighties. What happened in the nineties, particularly after 1995? There has been a widening of the gap between the rich and the poor, where the wealthiest 20% of the people are making more and more of the national income and the poorest 20% of the people are making less and less.

One only has to look at two studies, one by Statistics Canada and one by the Vanier Institute of the Family. Both had the same conclusion. The gap between the rich and the poor was widening and not narrowing throughout the nineties.

• (1545)

When we talk about the budget, taxation and monetary and fiscal policy, we should be looking at how we can narrow the gap between the rich and the poor. We should look at how we give more opportunities to each and every single Canadian. We should look at how we can create more of a common good in terms of our policies, in terms of greater equality of condition and sharing and opportunities for every Canadian.

Instead we are going the other way. We are creating more and more poor and disadvantaged people. All one has to do is go to the inner cities of Regina, Vancouver, Toronto, Montreal or Winnipeg to see that there are more homeless people.

Walking from my hotel this morning, I saw a couple of homeless people sitting on the street begging for money. It was around 7.30 a.m. or 8.00 a.m. That is a common scene in Ottawa and it is only two or three blocks away from Parliament Hill. Yet we have the

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Canadian Alliance and the government saying we need more money for big tax cuts for the wealthy.

[*Translation*]

The member for Abitibi—Baie-James—Nunavik comes from a relatively poor riding. When the Minister of Finance decided to cut taxes for the rich and large corporations in Canada, the member for Abitibi—Baie-James—Nunavik stayed in his seat and did not say a single word about the fiscal policy of the Canadian government.

It is time for a member such as him, who represents a region where there is much poverty, to stand up and tell the finance minister that his fiscal policy is all wrong, that it is unfair for the country, that it is inequitable for Canadians. We do not see that happening in the House.

[*English*]

I mentioned the widening gap between the rich and the poor. I mentioned the cutbacks in education and health. I mentioned the cutbacks to our farmers. We had millions of dollars cut from farm programs in the last number of years. I believe the time has come to reverse the direction of the Government of Canada and to once again start investing in programs that help ordinary people.

Instead of having a \$100 billion tax cut, let us spend most of that money on health care and education, on opportunities for low income people and on giving opportunities to the first nations and the Metis people, who in many cases live in situations that are very similar to countries in the Third World. We are not doing.

There are still parts of the country where the unemployment rate is much too high. There are more and more soup kitchens. There are more people living on the streets. There are more shelters for homeless people and more food banks. These are opening all the time. At the same time we see the closures of bank branches, we see the opening of food banks. All this is happening in a country that is extremely wealthy and in a country with tremendous advantages, education and resources.

What we need now is the public policy to make the proper decisions. We need to invest in our people. We need to invest in our farmers to make sure they have the equality of condition with the American and European farmers, which would put them on a level playing field. If we do that, the farmer will produce. Farmers will be selling their products and creating jobs in urban Canada. This will benefit the whole economy.

We need to invest in health care and education. We need to invest in the people to create in the future the most highly skilled workforce in the world second to none. If we do that, we will be a stronger, more viable country.

**Mr. Peter Adams (Peterborough, Lib.):** Mr. Speaker, I listened with great interest to what the member opposite had to say. I appreciated his mentioning me even though it was in a slightly disparaging way. He talked about tax cuts, tax changes and things of this type. I would like to ask him a few questions.

First, what are his thoughts about the extension of parental leave to 12 months? That is a measure which involves an expenditure by the government and, by the way, by others. There was an increase in the disabled tax credit, which I was very pleased about. That is a tax cut and a tax measure. The caregivers tax credit, which is still a fairly new thing, will increase. He also mentioned if I interest in higher education. We have increased the student tax credit. All these are tax cuts by the government. Not that he is old, but I know of his enormous experience in the House of Commons. I think he was here before anyone who is present here at the moment.

• (1550)

I noticed the Speech from the Throne mentioned the lifelong learning account. The idea, as I understood it, is that each of us should have something like an RESP where we could put money aside in the same way as we do with an RRSP, so that our children could use the tax free funds for their education. This money would be tax free as long as it was used for furthering our educational opportunities.

What does the hon. member think about that proposed tax measure?

**Hon. Lorne Nystrom:** Mr. Speaker, there are many things in the Speech from the Throne and the budget that one agrees with. Anything that tries to redistribute income and wealth to make this a more fair and egalitarian society, I agree with. Some of those measures are very positive like reinvesting in the social fabric of our country and in the people's agenda. However, a lot of these things were cut back in the budget of 1995, as the member across the way knows.

Now that we have a fiscal surplus of well over \$100 billion projected for the next five years, most of the money, maybe 75% or 80% of the it, should be invested be invested in people. These are good examples of where some of the money is going.

My quarrel with the government is that instead of putting 75% or 80% of the money into social programs, infrastructure, farm programs, programs to help students, education, science and technology, research and development, health care and so on to rebuild the social infrastructure and human deficit, the government has gone the other way by putting 75% or 80% into tax cuts.

I believe in having some changes in tax fairness and a more progressive tax system. Rolling back the GST is a good example of

that. We should create more marginal tax rates. Instead of having three we should have five. This would be a more progressive tax system. We should make sure we have tax fairness.

However, my quarrel with the government is its priority. It has not done that. Most of the money is going to cut taxes, a lot of which is for the wealthy people. It is not going to the ordinary farmer in Prince Edward Island who is having problems with the trade war on potatoes with the Americans. It is not going to the ordinary farmer. In many cases the money is going to people who do not need it.

First, wealthy people do not need big tax cuts. They invest it often in offshore stock markets or projects. Second, with respect to stimulating the economy, the middle class the household debts are now at the highest level I think they have ever been. Their tax cuts will go to pay down some of the household debts and this does not stimulate the economy.

For low income people, of course the tax cut is a stimulative measure but they get little of that tax cut. At a time when the economy needs to be stimulated, when it needs a shot in the arm, these overall across the board tax cuts of the Minister of Finance are not the way to go. The way to go is to put the money into people to build up our human infrastructure.

**Mr. Scott Brison (Kings—Hants, PC):** Mr. Speaker, it is with pleasure that I rise today to speak on Bill C-22.

These amendments to the Income Tax Act represent a collection of baby steps, some of which are in the right direction. Some represent a significant further complication of an already far too complicated tax code. Most represent politics and the triumph of politics over public policy.

If we look at the general direction of these tax measures, we will find that there is no general direction to these measures. In fact, they resulted from a flimsily put together pre-election document, sometimes referred to as a mini budget. It is referred to as a mini budget but I suggest it reflects the government's mini vision of Canada.

• (1555)

The fact is these baby steps, these tinkering, these policies do not reflect what Canadians need and are particularly not what the tax code needs. We need a significant level of tax reform in Canada. Tax reform can be used as a vehicle for economic growth. Instead of making tax tinkering part of its pre-election policy, Canadians would be better served if the government was to utilize tax reform as a vehicle for long term economic growth. That would benefit all Canadians and improve our competitiveness globally. These tax measures do not do much to provide for greater long term competitiveness for the Canadian economy.

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If we look at the government's record since the election in 1993 relative to international confidence in Canada's economy, the most damning reflection or gauge by which to judge the government is our falling dollar and the fact that under this government our dollar has lost over 11 cents of value. That is the dollar reflects the share value of Canada Inc. Under this government we have seen an 11 cent decline in our country's dollar.

Every time there is a loss in the value of the Canadian dollar in comparison to the U.S. that leads to a pay cut for every Canadian. We depend greatly on the goods and services we consume from our neighbours to the south. A loss in the dollar represents a direct loss in our standard of living and ultimately in our quality of life in Canada.

The tax policy and fiscal policy provide a very important key to providing long term strengthening of the dollar. The government refuses to discuss the falling Canadian dollar under the guise of deferring to the Governor of the Bank of Canada and his responsibility over monitoring policy. Fiscal policy levers in the long term are as important as monetary policy levers in providing long term strength to the Canadian dollar. The importance of fiscal policy, that is tax and debt policies and strategic spending policies to the long term strengthening of the Canadian economy, is where the government's record has been a less than impressive one.

Some of the types of tax reform measures that we would like to see and that would make a great deal of sense are those that address some of the most pernicious and uncompetitive natures of our Canadian tax burden. One is our capital gains tax.

Even after there was some tinkering in this economic statement and some reduction of capital gains taxes, we still have a higher tax burden in capital gains than the U.S. For the government to eliminate personal capital gains tax would cost the federal treasury about \$4 billion a year. This would put us ahead of the U.S. in a very important area of taxation, particularly in areas of new economy, biotechnology and in some of these other areas that are emerging.

In terms of encouraging new economy venture investments, particularly during a time when market conditions are so turbulent and we need to try to provide whatever incentives we can to maintain early investors' interest in these areas, the elimination of personal capital gains tax would provide a great incentive for Canadians to invest and help continue to grow the economy.

• (1600)

It would be even more important now than it was a few months ago as we see the economic downturn that we are experiencing in Canada, in the U.S. and indeed globally at this point. It becomes even more important in some areas. I have referred in a specific sense to capital gains taxation. It is even more important now that

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we try, for once, to be ahead of the U.S. as opposed to constantly trying to keep up and in fact always being a couple of steps behind. That is one area where we would have liked to have seen a more dramatic and visionary step as opposed to the tinkering the government has done.

The fact is that most of these tax measures occur over a five year period. If hon. members look at the degree to which these tax reductions will impact Canadians in the short term, it is actually much less than what the government would like Canadians to believe, particularly when combined with the payroll tax hikes that became effective recently with the CPP payroll tax hikes. It is clear that the net tax benefit or the net benefit to Canadians in a take home pay context is minimal or in fact none if members again take into account payroll taxes.

Whatever way the government would like Canadians to view these measures, it will become painfully obvious to Canadian taxpayers when they are receiving their cheques and with their tax deductions that these measures have been half measures and have not really addressed the fundamental issues of high taxes in Canada. Canadians have the highest income taxes in the G-7 and the second highest corporate taxes in the OECD. Even after full implementation of these tax measures over a five year period, we would still end up having about the third highest corporate taxes in the OECD. That is assuming that none of the other countries reduce their tax burdens, and we already are aware that at least seven of them are entertaining and moving toward lower taxes.

Even as we see a slight narrowing of the gap between Canada and the U.S. in terms of tax burden in the short term, we see the U.S. now introducing the largest tax cut in its history. The tax cut is being negotiated currently and is making progress through congress. We are still behind. The mini budget introduced prior to the last election did not do much to get us caught up to the U.S. economy in the current context and yet we are now going to see, under President Bush, a leapfrogging further ahead. Again, Canada will be further behind.

A recent report from the Fraser Institute drew, in a convincing way, a direct linkage between Canada's low dollar and Canada's systemically high levels of taxation on all fronts. We have yet to see a firm commitment from the government, not just on tax reform as a vehicle for long term strengthening of the Canadian economy, but also for debt reduction. Debt reduction, when we have approximately four times the per capita debt of the U.S., should be a much higher priority than the government has made it.

In fact, many of these tax reduction measures are simply spending measures in the form of targeted tax cuts. Rewarding a particular kind of behaviour is nothing more than spending. It is another way to encourage people to do something that they may not do otherwise. People end up making decisions based on tax policy as opposed to what makes sense from a business policy, from an investment policy or from a personal perspective.

The fact is, this mini budget, this pre-election document, was far from what Canadians needed in the most turbulent February we have seen in the last seven years. In the last seven years there has not been a worse February for the government to avoid having a budget in than this last February, when the government ducked the issue and decided arbitrarily not to have a budget.

• (1605)

The fact is, Canadians, particularly with the difference in the economic conditions between the time when the mini budget was introduced and today, need a budget more than ever. Whether it is the decline in the global capital markets or the dramatic declines in the TSE, the NASDAQ and the New York stock exchange, Canadian investors and individual Canadians have seen their retirement savings diminish sharply in recent weeks. At the same time, they are seeing their standard of living decline because of a weakening dollar. There is a significant and reasonable concern among Canadians which should be addressed, not through an economic statement in the spring and not through a state of the union address which the finance minister has talked about providing, but through a full budget.

It is also offensive from a democratic accountability perspective, because this parliament, with its new members in some cases, has not actually been asked to approve a budget introduced after the last election. There are a number of new members of parliament in the House and government spending and government estimates ultimately should be accountable to this place, to parliament. For the government to determine that it is not important to engage parliamentarians in the approval of government spending and tax policy through the support of a ratification of a budget in the House is really and truly offensive.

There are a number of reasons why we have concerns with the government's policies, with its tax policies and general fiscal policies. However, these concerns are not just our concerns. These are concerns shared by many Canadians, particularly by some of Canada's top economists. We are seeing a unified front from Canada's economists relative to the lackadaisical approach of the government on specific tax policies. In the words of Terence Corcoran, a journalist, "If weak currency created growth, Canada would be a world leader".

The Prime Minister once said that a weak dollar is actually good for tourism. I think this indicates his economic naiveté but also his genuine belief that a country can devalue its way to prosperity. The fact is, a weak dollar is no way to guarantee long term growth and an increase in the standard of living of a people. In fact, it is quite the contrary. If the Prime Minister's argument is correct, that somehow reducing the dollar can improve tourism, let us think about this. The logical corollary of his argument is that if we would reduce the dollar to zero ultimately we could become the largest exporting nation and the most successful exporting nation in the world. Of course we would be giving away our products.

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The finance minister said in 1990, I believe at the time when he was running for the Liberal leadership the first time, that he would, if given the opportunity, manage the dollar's decline down to its natural level of about 78 cents to 80 cents. He has done so well that he has managed the dollar's decline down to the 63 cent range.

• (1610)

Canadians are asking a legitimate question. They want to know why the finance minister is not doing more to strengthen the intrinsic value of the Canadian dollar as opposed to accepting its decline. Is it that the Liberal government has accepted that currencies such as Canada's will in the long term be marginalized and that the best way to get rid of the independent Canadian dollar is to simply euthanize it, to let it wither on the vine and let it decline to such a level that Canadians will say, as they have already started to say, they would be better off with a common North American currency?

I do not believe we would be better off with a common North American currency. To give up our monetary policy levers would be a mistake. If we give up our floating currency with the U.S., there needs to be another operative mechanism to reflect things. For instance, the commodity crisis that occurred about two years ago in Asia would have manifested itself not in a reduced Canadian dollar at that point, but in higher levels of unemployment. Without the floating Canadian dollar, I would argue that the operative mechanism that would reflect differing levels of productivity or commodity price valuations would be unemployment rates. I am concerned about the notion of losing that very important tenet of economic sovereignty that is the independent monetary policy and the Canadian dollar.

Why would the government watch over the decline of the Canadian dollar and not defend it? If we in this place do not take steps to strengthen the Canadian dollar in the long term through more aggressive and innovative tax and debt reduction policies and more innovative tax reform packages, and if we do not deal with this in a more forward thinking and visionary way, we and certainly the government will have to accept the blame for the Canadian dollar withering on the vine.

At some point, and I am not sure when it will be, if we continue to see the cyclical decline of the Canadian dollar, Canadians are going to ask why we have an independent currency. I do not want to see us get to that stage and I am concerned that we are precariously close to that position right now.

With a government that has seen the Canadian dollar drop by over 11 cents under its seven year term, it is important to remind the government that under the previous Mulroney government the dollar lost only one cent during the same period of time. If the value of a country's currency reflects global investor confidence in that country, I would suggest that investors do not have a great deal of long term confidence in the government.

**Mr. Roy Cullen (Parliamentary Secretary to Minister of Finance, Lib.):** Mr. Speaker, I find it strangely ironic that parties on the right, if we want to call it that, always talk about the Canadian dollar. Of course there is a concern about the Canadian dollar, but on the one hand those members talk about the markets and how we should worship at the altar of the markets, but in the same breath they talk about how the government should be doing something about the Canadian dollar.

Although the member is not indicating this to the House, he knows that recently the Canadian dollar has actually been doing better than other currencies. I am talking about the European currencies, the euro, and the Australian dollar and the New Zealand currency. That is nothing to take a lot of relief from, but we do know the story, and that is that people are flocking to the U.S. dollar as a safe haven, which is strangely ironic in the context of the marketplace because markets in the U.S. are taking a beating and some of the economic fundamentals are not terrifically strong.

• (1615)

Nonetheless, there we have it. It is a migration to the U.S. dollar. The member for Kings—Hants talked about income taxes. This bill implements the \$100 billion tax reduction package so that average Canadians will see their personal income taxes reduced by 21% and Canadians with families will see theirs reduced by 27%. No matter how we cut it, that is a very large cut in personal income taxes.

I have five small questions, if I may. The member talked about taxes. I wonder if he forgot that large businesses in Canada on average pay 5% less income tax than those in the U.S. I wonder if he neglected to mention that for small businesses earning up to \$75,000 a year corporate taxes in Canada and the U.S. are similar but that for small businesses above \$75,000 corporate rates in Canada are significantly lower.

I wonder if he forgot to mention that capital gains in Canada are two percentage points lower than the average top tax rate. I wonder if he forgot to mention the more generous treatment for employee stock options here in Canada.

I wonder if he neglected, just as an oversight, to mention the permanent 20% research and development tax credit for all R and D expenditures in Canada, a country with one of the most progressive and advantageous R and D regimes in the world. I wonder if he forgot that.

**Mr. Scott Brison:** Mr. Speaker, I thank the parliamentary secretary for his question. He is quite right. The Canadian dollar is doing very well compared to the ruble. That being the case, I suggest to the hon. member that there are other measures we should use. One might be the U.S. dollar, given the degree to which our

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trade relationship with the U.S. exceeds our trade relationship with Russia.

For our dollar to be strong relative to the ruble, as my grandfather used to say, is like peeing oneself in a dark suit. It gives one a nice, warm feeling, but nobody knows. It does not make any difference. That is not why, I am sure, the hon. member is wearing a dark suit.

He also said I had neglected to mention a few points. The reason I neglected to mention that taxes are lower in Canada than in the U.S. was because they are not. There is a reason we neglect to mention things we know are absolutely, completely and utterly false. Because I understand the differences between tax levels in Canada and those in the U.S., I neglected to mention some of the mistruths he introduced in the House today. I am certain those mistruths were unintentional.

Our capital gains taxes, regardless of income level, are still considerably higher than those in the U.S. Our corporate tax burden is still the third highest of the 31 OECD countries, and after five years of tax reduction it will still be about the third highest.

We still have some of the highest marginal tax rates for successful Canadians. If we look at basic levels of income, Canada's cutoff point for taxing low income earners is about \$3,000 lower than in the U.S. In Canadian dollars the difference is closer to \$4,000. The hon. member would like to think, I am certain, that we are a kinder and gentler nation, but Canada taxes low income earners far more harshly than does the U.S.

While he crows about the baby steps his government has taken in the right direction, I suggest he should remember that a tortoise moving in the right direction on the autobahn is still roadkill.

• (1620)

**Mr. Ovid Jackson (Bruce—Grey—Owen Sound, Lib.):** Mr. Speaker, there are two methods by which the dollar could go up immediately. We could raise interest rates or we could cash in the 63 cent dollar right now, join the United States and allow Washington to make decisions for us. I wonder if that is a method the member thinks we should use to get our dollar up.

**Mr. Scott Brison:** Mr. Speaker, I thank the hon. member for his question. No, I certainly do not support a single North American currency.

We are not looking for a short term, band-aid solution for the dollar but a long term strengthening of our currency through fiscal policy levers. I would certainly not present fiscal policy as an immediate overnight solution to strengthening the dollar, but in the long term it can have a significant impact.

There are only two levers we can use to strengthen our dollar in the long or short term: monetary policy, which is in the hands of the Bank of Canada, or fiscal policy whether in tax and debt reduction policies or spending policies.

Those are the policies that in the long term will require vision and commitment. If we are to strengthen Canada in a comparative sense, particularly with regard to tax policy, we must cut not only taxes which are politically unpalatable but those which have the most deleterious impact on long term growth.

Also, reducing our debt over the long term, not simply as a percentage of GDP but in real terms, would have a significant impact on strengthening the Canadian dollar.

[*Translation*]

**Mr. Guy St-Julien (Abitibi—Baie-James—Nunavik, Lib.):** Mr. Speaker, I would not want to pass up this opportunity to speak to Bill C-22, the Income Tax Amendments Act, 2000, which was recently tabled.

We have examples from families in resource regions. I have here letters written in September and addressed to the Minister of Finance of Canada. Other letters were addressed to the Minister of Finance of Quebec.

I do not want to pit provinces against provinces, but as a result of the changes made by the Quebec government to its family policy in 1998, the amount of the Canada child tax benefit has been lowered.

Today I received a letter from Clémence Côté. Her husband, Louis Germain, works in the mining industry in Val-d'Or. She said "Today, my children are being penalized". One must understand what it means when someone writes that her children are being penalized. She wrote "Today, my children are being penalized by the Canadian tax system. I have a large family; I have 10 children. Dear Minister, I would like to ask you for an exemption so that I may receive the full amount of the Canada child tax benefit regardless of our family income".

The Canadian tax system does not make allowances for families with 10 children or some have 11 or 12.

Her husband, who makes a good living working in the mines, earns in excess of \$60,000, \$62,000 or \$63,000, and does overtime in order to help finance his children's education. With 10 children, a mother has a lot of work at home.

This mine worker, Mr. Germain, does a lot of overtime because several of his children are in school and have been allowed to take up only one sport either at school or at the community level. Even if a child wanted to take up two or three sports, his parents could not afford to pay for it. The same is true of transportation for

children who go to school in Val-d'Or. She pays the school board for their transportation and she still has to pay back her benefits.

What I found bizarre in all this is that several years ago, as a result of a 1999 letter from the Minister of National Revenue, they asked why the Canada child tax benefit had been changed in Quebec.

• (1625)

Provincial governments may enter into agreements with the Government of Canada to change the amount of the Canada child tax benefit that their residents will receive depending on the number or the age of children, or both.

Before July 1998, the method used to calculate the benefit was different for Alberta and Quebec compared to the other provinces and territories. These two provinces had chosen a calculation method based on the age of the child and his or her rank in the family.

This means that, before July 1998, Quebec residents were entitled to a base benefit of \$869 for the first child, \$1,000 for the second child, and \$1,597 for the third child and each subsequent child. After making changes to its family policy, the government of Quebec advised the Minister of Finance of Canada that, starting in July 1998, the benefit paid to Quebec residents would no longer be based on the rank and age of the child.

Now the Canada child tax benefit is calculated the same way for Quebec residents as for residents of other provinces and territories, except Alberta. The base benefit is now \$1,020 per child, regardless of his or her rank in the family, since the amount of the Canada child tax benefit to which a family is entitled has been reduced following a decision made by the government of Quebec.

Regardless of the two jurisdictions, we must realize that several families in Quebec have seven, eight, nine, ten, eleven, twelve or thirteen children. They have to repay the tax benefits when the husband's income is too high, because of overtime work especially.

That is the message I want to send. We have to find a way to help large families. Nowadays, families with five or six children are considered large families. For families with ten children, the Government of Canada should find a way, through some kind of exemption, to help them out, especially in resource regions, but also in urban areas.

We all know how much it costs to look after children's education or to enrol them in a sport program. That is the message I want to send. We should take into account the number of children in all Canadian families. We count one, two, three, and then it seems that senior officials tell their ministers "We stop at three. Passed the third or fourth kid, it does not make any difference".

On the contrary, it is important, which is why I want to send a message to the finance minister. We need to find a way to help out these large families.

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I do not think members will find it surprising that I want to address another issue here today. A poll published on March 9, 2001, and I mention the year because some people might think it was carried out a number of years ago, show that four out of five Quebecers are in favour of a salary being paid to the stay at home parent. At least 82% of those surveyed said they strongly or somewhat agreed that a salary should be paid to the parent who stays at home to take care of the kids.

Why? There is another way about it. I have made several speeches on this issue in the House. I have tabled motions and petitions to have a salary paid to the parent, mother or father, who stays at home to raise children. This would actually help reduce poverty.

I saw an article written by a woman who lives in Montreal, which said "The important thing is to be at home with the children during their first three years of life". Parents are given a one year parental leave. What should we pay a person who stays at home? Maybe we could, like Germany or other countries, provide a supplement of \$250 a week in order to help the family or the person who stays at home with the children.

I would like to raise one final point. It is the issue of pensions, those paid to seniors living below the poverty line. Steps should be taken to increase their income upon reaching retirement age, especially after retiring. Members will recall that a few years ago, we had interest rates of 16%, 17% and 20%, and things were going pretty well. Today, retired seniors are relying on assets deposited in banks or invested mutual funds with a 2% or 3% rate of return.

This is why a majority of Canadians are in favour of pension reform.

• (1630)

The important thing is to raise pensions, to reform the pension system so that people, and particularly seniors, have a decent income. Some single seniors always receive the same amount. Sometimes, their cheque is increased by \$1.04 for a three month period, as a cost of living adjustment. The pension system should be reformed and people should have a decent income.

That is why I mentioned these three cases. We often hear about them in my community. Long term solutions must be found.

[English]

**Mr. Ken Epp (Elk Island, Canadian Alliance):** Mr. Speaker, I listened with interest to the hon. member's speech via the courtesy of the interpreters, since unfortunately I am unilingual.

I would like to ask the member a question with respect to what he was saying. He was talking about the problem of mothers and fathers who want to stay home with their children after the one year is up. Under the Liberal scheme, the only way that could be arranged is to have a child every year. The limit is a year. If a

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person has not worked in between, then they would probably be ineligible. After the first year, the second and third child that may come would not be eligible for those benefits.

Does the member have any solution to that quite clear dilemma in the Liberal plan?

[Translation]

**Mr. Guy St-Julien:** Mr. Speaker, nobody can replace the mother during the first three years in the life of children.

The hon. member raises a good question. Regardless of the government in office, the important thing is to work together with the opposition parties in order to find real long term solutions. Now is the time to do it.

He mentioned the first year, but I can tell members that all Canadians think it is important that a mother stay at home during the first three years of her children's life.

[English]

**Mr. Ken Epp (Elk Island, Canadian Alliance):** Mr. Speaker, I am very pleased to speak in the debate. The Liberal government is getting slack. This morning we debated a bill which was over 900 pages in length. This little itty-bitty bill of 500 pages now seems like child's play in comparison. My party will have a look at it. We are debating it for the first time today, so the debate is on general principles. After this it will go to the finance committee where some of the details will be dealt with.

The whole study of taxation is intriguing in the academic sense. We have come to accept a level of taxation that is on the verge of being obscene.

I have told this story in the House before, and if any members recall it, my apologies, but it is very important. About three or four years ago I gave one of those one minute members' statements. I told the Speaker about a tragedy we had in our home. A guy came to the house. He backed his truck up to the door and proceeded to move everything out that we had accumulated over the years. He took half of our sofa set. He looked upstairs and saw four beds and he took two. He cut my beautiful old grandfather clock in half and took half of it and put it in the truck. I phoned the police before they took all the phones and asked them to get over to my place. I told them that we were being robbed. The police said that I should give them more details. I did and they said that they could not come and that they could not help. As a matter of fact the police did show up a little later and they insisted that I help the guy load.

This is an absurd story, but this is what happens every year to average Canadians. One half of our earnings are taken from us through the various levels of taxation from the federal, provincial and municipal governments. Tax freedom day in most provinces is around July 1, which says that half of our income is confiscated

every year. If we do not help the guy who is owed and if we do not deliver the money that we have earned, we are held in contempt and can go to jail.

● (1635)

I do not want to characterize the levels of government as though they are crooks, yet I know I am right on the verge. I do not want to say that, so I will not. They are not really stealing our money because it is taxation. However it is still money I have earned that I cannot use for my family. I have very few needs. We can see that all I need is a square meal a day, or two, some basic clothing and basic shelter. Give me a bicycle to ride or preferably a motorcycle. My needs are simple and I simply want the best. I do not have many needs.

However I do have a great need to provide for my family. Fortunately my children are now grown up and on their own so things are a little easier. Now I only have a very expensive wife to provide for. When the children were younger I was teaching at a technical institute. All hon. members probably know this. I worked there for 27 years. We also made the decision that mother would be a full time mom. The children needed to have someone there when they came home from school to care for them and to show them that they were important.

In order to supplement our income, which even back then was not quite adequate to meet all our needs, including paying the mortgage, the utilities and everything, the decision was made that I would teach part time in the evenings. I taught a night class almost always two nights a week. This was way back and it dates me. Hon. members can tell by my grey hair that I am an old guy. I used to say that I worked Tuesday nights for Trudeau and Thursday nights for my family. It was a 50:50 deal.

Even though we are dealing with Bill C-22 to amend the Income Tax Act, the question that is not being addressed is the overall huge load of taxation which burdens our families and burdens individuals.

I have also indicated recently, and I will repeat this because I feel it is important, that my family and I not only pay our taxes but we also believe in charity. Due to the fact that we needed to look after our future, and as we have always felt insecure about the inadequate provisions of the government, namely the Canada pension plan, we have tried to put a bit of money into RRSPs. We ended up living on about 30% of my income as 70% of it was gone: 50% to taxation; 10% to charity, plus or minus a bit; and 10% to future savings, usually a little less because I could not afford that much. It was a struggle.

That is one of the reasons I became a member of parliament. In 1988, when the Reform Party was just starting, I picked up one of its brochures and all these things attracted me: the elected Senate, true democratic responsibility, and a justice system that would

work on behalf of law-abiding citizens. However the one that really struck me was the belief that governments should live within their means so that we could reduce and not increase the debt. That was during the Conservative years when the debt was going up by \$25 billion, \$30 billion and peaking at \$40 billion a year, just before they were finally turfed. That was one of the reasons they were turfed.

I was attracted to the principle that said we should have a balanced budget so that we would no longer increase the debt, the principle that we should start paying the debt down so that we could relieve ourselves of the necessity of interest payments and thereby have more money available to governments for programs that citizens value.

I guess the rest is history. We came here in huge numbers in 1993. When I first joined the Reform Party I did not anticipate that I would be transposed from my career at NAIT's teaching mathematics, computing and interesting things like that into trying to persuade a Liberal government to reduce taxes, balance the budget, hopefully pay down the debt and reduce interest payments.

• (1640)

However I stand here proudly this afternoon when I see what has happened in the last seven years. We have been the beneficiaries of a very robust economy in the United States which has a huge influence on our economy. That is undeniable. At the same time I believe it was our presence here which made it respectable to talk about fiscal prudence and to reduce the amount we were spending. The government was also able to exercise, with our help, a little discipline in not spending all the additional revenue that came rolling in that was beyond its expectations and certainly beyond its planning.

I like what happened in the year 2000. I am a little disappointed in the election. I wish we would have the Liberals in opposition. That would have been a lot more fun. One of the things which did happen just four days before the election was we had a mini-budget, the primary election document for the Liberals. That is what the bill is about.

I must give the Liberals a grudging commendation here. They sure do know how to run elections. I saw a cartoon of the Prime Minister right after the election. It showed the increase in the number of seats. He was reading a paper that said "Liberals re-elected with a resounding majority". The Prime Minister, speaking to Canadian taxpayers, was saying that was the best \$200 million of taxpayer money he ever spent.

We know that an election costs around \$200 million. It is quite an expensive project. That is what it took to put the Liberals back into power. I am giving the Liberals a weak commendation in that their pre-election document showed they were ready to go the way we were saying Canadians were asking parliament to go, namely to exercise some fiscal responsibility and implement tax cuts.

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If we look at the polling data right now and if we ask Canadians what they think is important, the number one issue is health care, and rightly so. Whenever we are ill and we need some help from the medical profession, we live in a country where we have come to accept that it will be available. It ought to be that way. I believe very solidly in our principle, which is also a principle of the Canada Health Act, that no one should be denied needed health care because of financial situation. I concur with that.

Canadians are saying that is the number one issue. The number two issue is either crime, punishment or the justice system. Down the line a bit comes tax cuts, as the member from the CCF said just a moment ago. He usually calls my party by the wrong name, so why can I not?

He said that tax cuts were actually quite low. That is because when Canadians are asked to prioritize something they put these things in rank order. We make the mistake of drawing the conclusion, because tax cuts are maybe third, fourth or fifth on the list, that they are not important to Canadians.

If we look at the importance that Canadians place on those issues they would probably all be close to equal. If we asked how important health care was on a scale of one to ten, a person might say ten. When asked how important tax cuts are, they might say that is a nine. It is not as important so it ranks out that way, but it is still important to them. I hear that from many people who ask why they work like slaves from early morning until late at night and do not seem to get ahead.

• (1645)

Very frankly, even with these timid tax cuts that the Minister of Finance introduced in budget 2000—and of course most of the things in the mini budget from last fall have not yet been implemented—the actual reduction in the total deductions in the average person's paycheque is not huge, if it is there at all. As a matter of fact, with the new payments for Canada pension the bottom line for most families is about the same or sometimes even a little worse.

In broad generalities as I am leading up to my talk on Bill C-22 today, I really think we need to address very carefully the level of taxation in the country.

Second, I want to talk a little about the complexity of it. I talked a bit this morning on Bill C-8, the banking bill, but we have had other bills in the House that have to do with changing the taxation system or the revenue system, and sometimes we deal with government expenditures. I find it frankly astounding, and I hope I never lose my astonishment, that a week ago in one evening we sat here as members and in a matter of about 20 minutes approved the expenditure of some \$15 billion or \$16 billion. Those were the supplementary estimates just to get the government to the end of this fiscal year. The amount of money we approve here is amazing.

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I believe the responsibility we have as proper stewards of the money entrusted to us is of the utmost importance.

One of the things I want to see happen is a reduction in the complexity of our tax system. My goodness, I remember not long ago reading an interpretation bulletin on the GST which differentiated between buying cooked shrimp and cold, frozen shrimp. There is a different rate of GST applied to the two of them. In one case it was considered that because they were cooked they were a meal and therefore the GST applied. In the other case they were frozen, therefore they were groceries. GST is not charged on groceries. That is only one minute example.

Bill C-22 discusses proposals for amending the Income Tax Act as well as the Canada Pension Plan, the Customs Act, the Excise Tax Act, the Modernization of Benefits and Obligations Act and another act related to the Excise Tax Act. All of this is included and does not increase the simplicity of it. It increases the complexity of it.

Already I am led to believe that there are very few Canadians, even among our best tax lawyers, who know that code. As a matter of fact, any of our citizens who have had the occasion to go to one of the tribunals to get a ruling on a tax dispute are hoping for some reasonable hearing there because, depending on who one gets, one gets different interpretations.

One person in my riding told me that he phoned Revenue Canada to ask about a certain issue. He got an answer that he did not think was right, so he phoned again, got a different person and got a different answer. Then he thought, just a minute, there are two different answers here, so he went for two out of three because he still did not really know. He phoned again, hoping that he would get one of the other two answers, and lo and behold, there was a third answer. The complexity of it is a great frustration. The bill, among other things, increases that complexity.

During the election campaign the Alliance Party was proposing that we go to a single rate tax. That is not a flat tax. That is a misnomer we are often accused of. A single rate tax is simply the same kind of a tax system we have now with basic exemptions and other deductions, but instead of three rates as we had at that time, we said we would reduce them all to the same rate of 17%. I suppose we could have achieved the same result by simply saying that the amounts where these rates kick in are some high number and it would have probably been more saleable than the way it was presented.

• (1650)

The fact is that we are proposing deductions. We are proposing huge tax breaks for middle income and lower income families. The Liberals are crowing about the fact that people who are now making a family income of \$20,000 a year are going to get a tax

break of maybe 16% or 20% or whatever number it is that they use. Under our plan that reduction would be 100%. They would be removed from the tax roll completely.

Under our plan, a family of four, a mum, a dad and two kids, would pay zero tax on the first \$26,000 of income and then a straight 17% on the remaining, whereas the Liberal government goes on and on with exemptions of maybe \$15,000 or \$16,000 and then 17% on everything after that, although they are proposing to reduce that to 16%. That, by the way, is also a bit of sleight of hand. If we just talk about the rate but apply it on more of the income the total tax bill is higher than if there were a 1% higher rate but a great deal more of the income exempt from tax.

In wrapping up, I would simply like to say that some of the measures in the bill go in the right direction. I am rather concerned about some of them. They go in the right direction but not far enough. In any case, there are some things in the bill that are woefully inadequate. I am looking forward very much to hearing about the bill in committee, not only from officials but also from witnesses who will come to our committee and give us their read on it. I am sure that in the finance committee we will have a great time analyzing the bill and reporting back to the House in due time.

**Mr. Peter Adams (Peterborough, Lib.):** Mr. Speaker, I listened with great interest to what my colleague opposite had to say, just as I have been listening to presentations all afternoon.

I know the member takes a great interest in these things. Frequently today concern has been expressed about the economy in one way or another and we have had suggestions as to where the problem is. I heard the member say that it was the dollar and so perhaps by manipulating the dollar we could help the economy. There are different things.

However, it does strike me that whatever we read in the media lately about the economy and what could be done about it, it is all speculation by economists. They all have different theories as to what we can do.

It seems to me, and this is where my question lies for the member, that in times like these we should not rely on economic theories which are just that, theories. In times like these, times of modest uncertainty, the only thing we can do that we know is going to pay off in the future is invest in the future. Our tax policies and our spending policies should be geared to that.

As we say, we should invest in people. We should invest in prenatal care and post-natal care. We should invest in our elementary schools and make them as effective as possible. For example, we should put them all on the Internet in the modern age so that kids in kindergarten can get used to computers and used to being on the Internet. Going further up the system, we should give scholarships to make it possible for young people to go to college and to

university. We should make the tax environment as good as is humanly possible for research and technology. We should have tax breaks to educate not just scientists but people in the trades and things of that type.

My question for the member is this: what does he think about that? Does he not think that in fact what has been happening these last several years has been exactly that and that by investing in people in all of those ways we are laying the best foundation we can for a strong economy?

**Mr. Ken Epp:** Mr. Speaker, I thank the member for his astute question. I agree with a lot of what he says. I too believe that children ought to have a pretty good head start in their lives. I think it is primarily the responsibility of the parents to make sure it happens and the responsibility of government to get out of their faces so they can do it.

• (1655)

That is true for most of them. Then there are some who need assistance from the larger community, be it the municipal, the provincial or the federal community. Tax dollars are involved in giving grants and helping people in genuine need. I have some reservations about that, but I do agree with it in principle.

I regret, as I said in an earlier speech, that one of the things that has happened is that the Liberals, trading on the fact that as Canadians we are indeed compassionate, have instead taken away from us the fiscal room to be compassionate as individuals. They are taxing us to death, such that now when I see a needy person I am more likely, not speaking for myself personally but as an average citizen, to see whether I can help get them on some government program rather than simply ask them to come to my house for help in getting a job. That is what we did when I was a younger man. It worked well, because there was some personal accountability and mentoring. It works much better than a government program which unfortunately in many cases produces dependence.

With respect to the dollar, it is like driving along in my car in an 80 mph zone and my speedometer is telling me I am going 30. I say to myself that I had better get a new speedometer. No, the speedometer is showing my actual speed. I do not need a new speedometer. I need to step on it so that I can get with the program and get to the speed the traffic is moving at. To a large degree, I believe that is what our Canadian dollar is like. It is simply an indicator of our economic health. It should be of huge concern to the government that right now our economic indicator is showing that we are running at about 65% efficiency vis-à-vis the Americans, our next door neighbours. We are only about two-thirds as productive.

There is no excuse for that. We have a land that is rich in resources. I could list them all. We have a tremendously energetic population and we need to have to survive in our climate. There is

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no reason in the world why we would not have the capacity to be above the Americans on a true measure of standard of living, yet we know that our standard of living is way lower than theirs on many measures. It is indicated again by the value of the Canadian dollar.

Again, it is an indicator. I do not think one should fiddle with the indicator. Rather, one should try to correct the factors that have produced that particular measure in our productivity and economic efficiency.

**Mr. Roy Cullen (Parliamentary Secretary to Minister of Finance, Lib.):** Mr. Speaker, I listened as the member for Elk Island described in his story the length of time it took him to get his tax holiday. As he talked some of the reasons suddenly began to emerge. I saw the scenario wherein he had big parties and invited people over and they had tons of shrimp and then ran around his house using six or seven phones to make phone calls. I am sure that the average Canadian gets his or her tax holiday much sooner than the member for Elk Island.

He talked about positioning for elections. He also talked about the single rate tax, not the flat rate tax, and of course we know that leading up to the election the member's party went from 17% to 17% and 25% because of concerns the party had.

I was in British Columbia not too long ago. A lot of good parts of B.C. are Alliance territory. A lot of people told me that the single rate tax would be great because they could take their incomes and multiply by 17% or 25%. However, the member today and at other times in the House has really affirmed the fact that they would still have all the deductions, such as medical expenses over a certain amount, the charitable donations, RRRSPs, et cetera. I suspect we would still have a big Income Tax Act. I wonder if the member could talk about how we would reduce complexity under the 17% and 25% scenario he described earlier.

**Mr. Ken Epp:** Mr. Speaker, there is no doubt that cleaning up the complexity of the tax act goes far beyond just going to a single rate or even to two rates.

• (1700)

It is interesting that under Bill C-22 the government proposes to go from three categories to four beginning next year. That is because it loves high taxes.

We must look at the complexities of the issue. Some formulas in the bill are illustrated very well, but others are really quite convoluted. The Income Tax Act is full of that. The question of what applies must also be addressed. The categorization of which tax bracket a person falls into is one question but it is a minor one. I will concede that.

With respect to the tax itself, we must recognize that when taxes are reduced there is a tremendous spinoff in the economy because the money is not destroyed. When taxes are reduced taxpayers do

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not throw that money into the fireplace. They use it to provide for their families and give the local economy a kick. I would much rather hire a guy to fix my leaky roof, which would give him a job and get my roof fixed, than send the money to Ottawa where it is spun in circles and nothing really happens with it.

I appreciate the question from the parliamentary secretary, although I did not have time to give him a full answer. He is certainly on the right track by asking if we should simplify the code. My answer is a resounding yes.

[*Translation*]

**Mrs. Pauline Picard (Drummond, BQ):** Mr. Speaker, I wanted to point out that I raised this issue in the House during the 36th parliament, in our reply to the economic statement or mini budget. Bill C-22 is the exact copy of this mini-budget.

I am surprised that nothing has been changed. The government could have addressed certain problems or weaknesses in the economic statement that was made just before the election. Throughout the election campaign, the Liberal government boasted a lot, through its members and candidates, about the upcoming tax reductions. There would be something for everybody, they said, because they had put the nation's finances in good shape, and were making a surplus. They said they would help all those that had been affected by drastic cuts. The finance minister had room to manoeuvre with \$147.9 billion, including the agreement on health signed with the provinces on September 11. We can safely guess that right now his room to manoeuvre is much bigger, but today our discussions centre on the \$147.9 billion.

Tax cuts can be expected for 2004. I think that this is the time of year when everybody in Canada and in Quebec is checking their tax returns before submitting them to the Department of National Revenue. Few are lucky enough to be able to say "I have benefited this year of a real tax cut that has allowed me to put my finances in order".

• (1705)

Here are some examples of what tax cuts will probably look like in 2004. A single parent family with an income of \$30,000 and one dependent child would have a \$550 tax cut and would still pay \$1,545 a year. That is for a family with a \$30,000 income.

With a \$50,000 income, the same family would have a tax cut of \$1,200 or twice that of the single parent family with a \$30,000 income. With a \$80,000 income, the same family would have a \$2,300 tax cut or four times more than that of the family with a \$30,000 income. With a \$100,000 income, the tax cut would be \$3,200, or 5.8 times more than that of the family with a \$30,000 income. The tax reduction for Canadians earning \$250,000 would

be \$6,500, 11 times higher than the tax reduction for a family earning \$30,000.

For the more than four million women, that is 60% of women, earning less than \$30,000, this statement is a slap in the face. A family with an income of \$30,000 and one child should not pay any taxes.

The reduction of the capital gains inclusion rate means average gains of \$11,600 for taxpayers earning \$250,000 or more, compared to average gains of \$320 for those earning between \$80,000 and \$150,000, 36 times less than the average gains for those earning \$250,000. As members can see, these tax reductions are for the rich.

There is nothing in this bill for women, for young persons and for single senior citizens, most of whom are women.

In your riding, Mr. Speaker, there are probably many single senior citizens. Unfortunately, these are mostly women who are poor. Their pension income comes to about \$12,000 a year. What can one do with \$12,000 a year? It is a shame that the government did not think about these people.

Since our population is aging, there will be more and more single older women. These are women who have lost their husbands. We tend to forget widows. With huge surpluses and \$147.9 billion to play around with, it is unacceptable that the government did not think about those single women.

There are no provisions for the basic financing of women groups working within organizations. They were completely forgotten. These women are often volunteers. They earn unacceptable salaries in those organizations. Their work is aimed at keeping the centres open in order to help and support single women, older women, women going through difficult times or facing problems of domestic violence. These women groups do their best to keep the centres open, and there is nothing in the budget to help them carry on their work.

There is nothing either for old workers, men and women, who lost their jobs. We had been vocal in the House, trying to convince the Minister of Finance to take into account people hit by plant closures. There will be others, because it is a given with globalization. There will be plant closures. New plants are opening, but there is also rationalization. Big companies are rationalizing.

In my riding, Celanese was the backbone of the economy in Drummondville. Some 50, 40 or 30 years ago, everyone in my riding knew someone who worked at Celanese. That company once had 6,000, 7,000 and 8,000 employees. It was really the cornerstone of the region's economic development. As the years went by, transformations took place, and the plant moved to Mexico last year.

• (1710)

There was a good proportion of middle-aged workers, between 50 and 60 years old, who were nearing retirement and who received early retirement benefits. These people were not eligible for employment insurance. They had to use money they received as separation pay. After a year, they had to rely on employment insurance and, later, on social assistance.

In the past, we had measures aimed at helping older former workers. Perhaps they were not the best measures, perhaps they had shortcomings, but at least these people could keep their pride because they did not have to rely on social assistance while waiting to receive their pension.

They were totally abandoned. These people who worked hard for 30 or 40 years in the same factory, for the same employer, were forced to retire because of globalization and the closing of factories. They were told "Go home now; you must rely on social assistance". It is totally scandalous.

There is nothing for social housing either. There is nothing for international assistance. There is nothing for transfers for health and education. Now, I want to say a few words about indexation, because we know that even if funds were injected into health, costs were not taken into consideration. As the population ages, the cost of equipment, new technologies and drugs is skyrocketing, and we have to take this into account.

There is nothing for shipbuilding. The government has earmarked \$1 billion to cover the increase in heating costs, but is sending each person a small cheque. We talked about it in the House. I met with single elderly people with incomes of \$13,000 or \$14,000 a year, who heat their home with oil, and have seen their heating bills double and nearly triple.

Someone who used to pay \$400 for heating oil will have paid by the end of this winter between \$800 and \$1,000. This is outrageous when their yearly income is \$13,000. The government issued cheques for \$125 instead of keeping the money to target people who really needed it. The government took this initiative and sent cheques to help with heating expenses to everybody, including those who do not use heating oil. It does not make sense.

I have nothing against giving money to people who qualify for the GST rebate; I am happy for the people who received a \$125 cheque. It was certainly welcome, especially during the holiday season. However, what did the government do for people such as single women who have only \$13,000 a year to live on, whose heating expenses went up? It could have tried a bit harder.

It is similar to distributing goodies before an election is called, to make everybody happy; this creates a lot of visibility but solves

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nothing. People will get even deeper into poverty to avoid freezing this winter, as their heating bill doubles and nearly triples.

What does one do when one is poor and does not want to freeze? One goes without food or without heat and one literally freezes in order to be able to eat a little bit. This is unconscionable on the part of a government with a \$147.9 billion surplus.

It has done a lot to pay down the debt. This is called fancy accounting. The finance minister has been very cautious. With the surplus he did not announce, he was able to reduce the debt. I have nothing against reducing the debt, but people who were put through the wringer and literally bled to death should come first.

• (1715)

A lot has been done for debt reduction and for millionaires. As a matter of fact, a family with one child and a \$250,000 income will benefit from a tax reduction. However, a family with one child and a \$30,000 income will not get much of a break. I would call that exploitation.

With these huge surpluses that made the Minister of Finance burst with pride, we were expecting him to give a break to those who were really instrumental in getting our fiscal house in order, those to whom we owe the fact that we have not had a deficit for four years, those who continue to be bled white by federal taxes, those thanks to whom the finance minister can be thrilled about having these surpluses right now.

We thought the main beneficiaries of these tax cuts would be low and middle income families, not very high income families that can benefit greatly from tax loopholes. With the help of a good tax expert, people earning \$250,000 can save a lot of money.

The government has the audacity to say that surpluses will not exceed \$6 billion this year, whereas close to \$12 billion has already been accumulated in the coffers of the federal government. I know my figures are not correct because it is actually more than that.

The Minister of Finance could have done more for the disadvantaged, and for low and middle income taxpayers. I am talking about the workers who contribute to the EI fund as well as small and medium size businesses. They are the ones that end up paying for tax cuts for the rich.

I am also talking about the unemployed men and women who are not receiving any EI benefits because of the drastic cuts made and because of the tightening up of the eligibility criteria. The ones who are paying now for the tax cuts to the rich are rural families, and I think my colleague from Jonquière, who has responsibility for this issue, knows this well and will no doubt inform the House at some point about what is going on in the regions, young people, women and seniors.

We know why the government has presented this statement that has now evolved into Bill C-22. It was because the election was

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about to be called and they wanted to thumb their noses at the Canadian Alliance. What the Alliance was proposing at that time was a uniform rate, and the government wanted to win over the electorate. So, it adopted as its own the Alliance's uniform rate, which was universally denounced as favouring millionaires. It now has included it in its bill.

The \$100 billion in surplus has come from the pockets of low and middle income taxpayers and, let me say again, from the unemployed, women, young people, sick people and the most disadvantaged members of our society. This is absolutely indecent.

We must not be too hasty with our rejoicing. Tax cuts are always welcome. Certainly, no one can be opposed to a tax cut. We must not be too quick to rejoice, however, because, as I have said, it will not show up in our tax returns this year. It will probably be in 2004.

The Minister of Finance could have had a budget this year, not a year and a half down the road, and let us have the benefit of these tax cuts this year. I mentioned earlier that, according to the information available, a single parent family with an income of \$250,000 and over will benefit from a far greater relief to its tax burden, 40 times greater, than a family with one dependant and an income of \$30,000.

• (1720)

Families with an income of \$250,000 get a \$20,000 net tax reduction, while those with an income of \$35,000 and one dependent get a mere \$500. These families should not pay any taxes. They do not in Quebec.

With all the money it has, the government still manages to go after these families. There are 1.5 million children living in poverty in Canada. Does that make any sense? Children are poor because women and families are poor.

A family with a \$35,000 income and one dependent is poor, but still must pay taxes. It will pay \$1,425 in taxes. It will benefit from a \$500 tax reduction, but not this year, only in 2004.

The minister kept saying, even in this House, that people with an income of \$35,000 do not pay any taxes. He said it several times in the House. It is strange to hear him say that they do not pay any taxes and then announce that they will get \$500 in tax reduction. Very strange indeed.

I would rather rely on the figures from our own research. People cannot be fooled that easily. The minister said repeatedly that those families do not pay any taxes and then announced that they would

bet getting a \$500 tax reduction. I truly believe those families are paying taxes.

We can also see in the budget that the government shamelessly keeps on accumulating surpluses, because, as was mentioned earlier, the tax reductions will take effect in only a year and a half. Meanwhile, the government keeps fiddling with the figures.

I can say that we were opposed to the statement and to the mini budget, and that we will not support this bill because it does not meet the needs of the Canadian and the Quebec society.

**Mr. André Harvey (Chicoutimi—Le Fjord, Lib.):** Madam Speaker, I wish to thank my colleague from Drummond for her comments.

I know that the Bloc Québécois has to kill time between now and the next referendum is held. Everybody knows that. In that spirit, I would like to note and ask my colleague—

**Ms. Jocelyne Girard-Bujold:** Madam Speaker, I rise on a point of order. The member for Chicoutimi—Le Fjord is mocking the intelligence of my colleague from Drummond. I find it totally unacceptable.

**The Acting Speaker (Ms. Bakopanos):** I would not want to serve as an advisor to every member's conscience. It would certainly be advisable for everyone to choose their words carefully, but if the member wants to defend himself, he may do so.

**Mr. André Harvey:** Madam Speaker, I will do just that and ask the member for Jonquière whether she received a response from Mr. Clinton to her letter.

I was elected to represent the Saguenay—Lac-Saint-Jean area. It does not seem possible to me that the federal government can be held responsible for all the problems in Quebec.

In that vein, I would point out that this year the federal government is going to make \$14 billion in equalization and Canada social transfer payments. The problem does not always lie with the federal government. The problem is that the Bloc Québécois does not direct the equalization and social transfer payments to the regions in accordance with objective guidelines.

I will give an example. It is too bad that the member has fled the House of Commons.

• (1725)

In the area of health, our region has an annual deficit of \$75 million. This is not the federal government's fault; it has been going on for years and years, to the point where I would like to tell the member for Drummond that more and more people in our region would like the federal government to transfer less money to the government of Quebec and invest more money directly in the region, so that we can manage our own development.

The losses we are suffering in the management of natural resources, such as aluminum and lumber, are occurring in sectors that do not come under federal jurisdiction. We have lost 8,000 jobs in the aluminum sector. It is not the fault of the federal government if we have not yet begun to process aluminum.

I would like to take this opportunity to point out that the federal government is going to invest \$52 million in an aluminum processing research centre.

Would the member for Drummond agree to let the federal government invest more directly in resource regions, because everyone agrees that the government of Quebec is neglecting the resource regions in all sectors? As for regional development, all it is doing is creating committees, such as the CRCD, and the CSD. The PQ has a bad case of committeeitis.

Enough of saying that the federal government is responsible for all Quebec's problems. One might wonder whether the problem did not lie with the government of Quebec's management and its lack of respect for the regions. I am in favour of the federal government investing directly in the regions.

**An hon. member:** That was not what you said when you were on this side of the House.

**Mr. André Harvey:** It is what I have always said.

**The Acting Speaker (Ms. Bakopanos):** If members want to ask questions, they may take advantage of the question and comment period to do so. The hon. member for Drummond.

**Mrs. Pauline Picard:** Madam Speaker, what is outrageous is the fact that this hon. member was not saying the same thing when he was on this side of the House. Now that he is on the other side, he has changed his tune.

When plants were closing and my colleagues and I were raucous in the House, calling for help to be provided to former older workers of the Canadian Celanese and the Cavalier Textiles in my region, as well as in his, he told me "When my party gets into office, we will restore measures for former older workers". He is now on the other side and his party is in office, but I am still

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waiting for the measures that will be implemented to help these people.

With regard to the CHST, I would point out to my hon. colleague that initially the federal transfer for health and education was supposed to be 50%. Since 1993, the federal government has withdrawn support and its share has now declined to 14%. That doesn't make sense.

There have been drastic cuts. All the provinces, not just Quebec, but all the provinces agree that, if our provincial health systems are in danger, it is because of the cuts made by the federal government. So it is very insulting to come and tell us things like that.

When the minister made his financial statement, for once we had calculated the same flexibility as the finance minister. We too had calculated \$147.9 billion. We had the same forecasts. Each year we used to come up with forecasts and the finance minister would say that we were mistaken. However, we were right, our figures were right and he had to recognize it.

This time, he came up with the same figure as us, as I was saying, that it \$147.9 billion, but it is probably more than that now.

With regard to the tax burden reduction, the Minister of Finance forecast personal income tax reductions of \$75.2 billion over five years. What I wanted to say it that we were suggesting a different way of allocating the \$147.9 billion to assist those who suffered drastic cuts, particularly in the area of health.

• (1730)

**The Acting Speaker (Ms. Bakopanos):** It being 5.30 p.m., the House will now proceed to consideration of Private Members' Business as listed on today's Order Paper.

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## PRIVATE MEMBERS' BUSINESS

[*Translation*]

### THE ACADIANS

**Mr. Stéphane Bergeron (Verchères—Les-Patriotes, BQ)** moved:

That a humble Address be presented to Her Excellency praying that she will intercede with Her Majesty to cause the British Crown to present an official apology to the Acadian people for the wrongs done to them in its name between 1755 and 1763.

He said: Madam Speaker, it is with great pride and pleasure that I rise today in the House to launch the debate on Motion No. 241, a highly solemn and truly historic motion for Acadians and everyone throughout the world who is of Acadian descent.

I think I understand the symbolic and historic meaning of this motion that I have the honour to sponsor. It reads as follows:

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That a humble Address be presented to Her Excellency praying that she will intercede with Her Majesty to cause the British Crown to present an official apology to the Acadian people for the wrongs done to them in its name between 1755 and 1763.

In spite of its very formal presentation normally used for communications between parliament and the British crown, this motion may, at first glance, seem impertinent and even slightly offensive to Her Majesty.

I submit respectfully that it is not so. The motion does not violate the oath of office that each of us has taken in order to sit in this House. It is not disloyal to ask for formal recognition of indisputable historical events and for the presentation of an official apology, which should have been made a long time ago.

When one asks for an apology, does it mean that one is prepared to forgive the descendants of those who were responsible for the exactions? Most certainly. We should not be spiteful toward those people who cannot be held responsible for the actions of their ancestors. However, we cannot ever forget.

More than 200 years after these tragic events, nobody has ever admitted to responsibility for, and hence the occurrence of those events. It is as if, historically, it were a non-event.

Curiously, this matter is both taboo and ubiquitous. The British crown did some serious wrongs to the Acadian people, who is very aware of that wrong; it even strengthens its national identity. However, it would appear that no one dares to ask for an accounting, probably because people fear it will spark a painful debate. Yet, we should be able to look at our past with lucidity and serenity.

While we cannot judge the past by today's values and principles, some people state without hesitation that such exactions, if they were committed today, would be considered as genocide or as a crime against humanity.

In situations such as this, experts generally agree that impunity and more particularly the refusal to acknowledge the facts are the main breach of elementary justice, something that can prevent forever normalization of relations after the events.

Maybe that is why, more than 200 years later, these events are still taboo and ubiquitous, as I said earlier, as they still permeate the collective psyche of the Acadian people. In my opinion, acknowledging the facts and presenting an apology would be the least the British crown could do to make amends, in view to the abuse committed on its behalf against the Acadian people.

If the House of Commons, which is supposed to be the embodiment of Canadian democracy, refuses to look back at our past and to ask the British crown to acknowledge these historical facts, who will do it?

• (1735)

Of course, I know that this initiative of mine does not meet with the approval of all members. I have to admit I expected that kind of reaction. Everything the Bloc Québécois does on behalf of francophone and Acadian communities in Canada is almost always viewed with suspicion.

When my party takes an initiative on behalf of francophone and Acadian communities in Canada, somebody always finds a way to accuse us of trying to make political hay at the expense of these communities. However, when the Bloc Québécois makes the mistake of remaining silent on a problem they have, we are accused of not caring about them because we are too concerned with separation.

I must stress right from the start that it is not as a member of the Bloc Québécois that I took this initiative. I say to my potential critics that I have a right to exist outside of my party.

It is rather as a Quebecer of Acadian descent that I took this initiative. If today I am a Quebecer it is because my ancestors had to take refuge in Quebec, more specifically in Saint-Grégoire-de-Nicolet, as a result of the deportation of the Acadians.

My first ancestor to come to America, Barthélémy Bergeron, came from Amboise, in Touraine. He landed in New France in 1684 as a volunteer for the King. He first settled in Quebec City where he is thought to have worked as a baker. A member of the first *Compagnies franches de la Marine*, created to serve in the American colonies, he took part in campaigns and raids led by the famous Pierre LeMoine d'Iberville. After 1673, he settled in Port-Royal, in what is now Nova Scotia. He married Geneviève Serreau de Saint-Aubin, the daughter of an Acadian nobleman, with whom he had several children.

In 1704, after the raid led by Colonel Church against Port-Royal, Barthélémy Bergeron and his family were taken prisoner and kept in captivity in Boston for two years. After the Treaty of Utrecht was signed in 1713, Nova Scotia fell into the hands of the British.

Since 1604, the control of Acadia had switched between France and England no less than seven times. In 1730, at the urging of church authorities, Barthélémy Bergeron and his family moved to what is now New Brunswick, becoming one of the pioneering families in the village of Sainte-Anne-du-Pays-Bas, which is now called Fredericton, the capital of the province.

Faced with an impending war against France and doubtful about the loyalty and neutrality of His Majesty's French and Catholic subjects in Acadia, British colonial authorities came up with a strategy which has unfortunately been a source of inspiration

throughout human history, and which the Romans had successfully used many years before. They were simply going to deport these supposedly subversive populations and scatter them throughout the various British colonies in America.

On September 5, 1755, in the Minas area, Lieutenant-Colonel John Winslow read the deportation order to the men of the community who were held captive in the church. Here is an excerpt from that order:

—it is ordered that your lands and tenements, cattle of all kinds and livestock of all sorts, be forfeited to the British Crown, along with all other effects, saving your money and household goods and you, yourselves, be removed from this Province.

Between 1755 and the months following the signature of the Treaty of Paris in 1763 more than 10,000 Acadians were deported. Of that number, at least one third died in shipwrecks, from diseases due to the terrible conditions on the ships carrying them to unknown destinations or from the weather conditions and the hardships they faced once they had arrived at their final destination.

To the physical suffering were added the pain of exile and the humiliation of destitution and poverty felt by this peaceful people who, through effort and ingenuity, had succeeded in making the salt flats of Acadia productive, to ensure their subsistence. For many of them there was also the heartbreaking experience of the forced separation of families.

This is what explains the poignancy of Longfellow's epic poem about the tragic destiny of *Évangéline*, who was separated from the man she loved at the time of deportation and spent her life trying to find him.

For many, the exodus lasted many years, because most of the colonies where they were intended to settle did not have the infrastructure to integrate these unexpected immigrants, often seen as undesirable.

● (1740)

During that exodus, many of them were brought to the colonies in New England and others ended up in the Caribbean, in France, in England, but also as far as French Guyana or the Falkland Islands.

A number of these exiles later settled in Louisiana, then a Spanish colony, while others began a long and difficult journey back to Acadia. However, they were never again to see the beautiful and fertile land they had cleared and farmed, because it now belonged to English settlers.

At the beginning of the 19th century, close to a third of the Acadian people had found a safe haven in what would later become Quebec. After 1763, tired of hiding to escape from British troops, the children, grand-children and great-grand-children of Barthélémy Bergeron were among the last to leave Acadia to take refuge in Quebec.

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After a winter in Cacouna, most of them finally settled, along with many other Acadian refugee families, in Saint-Grégoire-de-Nicolet, which came to be known informally as "Petite-Cadie".

Other members of the family of Barthélémy Bergeron, though there were fewer of them, chose to settle in the Gaspé Peninsula, in the area of Carleton, and in Louisiana.

For four generations, my ancestors contributed to shaping the face of Acadia. Besides the Bergerons of Amboise and the Serreaus of Saint-Aubin, I also count the Héberts, the Bourgs and the Moricets among my ancestors.

I am proud of my Acadian origins and, despite what some might want to say or do today, nobody can make me renounce them. Some may suggest that I am not an Acadian and that I therefore have no authority to take this initiative, but one undeniable fact remains: if it had not been for the deportation, I would probably be an Acadian today.

This is why the Acadian diaspora resulting from the deportation is directly affected, as much as the Acadia of today, by the motion now before the House. As a matter of fact, the deportation made us what we have become today.

It was a few years ago that I really became aware of my Acadian origins. This new awareness prompted me to embark on a real search for my roots, which led me to visit the Atlantic provinces several times.

I travelled throughout historical Acadia and today's Acadia, from Port-Royal to Louisbourg, from Fredericton to Plaisance, from Grand-Pré to Moncton, from the Acadian peninsula to Prince Edward Island, from the Magdalen Islands to Saint-Pierre-et-Miquelon, and as far as Louisiana. I met many people who are interested in this issue as well as experts, including Stephen White, genealogist at the Université de Moncton's Centre d'études acadiennes.

However, it is a combination of three events that led me to bring forward this motion in the House of Commons. Having attended the last Congrès mondial acadien held in Louisiana, I was able to see the considerable damage caused by the assimilation of the descendants of exiled Acadians in those areas. I have since come to espouse the powerful idea of a great Acadian community, proud, united and transcending borders, an idea that permeated the latest Congrès mondial acadien.

I was also troubled by the controversy surrounding the choice of Moncton to host the latest Sommet de la Francophonie. It will be recalled that a number of activists criticized this choice as being too symbolically charged. We need only remember that Colonel Robert Monckton, whose name the city now bears, was guilty of behaviour toward the Acadians that would today earn him, as I mentioned earlier, an appearance before the international criminal tribunal.

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However, this apparent downplay by Canadian authorities of the tragic events surrounding the deportation of the Acadians might have been considered negligible had a member of this House, a member of the federal cabinet at the time, not also tried to minimize the effects of the deportation by saying, in France, that she had forgotten the year this unfortunate operation had begun.

In order to put an end to this apparent offhandedness of Canadian authorities with respect to this tragic period of our history, it became important to me to have the House of Commons give formal consideration to the matter and recognize officially, for the first time in its history, that these events did indeed occur.

● (1745)

I therefore put this motion on the order paper of the House of Commons at the end of October 1999. However, losing out in the draw, it died on the order paper with the dissolution of parliament last fall. I therefore put it back on the order paper of the House with the start of this parliament.

I did this in good faith, wanting to pay tribute to the courage, tenacity and determination of the men and women who valiantly faced adversity and assured the survival of these astounding people, the Acadians. I would like to pay tribute to our mothers and fathers and to our sisters and brothers who have tirelessly defended their language and their culture in the past and who keep on doing so today in many corners of America, promoting them in a colourful way well beyond Acadia. I want to pay tribute to the organizations that defend and promote the rights, interests and specificity of the Acadian communities.

They should not be forgotten, or their struggles and their ceaseless efforts will have been in vain. This motion is not about changing history. History cannot be changed and there is nothing we can do today that will take away the sufferings of the past.

However, if we want to be able to learn for what happened in the past, we need the courage and the vision to face facts.

The Pharaohs of ancient Egypt had understood that the only way for them to guarantee their own immortality and to ensure that their achievements would not be forgotten was to carve them in stone, as if engraving it in the collective memory. They therefore thought that hacking out such carvings, making them disappear, would automatically doom the events and the people they depicted to indifference and oblivion.

We have no right to maintain this apparent indifference toward one of the most dramatic events in our history, as we dooming it to oblivion.

Imagine that, on hearing about the motion being debated today, some members of this House had never heard of the events

surrounding the deportation of the Acadians, and could hardly believe that such events could really have happened in Canada. This gives some idea of the scope of the problem is, and shows that we should address it immediately.

As elected representatives of the population, we have a historical responsibility. We do not have the right to commit a sin of omission. The memory of a people is at stake. The memory of what happened should not be mere folklore for Acadians only. Our duty today is to officially acknowledge these historical events and ask that an official apology be made. It is that simple.

This is all the more important since the deportation order, which was in effect until 1764, has never been officially lifted, it would appear.

I should mention that this motion does not provide in any way for the compensation of families and descendants of those who were deported.

We will soon have in the House the great privilege of making a historic gesture by voting on this motion. I urge all my colleagues in the House to set aside partisan considerations and support this motion massively. This is a fundamental question that transcends party lines. The House should make the necessary solemn gesture toward history and toward the Acadian people.

**Mr. Jeannot Castonguay (Madawaska—Restigouche, Lib.):** Madam Speaker, I thank you for giving me the opportunity to answer the member for Verchères—Les Patriotes and his motion asking the Governor General to intercede with Her Majesty the Queen of England to cause the British crown to present an official apology to the Acadian people for the wrongs done to them between 1755 and 1763.

The history of Canada, like that of any other country, has its sad moments of which we all agree we have no reason to be proud.

● (1750)

These moments are made up of events sometimes centuries old. This is the case with the deportation of the Acadians. History is sometimes cruel. However, the history of Canada is not made up of injustices only. It is, for the most part, based on progress, advancement and growth. Today, we must look toward the future.

The least we can say today is that the sudden interest of the member for Verchères—Les-Patriotes is surprising. Surprising, indeed, because if we go back a little in time, it is quite obvious that this initiative goes against the logic of the Bloc Québécois. I know that the Bloc's logic may sometimes remind us of the *Twilight Zone*. Nevertheless, the colleagues of the member of Verchères—Les-Patriotes and even the leader of his party have rarely shown a true and honest open-mindedness regarding the fate of Acadians and of francophones outside of Quebec.

Not so long ago, in October 1997, the leader of the Bloc Québécois said in an interview to the Fredericton *Telegraph Journal* that the salvation of Acadian artists was conditional upon their exiling themselves to Montreal.

**Mr. Stéphane Bergeron:** This debate is in incredibly non-partisan.

**Mr. Jeannot Castonguay:** To be recognized, to reach the top, in other words to succeed, every Acadian artist must pack up and move to Montreal. This reasoning is simplistic but not new. Outside Quebec, there is no salvation. We have heard that one before.

But what we had never heard is what the Bloc Québécois leader added at the time. He said, in reference to Acadian artists that “they themselves were proof that it simply does not work outside Quebec”. Allow me to be sceptical as to the real intentions of the Bloc Québécois in bringing this motion forward in the House.

Bloc Québécois members are interested in our history or our existence to the extent that it serves their interests and their objective. They want people to believe that they are trying to correct the mistakes of the past, to shed light on a dark episode of our history. One would think that such an initiative would be made in consultation with those concerned, namely the Acadians. That is the least the Bloc Québécois could do. But its logic does not work like that.

The Bloc Québécois’ logic is based on an out of date and disrespectful paternalism toward Canada’s francophone and Acadian communities. Again, this is nothing new. In 1994, the member for Rimouski—Neigette-et-la Mitis, whose riding is close to Acadia, told the Fédération des communautés francophones et acadienne to mind its own business, because that organization had dared get involved in the debate on sovereignty. Now, they are telling us not only to mind our own business, but that they will meddle in our affairs, with or without our agreement. Let me make one thing very clear: Acadians are not the wards of the Bloc Québécois. Acadians form a thriving community that is proud of its roots and that is looking to the future. We do not need a self-appointed guardian.

The average observer of the Canadian political landscape can easily be led to confuse the logic of the Bloc Québécois with that of the Parti Québécois. This is perfectly normal, since one complements the other. It is particularly easy to illustrate. Again, not so long ago, the PQ government refused to take part in the Year of La Francophonie in Canada. That was not long ago, that was in April 1999.

The Quebec minister responsible for Canadian intergovernmental affairs, Joseph Facal, explained his government’s refusal by pointing out that “Quebec cannot, within the Canadian Francophonie, be put on the same level as francophone minorities in the rest of Canada”. So it all comes down to the statement by the Bloc leader: there are those who are saved, who live in Quebec, and those who are lost, who live outside of the promised land.

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It is not easy for Acadians to listen to such remarks. Remarks inspired, as I said, by the offensive, insulting and hurtful paternalistic attitude of the Bloc Québécois separatists. Who has forgotten the now famous words of the member for Rimouski—Neigette-et-la Mitis “They have been assimilated—the francophones—poof.”

The Acadians helped build this country. They worked hard and with determination for the conservation and protection of their culture and of their identity.

● (1755)

The Acadians have founded schools, colleges and universities. They have created playhouses, newspapers and publishing houses. They have made exceptional breakthroughs in the areas of culture, such as theatre, movies, visual arts, music and literature. They have given the world writers, poets, artists, dancers, musicians and singers. They have set up an impressive network of businesses and have created jobs. They did not wait for anyone to take them by the hand and decide for them.

The Acadian community in Canada is not comprised of one, but several communities spread out across the whole Atlantic region and elsewhere. In New Brunswick, the Acadians are concentrated in the southeast, the northeast and the northwest of the province, and there are also Acadian groups in Fredericton and Saint John.

In Nova Scotia, there are vibrant Acadian communities in St. Mary’s Bay, on the southwest shore, on Madame Island and in the Chéticamp area, in Cape Breton.

In Prince Edward Island, the Acadians live in the Évangéline region. In Newfoundland, they are concentrated near Cape St. George, in St. John’s and in Labrador City. Many also live on the Magdalen Islands, in Gaspé, in the Montreal area and in western Canada. All of these communities, some of them large and others not so large, illustrate the vitality of the Canadian people and of its two official languages.

The Acadians take part in the success and prosperity of our country. The Government of Canada recognizes their vitality and their essential contribution to Canadian society. They are part of the seven million people in Canada who speak, sing, write, work and live in French. These francophones are evidence of the vitality and the extraordinary determination to move ahead and to flourish in a continent where the majority is anglophone.

The English and French languages and the people who speak these languages have shaped Canada and helped define its identity. Canada’s linguistic duality has its source in the very roots of our country. It is impossible to be interested in today’s Canada without acknowledging the importance of these two languages and these two linguistic communities in Canadian society.

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I will get back to the main subject of this debate. While Bloc Québécois members claim the opposite, recent history has taught us that the interest this party shows for francophone and Acadian communities in Canada is always motivated by a hidden political agenda. This motion hides the real intentions of the mover, and we cannot accept it. In this sense, intellectual honesty demands that we refuse to support this motion and this is why I invite members of this House to oppose it.

[English]

**Mr. Gurmant Grewal (Surrey Central, Canadian Alliance):** Madam Speaker, I am pleased to participate in the debate today on private member's Motion No. 241 which reads:

That a humble Address be presented to Her Excellency praying that she will intercede with Her Majesty to cause the British Crown to present an official apology to the Acadian people for the wrongs done to them in its name between 1755 and 1763.

I appreciate the sentiment, the emotion and the sense of personal justice at the heart of the motion. For the benefit Canadians watching the debate, I will sketch some of the details that have given cause for the motion.

Acadia was explored initially by the Italians who named the region Arcadia in 1524. A treaty passed the area back to the French in 1697. Beginning in the 1670s French colonists left the major settlement at Port Royal to found other centres.

After the war of the Spanish succession of 1701 to 1713, Acadia came under English rule. From 1713 to 1744 the relatively small English presence permitted the Acadian population to grow at a pace that surpassed the average of the whole region. This period was referred to as Acadia's golden age.

England demanded from its conquered subjects an oath of unconditional loyalty, but the Acadians agreed only to a position of neutrality. This was accepted at that time. England began bringing its own settlers into the area around 1749. The British in Halifax decided to settle the Acadian question once and for all. By refusing to pledge an unconditional oath of allegiance, the Acadian population risked deportation.

• (1800)

The Acadians initially refused to make the pledge, then acquiesced. Lawrence, the English gentleman in charge of the settlement, was unhappy with a reluctant oath and executed the plan for deportation. Why deportation? Lawrence feared a combined attack by Louisbourg and Canada against Nova Scotia joined by the Mi'kmaq and the Acadians.

According to historical record, the deportation process lasted from 1755 to 1762. The Acadians were put onto ships and deported to English colonies as far south as Georgia. Others managed to flee

to French lands to hide in the woods. It is believed that three-quarters of the Acadian population was deported.

There was no distinction whatsoever made between the innocent and the guilty. The tyrannical decision to deport was carried out under circumstances of the harshest cruelties. More than 7,000 third and fourth generation persons were transported from their homes and dispersed among the colonies bordering on the Atlantic, from Massachusetts to Georgia. Their lands and possessions were forfeited to the crown without compensation. What is to be done now? The motion demands an apology.

Let us review a recent apology made by the Canadian government. Let us consider an exchange between Brian Mulroney and the late Pierre Trudeau concerning the apology to Japanese Canadians for their internment during the second world war. Mr. Trudeau said, as per the June 29, 1984 *Hansard*:

There is no way in which we can relive the history of that period. In that sense, we cannot redress what was done. We can express regret collectively, as we have done.

He further stated:

I do not see how I can apologize for some historic event to which we or these people in this House were not a party. We can regret that it happened. But why mount to great heights of rhetoric in order to say that an apology is much better than an expression of regret? This I cannot too well understand.

He went on to say:

Why does Mulroney not apologize for what happened during the Second World War to mothers and fathers of people sitting in this House who went to concentration camps? I know some of them, Mr. Speaker. They were not Japanese Canadians. They were Canadians of Italian or German origin, or some old French Canadians who went to jail, who went to concentration camps during the Second World War. Why do we not apologize to them?

He further said:

I do not think it is the purpose of the Government to right the past. It cannot re-write history. It is our purpose to be just in our time, and that is what we have done by bringing in the Charter of Rights.

On December 14, 1994, the Liberal's position on redresses was articulated by the then secretary of state of multiculturalism and status of women, and not the one who is not apologizing for our gaff. At that time it was Sheila Finestone. She said:

Seeking to halt the wounds caused by the actions of previous governments, 6 ethno cultural communities have requested redress and compensation totalling hundreds of millions of dollars. The government understands the strong feelings underlying these requests. We share the desire to heal those wounds.

By the way there are now eight ethnocultural communities. She continued:

The issue is whether the best way to do this is to attempt to address the past or to invest in the future. We believe our only choice lies in using limited government resources to create a more equitable society now and a better future for generations to

come. Therefore the government will not grant financial compensation for the requests made. We believe our obligation lies in acting to prevent these wrongs from recurring.

I believe this latter quote is most significant because this is what the hon. member from the Bloc Québécois is up against in trying to have the government support his motion.

• (1805)

I seriously doubt that he will be successful. The apology and compensation package given to the Japanese Canadians has sent a precedent from which Italians and Ukrainians interned in World War I and World War II have also demanded apologies.

The Ukrainian group, according to the recommendations issued by the Ukrainian Canadian Civil Liberties Association, has requested principally that Ottawa fund educational programs and provide for historical plaques, not direct compensation to victims.

The Italians were not happy with Mulroney's expression of regret issued November 4, 1990 and are seeking a full apology and compensation. Both these groups cite the apology given to Japanese Canadians as the reason they are deserving.

Let me also remind the House of another situation. One of the political parties in the House was in power in 1914, when 376 passengers who were British subjects arrived on a ship named *Komagata Maru*. They were not allowed to land on Canadian soil because of an exclusionist immigration policy based on race and the country of origin.

The policy had its origin in the 1880s when the Canadian government first imposed a head tax on Chinese immigrants. The government erected a variety of barriers until 1962. The passengers on the *Komagata Maru* thought they had the right to enter Canada because they were British subjects. Ninety per cent of the passengers on the ship were Sikhs. The rest were Hindus and Muslims, but they were all from Punjab.

Sikh soldiers who had served throughout the British empire thought they should be able to work wherever the British flag was flying. The passengers went without food and water on several occasions for more than 24 hours and the immigration officials held them incommunicado. Even the lawyers hired on their behalf were not allowed to see them.

The Punjabi residents of Vancouver raised money to pay for the charter. After two months of detention in the Vancouver harbour, the government brought in the cruiser the *Rainbow* and aimed its guns at the *Komagata Maru*. The ship was escorted with 352 passengers still on board. It was a bitter and disappointing moment for the friends watching the ship disappear.

A voyage that began on April 4th did not end until September 29th in Calcutta, India, where the police opened fire on passengers

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and killed 19 of them. Others were arrested. In a more tolerant Canada, the *Komagata Maru* remains a powerful symbol for Sikhs and one that other Canadians should understand.

As a consequence, we are beginning to reassess our past. Will the government offer an official apology?

[Translation]

**Mr. Yvon Godin (Acadie—Bathurst, NDP):** Madam Speaker, I join with my colleague from the Bloc, the hon. member for Verchères—Les-Patriotes to speak on Motion No. 241 praying Her Excellency to intercede with Her Majesty to cause the British crown to present an official apology to the Acadian people for the wrongs done to them in its name between 1755 and 1763.

I want to remind the House that this is private members' business, a private member's motion, which means that normally representatives of the various parties had to sit at a table and determine unanimously if the motion would be a votable item.

If members sitting at that table had disagreed, if, for instance, some Liberal and Alliance members had decided at that meeting to say no, we would not even be able to debate this motion for three hours and then vote on it. What it means is that members agreed with this motion. So, the House has to realize that this is a private member's motion and not a Bloc Québécois motion. I wanted to make that clear. That is the reason I support my colleague from the Bloc Québécois, who is half Acadian, wants to speak for the Acadians and is asking for an apology. Let me turn now to my speech.

As a full-blooded Acadian, I know about this historic period, as all Acadians do. What we call the deportation of the Acadians is surely the saddest period in the history of Acadia. The fact that I am sitting here, in this House, as an Acadian proves that it did not have the desired results.

• (1810)

They were asked to take the oath of allegiance to the British crown, in the hope that this would prevent these neutral people from taking up arms against the British.

It so happens that any self-respecting Acadian is a Catholic, and believe me, a practising Catholic. The Acadians refused to take the oath for two reasons: as Catholics, they were concerned about losing their right to practise their religion freely, and they were also concerned about being forced to take up arms against their motherland, France, or their cousins from Canada. All they wanted was to remain neutral.

Unfortunately, the authorities in London at the time, as a result of the correspondence sent by the lieutenant-governor, decided to let them go, since they refused to take the oath of allegiance, and

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thus acquire their lands, which were considered the best in the region.

However, a judge from Nova Scotia ruled that any Acadians refusing to take the oath of allegiance would lose their property rights.

Unfortunately Acadians were never invited to appear before the judge to plead their case, and the decision was fatal. It is following this ruling that it was decided that Acadians would be deported from the province of Nova Scotia.

Let us not forget that this was in 1755. Seasons were sometimes difficult and resources very scarce. In the summer of 1755, preparations were made for the deportation of these neutral people. After the whole issue of the oath of allegiance, several thousands Acadians had already left the area, because relations had become very tense between the two groups.

At that time, in Acadia, there were about 180,000 Acadians. Impressive, is it not? So the order to send enough ships to transport them to the chosen destinations was given.

Everything had been well organized. The plan was to arrest all the Acadians they could in the most populated areas of Acadia, to embark them on ships and to disperse them in the Anglo-American colonies along the Atlantic coast, from Massachusetts to Georgia.

An important meeting was called in every local church where the heads of families, young men 10 years old and older and old men were held prisoner. Several Acadians, sensing danger, had fled into the woods.

However, several thousand were prisoners. Entire families were separated forever. Women never saw their husband again and hundreds of children became orphans. It was a tragedy. One can imagine the suffering and the distress of these families. The same operation was carried out in several Acadians villages in 1755.

In the words of Colonel Winslow, who was in charge of putting the Acadians from Grand-Pré and from all the area around Minas Basin on board the ships, according to Bona Arsenault, author of *L'histoire de l'Acadie*:

The inhabitants, wrote Winslow that very day, left their houses with sadness and regret. Women were very distressed, carrying their newborns in their arms; others brought along in carts their infirm parents and their personal effects. In short, it was a scene in which confusion was mixed with despair and desolation.

I read these words with emotion, and I am certain that all those present can understand and share the consternation experienced by my ancestors.

Once they were separated, the Acadians were crowded into ships and sent to the Anglo-American colonies. Some 7,000 Acadians were to be deported in this way to the colonies to face their fates

alone, while others were enslaved. Some fled into the forest, where they met death from cold, illness or starvation.

This deportation went on for several years. The Acadians were chased mercilessly from their homeland and plunged overnight into abject poverty, separated from their loved ones.

• (1815)

As any one familiar with Acadians will know, an Acadian can never be kept down. Many came back to the maritimes, to restore their dear Acadia. They settled in New Brunswick, Nova Scotia, Prince Edward Island and even the Gaspé, never again to see their family members or the members of their former communities from whom they had been separated by deportation.

I invite Canadians to visit the maritimes some day to learn more about the events in history that left their mark on a people, but also on Canada. I am sure some of my colleagues in the House have Acadian blood in their veins, as my colleague for Verchères—Les-Patriotes has just discovered. They have Acadian blood in their veins and do not know it.

**An hon. member:** I don't.

**Mr. Yvon Godin:** Maybe not, but one never knows. We could look into it. It would be a discovery of some significance for these individuals to find out that they have Acadian blood in their veins.

In supporting Motion No. 241, I am speaking on behalf of all the Acadians who lost their lives, their families and their children in that part of Acadian history that has shaped the history of Canada and my own history.

The Acadian people are still around and have their own distinguishing characteristics and culture. Over the years, they have never been as vibrant and proud of their identity.

Today, I was disappointed to hear the member for Madawaska—Restigouche turning the debate into a partisan issue because I believe that every member elected to this place has the right to be here and to introduce a private member's motion, regardless of his political affiliation.

I am sure that the member for Verchères—Les-Patriotes was sincere in introducing his motion. I have trouble accepting that members would rise in the House and accuse another party of being at fault. We are Canadians. As a pure-blooded Acadian, all that I am asking is that, when an error has been made or atrocities committed, it is not hard to say "I am sorry".

I too have children. If I make a mistake as a father, if I have done something wrong, I assume my responsibilities and I say "I am sorry, I made a mistake". This is how one wins the respect of others.

We perhaps cannot forget certain disciplinary actions that were taken, but we can at least accept them. We can see the future. I am forced to make this comment because I am disappointed at the speech made by the member across the way.

I wonder whether a minister did not write his speech for him. He calls himself the Acadian MP, but I think they will always say that they are Brayons. I do not want to start another debate.

The Bloc Québécois motion will not turn back the clock, but it will right a terrible wrong.

**Mr. John Herron (Fundy—Royal, PC):** Madam Speaker, it is a great pleasure for me to take part in this debate.

[*English*]

I congratulate the hon. member for Verchères—Les-Patriotes for bringing the motion forward. I believe the motives of the hon. member are genuine. This is part of his personal history of which he is very proud. From my brief conversation with the member this evening I believe it was in that spirit that he brought forth the motion.

We are talking about a people with a proud history. Anyone who has done even peripheral reading on the history of the Acadians before 1755, during their expulsion in 1755 and after their return in 1763 or 1768, depending on the situation, knows that it is almost surreal.

• (1820)

While the Progressive Conservative Party is indeed supportive of the principle of the motion, we are also respectful of the Acadian community's right to generate its own request for an apology based on the desires of its people.

No one should be too territorial in that regard. It would be wrong for me to say that because the province of New Brunswick, the province I come from, has the largest Acadian population it should have the largest say in the matter. We should consult all Acadian peoples whether they reside in Newfoundland, Prince Edward Island or Nova Scotia. I point out that on their return from Louisiana many Acadians made their home in Quebec as well, where they have lived quite proudly for generations.

The Acadian identity is intrinsically linked to the tragic events that surrounded the deportation. The community has survived the centuries based on that common historical link. I am very proud to live in a province that is proud of its history and its origins.

We need symbols to remember our collective history, and I am proud of how we embrace our linguistic and cultural duality in New Brunswick. On the front lawn of the legislature in Fredericton, where I understand the hon. member has roots, the Acadian flag flies proud. Except for the star of Mary, it is essentially the same as the flag of France. The Acadians chose that flag because of their

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French roots but added the star of Mary, a symbol of the Roman Catholic Church, because they had an independent history of their own.

We have some concerns regarding a letter the Société nationale de l'Acadie wrote to the hon. member for Verchères—Les-Patriotes. The letter said:

[*Translation*]

Although, obviously I agree with the principle of the motion, I must tell you that we are indignant about the fact that it was brought forward without anyone having the courtesy to consult the Société nationale de l'Acadie beforehand.

[*English*]

The Société nationale de l'Acadie is very concerned about not having proper consultation, and we should be respectful of that. We should also be respectful of the provincial legislatures that are involved. The premiers and legislatures of other provinces might want a say in the issue as well.

I have always been respectful that the province of Quebec has the right to speak for its own future. I would argue as well that the Société nationale de l'Acadie has the responsibility and the right to present the position of Acadians in requesting an apology of this nature.

The Progressive Conservative Party is very supportive of what I would say is the genuine motivation of the hon. member for putting the motion forward. We say to the hon. member that it would perhaps be best if the motion were not taken away but set aside until the member has a chance to consult Acadian groups to see if a consensus can be achieved regarding the timing of the initiative.

• (1825)

Is there a solution or a compromise? We live in a nation founded on compromise, and that spirit exists in all cultures in Canada. Upon further consultation with the provinces, the Société nationale de l'Acadie and perhaps other organizations representing the francophone and Acadian communities, we should be able to determine the timing. At the end of the day, and I think the hon. member would agree, the timing of this should be decided by those collective bodies.

Perhaps there is a negative implication to the motion. Again, it is perhaps better that the motion be tabled because a vote by parliament against it may send the wrong message to the public that parliamentarians do not support the motion in principle. That is simply not the case.

It would be prudent for us at this time to set the initiative aside until a broader consensus is built and to let the Acadian community make the decision for itself.

**Ms. Sarmite Bulte:** Mr. Speaker, I would ask for unanimous consent of the House to see the clock at 6.30 p.m.

**The Acting Speaker (Mr. Bélair):** Is that agreed?

**Some hon. members:** Agreed.

[*Translation*]

**The Acting Speaker (Mr. Bélair):** It being 6.30 p.m., the hour provided for the consideration of private members' business has

now expired, and the order is dropped to the bottom of the order of precedence on the order paper.

It being 6.30 p.m., pursuant to order adopted Wednesday, March 21, 2001, the House will now proceed to the consideration of Motion No. 4 under the heading of government business.

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CANADA

# House of Commons Debates

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OFFICIAL REPORT  
(HANSARD)

**Tuesday, March 27, 2001  
(Part B)**

**Speaker: The Honourable Peter Milliken**

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# HOUSE OF COMMONS

Tuesday, March 27, 2001

## GOVERNMENT ORDERS

[*Translation*]

### SUMMIT OF THE AMERICAS

**Hon. John Manley (for the Leader of the Government in the House of Commons, Lib.)** moved:

That the House take note of the Summit of the Americas.

He said: Mr. Speaker, in a little over three weeks, Canada will have the honour and privilege of hosting the third summit of the Americas.

● (1830)

It is an event of major importance to Canada and our hemisphere. It is entirely appropriate that the House take note.

The past twenty years have seen remarkable change in the Americas. Democracy and the growth of free markets have raised new hopes and opened up new possibilities.

[*English*]

Dialogue and co-operation among the democratically elected governments have intensified in every field of endeavour and in every sphere of common interest.

Canada has played an active role in supporting democratic transition and bringing out beneficial economic and social change. We are engaged in the Americas because it is the right thing to do and because it is in our interest to do so. Our future prosperity and stability are linked to our ability not just to recognize opportunities, but to act as a leader in this hemisphere.

[*Translation*]

Our economic relations with the hemisphere have expressed our overall successes. They have grown faster in the past 10 years than with any other region of the world.

Over 90% of our trading is with the Americas, including the United States. Its value has increased 170% in this period. But our relations are far from limited to trade.

[*English*]

Last year we celebrated the 10th anniversary of our membership in the Organization of American States and hosted perhaps the

most remarkable general assembly in OAS history. We are also working with other governments in the hemisphere across a range of sectoral interests that would have seemed unimaginable 20 years ago. Ministers in virtually every cabinet portfolio, not just foreign affairs and trade, meet regularly.

The government is strongly supportive of the contribution of legislators in furthering understanding and co-operation in the Americas. The inaugural meeting of the interparliamentary forum of the Americas, known as FIPA, was hosted by Canada's parliament earlier this month. Its recommendations across a wide range of interests and the constructive input we have received from civil society have contributed to the policy development process for the upcoming summit.

Preparations for the Quebec City summit are nearing completion. The summit implementation review group, the intergovernmental body developing a declaration and plan of action for the summit, is setting out a coherent and balanced agenda with three main themes: strengthening democracy, creating prosperity and realizing human potential.

[*Translation*]

We want to ensure that summit initiatives reflect the priorities of our hemisphere. Moreover, we are working with international and regional organizations, and with multilateral development banks, to get the necessary human and financial resources to turn our commitments into reality. This is fundamental for the credibility of the summit process.

I alluded to the major themes of the summit. I do not believe that anyone can question their importance or relevance.

[*English*]

The strength and unity of the hemisphere is based fundamentally on collective undertakings to consolidate democracy, protect human rights, promote the rule of law and enhance human security. A commitment to improving the quality of democracy is at the top of the summit agenda and will be further strengthened at Quebec City. The summit declaration should, and I have every confidence that it will, make democracy an explicit condition for participation in summits. Such a clear and vigorous statement would be an important outcome of the Quebec City summit.

*Government Orders*

The summit will also mandate increased hemispheric co-operation to strengthen democracy by supporting improved electoral processes and systems, an area where Canada has been making important contributions for a number of years. It will seek to rally support for international human rights instruments and for national institutions that promote and protect human rights within hemispheric countries.

• (1835)

[*Translation*]

Strong democracies must also be inclusive and put in place a forum for reasoned debates.

Canada has worked to ensure that the process leading to the summit in Quebec City is open and transparent. Our country has been a leader in terms of consulting with and informing its civil society, through open meetings of the OAS special committee on the management of summits, and in other circumstances.

As I said earlier, a commitment to democratic principles and institutions, and to human rights, is the main criterion to participate in the summits.

[*English*]

Governments in the hemisphere have expressed serious concerns about democracy in Cuba. It is this reason before any other that prevents Cuba from participating in the summits of the Americas. Let us be clear: it is the government of Cuba, not of Canada or the other summit countries, that is keeping Cuba from participating in the summit process. If Cuba wants a seat at the table, and we would hope that it would, it will need to demonstrate acceptance of democratic principles, including freedom of expression, political pluralism and international norms respecting human rights. It is Cuba's choice to make.

[*Translation*]

The issue of the criteria governing participation in the summit was raised regarding a number of other countries in the hemisphere.

The transition to democracy in the hemisphere is often a recent occurrence. Societies that are establishing or restoring democratic institutions often do so after years of authoritarian or military government.

[*English*]

There have been setbacks and progress has been uneven in some cases, but there has also been a continuing commitment to dialogue and to joint efforts to enhance democratic processes.

There is ample proof that the hemispheric community is actively and effectively engaged to enhance democratic processes. In

particular, that engagement has been in defence of democratic institutions in Ecuador, Paraguay and Haiti. I would refer anyone with doubts on this score to the events last June in Windsor and the manner in which the OAS member states united to defend democracy in Peru. As a result, new national elections will be held there on April 8.

[*Translation*]

Commitments to democracy and prosperity go hand in hand with the determination to encourage all people to take part in the economic, political, social and cultural life of their country and their region.

Social initiatives at the summit will support education, improved health services, gender equality, participation and dialogue between governments and native peoples, as well as cultural diversity.

[*English*]

For example, the hemisphere will reaffirm its commitment to good health as a fundamental building block for political, economic and social stability. It will also carry forward commitments to improve access to and the quality of education. Canada has also taken the lead in promoting gender equality as part of the summit commitments.

The summit will promote partnerships between indigenous peoples and governments to advance co-operation among the hemisphere's indigenous peoples on matters of common interest, notably in education, health and economic development. I am pleased to welcome indigenous peoples from the Americas to Canada this week for the first indigenous summit of the Americas and to recognize the leadership of Canada's aboriginal communities in this important initiative.

Fundamentally, the human potential theme aims to empower individuals and provide an equal opportunity to realize their potential and contribute to and benefit from the societies in which they live and work.

[*Translation*]

The Minister for International Trade will deal with the issue of the Free Trade Area of the Americas.

[*English*]

The summit countries are concerned about reducing poverty, promoting equity, creating more opportunities for enterprise, sharing in the benefits of growth, managing migration and improving our collective ability to prepare for and mitigate natural disasters.

• (1840)

Let me conclude by describing the summit in these words.

*Government Orders*

[Translation]

It represents a step taken in co-operation with 34 different but equal partners to develop and implement a political, economic and social action plan that is consistent and balanced for the benefit of all residents of this hemisphere.

[English]

It is a vehicle for making this vision a reality and realizing the rich promise of the Americas.

**Mr. Monte Solberg (Medicine Hat, Canadian Alliance):** Mr. Speaker, I think a lot of people in this place pay lip service to the idea of free trade, but sometimes we do not practise what we preach.

I specifically want to raise the issue of tariffs still in place in Canada on products like textiles. It always strikes me as odd that on the one hand we are prepared to send all kinds of aid, for instance, to Caribbean countries to help them out because in some cases they are in difficult circumstances, but on the other hand we will not open up our markets to textiles, for instance.

I wonder if the minister could explain why we have taken that position and why we will not reduce these tariffs in order to ensure that the people in the Caribbean have a chance to prosper in the way they should.

**Hon. John Manley:** Mr. Speaker, if it were question period I would refer to my colleague, the Minister for International Trade. Indeed, he will have an opportunity to speak momentarily. The member for Medicine Hat may want to put his question to the minister as well.

Let me say that in fact the objective of our negotiations toward a free trade area of the Americas is essentially to effect the very result the member is talking about. I agree with him that if we are going to create prosperity, not just in the Caribbean but in developing countries around the world, fundamental to that is providing for them access to the markets of the developed world. Otherwise how can we ever expect them to share in the prosperity?

We see the example of that actually happening now in Mexico. We see in the northern tier of that country increasing prosperity, falling levels of unemployment and rising wages. In effect, NAFTA has worked for Mexico the way we would have expected it to happen. It is not a transportation of jobs à la Ross Perot from the United States or Canada. In fact, what is happening is the growth of a middle class in Mexico that is a big market for U.S. and Canadian goods, which is why our trade with Mexico has increased 100% since NAFTA. Certainly the principle that the member for Medicine Hat espouses is one that I agree with.

[Translation]

**Mr. Yvon Godin (Acadie—Bathurst, NDP):** Mr. Speaker, sometime when we talk about free trade it is as if we, in the NDP, were against free trade. We are not against free trade but in favour of fair trade. This is what we need here in Canada.

When we entered into free trade agreements such as, for instance, NAFTA, it was to increase the living standard. This is not what has happened, on the contrary. In Mexico, the standard of living has increased, but it has diminished in Canada. The idea was to increase the living standard in countries such as Mexico to bring it to the level of ours.

I will explain. Today in Canada there are more food banks than ever before. Every day new ones are being created. This is the kind of thing that is happening.

Second, let us look at what has happened in the workplace. Workers have been deprived of their rights over the last few years, which is unacceptable. Free trade agreements such as the ones we entered into have not brought us, I believe, what we, as Canadians, were expecting.

I would like to know what the minister has to say about that.

• (1845)

**Hon. John Manley:** Mr. Speaker, first, since NAFTA came into force, the unemployment rate has gone down here in Canada. The average salary for Canadian families has gone up. The unemployment rate went from 11% to around 6.5%.

Wealth is being created here in Canada because the most important right of workers is certainly the right to work. This is what is at the heart of the negotiations.

**Hon. Pierre Pettigrew (Minister for International Trade, Lib.):** Mr. Speaker, the evening is off to a good start. We are certainly going to have some very interesting exchanges and I am very pleased that we are holding an exploratory debate on the summit of the Americas in the House this evening.

Following on the enthusiastic remarks of my colleague, the Minister of Foreign Affairs, I would like to focus on the trade dimension because, of course, that is the dimension which comes under my immediate authority and which has to do with negotiations for the FTAA.

I am very happy to be taking part in the exploratory debate this evening. Our country, Canada, is now resolutely committed to the Americas. Canada is now strongly rooted in the Americas and I am delighted at the leadership our country is now showing in the hemisphere.

*Government Orders*

I believe that the Prime Minister of Canada, who will host the third Summit of the Americas in Quebec City, is demonstrating very well how firmly our country is now committed to this hemisphere. I am very proud that the Prime Minister will be hosting his 33 counterparts, the heads of state and government leaders of 33 other countries.

[English]

Trade can help create stability and prosperity. The trade element of the summit of the Americas is a very important contribution. It is a contribution to wealth and to growth. It is also leading directly to improving the stability and prosperity of our hemisphere. Canada belongs to the Americas and to this hemisphere. It is imperative that we do whatever we can to contribute to stability and prosperity which go hand in hand.

Open economies lead to more open political systems. There is a direct immediate link between open economies and more open political systems. We see it across our hemisphere. We see the extraordinary example of Mexico which joined the United States and Canada in NAFTA. What do we see? We see a country that has achieved in five years the economic development that we thought would take twenty years. NAFTA has helped Mexico to prosper, to develop, and it has contributed substantially to making Mexico a more democratic country.

The fact that Mexico has progressed so fast within NAFTA is allowing that great country to have stronger institutions and a stronger democratic system. That is what trade can lead to and contribute to. These are the facts.

We have lived it with Chile as well. I remember how moved I was when I represented the Government of Canada in Santiago last year when Ricardo Lagos was sworn in as president of that country. What an emotion it was for the Chilean people to move in the direction of democracy. Trade is of great importance and we already have a free trade agreement with Chile as well.

There is a deep conviction on the part of the government to contribute to stronger trade links. We believe that trade leads to stability and we need that stability in our hemisphere. We believe in our hemisphere. We have seen the extraordinary progress over the last several years. The FTAA is a vote of confidence for the hemisphere's future.

• (1850)

We know that, after several hundred years of theory and practice, free trade raises overall incomes. That happens everywhere all the time. It is extremely important that we continue to do it. Canada has based its economy on export. We are a country that has been very successful at international trade. Only 10 years ago we exported 25% of our GDP.

[Translation]

We exported 25% of our gross domestic product in 1990. Now we export 45% of our GDP. This shows the progress we have made over the last ten years, from 25% of GDP to 45%.

Canada has managed to create two million more jobs in our economy since 1993. We must therefore reject the prejudices that the jobs are going elsewhere, to Mexico or Latin America, when we are negotiating free trade agreements. Free trade is good for us, good for everybody.

Tony Blair, the Prime Minister of Great Britain and leader of the Labour Party, pointed out here in this very House to what degree "free trade is for the poor". It is absolutely obvious that we need to give the rest of our hemisphere the same opportunity we have for prosperity and development.

[English]

Canada has a lot to gain in the FTAA. Today 94% of the goods from Latin American countries can enter Canada duty free. That is not true the other way around. Canadian access to Latin American countries is not nearly as good as their access to ours. We need to negotiate better access for Canadian businesses in Latin America, Central America and the Caribbean.

We need rules. The FTAA is about rules that will avoid the continuous arbitrary evolution and rule changes. It is very important that Canada continue that important trend.

The developing countries of the world also want to be part of these trade agreements so that they too, like Canada, can also benefit. They want the chance for wealth and prosperity that we enjoy and that we received largely by participating in the rules based system of GATT. We must move on.

A lot of things have been said in the House and elsewhere about the transparency of the negotiation. Tonight I will be quite clear and open. Never have I seen such an open and transparent trade negotiation. Canadian leadership has been at the forefront of that effort. Canada was the first nation to post its own negotiating position on a website a year ago. We were followed by the United States, Mexico and Chile. We now have transparent website access to the negotiating positions.

Canada has been an architect in the most open free trade negotiation that was ever undertaken. I have challenged the opposition to give me one single example of a more open and transparent international trade negotiation. The NDP, which keeps talking about these things, could not provide one single example. I am very proud of Canada's contribution to it.

We want even more. We hope very much that when Canada goes to Buenos Aires in a few weeks that we will be able to convince and

persuade our colleagues from all countries to put their positions on the table.

In conclusion, I would like to say that in Buenos Aires we will be in mid-term negotiations. A lot of people are getting very agitated and saying that in Quebec City a radical decision will be made about our future. Let us put things into perspective. The Quebec City summit is extremely important for Canada's role and future in our hemisphere.

• (1855)

[*Translation*]

There will be a meeting of ministers of international trade in Buenos Aires next April 6 and 7. That will be our mid-way meeting on the negotiations, but people need to realize that there are three years of negotiations left. There is therefore all the time needed to continue to consult Canadians, this House, the standing committee on foreign affairs, the business community, the unions and the NGOs.

[*English*]

**Mr. Deepak Obhrai (Calgary East, Canadian Alliance):** Mr. Speaker, it was quite interesting listening to the Minister for International Trade talk about trade. He stated that the FTAA was all about a rules based system that we needed. It was his government that unilaterally created bad relations with Brazil when it retaliated and stopped importation of meat without much evidence. We all know that it was retaliation against Brazil for not following the WTO.

Now there is a danger that countries like Brazil will ignore WTO rulings and will not follow the rules based system. What is the point of having all these things signed when there is a danger of countries not following the rules?

**Hon. Pierre Pettigrew:** Mr. Speaker, before I answer the member's question I would like to correct what I said earlier, that Mexico had released its negotiating position. It was Costa Rica, not Mexico. I wanted to correct that for the record.

The member's question is very surprising. We know what the situation is in Europe and in England. We know how much it has cost that country. Never has the government ever protected the safety and the public health of Canadians more than on the important issue of meat. It was Canada's duty to stop the importation of meat. We defended public health for the security of Canadians. It had absolutely nothing to do with the trade challenge that we are having with the Brazilians at the WTO.

The dispute between Canada and Brazil on the aircraft issue is to be dealt with at the WTO panel. We do not want to contaminate our relationship with Brazil. When the government made a stand for public health reasons alone, we would have liked opposition

### *Government Orders*

members not to have encouraged the Brazilians who may have believed some of them that it was a retaliation to trade when it was not.

[*Translation*]

**Mr. Pierre Paquette (Joliette, BQ):** Mr. Speaker, first, I would like to present very briefly a few figures to the Minister for International Trade and ask for his comments on this subject.

What he is saying is that opening new markets fosters economic growth and, as a result, enriches all participants.

However, let us take the world average of the per capita GDP and say it is equal to one hundred. In 1980, the United States had a per capita GDP that was equivalent to 482; in 1998, it had increased to 625. The world average was 100. As for Mexico, in 1980, its per capita GDP was 134; in 1998, it had fallen to 84. After NAFTA, the differential between the United States and Mexico grew, but during the same period, Brazil, and we have just spoken about this country's protectionist practices, showed an increase from 70 in 1980 to 96 in 1998.

Does the minister not agree that in addition to the opening of markets and the upholding of commercial rights we must include in these accords the protection of human rights and labour rights in order to ensure a real distribution of wealth?

**Hon. Pierre Pettigrew:** Mr. Speaker, I always find it interesting to hear the hon. member for Joliette, the new critic for the Bloc, condemning free trade so vigorously when his party, as well as the party we could in a way call the mother party in Quebec City, that is to say the real Parti Québécois, have always supported free trade.

• (1900)

The hon. member for Joliette rose in this House today but unfortunately, he did not have a blackboard so we could not understand all his sophisticated arguments.

However, the wealth gap is an issue our government is dealing with. This is of concern to us. The Canadian International Development Agency is making a difference.

Here in Canada, we have social policies to compensate the wealth gap, but I can assure the House that there is absolutely no contradiction. Free trade and international trade raised the revenues of the richest and also of the poorest of Canadians. We must ensure that the latter benefit even more from free trade.

[*English*]

**Mr. Stockwell Day (Leader of the Opposition, Canadian Alliance):** Mr. Speaker, I am pleased to rise to speak to the special debate on the upcoming summit of the Americas. I think we all agree that it is an honour for Canada to be hosting this summit. I hope it will prove to be a milestone in the creation of a new free trade area of the Americas. The Canadian Alliance has consistently

*Government Orders*

championed free trade as being in the best interests of Canadians and others.

It is well known that the Liberals once opposed a Canada-U.S. free trade agreement and NAFTA. They promised that once they were in government they would abrogate those agreements. We are happy they did not follow through with that commitment.

However, even Liberals can learn from their mistakes. Just a few weeks ago the Minister of Industry, in Davos, apologized to former Prime Minister Mulroney and acknowledged that he was right about free trade and they were wrong. We appreciate that acknowledgement. They should acknowledge that because in 1989 two way Canada-U.S. trade was \$235 billion and by 1999 it had grown to \$626 billion, an increase of more than 150% in 10 years.

I will be sharing my time, Mr. Speaker, with the member for Medicine Hat.

Far from damaging any of our identity or sovereignty, free trade helped to establish rules and procedures to clarify our trading relationship with the U.S. We would benefit from a similar approach with the rest of Latin America. Now we can build on the success of free trade and NAFTA to deepen and improve these relations with the rest of the hemisphere.

The FTAA would provide the mechanism to begin to extend some of our prosperity and the opportunity for prosperity to other countries. Therefore, we welcome these negotiations on the FTAA.

While the Liberals have learned to mouth the rhetoric of free trade, the reality is they cling to protectionism in their hearts. Some of the actions taken by the Liberals in recent months may threaten the prospect of negotiating a successful FTAA.

Chapter 11 of NAFTA, the foreign investment provisions, give protection to Canadian businesses abroad and also to foreign businesses in Canada. Under NAFTA, from 1998-99 U.S. investment in Canada increased by \$15 billion to \$168 billion, while Canadian investment in the U.S. jumped by \$10 billion to \$120 billion. Both countries have seen large increases in foreign investment and in both directions.

Most countries in the Americas actually feel that foreign investment provisions similar to those in NAFTA would be to the mutual benefit of all countries. We believe that. However, the Government of Canada appears to be leading the charge to undermine those foreign investment rules. We should not fear including chapter 11 in the FTAA when its inclusion in NAFTA has brought benefits to Canada and the United States alike in a reciprocal way.

The Minister for International Trade, who appears at times to be unsatisfied with the decisions of NAFTA tribunals in a few selective cases, has called for new side deals. Those side deals

would amend the meaning of the NAFTA chapter 11 provisions. The official opposition is concerned that retrograde stand will limit free trade and deny protection for Canadian businesses operating elsewhere in the Americas, and perhaps prevent the 34 countries of the Americas from reaching a broader trade agreement. That is our concern

Another concern we have with the government's trade policy is the centralist, father Ottawa knows best approach that the federal government takes toward consultation with the provinces.

• (1905)

[*Translation*]

First the provinces expect the Liberal government to include them in the context of the negotiations on the free trade area of the Americas.

Contrary to the federal government of the day and its openness when the free trade agreement was negotiated with the United States some fifteen years ago, and then NAFTA after it, the Liberal government is refusing to put a formal mechanism in place for co-operation with the provinces in matters involving their participation in negotiations with other governments.

Without questioning the federal government's foreign policy jurisdiction, there is a way to have the provinces participate fully in the negotiation of international agreements and to extend the provinces' constitutional jurisdiction to the international scene.

Australia should serve as an example. In recent years, it has reviewed the international treaty and agreement negotiation process. This exercise has resulted in significant reform in order to include each of the states in the process, including through the establishment of a council of treaties comprising the Prime Minister and the provincial premiers as well, along with a representation of the provincial officials on the standing committee on treaties. With a little imagination and a lot of goodwill, a consensus may be found in which all Canadians win.

Quebec, for example, has been at the forefront in having the provinces participate in international forums and organizations. This theory is known as the Gérin-Lajoie doctrine, following interventions by Paul Gérin-Lajoie, a former minister of education under Jean Lesage.

Unfortunately, Ottawa's stubbornness is what catches the eye, when we should all be busy developing a strong position in support of Quebec and all the provinces in the perspective of the free trade area of the Americas.

[*English*]

I know there are many other citizens, especially young Canadians, who have fears about the consequences of the FTAA and

other global trade deals. I know many young people are planning to protest in the streets of Quebec during the summer. I respect the protesters' right to free speech, the right to disagree and even at times to loudly disagree. That is one of the privileges we have living in a democracy. However, I hope the government will ensure that there is law and order in the streets of Quebec and that the summit itself is not disrupted. I also hope that in doing that the government will be fair toward legitimate protesters and not attempt to use police authority to prevent political embarrassment as it appeared to have done in Vancouver during the APEC summit. We hope that can be avoided.

What concerns me most about the prospect of wide scale protest in Quebec City is that it shows that perhaps we as leaders in democratic societies have in some ways failed some of our young people. We have not been able to demonstrate to at least some of these members of the next generation that democracy, freedom of trade and freedom of markets are not just about making money for multinational corporations, but also ensuring individual freedom and holding out hope for the future.

The free market system allows a university student sitting in a college dorm to dream up a computer program that will make IBM or Microsoft tremble, and says that the law will protect these innovators against large monopolies that might try to intimidate them out of business. International trade agreements protect the intellectual property rights of entrepreneurs against companies and governments that would profit from their ideas.

In trying to expand free trade, whether in the Americas or globally, we are trying to broaden the circle of productivity and exchange so that the same right to create and innovate which we uphold for our citizens will be extended to citizens of the less developed world as well.

● (1910)

We want the property and the commercial rights that are enjoyed by a computer science student in St. John's or a small business person in Burlington to be extended to the citizens of Santiago, San Salvador and Bogota as well. We have to demonstrate to our young people that free trade, free markets and democracy are not about favouring the rich but that it is a noble, principled cause that enables the poor to enjoy opportunity and experience progress, prosperity and peace.

Last year when the International Monetary Fund and the World Bank held meetings in Prague and the Czech Republic there were protests, as there have been in other global trade and finance meetings. It was striking that most of the protesters were from western Europe and the United States. The majority were not the local Czech students. However these young people were not complacent. Hundreds of thousands of them crowded in Wenceslas Square in 1989 during the so-called velvet revolution and forced

### *Government Orders*

out the communist dictatorship that had ruled the country with an iron fist since the Dubcek reforms were crushed in 1968. Those young people of the Vaclav Havel generation had lived under a government that had denied free trade, free markets and free speech. The young people of Prague saw the alternative and they knew what the democratic west had to offer was a better and more principled alternative.

We as politicians and business leaders in the democratic developed countries have to learn to make not only an economic case or an intellectual case for free trade and free markets, but in fact a moral case as well that upholds the virtue of freedom. We have to show our youth that a democratic form of freedom of enterprise respects individuals, respects their individual potential and respects their freedom to grow, to achieve and to become all that they were providentially intended to be. That is why we support these initiatives and that is why we will continue to stand for these principles.

**Hon. Lorne Nystrom (Regina—Qu'Appelle, NDP):** Mr. Speaker, I have a short comment and question for the Leader of the Opposition. I as a western Canadian support trade. It is a very important part of the economy of western Canada. I support free trade and expanding trade. It is very important for jobs, productivity and so on. However, one concern I have about NAFTA, and some of the other trade deals, is the argument that it takes away some of the democratic control from local countries and communities. Decisions can be made that affect the environment, social standards and issues of that sort.

A case in point was the Metalclad Corporation in Mexico. In 1996 it wanted to establish a waste disposal plant in one of the Mexican states. The governor of the state and the local community said they did not want it in their state. Metalclad sued that particular state of Mexico and was awarded some \$17 million U.S. That is now being appealed to a higher court.

I would like to ask the Leader of the Opposition if he has some concerns about the lack of democracy in the trade deals. It is not a question of trade, or more trade in the world or free trade. In many cases there is a lack of democracy for countries to make decisions that affect them.

Does he share some of those concerns in terms of trying to build in some of these safeguards in the trade agreements? Democracy is a very important thing. People elect parliaments and those parliaments should be sovereign over those communities. In some cases these trade deals are just a charter for investors and, in my opinion, run roughshod over democratic rights.

**Mr. Stockwell Day:** Madam Speaker, I appreciate that concern which is an important one. The point the member made was that it was in a process of appeal. As in any agreement there will always be those who will try to move a particular agreement to benefit them.

*Government Orders*

I remind the member that when NAFTA was being constructed, it was recognized by the provinces of Alberta and Quebec that in some nations different areas fell under provincial jurisdiction and others under federal jurisdiction. Two areas which were identified as falling under provincial jurisdiction in Canada were labour and the environment. Therefore side accords were constructed to acknowledge that. With those side accords came the process of developing regulations and a dispute process so that when these came into conflict they could be attended to.

• (1915)

I appreciate the democratic concerns. With foresight in the negotiations, these types of things can be put in place to prevent somebody from trying to take over and suppress democratic rights. In this case we will hope that when the appeal is heard there will be a proper reflecting back to those side accords.

[Translation]

**Mr. Pierre Paquette (Joliette, BQ):** Madam Speaker, first I must say that I really appreciated the reference to the Gérin-Lajoie doctrine made by the leader of the Canadian Alliance.

Indeed, the Bloc Québécois also shares the idea that, as long as Quebec remains within the Canadian federation, its jurisdiction should extend to international issues, and if other provinces want that too, it would be good for them also.

My question deals with cultural diversity. I would like to know if, with the opening of markets within the free trade area of the Americas, the Canadian Alliance has included in its policy a provision for the development of cultural diversity, for the maintenance and development of all the different cultures of which the Americas are made up.

**Mr. Stockwell Day:** Madam Speaker, I can say tonight that the Canadian Alliance will support the provinces' jurisdictions, particularly with regard to culture, as the member described.

It is important to recognize that these are very important things for a province or a state. I can say tonight that the Canadian Alliance will continue to support a province or a state on this issue because, if it is important to them, it is important to us also.

[English]

**Mr. Monte Solberg (Medicine Hat, Canadian Alliance):** Madam Speaker, I appreciate the chance to rise and debate the issue today, the summit of the Americas. While I was not going to just at this point, I do want to pick up on the theme at the point where my leader left off because I think it is very important. That is the idea that we as leaders in this place need to make the moral argument, along with the economic argument, for the idea of free trade.

For too long I think a lot of us in this place and outside of it have been cowed by people who make the argument, sometimes by a

protest, that we will lose our democracy if we give into the idea of a radical notion like free trade. I want to dispel that.

First, it is simply not true historically, ever since Adam Smith, Adam Ferguson and David Hume sat around and talked about these ideas in Scotland 250 years ago and ultimately brought them about and made Scotland a leading country at that time. At the time they were first debating this, Scotland was a poor second cousin to its friends below in England. They embraced the idea of free trade and actually exceeded what was being done in England.

The idea spread and ultimately became the new orthodoxy, to the point where we of course have it all across North America and in the European Union, but also to the point where we have Labour Party prime ministers like Tony Blair coming into this place saying that we must have free trade, that free trade is the answer for people who are on the low end of the economic scale and that if we really want to help people who have been poor throughout their lives then we need to embrace ideas like free trade.

I make that point especially to my friends in the New Democratic Party, who I think sometimes have resisted this idea far too much, to the point where I think they are hurting the very people they would help.

It is time for us in this place to stand up and make the argument, without fear, for free trade. There is no question that not only does it affirm the principle of freedom that the people in this party, at least, believe in so strongly, but it also does leave people better off economically.

• (1920)

I have to congratulate the foreign affairs minister, who made a very good point and presented a good argument about how the North American Free Trade Agreement has benefited the poorest people in Mexico. He pointed to northern Mexico, particularly around Monterrey, where people have prospered to the point where their unemployment rate has dropped quite dramatically. People who have been unemployed or certainly underemployed now have well paid jobs because of NAFTA, because of free trade.

I think we need to extend it and try to help people in other parts of the Americas as well. I talked during my question period about free trade for the people in the Caribbean. Those are economies that are completely underdeveloped. Canada to some degree stood in the way of that, because we have tariffs in place on things like textiles, a value added product that they could be sending here.

Now we want reciprocity. We want to be able to get into their markets as well, but we must remember that when we lower our trade barriers and they lower theirs, efficiencies are created. Productivity increases. Jobs are created. Wages go up. Everybody is better off. That is why we must have free trade. It helps people.

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It is not a question of undermining democracy. In fact, it is the most pro-democracy idea around, because what we have when we have free trade is people who vote with their dollars. They say they do not only want to have the choice of buying the high tariff product that their country has protected from competition. They want to be able to choose from all those products out there, products that in some cases are much less costly for them than those that have been protected by tariffs in their country for a long time. They want that option.

People who can scarcely afford a tariff economy are the ones who benefit the most when they have free trade. They can use those dollars to purchase the things that are important to them. There is a real democracy that occurs when we finally allow people to choose the goods and services they want, with their own money. We need to recognize that idea of voluntary exchange. We get away from the idea of forcing people to choose from a very limited scope of products and allow people to voluntarily exchange goods and services across borders as well as within their country. That is a very democratic idea, this idea of freedom and voluntary exchange. We should embrace those things if we believe in democracy.

I do want to switch gears now, if I may. Just a couple of minutes ago, my friend the foreign affairs minister said that Canada, as part of the agreement, would spread the news about democracy and make the case that other countries should become more democratic.

I want to argue that it is precisely because this place has fallen into disrepair that in some cases we have undermined our own argument for democracy. We have to resort now to holding parallel summits at the summit of the Americas, in part, I would argue, because a lot of people today can argue that this place no longer represents their point of view. Therefore, they try to do an end run around what is supposed to be the most democratic institution in the country. The result is that the government caves in and says it will set up the people's summit as well.

We would not have to resort to that if this place were reformed along the lines that many of my colleagues have argued. I think of the House leader for the Canadian Alliance who has made a powerful case that we could do a lot in this place to give confidence to people that their views will be represented in the House of Commons.

If people across the country felt that way, then they would not be doing the end run around parliament. There would not have to be a people's summit. They would come to committee and make their case for free trade or against free trade. The people on that committee would take their views seriously and would make recommendations that would have weight in this place. People would know that this democratic institution counted for something.

However, they do not have that confidence today. As a result, we have people who in many cases, I would argue, do not represent

very many people, but who can make the plausible case that parliament is no longer representative so they want to have this parallel summit.

I want to make the point that I do not agree with those groups. I do not even necessarily agree with the people's summit, but I do think this place should represent the views of those people who are going to that people's summit. There should be room for those people to come before whatever committee, make their case and have representatives in parliament carry their case forward.

• (1925 )

For reasons that are not clear to me, the NDP in particular has not been successful in carrying the case for some of those people who are opposed to the free trade agreement, but that is the NDP's problem. I simply want to say that parliament could be a lot more effective than it has been in reflecting the views of people who feel strongly about free trade.

Finally I want to make the point that several years ago the MAI, the multilateral agreement on investment, was being discussed by the government, along with many other countries. I think they had a good end in mind. They basically wanted to encourage rules based trade in investment, but unfortunately because they conducted everything in secrecy the whole deal was ultimately torpedoed.

It was the Reform Party at the time that sponsored the only debate on that issue. We in the Reform Party were the only ones who brought that issue forward. We said that the best way to ensure that there was not all kinds of conjecture and speculation about the MAI, which in some cases was unwarranted, was to sponsor debate, get the information out there and allow people to find out what was really going on. Ultimately that deal collapsed because there was not enough scrutiny of what was going on. People did not have confidence in it.

However, let that be a lesson. This place could stand more debates like that one we sponsored several years ago. We are happy about this debate tonight, but it should go beyond that. When this free trade agreement is ultimately consummated, as we hope it will be, and comes to this place, as we hope it will, we would like to have a debate. We would like to have a vote in this place on the free trade agreement of the Americas. It should not be something the government just signs and then that is all there is. We want to have a debate here and we want to have a vote on that agreement, yes or no.

I will conclude by again affirming what my leader has said, which is that we need to have free trade. It is the morally correct thing to do for the people of the western hemisphere because it leaves those people better off no matter what income group they are in. Second, we need to reform this place so that we do not need to have these parallel summits, so that people can have confidence in what should be highest democratic forum in the country.

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**Mr. Chuck Strahl (Fraser Valley, Canadian Alliance):** Madam Speaker, I appreciate the chance to comment on this debate. I do hope that perhaps somewhere a bureaucrat is taking notes of the debate tonight, because there is not a whole lot else.

The member for Medicine Hat has made a strong case, as has the leader of the Canadian Alliance, about the morality, if we will, of the free trade movement that is going on around the world. I think the free trade agreement of the Americas has the potential to create a strong middle class in parts of the world that have not experienced it. They have very poor populations with a wealthy group at the top, but no strong middle class.

It is the creation of a strong middle class that should be the aim of any international trade agreements we have with other countries. A strong middle class is the best guarantor of a good clean environment. A strong middle class is the best guarantor of human rights and democratic reform. A strong middle class is the best assurance of strong labour laws, because a strong middle class will be working in a society and will want to have rules. A strong middle class is the best assurance of the creation of wealth, and the creation of wealth is what the free trade agreement could bring to parts of the Americas that have not experienced wealth in any meaningful way in their entire existence.

However, I agree with the member about the danger we are facing. I fear we are going to see it. The NDP has encouraged some rather scurrilous behaviour, I think, in Quebec. I do fear for the free trade movement, because the government refuses to accept parliament's role in approving, debating and ratifying any future free trade agreements. It is done in Australia, which has a system of approving in parliament. It is done in New Zealand.

• (1930)

In the United States the president can try to fast track it, but he knows that he has to have the senate on board. If it is Switzerland there would have to be a referendum on it. In most jurisdictions of the world all the power is not with the executive. It is spread out among parliament, as it should be, which creates a sense of confidence in the agreements that are being signed.

I plead with the government in its negotiations and in negotiations to come on the free trade agreement of the Americas and other free trade agreements to bring those agreements to the House of Commons for ratification. By doing so, by opening up the debate, it can get all Canadians on side. These debates and these arguments could be made in a free way in the House and in committee by bringing in witnesses and so on.

I have a question for the member for Medicine Hat. Does he believe that bringing agreements like the free trade agreement of the Americas to the House of Commons would make any difference? Would it satisfy those people who will go to Quebec City,

bound and determined to shut down the free trade agreement? Would it help them to understand and to give us an opportunity to carry the argument, as Tony Blair said, in a passionate way about the value and the importance of free trade agreements?

**Mr. Monte Solberg:** Madam Speaker, I appreciate my friend's intervention. He made an impassioned plea for free trade in the course of asking his question.

He made a point about the middle class. Mexico now has a larger middle class than we have in Canada. It is a more populous country, but it started out as a country that had a lot of wealthy people and a lot of poor people. However, free trade and other economic reforms that it has undertaken have now turned that country into a real emerging nation, one that is becoming much more prosperous with each passing day.

My friend asked whether a vote in this place on the free trade agreement would quell some of the opposition we are hearing from NDP members and some of their friends. I am not convinced it would. The NDP is philosophically so opposed to this that in some cases it pays lip service to the idea of democracy and uses it as a bit of a stalking horse because it is completely opposed to this idea. We see that almost daily in this place where it offers up example after example of arguments against the concept of free trade.

We need to remember that free trade itself is a democratic principle. It is the freeing up of people to trade goods and services as they see fit. It allows people, like my leader said, who are just starting out and have an idea to produce that idea and exchange it with others around the world or across borders. It is a democratic idea. If my friends in the NDP cannot understand that and do not appreciate that, I do not believe they are truly committed to the idea of real democracy.

[*Translation*]

**Ms. Francine Lalonde (Mercier, BQ):** Madam Speaker, let me begin by saying that I will share my time with the hon. member for Joliette. We will each speak for ten minutes.

First off, I want to stress the major role played by Quebecers in 1988, when they supported free trade for Canada. I remind all my fellow Quebecers and Canadians who are listening that, had it not been for Quebecers, Brian Mulroney, who was the Prime Minister at the time, would probably not have had a mandate to negotiate the free trade agreement with the United States.

This happened, however, after a debate that often generated strong opposition on the part of the labour and social movements. However, a real debate did take place and in the end a majority of Quebecers supported this initiative.

• (1935)

Incidentally, I would remind hon. members that, at the time, the party now in office opposed the free trade agreement. Not only

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were the Liberals opposed to it, they condemned it with every ounce of energy they had.

I should also point out that the free trade agreement was the result of a recommendation made by the Macdonald commission, which was set up by Prime Minister Trudeau during his last mandate.

I would like to add, for the benefit of those listening, that when the Macdonald commission recommended the adoption of a free trade agreement with the United States, it did mention that it might not be the best of worlds but that, in the North American context, with multinational companies controlling 70% of the trade between the two countries, Canada did not really have a choice, because other corporations were being penalized.

I like to recall this because, when the current government came to power in 1993, it also ran against the other free trade agreement negotiated by the previous government, the free trade agreement with Mexico. Speaking about this agreement known as NAFTA, the current Prime Minister had said he would not complete it, that he would reopen the negotiations, but he has not done so.

Since then, we have gained experience. I am sure that Quebecers are still in favour of free trade. However, it is for a reason that there is a strong movement in Quebec, in what has become known as the civil society. People are concerned that the free trade area of the Americas that we are developing will not be specific enough when it comes to social rights, the power taken away from corporations as compared to the former NAFTA, and democracy.

The civil society, to which the Bloc Québécois subscribes, is saying yes to the free trade zone of the Americas. However, we should be cautious and use any leverage we have to make sure that the social and cultural requirements of Quebec, which is even more in a minority position, with its French language and culture, within the three Americas than within North America, and the requirements regarding the place of Quebec are met. At this point, I will deal with the first point I want to talk about, that is the transparency of these negotiations.

What do we mean by transparency? We mean the ability for parliamentarians, the civil society, citizens and organizations, and not only corporations, because they are involved and in the know, the ability for these groups and individuals to know what is at stake, and be able to monitor what is going on in order to try to influence the government.

We are not naive; we know that the Government of Canada, the provincial governments and foreign governments are subject to strong pressure on the part of corporations, especially multinationals, that, under the guise of seemingly legitimate reasons, want to have more opportunities to expand and make bigger profits.

• (1940)

Therefore, to be able to monitor what is at stake, transparency is required. For us, transparency starts with having access to the basic documents which will be used during the negotiations, documents which will be presented in Buenos Aires on April 6 and 7.

Transparency also means that parliament should vote on the agreement. I intend to introduce in the House, as early as tomorrow, a private member's bill, which hopefully will be supported by my opposition colleagues and by the party in power. This bill was originally introduced by my colleague Daniel Turp, who was unfortunately defeated, and had received broad support at the time.

It is essential that we have a power relationship in which citizens and groups can tell as forcefully as they can that they do not want to be subjected to purely commercial imperatives.

Quebec should also be involved in this negotiation. I want to emphasize that as strongly as I can. Why should Quebec be involved and not be merely consulted? It should be involved for two main reasons.

The first one is its language and culture, which it shares completely with Haiti only. When Canada stands for that, on the one hand, but, on the other, it is one of the countries that—

**Hon. Pierre Pettigrew:** What about the Acadians?

**Ms. Francine Lalonde:** Mr. Speaker, I would like to be able to complete my remarks. When his turn comes, I will listen to my colleague with great attention.

I would like Quebec to be involved because it is a French speaking nation and it has its own development model. I know the international trade minister can understand this kind of argument.

The Quebec model is found in many service sectors where private non-profit agencies are largely but not totally financed by the government. They often operate in a commercial environment. We should find a specific and sufficiently flexible solution so that the government does not have its hands tied. This model must be protected.

I should also talk about supply management in agriculture and agrifood. It may be a problem elsewhere, but it is an integral part of the structure of the Quebec society.

Quebec must be allowed to join in the negotiations. I realize that Quebec is not the only province to have made this request. It has done so along with the Canadian provinces that are specifically asking to join in the negotiations, something which, as I said, is much more than a consultation.

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Because our speaking time is limited, I must unfortunately conclude. I will point out that this summit of the Americas and this free trade area of the Americas are unique. As former Quebec premier, Pierre-Marc Johnson, said in committee the day before yesterday, the United States represent 75% of the total GDP. Four other countries, namely Brazil, Canada, Mexico and Argentina, account for 20% of the total GDP, and the 29 other countries, 5%.

• (1945)

That is an extraordinary challenge, far greater than NAFTA, to ensure that this enrichment, which is said to flow directly from trade, although that assertion is put more and more into question, can be complemented by measures, including, why not, a structural fund like the one that Vicente Fox requested when he came to power, and from time to time—

**The Deputy Speaker:** I am sorry to interrupt the hon. member, but ten minutes go by extremely fast.

[*English*]

**Mr. Pat O'Brien (Parliamentary Secretary to Minister for International Trade, Lib.):** Mr. Speaker, I listened in amazement to what my colleague said. I have heard her raise the point about transparency before as if to suggest that there has been no consultation by the government.

The hon. member should consider the following. The issue has been raised at the standing committee as recently as today. A colleague and I were at two different meetings of the standing committee on this very topic.

There have been extensive meetings with the Minister for International Trade with NGOs, including the province of Quebec. There have been ongoing consultations with the Minister for International Trade and his provincial counterparts. Our positions are on the website, the first time ever that such a thing has been done. The minister has committed to raise the need for greater transparency at the upcoming meeting in April in Buenos Aires.

I put a question in committee earlier today and I put it again on the floor of the House of Commons. I would like to give the member an opportunity to respond to it. Could she give us a specific example of any trade negotiation involving Canada that has been more transparent or even as transparent as the current one?

[*Translation*]

**Ms. Francine Lalonde:** Mr. Speaker, I would ask my colleague to listen to me even more carefully.

With respect to transparency, texts are not for consultation only; they are for learning. I have taken part in negotiations for 15 years. Consultation has a specific purpose: to ask people what they want,

but the negotiation process is to know what people want and eventually to come to some agreement.

Yet we know there are issues such as chapter 11 that involve corporations on one side and countries on the other side. We must know what is happening there to be able to bring some pressure to bear.

My specific answer to your question is that this little website that contains your partial positions, if you understood the first part of my speech, is not enough; it is not enough for a democratic exercise.

I am happy that the Minister for International Trade has understood this by committing to ask the other countries if they are willing to make the documents public. If not, he will consider doing the same as the United States and making them available at least to parliamentarians.

I repeat, for a democratic exercise, we must not only say what we wish for, we must know what the stakes are.

[*English*]

**Mr. Peter Stoffer (Sackville—Musquodoboit Valley—Eastern Shore, NDP):** Mr. Speaker, I would say to my hon. colleague from the Bloc Québécois that in my own personal view this is not really a talk about free trade. It is more a talk about the protection of investor rights.

Would her party not agree that prior to any sort of profitability being discussed or the protection of investors or the movement of goods and services, that environment and human rights should be discussed? The protection of our environment is so sacred to any agreements that it must be discussed first. Agreements must also be discussed in terms of human rights throughout a country, so that a country's workers are not exploited to the advantage of another country. Would the hon. member agree with this statement?

• (1950)

[*Translation*]

**Ms. Francine Lalonde:** Mr. Speaker, I must say to my hon. colleague that if he had listened to the speeches of the Bloc members, he would know that they covered what he is talking about, except that we do not say no. In fact, a no would not translate into more power relationships in free trade. We say yes.

However, I would tell him to lobby with us so that the negotiations do not start from chapter 11 as it is, which would lead to a double standard for investments and social rights.

The issue is extremely important, but I want to also tell him that the southern countries do want access to our markets. We must give them that access, while protecting our rights, our environment and our culture.

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**Mr. Pierre Paquette (Joliette, BQ):** Mr. Speaker, I would like to remind hon. members to begin with that this take note debate on the summit of the Americas is in fact the consolation prize the federal government has awarded to members of the House of Commons after the defeat of my motion of February 15.

I would remind hon. members that the motion, which was supported by all opposition parties, called for the government to bring any final draft of the agreement on the free trade area of the Americas before the House so that it might be debated and put to a vote before anything whatsoever was signed.

Even if it is clear, since my colleague from Mercier has already begun to do so, we are going to take advantage of this opportunity to remind hon. members of the Bloc Québécois position. It must also be made very clear that at no time is this exercise we are engaged in this evening to be seen as replacing a true debate and a decision by this House concerning the final free trade area of the Americas agreement, with all pertinent information.

For us, this means not only disclosure of all texts currently being worked on by the nine negotiating tables, but also regular reports on the progress of negotiations at those same tables.

As we know, one of the themes of the summit of the Americas is enhancing democratic development. We find it somewhat paradoxical, if not downright contradictory, that at the very moment the federal government is telling us proudly about this theme of the summit of the Americas, we are here in this very House in the process of watering down representative democracy by refusing to allow MPs to debate and vote on the free trade area of the Americas.

This calls to mind a proverb in French which could be paraphrased this way "Dictatorship is: shut your mouth, and democracy for the Liberals—my addition here—is: keep talking". Not only we parliamentarians have this impression, but so does the public. We are made to talk and talk, we are informed, but what people say, be they parliamentarians or the public, is not taken into account.

In this regard, the debate we are having is not enough to really speak of true transparency. The Bloc Québécois thinks that transparency is vital to the success of the free trade area of the Americas, which we support.

As the member for Mercier mentioned, the Minister for International Trade is also a supporter and also believes that the current process is not transparent enough, since he agrees with the fact that the basic negotiation texts should be made public. This is tantamount to admitting that the current processes is not transparent enough.

Two weeks ago as well, it was making public the supplementary proposals in order to strengthen ties with the public. Clearly this all arises from the fact that there is social mobilization across the

Americas, across Canada and across Quebec, and that the Liberal government should take note of the fact.

I think we are witnessing more of a monologue by the public and parliamentarians and, at best, a dialogue of the deaf.

Bridges must be built if we are to prevent demonstrations from getting out of hand. Not simply at the Quebec summit, because we have been rightly reminded that negotiations will continue over several years, but so there will be debate throughout Quebec and Canadian society.

• (1955)

The sponsorship system put in place by the federal government to fund part of the summit of the Americas will certainly not send the right signals to civil society and to all Quebecers and Canadians. It is clear that the business world has privileged access to decision makers in the whole process, and this is unacceptable.

The business forum will soon meet. I believe that international trade ministers will meet almost at the same time in Buenos Aires. The business forum has access to the heads of state and ministers concerned. The Bloc Québécois is asking that such access be made available to all segments of civil society and not just business people, as is currently the case.

The federal government should show leadership and propose, at the upcoming summit of the Americas in Quebec City, that the continental social alliance be recognized as an essential component, as a stakeholder in the negotiation process.

The continental social alliance includes major union organizations, social groups, international co-operation bodies, women's groups and environmentalists from across the Americas. These people have made extraordinary efforts to set up a network across the Americas, and they will be in Quebec City for the people's summit. This network should have a voice, just like the business forum.

As my colleague pointed out, the provinces also have a role to play. A formal mechanism is needed, particularly for Quebec, the only truly francophone state in the Americas. Because we account for 2% of the population of the Americas, we have specific needs that must be protected and that must be taken into account in the negotiations. Therefore, officials from the Quebec government must be part of the Canadian negotiation teams and binational teams, to protect the interests of Quebec and ensure that the right decisions are made.

I also remind the House that the Bloc Québécois wants to see the FTAA agreement contain references to fundamental rights such as human, labour and environmental rights. This is true and it was mentioned by many: Quebecers are already favourably predisposed toward free trade. That is understandable, given that 51% of what is

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produced in Quebec is exported to Canada, the United States or other countries.

Quebecers are well aware of the principle of international trade, by which one imports what one cannot produce or produce cost effectively, and exports in order to be able to pay the cost of imports, but one must not export for the sake of exporting. This is the principle of free trade which Quebecers are defending, not the principle of exporting at any cost, to the detriment of labour, human and environmental rights.

Unlike the Minister for International Trade, Quebecers learned some lessons from NAFTA and the MAI. They have a better grasp of the situation than the minister. They are only too aware that free trade did not resolve all the problems of inequality in our society, or in the NAFTA nations.

I would remind the House that even if the minister is more visual than auditory—something I learned today—the figures are there. All he has to do is refer to the World Bank figures. Canada and Mexico have lost ground compared to the United States since the early 1980s, and these are the 1998 figures. He can deny the facts all he wants, but the facts are there and they are verifiable.

I am not saying that the problem concerning what workers in Mexico are paid is to be blamed on free trade only, but the fact is that free trade is not the cure-all for all societies' problems, and that other mechanisms are needed besides merely protecting the rights of companies and investors. In Mexico, people were being paid 22% of the American wage in the early 1980s and now the figure is 10%. That is a drop by half. Those are the facts.

This is why, within the agreement on the free trade area of the Americas, the signatory states commit, in exchange for commercial and financial benefits, to respect human rights, labour rights, the basic conventions of the International Labour Organization and the environmental rights.

This does not mean that we should take a penalty based approach to protecting those rights, but there must be a political commitment on the part of all states to respect them. If working plans are necessary to ensure that these rights are respected, and a structural fund has to be put in place, as my hon. colleague suggested, to help states with such problems as child labour, then that will be done.

• (2000)

If one country refuses to respect fundamental rights, it will be excluded from the FTAA because it will no longer belong there.

I believe Canadians and Quebecers would never have accepted to be part of a free trade area with Pinochet's Chile. We might as well recognize that right now, instead of putting our heads in the sand like some of us are doing here in the House.

Finally, I want to say that the free trade area of the Americas could be a wonderful opportunity for additional co-operation among countries of North America, Central America and Latin America, provided we provide all the ingredients required for that FTAA to succeed. The ingredients are not there yet.

This is why, at the summit of the Americas, the Bloc Quebecois will join forces with the civil society in Quebec to prepare an alternative to the project now tabled, which we disapprove of intensely.

[*English*]

**Mr. Pat O'Brien (Parliamentary Secretary to Minister for International Trade, Lib.):** Mr. Speaker, in another life I too was involved in negotiations. I would like to ask my question of the Bloc Quebecois collectively, but I will direct it to the member for Joliette even though similar comments were made by his colleague, the member for Mercier.

The Minister for International Trade and the Prime Minister have made it clear that they are looking toward the greatest transparency possible. Is the member for Joliette suggesting that we actually release these texts unilaterally without the agreement of our trading partners? Is that what he is seriously suggesting? Would he not consider that highly irresponsible?

[*Translation*]

**Mr. Pierre Paquette:** Mr. Speaker, I must say that since the minister has informed us that he was going to propose at the Buenos Aires meeting that the texts be made public, I think that this process can enable us to wait for the Buenos Aires meeting.

After Buenos Aires, it seems to me that we will need to ask some serious questions about the way parliamentarians and the general public can gain access to more information than at the present time.

The government of Quebec has made the texts to which access has been refused us available, and will continue to make them available to its MNAs who are members of the Commission des institutions du Québec.

I would like to hear the minister identify the countries opposed to public access to these documents, so that there can be a debate thereafter in this House on all the ins and outs of the question and a decision can be reached.

Clearly, I am not in favour of unilateral action, but I am not totally excluding it either. I am waiting to see a full report of what goes on in Buenos Aires, in order to have a better idea of the situation. If the countries opposed to making the texts public are the ones already known for their conservative, sometimes even reactionary, policies, then the situation will, in my opinion, be different than if Canada were the only one.

That said, regardless of the situation, the texts should be made available to parliamentarians, particularly if they are members of the Standing Committee on Foreign Affairs and International Trade.

[English]

**Mr. Peter Stoffer (Sackville—Musquodoboit Valley—Eastern Shore, NDP):** Mr. Speaker, it is interesting to note that the member for Medicine Hat and the member for Fraser Valley, both of the Reform Party, get very afraid when the New Democrats and their leader stand up for the environment and human rights. They get very frightened of that because they do not understand the issues.

I want to mention something to the member from the Bloc for whom I have great respect. He mentioned the growing inequality, not only around the world but in this country. Since free trade, the wage, earning and social gaps between the poor and the rich have expanded tremendously. We see it every day. This is a result of the free trade agreement which is not balanced and equitable to all people of all economic status in the country.

Could he comment on that? Would he agree that there is a growing inequality among the various levels of the economic ladder?

[Translation]

**Mr. Pierre Paquette:** Mr. Speaker, I am not one of those who blindly endorses free trade, but I will not blame free trade for all the ills we are experiencing in Canada and Quebec as well as globally.

• (2005)

I think one of our big problems stems from the fact that, in the last few years our governments made the wrong decisions in facing free trade issues. They all moved toward a lowering of labour and social costs instead of looking for answers on a higher level.

I hope that as a society particularly in Canada and in Quebec, we will be able to meet the free trade challenge while maintaining and raising our social standards. I think we can do it, providing the political will is there.

[English]

**Ms. Alexa McDonough (Halifax, NDP):** Mr. Speaker, I welcome the opportunity to participate in the take note debate this evening on the free trade of the Americas trade agreement that is under negotiation.

I want to pick on that brief exchange that took place a moment ago around the concern that we have expressed again and again, as have members of the Bloc Québécois, about the lack of transparency of the government in making available to Canadian citizens precisely what it is negotiating on our behalf. Of all the unconvinc-

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ing, disingenuous arguments that the government has put forward, the worst is that it would like to be free and would be in favour of releasing the text. However because some of the other governments are not in full agreement with that, it cannot do it.

I think the test of whether the text ought to be released or not to Canadian citizens is whether Canadian citizens are asking that it be released. I do not think there is any question that Canadians, who have concerned themselves with the corporatist agenda of the government and the fact that by and large the trade agreements that the government has signed on to or has been actively promoting in recent years that are corporate driven and corporate dominated, absolutely want to know what it is that is being negotiated on their behalf.

Who is opposed to the details and the text of the FTAA being released? It is not the citizens on whose behalf the government claims to be negotiating, it is the corporate elite who want to be sure that they have their fingers all over it. They want to have the kind of preferential access that the government seems quite prepared to give them and to heck with whether citizens are happy or not with what is being negotiated on their behalf.

I am sure some members may have heard Bruce Cockburn. He is a well known and much admired Canadian artist, singer and musician. He recently spoke at his induction to the Canadian Music Hall of Fame. On that occasion he expressed, in a way that I think was very dramatic and welcomed and which struck a really responsive chord with a lot of people, his dismay over the fact that a genuine citizens' movement around the world to build community is being effectively hijacked by the greedy movement of global commerce.

He summed up his feelings in the following way "The mercantile system sucked when they tried it in the 1700s and it sucks now. This is our community. This is our world". I think the reason why Bruce Cockburn struck such a responsive chord is that this is exactly the way citizens are increasingly feeling about what the government claims to be doing on their behalf in negotiating the FTAA.

We welcome the debate this evening. I listened carefully to the words of the international affairs minister and the foreign affairs minister. I listened to the words of the international trade minister who basically said, and I could not believe my ears, that everything is fine and that there is nothing to worry about because the FTAA represents a vote of confidence for the hemisphere's future.

• (2010)

What on earth does that mean? I would say that is about as vague as most of the answers the Liberals have given to the dozens of questions that we have been posing in parliament day in and day out, week in and week out, to try to get at the substantive issues that citizens are genuinely concerned about.

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We heard government members again tonight, as well as official opposition members, suggest that the New Democratic Party is somehow not in favour of trade. For the record, let me say at the outset that we unequivocally represent the importance of trade to our economy, to jobs and to future prosperity. It is precisely because we recognize the importance of trade that it is critical that we enter into proper trade deals. That is why New Democrats talk about free trade not in some absolutely open ended uncritical way, but about fair trade. That is why we insist on talking about the model for trade and about the specific principles that underlie the kinds of trade agreements that we enter into.

Let us say again very clearly for the record, and I do not know how many times we have to say it, that we are absolutely in favour of rules based trade. That is what it means to enter into trade agreements. However the rules that are contained in the trade agreements that we sign need to be rules that protect the rights and advance the interests of our citizens.

The reason there is a growing mobilization of civil society in this country, and in many other countries around the world against the model of free trade that is being advanced by the Government of Canada and many other governments, is that the principles underlying those trade deals and the details contained in them are not about advancing and strengthening the rights and improving the prospects of citizens. They are about responding to the dictates and the demands of corporations in our society.

The concern that is growing goes beyond that. It is a struggle to get our governments to address the genuine and legitimate concerns that exist regarding the trade deals to which we are now a party, concerns that have been documented and that have arisen out of decisions that were made out of the implications which have flowed directly from trade deals. The government is completely ignoring these concerns. In a very real sense, a lot of our citizens see that it is more than a struggle for a particular kind of trade agreement. It has become a struggle for democracy itself.

One thing under negotiation regarding the trade agreement, which is of enormous concern, is the extraordinary powers that will be awarded to corporations. It is absolutely unprecedented. It is literally true that the FTAA will be the most extensive trade deal negotiated in the history of the world. It is not an exaggeration to say that.

• (2015 )

What would the trade deal do? We would be very happy to hear that we are dead wrong about this, but that trade deal would take some of the elements of NAFTA that already are a concern and clearly need to be addressed and remedied. It rolls them together with some of the very elements of the MAI, that undemocratic multilateral agreement on investment that caused people to mobi-

lize around the globe. It wraps them in a bow and says that this trade deal will literally reinforce the right of corporations to sue democratically elected governments that dare or have the audacity to stand in the way of their maximizing profits.

That is why it has taken on the aura of a struggle for democracy itself. It is not just because of what is in the proposed NAFTA. It is also because of how the government refuses to react, to respond, to engage with civil society in any meaningful way, and to allow for citizens to have some real input into the FTAA agreement which is so extensive in its scope and in its detail.

We have heard the minister ask what we are talking about. He said that the government is letting citizens have a say, but we should look at what is shaping up with respect to the Quebec summit scheduled for mid-April. People are genuinely dismayed at the extent to which the government is preoccupied with the protection of visiting politicians, decision makers and bureaucrats who will be coming together in Quebec. They are being protected from having to even know about, let alone take into account, the genuine concerns of citizens who will be there to protest.

It is a fundamental democratic right of citizens to have the opportunity to engage in meaningful peaceful protest. It is a right that has been practised with important effect in the world. Democracy itself depends upon it. It has been through meaningful peaceful protest that some of the most important progressive gains around the world have been made.

One of the reasons the New Democratic Party caucus has made a decision to be in Quebec during the FTAA summit is that we intend to stand shoulder to shoulder with citizens who are coming together by the tens of thousands to say that we do not want to have our world transformed in the image of corporate demand and dictates. We want to ensure that we have a say in what is happening.

A lot of people are very concerned, as we are, at the extraordinary attempts that have gone into trying to discredit and dismiss the concerns of protesters. That is why my colleagues and I have been participating in community meetings across the country. There is an unprecedented mobilization of citizens who are saying they want to inform themselves. The government is not interested in informing them so they are informing themselves. They are coming together in teach-ins, forums, debates and discussions to talk about what a citizen based, citizen centred free trade deal would look like.

What would a fair trade deal be? How could we ensure that we do not embrace a corporate model of trade that drives a race to the bottom, a model that says we would do nothing to protect labour standards that have been hard fought and won, nothing to protect environmental standards and nothing to protect cultural diversity? How could we ensure that human rights are absolutely at the centre of trade deals and do not get sacrificed?

*Government Orders*

● (2020)

That is why a people's summit is taking place. I heard a member of the Alliance somewhat dismiss the notion of the importance of a people's summit. A people's summit is a coming together of people who say that they understand the importance of trade but insist that trade deals should address the real needs of people and are not just crafted to respond to the dictates of corporations.

We will be at that people's summit. We will have the opportunity to hear what the people who come to Quebec have to say. I hope government members will take the opportunity to be there to listen to those people.

I have had the opportunity in the last week to be at two major mobilizations with a lot of young people coming together, but not exclusively young people. I was in Halifax last week and in Fredericton last night, where literally over 150 people came together to say that they want to talk about what kind of trade deals they want the government to negotiate on their behalf.

We insist on registering our protest over the extent to which the government seems intent on walling off democracy by putting up a three metre fence and cordoning off where the discussions will be taking place so that the leaders who are coming together do not even have to be aware of the kind of protest that will be expressed in Quebec. People are concerned about what it means when there is a kind of criminalization of dissent taking place.

It is so ironic to have heard the trade minister and the foreign affairs minister say that the FTAA was about enhancing democracy. This is being said while the government virtually ignores the democratic demands of citizens to have their concerns addressed in Canada, in many other parts of the world and throughout the Americas with respect to this hemispheric agreement.

I am proud of the fact that I represent a political party which when it met in early February talked about the issue of the FTAA being one of the top priorities for the parliamentary agenda. I wish to make reference to the resolution that was adopted by the New Democratic Party federal council. I will not read it in its entirety, but the resolution reiterated its support for an alternative approach to globalization to achieve a stable rules based global economy which promotes and protects the rights of workers and the environment, provides for cultural diversity and ensures the ability of government to act in the public interest.

Of all the concerns that are widely shared by citizens who have informed themselves, and they are doing so in increasing numbers, the concern that is most profound is that it appears the government is intent on entering into another trade agreement which basically

erodes the capability and the powers of government itself to serve the public interest.

The government seems absolutely intent on the notion that we should commercialize, commodify or treat as a commodity to be traded, bought and sold everything that is important to people in their daily lives. This is a concern with respect to the FTAA despite the government's insistence that our concerns are not well founded. It is also a major concern with the GATS round of negotiations that are under discussion. It is the notion that things as fundamental and valued by citizens as our health care, education, environmental apparatus, and other things as basic as our water and sewer services should be treated as commodities, not understood to be part of the public good, to be traded, bought and sold.

● (2025)

The government cannot pretend it does not understand that chapter 11 of NAFTA is a very major concern. It has placed Canada in the position that when it acts in the public interest, when it insists upon protecting our environment or health care, it could be sued by corporations which demand compensation because it interfered with their profits.

I am pleased that we have had the opportunity this evening for all members to participate in this important debate. I look forward to the government beginning to address some of these questions now that it has engaged in the usual rhetoric about how all of society's ills will be solved by the trade deal that it is intent on signing on to in the form of the FTAA.

**Mr. Pat O'Brien (Parliamentary Secretary to Minister for International Trade, Lib.):** Mr. Speaker, the hon. member referred to rhetoric from the government side. That is interesting, given her speech.

I would like to hear her thoughts on the fact that a former colleague of hers, Nelson Riis, is saying that the NDP has no place being in the streets in Quebec City as an elected party, that it has a duty to participate in the democratic process.

I would also like her views on the speech that Mr. Tony Blair made in the House when he said:

It is time I think that we started to argue vigorously and clearly as to why free trade is right. It is the key to jobs for our people, to prosperity and actually to development in the poorest parts of the world.

The leader of the UN, Kofi Annan, made similar comments recently where he put a figure of \$100 billion that could go to the poorer nations of the world through a liberalized globalized trade.

Could the hon. member drop her comments about government rhetoric and address the comments of her former colleague, Mr. Riis; the labour prime minister of the U.K., Mr. Blair; and the secretary general of the United Nations, Mr. Annan?

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**Ms. Alexa McDonough:** Mr. Speaker, I do not know the details of the comments made by my former colleague from Kamloops. It is not just the right of elected officials, parliamentarians, to participate in extra-parliamentary activity in solidarity with ordinary citizens. It is an absolute responsibility.

Furthermore, most of the major struggles that have taken place in our lifetime which resulted in important human progress came about in exactly that way: through an active, creative partnership between progressive parliamentarians or legislators together with citizens engaging in direct political action. That is how we brought an end to the apartheid system. Universal suffrage is another example. I could go on and on.

I was profoundly disappointed with respect to the comments made a few weeks ago by Prime Minister Tony Blair. I guess out of ignorance or out of an agenda that had to do with the fact that he was making this a stop on the way to meet George Bush, he absolutely and erroneously talked of the FTAA as if it were the same as the European model for free trade.

• (2030)

I had the opportunity to say to Mr. Blair very directly that I was very disappointed about that, and that it was very important that he keep in mind there was no way in the world that he or any other European leader would get away with signing on to an agreement like the FTAA. The European model is based on a fundamentally different concept. It is based on raising standards, not lowering them. It is based on improving, not eroding, working conditions, environmental protections or human rights.

The European model may not be an approach that is perfect, but if the government wants to bring forward a fair trade agreement based on the principles of the European Union, it will have our support for doing so. However until it does that, we will stand up and put forward an alternate model and try to persuade the government that a citizens based model and one not based on the corporate demands for how trade should take place, is the model we will be advancing and the one which increasing numbers of Canadians are willing to stand up and be counted on to fight for.

**Mr. Bill Casey (Cumberland—Colchester, PC):** Mr. Speaker, I listened with great interest as the hon. member mentioned that her party supports engaging society and that citizens should have real input into this issue, but that it reserved the right to protest in a meaningful and peaceful manner. This is in direct contrast to her colleague, the hon. member for Burnaby—Douglas, who in the foreign affairs committee the other day was advocating and outlining a plan to participate in civil disobedience.

The witness at the time was Warren Allmand. The hon. member was even trying to get the former member of parliament to support

him in advocating civil disobedience during the summit of the Americas.

I would ask the hon. member if she could clarify this contradiction. Does her party advocate civil disobedience in any way, shape or form?

**Ms. Alexa McDonough:** Mr. Speaker, I will reiterate what I already said. I said that it was absolutely fundamental for citizens to have the right in a free and democratic society to engage in peaceful, meaningful, legitimate protest.

I have said before and I will say again that it is my view that the overwhelming majority of citizens who will be going to demonstrate in Quebec, including the NDP caucus, will be there to engage in peaceful, meaningful protest.

I had the opportunity to be in Windsor and that was the case in Windsor. My colleague for Winnipeg—Transcona was in Seattle. In a phone conversation I had with him he told me about the tragedy in Seattle of 30,000 to 40,000 citizens who came together in an earnest search for an alternative, progressive, global vision, a progressive model for international fair trade deals, and that the world was not even hearing about it because a tiny group of people had a different agenda and were prepared to use violent tactics to put forward their point of view.

Let me make it clear that the New Democratic Party caucus in its entirety will be in Quebec to participate in peaceful protest. Let me also say that peaceful, non-violent civil disobedience has also been a time honoured tactic that has often been an element of winning important struggles for justice and democracy in the world. The NDP caucus is not going to Quebec to engage in civil disobedience or to break the law, but let us not try to mobilize public opinion against the thousands and thousands of—

• (2035)

**Mr. Peter Stoffer:** Do you remember South Moresby National Park? We would not have that forestry today if it were not for us. We protected that park. You would have had every tree cut down in that park if you had your way.

**An hon. member:** Nonsense.

**The Deputy Speaker:** Order, please. I hope the Chair and others will have an opportunity to hear the debates, the questions, the answers and not get lost in these shouting matches across the floor when colleagues do not have the floor.

I will give the opportunity to the hon. member for Halifax to give her closing remarks, if she has any. I did not hear the wrap up. If she is finished I will go to another question.

*Government Orders*

**Ms. Alexa McDonough:** Mr. Speaker, I am happy to go to another question.

**Ms. Judy Wasylycia-Leis (Winnipeg North Centre, NDP):** Mr. Speaker, I would like to address a couple of the substantive issues that the leader of the New Democratic Party raised in the debate tonight, which seems to have been lost in the paranoia of the parliamentary secretary and even the Conservatives, about the New Democratic Party engaging in peaceful protest in Quebec City around the FTAA.

Let me focus in on a couple of issues that are critical to the debate at hand in one minute or less. They have to do with the very future of our public health care system.

I think the parliamentary secretary is fully aware of the number of learned articles and academic publications that have pointed directly to the problems that we face in terms of preserving medicare if we proceed down this path of NAFTA, followed by FTAA, followed by GATS, followed by even further liberalization on the trade front.

When we asked the question in the House before, the minister responsible for international trade said that we should not worry. He said that everything was protected and that everything was okay, but he had no specifics. All the academics and all the people who are well versed in this issue suggest otherwise.

What is my caucus leader's understanding of the minister's words in giving those assurances? Furthermore, would she have any idea what the minister means when he said that Canada will protect the margin of manoeuvre of our government?

**Ms. Alexa McDonough:** Mr. Speaker, I certainly share the concerns expressed by my colleague. I think there is a concern. I do not know whether they are weasel words or a way of evading the topic altogether when the minister says that we are not putting public health or education on the table.

The fact is that they are all on the table. The fact is that all these matters are on the table for commercial trade purposes. We need to hear from the minister and from the government that they are not prepared under any circumstances to sign on to a trade deal, for example, that has, in any way, shape or form, a clause or a chapter comparable to chapter 11 in the NAFTA agreement. That would deal a death blow to our system of public health and public education. We need to hear from the minister and the government tonight that under no circumstances will they enter into any such trade deal.

**Right Hon. Joe Clark (Calgary Centre, PC):** Mr. Speaker, my colleagues will be joining in the debate discussing the wide range of important and complex issues that are involved in both the trade question and the summit of the Americas generally, ranging from means by which we ensure we are able to preserve unique Canadian

systems, such as our supply management system, through to the importance of generating the growth which is the basis of any society's ability to afford social and economic programs.

One of the unique qualities of Canada is how much we are connected to all the world. One of the challenges of policy is to build on those connections. For too long as a country we did not engage enough in our hemisphere. That was due in part to earlier Liberal governments wanting to avoid conflict with the United States over issues in the Americas. That was why we waited so very long before we joined the Organization of American States.

• (2040 )

I am proud to have been part of a government that put that fear aside and brought Canada fully into the family of the Americas. As foreign minister, I was privileged to be the first Canadian minister to occupy the seat of Canada at the Organization of American States and to participate in the meeting of heads of government in Costa Rica at which the idea of a summit of the Americas first appeared.

We have a multitude of interests in common. Many of them we have pursued through the Commonwealth and la Francophonie in the Caribbean, but there is much more to do in the Americas on issues ranging from fighting poverty, to encouraging trade, to ensuring fair labour practices, to dealing with the threat of drugs, to encouraging gender equality, to other human rights issues.

However most public attention in these next days will be on trade issues, so let me begin my intervention in this debate by expressing my very strong support and that of my party for more open, freer rules based trade in the hemisphere and in the world.

I am proud to be the leader today of the political party that had the vision and the courage to break Canada out of a protectionist mould and to prepare us to face and to lead the inevitable transformations that occur to any society in a globalizing economy.

My friends in the New Democratic Party have a different view of that decision than I do. To their credit, their view today is the same as their view was when we initiated the free trade agreement. That same honour and consistency cannot be claimed by the Liberal Party, which did everything it could to stop the changes it celebrates today.

The Minister for International Trade noted last year, and I quote, "Most of the two million new jobs created since 1993 are related to our growth in trade", yet the Liberal Party fought that agreement, fought that growth and fought those jobs with every resource it could muster.

The word hypocritical is unparliamentary so I will not use it even though it applies precisely to the Liberal Party's position on trade.

*Government Orders*

[Translation]

As regards this debate, I still remember how, barely 15 years ago, the top guns of the Liberal Party argued that regional trade agreements would jeopardize the signing of broader international trade agreements. That argument was not valid back then and is still not valid today.

By continuing to push for the regulation of liberalized trade in our hemisphere, we will get closer to our objective at the world level.

It should also be mentioned that, for years, Liberal governments did not want Canada to fully participate in our hemisphere.

The symbol of these years of Liberal government remains Canada's unoccupied seat at the Organization of American States. The OAS always reserved that seat for us, in the hope of benefiting from our balanced position and our leadership. That opportunity and that responsibility were ignored until a Progressive Conservative government decided that Canada should take on its responsibilities as member of the Organization of American States. It was then that our country strengthened its reputation as a leader in the world community and in the Americas.

This is an altogether different issue, but I believe that the progress we have made toward regulating liberalized trade must absolutely be part of any serious commitment to reducing poverty, misery and despair in the world.

[English]

One of the most damning charges against the government, a government formed by the party of Lester Pearson, is how cruelly it has cut Canada's contribution to official development assistance and let languish Canada's reputation as a leader in international development.

I am proud to lead a party today which was committed to both international development and a freer trade. I hope the present government will follow both those examples.

We have learned lessons at home that we can apply internationally in these discussions and in others, lessons about the difficulties that can be created for certain members of any society by freer trade arrangements and certainly the difficulties that can be caused to sectors of our society by the forces of globalization.

• (2045 )

It is foolish for a parliament or a government to ignore those problems. It is foolish to pretend we can turn our backs on the world. We must recognize that when we deal with globalizing forces and trends problems are created for groups of citizens within Canada and throughout the Americas that must be addressed. They must be addressed by social, educational and other policies.

In that context I will speak tonight about rules in international trade. We should seek reforms that not only bring down barriers but build up standards, practices and rules that are strong enough and respected enough to acquire authority. Obviously the question of who sets those rules is critical.

Part of the broad popular concern about globalization is the sense that powerful countries or corporations either write the rules in their own interests or have the power or skill to ignore or circumvent rules that apply to others. Those fears are real. Some are based on the hard experience of abuse of power while others are rooted in a simple fear of size and sense of powerlessness. Both can be addressed by an effective system of rules.

That, I would argue, is the only way they can be addressed because superpowers will not suddenly, magically become more sensitive to their neighbours or their competitors. The efficiencies of size and scale will not disappear in this respect. The world community is like any local community. We need rules that are fair, effective and accepted. That reality has a double meaning for Canada.

On the one hand, we are not a superpower. We cannot cast a threatening shadow like the United States or China. We are innovative, educated, enterprising and lucky. However we need rules as much as any other nation that is not a superpower. More than that, the distinguishing advantage of Canada is that we are a nation that other nations trust.

That brings me back to the question of who will write the rules. If any nation in the world has an unusual authority to set rules and standards which others will reflect and accept, that nation is Canada. That is no small distinction. It is an asset which, among other things, should make Canadians much more confident about our ability to shape the forces of a global society.

Others in the House will raise or have raised legitimate concerns about the lengths to which the Liberal government has carried the commercialization of public business. The issue is about much more than sponsorship and the names of companies on napkins, delegate bags, tea cozies or whatever is for sale. It raises a more serious issue. It is about access to public policy.

Ordinary Canadians, including members of parliament, are shut out but the rich can buy their way in. Under the Liberal government access is for sale, whether one owns the Auberge Grand-Mère or wants to make a direct commercial pitch to a visiting head of state. That is a new kind of corruption of the public policy process and it is wrong.

The controversies over sponsorship also highlight a fundamental attitude of the present government which in my judgment puts Canada's international interests at risk. I am speaking of the government's pugilistic attitude toward the provinces.

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That attitude was made clear again in the deliberate double standard applied to the premier of the host province of Quebec. Any business willing to spend half a million dollars is offered an opportunity to speak to the heads of government gathering in Quebec. However the premier of that province, who represents not half a million dollars but seven million people, is not allowed a speaking opportunity in his own capital. That only makes Canada look foolish in a world that knows we are a federation and that respects us because we respect diversity and freedom of speech.

[*Translation*]

Another consequence that is just as serious is that, in practical terms, this fuels the accusatory atmosphere here in Canada and it could undermine our ability to act in the world that surrounds us.

International trade is of course a federal jurisdiction, but while the federal government can sign treaties, their implementation requires the co-operation of the provinces. This is a lesson that we learned with the free trade agreement initially signed with the United States.

• (2050)

I recall very well the arguments advanced by the hard line constitutionalists of Ottawa that the provinces did not have the right to negotiate in matters of international trade and thus should not be at the negotiation table. We rejected these arguments, because we rejected the vision of Canada based on confrontation.

We knew moreover that if the provinces were excluded from the negotiations, they would invoke their own constitutional powers in order to prevent the agreement from taking effect. Our negotiations succeeded because we treated the provinces as partners.

[*English*]

Not this government: the government does not believe in much, but among its articles of faith is that on any given issue the provinces are wrong and should be resisted. That is not an antagonism it reserves for Quebec. Ask Premier Klein. Ask Premier Harris. Ask any Atlantic premier interested in changing the equalization system.

In the case of this summit the Canadian government could have found a way to give the premier of the host province a place and a voice in the program. On the contrary, the government went out of its way to be offensive to the elected government of the host province.

What is the predictable response? The government of Quebec is contemplating legislation which will make it even more difficult for Canada to honour and give effect to the FTAA agreements we might sign.

There is a fundamental conflict in the government's own purposes. While it is looking for agreement in the Americas it is looking for a fight at home. It will get that fight. That will put at

risk Canada's ability to advance our interests and exercise leadership in the world.

A major factor on the trade side is that the United States of America is not coming to Quebec summit with fast track authority. That means that any agreement it might sign is subject to the nitpicking, changes and evocation of special interests that occur in its congress. As a practical matter, because the U.S. is not there with fast track authority, no other country will make significant concessions that the United States congress may pick apart and undercut.

That is particularly so for countries where there is so much distrust of the U.S.A. Issues that are boutique or simply of special interest to the congress are life and death to the other countries involved. That would be a problem in any event. It is aggravated by the position of Brazil, a natural leader and superpower of the south which harbours deep suspicions of the United States and, these days, deep suspicions of Canada.

Rather than build on the North American model of NAFTA, Brazil would prefer to build on Mercosur which among other things is a much less open model. Those are realities which will not dissolve in a weekend in Quebec. Canada, as host and given our traditional reputation as a trusted conciliator and innovator, can use the conference to build agreement that might find acceptance. We should have in mind a NAFTA model, but we should certainly not seek to impose a replica of NAFTA. If any hemisphere wide agreement is to be struck, it will need to reflect the concerns of the giants in Mercosur and the quite different interests of the multitude of smaller states in the hemisphere.

While we seek that consensus we should also continue our attempts to negotiate bilateral arrangements such as with Chile and Costa Rica. It is my strong view that those bilateral arrangements help the process of breaking down barriers. They can create a confidence in moving beyond the status quo, a status quo which in many countries in the hemisphere is a guarantor of poverty, abuse and reliance on harmful practices including the drug trade.

I mentioned official development assistance earlier. There is a reality to face. Trade can be at least as powerful an instrument of progress as international development policies have been. Canada's role at Quebec and beyond should be to find ways in which the wide range of countries in the Americas can feel their fundamental interests are advanced by trade agreements and not threatened by them.

In that process Canada and other North American countries must resist the temptation to impose our models on other countries. That is true with respect to instruments in NAFTA which allow companies to take states to court. It is also true in terms of environmental and other issues where common progress must be made in a common interest.

*Government Orders*

• (2055)

The question of human rights is in a special category, particularly for Canada. We have a reputation for respecting human rights, a reputation which must constantly be renewed. We have proven that Canada can encourage trade and respect for human rights at the same time. We are one of the few countries in the world which can do that, certainly the only country north of the Rio Grande.

On questions of human rights, we must always ask: If Canada will not step forward to defend those rights, who in the world will? There are other nations in the hemisphere who share our concerns. We have learned that even in the defence of human rights account must be taken of particular circumstances. Quite simply, we have an obligation here.

This summit represents a great opportunity for Canada to continue the leadership in the hemisphere that was pioneered by the first free trade agreement and the decision to take an active place in the Organization of American States. It will not resolve the problems or meet all the challenges of the hemisphere in one stroke, but it is an important step forward. We in this party look forward to supporting the initiatives Canada might take at the summit and to hearing responses from the government when the summit is over.

**Hon. Diane Marleau (Sudbury, Lib.):** Mr. Speaker, is the member for Calgary Centre trying to tell the people of Canada that the premier of Quebec will not have the same access to the leaders of the countries that the business people will? That is utter and absolute nonsense. The leader of Quebec will be able to meet them at cocktail parties and dinners, as will the business people.

Is the member for Calgary Centre playing the same game Brian Mulroney played, playing to the nationalists of Quebec to get their vote? Is that what the hon. member is doing? We all know what that brought us. That brought us the Bloc Québécois. It brought us many problems. I wonder where his head is at that he would think such things. When he was the minister responsible for trade he followed the same protocol we are following now.

**Right Hon. Joe Clark:** Mr. Speaker, the activities of the Progressive Conservative government, of which I was a part, brought us the free trade agreement which was primarily a coalition between western Canadians and Quebecers. The agreement would not have occurred had we not been able to appeal to the nationalist pride of Quebec and turn it into a pride in Canada, instead of responding so negatively and in such a critical fashion to every expression of pride by the province of Quebec.

Let me come to the direct question asked by my hon. friend. She asks if the premier of Quebec will not have the same opportunities. He will not, according to the advertising of the member's own

government. The member's own government offered to business leaders who could pony up \$500,000 not just an opportunity to ride in an elevator with a head of state, but a speaking opportunity. The premier of Quebec, the host province, does not have that opportunity.

The real issue here is whether it is possible in a system like ours to take account of the real interests of provincial governments. We proved in the free trade agreement that it is not only possible but essential. We do not make progress without it. Would it have been possible for the Government of Canada to find a place and a voice for the premier of the host province of Quebec if it had wanted to? Of course it would have been possible, if it had wanted to. The point is it did not.

The government seeks agreement in the hemisphere but seeks a fight at home. So long as it seeks that fight at home it puts at risk Canada's opportunity to give effect to whatever agreements it might sign exercising the undisputed federal responsibility for international trade.

**Mr. Gary Lunn (Saanich—Gulf Islands, Canadian Alliance):** Mr. Speaker, I want to make one very short comment. We must give credit where it is deserved. If it had not been for the right hon. member's party when he was in government, we would not have free trade today. I applaud him for that.

• (2100)

Very clearly the Liberal Party campaigned vigorously against free trade and it is through the leadership of the Progressive Conservatives of the day that we have free trade.

I would like the member's comments specifically with respect to the people's summit. The minister just mentioned a good opportunity but we will not go there right now. We will save that discussion for another day.

I would like the member's comments specifically with respect to the people's summit and the \$300,000 funding for it from the federal government. Of course I believe everybody should have a right to be heard as long as it is in a legal way, but I have a problem with groups that are advocating civil disobedience and being funded by the government.

**Right Hon. Joe Clark:** Mr. Speaker, I think that kind of support by the Government of Canada, whether the sum is right, is appropriate. There is no question that in many issues of public debate access to groups and to interests that have legitimate things to say is limited, and there have to be ways to overcome that.

Certainly if we can charge corporations \$500,000 for a speaking opportunity at a conference, it is not out of line for the Government of Canada to provide a lesser amount for groups who have things to say and would not otherwise be heard.

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**Ms. Alexa McDonough (Halifax, NDP):** Mr. Speaker, I want to ask the Conservative leader about the pride and satisfaction he has expressed in regard to the free trade agreement his government negotiated. I wonder if he would be able to suggest whether there are any aspects of the free trade agreement, for which his government was responsible, and of its successor, NAFTA, that he would see as inadequate or in need of improvement in order to ensure that Canadian citizens' concerns are protected and, for that matter, to ensure that citizens in other countries of nations with whom we are entering into agreements have their interests and rights protected and enhanced.

Would there be changes in the FTAA based on the experience we have had under the two previous extensive trade agreements?

**Right Hon. Joe Clark:** Mr. Speaker, there is no doubt that there would be changes in the way we should approach some of these issues and there are lessons we can learn. I agree with the leader of the New Democratic Party with respect to her concern about the application in any larger hemispheric agreement of the chapter 11 provisions in the NAFTA. Not only would it be counterproductive, but we would resist it. It would be a non-starter. It would not happen.

If I have a great regret about the free trade agreement into which we entered, it was that we did not do enough in a companion way with that agreement to deal with groups in Canada who were disadvantaged. There is no question that whenever one takes major initiatives, initiatives that literally change history, there will be people who are helped and there will be people who are hurt. There were people who were hurt by the free trade agreement. We had undertaken as a government that we would be more active in social policies and policies related to education than we were. In hindsight, that was a mistake and we have to take account of that in future agreements into which Canada might enter.

There is a very difficult question that deserves serious debate in the House and it is about the degree to which we try to impose internationally standards to which we adhere at home. My own view would be that on human rights issues we have to impose internationally the high standard we try to respect at home, partly because if we do not, no one else in the world will and those issues will fall off the table.

However, on some other questions, including some environmental issues and others, we have to recognize that countries in states of development different from ours have a set of circumstances different from ours and they must be taken into account.

If the question is whether there are there aspects of those negotiations that we might have changed with the benefit of hindsight, of course there are. If the question is whether it was right to take those initiatives, the answer is of course it was right to take

those initiatives. We have to get ahead of the future, not be at its mercy.

**Mr. Pat O'Brien (Parliamentary Secretary to Minister for International Trade, Lib.):** Mr. Speaker, I listened with interest to the leader of the Conservative Party. I must say I think a number of us in the House might want to reread the economic policies of the party that the hon. member leads and of the party I am a member of. I recall prime ministers by the name of Macdonald and Diefenbaker who were hardly great free traders. Even my colleague opposite in the Alliance might benefit by a little rereading of Canadian history with respect to the positions of the two parties.

• (2105)

My question for the leader of the Progressive Conservative Party is this. When his government was in power and la Francophonie summit was held in Quebec City and then the G-7 meeting in Toronto, were the premiers of those two provinces invited to have the full blown participation he is advocating now for the separatist premier of Quebec, Mr. Landry?

**Right Hon. Joe Clark:** Mr. Speaker, I assumed the hon. member had read our economic policies since he and his government adopted so many of them.

His second question is almost too easy, but I will accept the invitation. On the question of the economic summit in Toronto, my recollection, and I stand to be corrected but I think it is correct, is that there was no interest expressed by the premier of Ontario, the host province, in being present.

I think I can fairly say on behalf of my colleagues in the then government that had there been an interest we would have found some way to reflect the presence of the host province. We are a federation. The world knows we are a federation. Let us not try to pretend that we are not. Let us reflect the reality of Canada abroad.

Let me come to la Francophonie. Let me say in passing that there would never have been an association of la Francophonie had Canada continued to follow the rigid anti-provincial policies followed by the Trudeau government. It was only because a Progressive Conservative government was able to find a way to accommodate the legitimate interests of Quebec.

[Translation]

It also found a way to accommodate the legitimate interests of New Brunswick and the other provinces with a francophone population so we were even more successful with the issue of the francophone community.

[English]

It was welcomed by the world because other francophone countries were very apprehensive that with the absence of Canada too much would be run by France. Under the rigid rules of the Liberal government preceding ours, that was impossible. Under our

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more open attitude toward Canada and its reality, we achieved la Francophonie.

Did the premier of Quebec take part? He chaired some of the sessions. Did the Minister of Intergovernmental Affairs take part? He chaired some of the sessions.

Now it is not fair to compare la Francophonie with the summit of the Americas. It is a question from the hon. member and I am responding to that. However, it certainly would have been possible in this context, had the government had the will, to have found a place and a voice for the premier of Quebec. The government did not because it did not want to. The repercussions are clear.

Already in the national assembly of Quebec, legislation is being prepared to get in the way of giving effect to agreements that Canada might sign exercising our undisputed competence in international trade. It is cutting off our nose to spite our face. It is dangerous and divisive in Canada. It should stop.

**Ms. Jean Augustine (Etobicoke—Lakeshore, Lib.):** Mr. Speaker, I am pleased to participate in the debate this evening. I am splitting my time with the member for Vancouver Quadra.

Let me begin by saying that in my riding of Etobicoke—Lakeshore there are many who have expressed concerns about this agreement and this summit and I hope these concerns will be addressed in the discussion tonight.

As we know, the Prime Minister and other heads of state will be discussing the FTAA at this very important summit. The FTAA is indeed a good news story. I think this is a good news story that we hear tonight from the members on this side of the House and others: the expanding of trade and investment and those advantages which will allow Canadian companies to grow, to innovate and to create better jobs.

However, much has also been said about the FTAA and the knowledge that the Canadian public has about the agreement and its potential impact on communities, and especially for some of my constituents, and smaller states. The discussion this evening is one which I hope all those who have expressed their concerns to me are watching and participating in with us.

• (2110)

The idea of the free trade area of the Americas was brought to the fore at the first modern-day summit of the Americas, held in Miami in 1994. At that summit, all countries, including Canada, agreed to conclude an agreement by 2005. At the Quebec summit, Canada will engage in negotiations with over 30 heads of state and government to bring this to fruition. The free trade agreement of the Americas will build upon and strengthen existing bilateral and

subregional free trade agreements with countries in the hemisphere.

As we know, democracy and the expansion of free markets around the world are transforming the Americas. Canada has been playing a leading role in responding to the challenges of economic and social change.

At home, the government is committed to creating opportunities for Canadians in global markets and will work to foster favourable environments in which Canadians can take advantage of opportunities. Canada has a vested interest in the economic development of the hemisphere and will demonstrate leadership where it can to strengthen and integrate relations in the Americas.

We have heard from our Minister for International Trade that the small economies will be given assistance to participate not only in the summit but in regard to further participation in the discussions, which will go on until 2005.

Canada's economy depends on trade, which constitutes 40% of our gross domestic product and creates or sustains one Canadian job in three. The people of Etobicoke—Lakeshore should know that on a daily basis more than \$2.5 billion worth of business occurs in two way trade with the world.

Today over 90% of Canada's trade is with the Americas, including the United States. Canada's foreign direct investment in the Americas reached \$182 billion in 1999. Over the last 10 years, the value of trade has increased more than 170%.

These are advantages for us, but again we pose the question, what about the small economies? The summit of the Americas is about more than just free trade. It will be a forum where heads of states and ministers will engage in discussions around three broad themes: strengthening democracy, creating prosperity, and realizing human potential. Those three broad theme areas are where the small economies can see themselves moving forward and benefiting from whatever agreements are made.

Canada's position on strengthening democracy in the hemisphere is based on the premise of consolidating democracy, protecting and promoting human rights and enhancing human security.

In any trade liberalization agreement, democratic development has a place. It allows economies to become more open and countries to prosper, and it compels nations to create rules and institutions needed for global governance. The small economies need help in that specific area.

Creating prosperity for Canadians and the citizens of the hemisphere entails addressing issues such as poverty and promoting equality of opportunity. This principle is emphasized in the summit plan of action on key social initiatives that would support education

and the acquisition of needed skills, improve the health of people, advance gender equality, promote cultural diversity and expand access to new technologies.

I am putting emphasis on those areas because I think of the islands of the Caribbean and the other states to which some improvements and some advantages could be given.

These initiatives will help the citizens of the Americas to live with dignity, realize their full potential and contribute to the economic and social development of their communities. These three themes are juxtaposed against several issues of concerns as raised by civil society and the small nations.

• (2115)

At the Standing Committee on Foreign Affairs and International Trade deliberations, my colleagues and I had the opportunity to hear the sentiments of Canadians on the implications of the FTAA on such matters as environment, labour standards and income disparity. Many witnesses appeared before us and spoke to those issues. From these hearings was a growing consensus that the FTAA could not ignore environmental and labour standards.

Canadians are concerned about economic disparities and the competition will make worse already poor environmental and labour standards among smaller countries in the hemisphere. The majority of these countries are at a disadvantage since they do not have the capacity to develop sustainable development strategies on the environment or improve upon standards of labour.

I can think of instances in Mexico where the results of NAFTA have come under intense scrutiny for problems relating to the environment and declining labour standards. I know we have benefited from those experiences and it is the hope that whatever negative was done will not be repeated here. Careful consideration must be given to these issues so that we will not repeat some of the challenges that NAFTA created.

Canada and other countries in the hemisphere must work to ensure that these issues are reconciled and that they are incorporated into the FTAA. I am encouraged to hear that the summit will provide an opportunity for environment and labour ministers to address these very important issues.

I would like to turn to the issue of income disparity. There is no doubt that the FTAA will have to raise the standard of living in the hemisphere. However, large income disparities between countries will make it difficult for small ones to implement the FTAA.

We must be conscious about how the benefits will be distributed. There are over 800 million people in the hemisphere, the majority in smaller states.

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The issue of tariffs is of importance when we talk about income disparities. Economies of smaller states rely on tariffs as their main source of revenue. Social programs and debts are paid from tariffs. The elimination of tariffs as proposed by the FTAA could force small nations to introduce income tax systems in order for them to participate in the agreement. Many simply do not have the technical expertise to do so.

Small countries must have some kind of assurance that they too will benefit from the elimination of trade barriers and should be provided with the necessary assistance to help them to deal with the challenges of tariff elimination. I know that technology and connectivity are very important to those states and the Canadian minister has assured us that some assistance will be given to those small states.

**Hon. Diane Marleau (Sudbury, Lib.):** Mr. Speaker, I will address a critically important theme of the upcoming summit of the Americas, namely democracy.

Democracy has been at the very core of the summit of the Americas process since the beginning. Indeed it was the transformation of our hemisphere in the 1980s and early 1990s toward democracy that in the most substantial sense made the summit of the Americas possible. The commitment of countries of the hemisphere to democracy was a major reason why Canada joined the Organization of American States in 1990. It is the reason why, as a result of a Canadian initiative, the unit for the promotion of democracy was established in the OAS to help countries strengthen their democratic institutions.

This transformation to democratic governments resulted in a generation of political leaders in the Americas ready to embrace a collective commitment to strengthening shared values and the pursuit of common goals.

[*Translation*]

We believe that the 2001 summit provides the hemisphere with an opportunity to vigorously affirm its commitment to democracy and to move forward a coherent and balanced political, economic and social action plan.

• (2120)

This has been a key consideration for Canada and its hemispheric partners since the preparations for the summit were launched last June in Windsor, in the form of a dialogue by foreign ministers at the OAS general assembly.

The foreign ministers agreed on an approach whose point of departure was an emphasis on populations and the need to obtain real benefits for the citizens of the Americas, through collective action structured around three major themes: strengthening democracy, creating prosperity and realizing human potential.

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This approach was also important because it was a clear and convincing demonstration of the fact that OAS member states are united in their commitment to the values and institutions underlying democracy and human rights.

[English]

The summit of the Americas in Quebec City will be the third gathering of leaders since 1994. Since we all know that commitment is one thing but taking action is quite another, what has the summit's process achieved? What tangible results can we hold up to Canadians as examples of how conciliation and consensus building have been placed ahead of confrontation and condemnation? We need look no further than the OAS general assembly last year in Windsor.

The decision to send a high level mission to Peru, led by the OAS secretary general and Canada's foreign minister, reflected a broad, open and transparent effort by the OAS to establish a clear responsibility for supporting the evolution and development of democracy in Peru. With that one act, the OAS took ownership of democracy in the hemisphere. Strengthening democracy is about more than free and fair elections. It is about addressing threats to our societies which can undermine the institutions that are fundamental to guaranteeing that democratic values remain strong.

[Translation]

The governments of the hemisphere have taken the lead in the area of drugs and crime. Through the summit process, countries have developed new programs to fight drug trafficking.

It has culminated in the creation of a multilateral evaluation mechanism, or MEM, the first multilateral drug initiative in the world, which was ordered by the leaders gathered at the last summit in Santiago, Chile. Reports from individual countries and an overall report for the hemisphere detailing achievements and making recommendations for the future are to be presented in Quebec City.

The establishment of the Justice Studies Centre, which was also requested in Santiago, is another example. The goal of the centre is to help modernize the justice systems and institutions through training programs and the sharing of information. The board of directors of the Centre has approved a vast working program for its first year of operation with as a top priority the reform of criminal justice.

[English]

Another example took place a few short weeks ago. At the Miami summit in 1994 leaders underscored that changes among legislators were essential to strengthen democratic traditions in our hemisphere and were fundamental as countries in this hemisphere interacted to an increasing degree in more and more sectors. As a

result of the inspiration, leadership and hard work of members of this parliament, the interparliamentary forum of the Americas, FIPA, was created in Ottawa earlier this month.

The inaugural meeting, under Canada's chairmanship, focused on finding solutions to the challenges of drugs and crime, corruption, economic integration, protection of the environment, poverty alleviation and debt relief. The forum will meet once a year in different countries throughout the hemisphere.

As one final example, I point to the inclusion of Canadians and citizens throughout the hemisphere in the summit process. Ministers and officials have engaged in regular consultations with members of civil society in Canada and the hemisphere to ensure an open dialogue on the objectives of the summit and to factor their views into the planning process.

• (2125)

Each of these achievements has at its core a clear demonstration of the commitment by leaders to the promotion of democracy, protection of human rights and respect for the rule of law, which brings us to this year's summit of the Americas. What, in real terms, will leaders be discussing that will strengthen and consolidate democratic reform in the hemisphere?

The summit will be an opportunity for leaders to discuss ways of making democracy work better. The democratically elected leaders of the hemisphere will examine, for example, how to improve the way elections are held through improved citizen participation, media access, rules for political party registration and finance. They will look at promoting human rights and fundamental freedoms, for example, and examine ways that new information and communication technologies could be harnessed to improve and strengthen human rights institutions throughout the Americas.

[Translation]

In conclusion, the summit of the Americas is the forum and the fundamental vehicle to make good on our vision of the Americas.

The development of a strong democracy must be based on the acknowledgement of the fact that we must try to be more inclusive, that the setting up of a forum for reasoned debates must and should lead to greater understanding and serve as a foundation for a constructive dialogue and fruitful co-operation.

This commitment to individual rights, transparency and openness in government and the involvement of citizens is of paramount importance if we want our democratic institutions to remain dynamic and vitally important.

Canada is honoured to have been chosen to host the 2001 summit of the Americas in Quebec City. I am convinced that our area is on the verge of an era of great achievements and that it is essential that we now make the commitment to work patiently, indefatigably and

reasonably in order to assure for our hemisphere a future which has indeed always been and remains full of promises.

[*English*]

**Mr. Peter MacKay (Pictou—Antigonish—Guysborough, PC):** Mr. Speaker, I commend the hon. member for her remarks and her very clear enthusiasm for this upcoming summit. It is interesting to note that that same enthusiasm for trade issues and the vigour with which Liberals are promoting this particular summit is the type of vigour that we saw in opposition to free trade not that many years ago.

However more to the point, my question, with particular emphasis on trade, with this upcoming summit looming in the near future is this. Would it not have put Canada in a better position to have addressed some of the very serious trade issues that are looming as we approach this summit in Quebec City? For example, we have the expiration of the softwood lumber accord which will happen this weekend. The way Canada handled the Brazilian beef issue caused severe harm to our trade relations with that country. Of equal importance is the ongoing challenge for Prince Edward Island potato farmers because of the government's lack of leadership on that issue and its paltry attempts to compensate them for their losses.

These issues are all still outstanding. The borders for Prince Edward Island potato farmers are still closed. With the upcoming expiration of the softwood lumber accord, this is going to throw softwood lumber producers around the country into complete disarray. We have not even resolved a common position between provinces, let alone how we are going to approach this with our American trading partners.

Is it not true that we are somewhat lacking in moral credibility when we go into this summit and start to approach some of these larger equally important issues? Would it not have been in Canadians' interest for her government to try to resolve some of these issues before we went to this summit?

• (2130)

**Hon. Diane Marleau:** Mr. Speaker, all agendas have to move forward. If we do not move forward on one because there might be problems on the other we would never go anywhere. We will continue to address these major challenges, the softwood lumber one being a very important case in point.

As we know, we have gone to the world court three times and won, but the United States continues to bring action against Canada. The reality is that we have a very competitive softwood industry and unfortunately some of the northern states, the north-western states in particular, continue to want to fight us because they cannot compete with us. That will be a problem, as it has been

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for some time. We are very hopeful, because we do believe in free trade and we want to have free trade with the U.S., especially on softwood lumber. We will continue to fight on that one and I am convinced that once again our good industry with its good practices will prevail.

When it comes to the summit of the Americas, this is but one step. There will be many more, I am sure, before there is any kind of an agreement. We really have to start from somewhere. We are speaking of democracy. We have a number of countries in the Americas that have become much more democratic. It is important to work with them. Canada can play a major role and is expected to play that role. We have values that we want to project to other countries in the Americas. We want to be there when the rules are put together so that those countries can take our values into consideration.

It is absolutely essential for us to be at that table, to encourage the dialogue with parliamentarians, as we are doing tonight, to encourage the dialogue with civil society, and to tell the people of Canada that we are concerned in the same ways they are and that is why we are at that table. We want to protect those values that are so important to us as Canadians. If we are not there, the rules will be made without us.

We must remember that we are a large country with a small population. It is better to deal with rules. That is what this is about. It is better to deal with rules that take into consideration what we value than to have other rules imposed upon us about which we have absolutely no say.

I really believe that we must continue to work on all fronts to ensure the best deal for Canadian citizens.

**Mr. Gary Lunn (Saanich—Gulf Islands, Canadian Alliance):** Mr. Speaker, I am pleased to rise and speak in the debate. I will be sharing my time with the member from Dewdney—Alouette.

I want to talk for a minute about what the debate is all about. Sometimes we get caught up in all the legalese, but basically the debate is about the Quebec summit.

There has been a lot made of the free trade area of the Americas that is coming up. In reality, that free trade agreement, of which I am very supportive, is not going to come to fruition until 2006 at the earliest. We hear about the draft text, which is really the negotiating position of the 34 member countries participating at the Quebec summit. However, there are a lot of other issues.

I do want to speak a little about free trade, about why I think it is so important and about why I think the government has put us in a somewhat compromised position.

As we go into the very preliminary stages of these discussions, with the heads of state there to discuss a free trade agreement for

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the hemisphere, our government, only months before with respect to Brazilian beef, took a very political position and banned beef when it had no grounds to do so. Yet we will be arguing with the Americans over the softwood lumber agreement, which could cost the Canadian softwood lumber industry \$2 billion a year. We will be arguing that they should follow the rules.

Only months ago in regard to the aerospace industry, the Canadians very clearly had a right to impose trade sanctions against Brazil. The government could have imposed sanctions at that time, but then hid behind this veil of safety in regard to Brazilian beef without any scientific evidence. Of course that is arguable, but when the government sent our scientists down there they very clearly could not find any grounds for the ban.

● (2135)

I greatly regret that. As well, leadership has not been shown on the issue of the P.E.I. potatoes. Clearly there are some concerns.

Let us go specifically to the summit that is ahead of us. I will state a few of the concerns of the Canadian Alliance. One of them is in regard to the people's summit. There should be an opportunity for all people to put their views before the subcommittee on international trade, where some of those groups are coming forward, and they should also have an opportunity to protest very peacefully and, quote, legally at the Quebec summit.

What I find very frustrating is that the government has given funding of \$300,000 to these groups that have very openly and blatantly said they will break the law. In fact, they are holding workshops right now and training people in civil disobedience. A number of groups are participating. The NDP caucus right here in the House of Commons has said it will participate. The Council of Canadians said in the media very openly that it is holding workshops in civil disobedience. As well, there are the Canadian Labour Congress, the Canadian auto workers and many other groups.

It is interesting that the former member from Kamloops, Nelson Riis, said yesterday that the NDP is abandoning parliament and dangerously risking its reputation by deciding to "lock arms" with protesters at the summit.

I have very grave concerns about the government choosing to fund the people's summit with \$300,000. I think these people should be given an opportunity to have their voices heard, but not at the table and not at the plenary sessions because obviously that is a place for the heads of state. We are a very open, free and democratic country and I believe there are opportunities for them to have their voices heard. Again, I think there are some concerns in that area.

The flip side of it, as we heard in the debate earlier, is the corporate sponsorship. There is a cloud of uncertainty when the government allows different corporations to sponsor coffee breaks for \$75,000 or to supply a vehicle for \$500,000 or to have a

speaking opportunity for \$500,000. People who are influential in the business community should be invited, I think, but I do not believe that they should be paying for a service. As a country we are hosting the 34 heads of state. I do not think we want to turn this into a three-ring circus by having people who can afford to pay. We know who the leaders are from both sides. It is the government's responsibility to take the input from the NGOs, from the business community and from members of parliament to ensure that there is real and meaningful dialogue as we proceed in these negotiations.

That brings me to the process. If there is one very legitimate group of people that has an absolute right to have meaningful dialogue it is members of parliament. Yes, we can do it through committees, but the government will argue that it is not allowed to release the text of the document. I am not saying it has to release the absolute text, but let us face it, there are 34 member states and their negotiators and they know exactly what the other countries' positions are. There are no secrets. The government's suggestion that it cannot reveal exactly what is on the table and what is being discussed is not right. The other countries Canada is negotiating with know our position, as we know theirs. That is what is done in negotiations.

Michael Hart from Carleton University talked about openness and transparency. I am paraphrasing, but he said that we do not need to be under any illusions, that all the countries know the positions, so we should make this information available. Members of parliament should have full participation and access. We can speculate as to what is in there. We can go back to the Uruguay rounds or we can go back to the NAFTA agreements. There are texts out there.

● (2140)

However, it is speculation on our part about what there is in the text. The government could provide more information without releasing the text. It could say "Here are the issues on the table, this is exactly what is being discussed and this is what needs to happen". Most important is that absolutely nothing be ratified or signed on to until there is an opportunity for a full and open public debate in the House of Commons and a vote by members of parliament. Members of parliament are the ones who are democratically elected and they should have the final say.

I want to say again that the Canadian Alliance is very supportive of free trade. We believe that free trade will benefit all Canadians. As well, it will benefit people from some of the poorer countries who want access to these larger markets in the United States and Canada. The poorer countries want to see free trade opened up.

However, in the same breath, we are about to embark on a very difficult time. I will summarize this with respect to the softwood lumber agreement. The agreement will expire this Sunday. I have to admit that we are trying to stay united. The government is stating

its position. The government wants the agreement to expire and wants free trade, which we in the Canadian Alliance do as well.

The biggest argument of the Americans has been that they allege we subsidize our stumpage, which is absolutely false. In fact, stumpage in British Columbia has gone up significantly. It was the government's responsibility to make sure that the American administration and the American industry were fully aware of that. The government has failed. The Americans have made it very clear that the American industry will be launching a countervail duty case and possibly an anti-dumping case, which will cost our industry billions of dollars.

It was the responsibility of the government to ensure that the Americans knew the facts. The government has had almost five years to do that and has failed miserably. The Americans just believe that we are providing all these subsidies, which is absolutely false. Now, at the 24th hour as the agreement is about to expire, the government is scrambling. It will have to deal with this. The government is looking at how it will deal with the CVDs, the countervail duty cases, that will be brought forward. That could be very damaging. It would be very damaging for our industry. I believe the government has failed the industry in preparing as we come to the expiration. Some would argue that the softwood lumber agreement was in fact the bridging agreement to reach free trade. Now that we are in the 24th hour, very clearly the Americans would seem to be back at ground zero after over \$100 million in legal fees in the last 20 years.

The Canadian Alliance supports the free trade agreement of the Americas. We hope the government shows leadership and makes wiser decisions than it has in the past.

**Mr. Pat O'Brien (Parliamentary Secretary to Minister for International Trade, Lib.):** Mr. Speaker, I am pleased that the official opposition, for the most part, is supportive of our efforts in the FTAA.

However, I want to take up my colleague's last point about softwood lumber. The hon. member says the government has not done enough to make the Americans aware. With all due respect, I think that is wrong. Surely my colleague is aware that the Prime Minister of Canada raised this personally with the President of the United States. It was one of the first issues they discussed. Surely my colleague is aware that the Minister for International Trade raised this issue with U.S. trade representative Robert Zoellick at their very first meeting. Surely my colleague is aware that American consumer groups, American senators and American congressmen are calling on their government not to do what it has done three times and launch a countervail action against Canada.

Canada simply does not control what the Americans do. With all due respect to my colleague, it is incorrect to say that the

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Americans are not aware of the facts. The Americans know the facts. Some choose to ignore those facts even when the courts rule them to be offside on the issue. Frankly, I do not know what else the government could have done to make Americans aware.

• (2145)

**Mr. Gary Lunn:** Mr. Speaker, I do acknowledge that. I was with the minister in Washington and I met privately with the chairman of the industry, trade and commerce committee and a number of U.S. officials.

The point I am making is that this has only happened within the last four to six weeks, after the Prime Minister and the Minister for International Trade went to the United States to present their case, when they have had five years to do so. They should have informed the industry in the United States that we do not subsidize our lumber and that we are competitive. The United States wants free trade and it is advocating for free trade. We should be telling the Americans that if they want free trade they should honour previous rulings. We want to and should provide co-operation in other sectors but we should tell them that we will take them to the wall if they start imposing \$1 billion to \$2 billion in duties against the Canadian softwood lumber industry of which 45% is from my home province of British Columbia. This would cripple the economies of the many one industry towns. That is just not acceptable.

The parliamentary secretary was absolutely right when he said that the Prime Minister raised this issue with the president and that the international trade minister has been in Washington. However it has only been in the last four to six weeks that we have seen any activity at all. We have had five years of stability with the softwood lumber agreement. During that time we could have been raising this issue because of its importance.

We all want to see free trade. We will work with the government and do everything in our power to ensure that we have free trade. We will use all the powers within our means to go after the United States administration if it brings in a countervail duty or an anti-dumping case. The Americans must respect the decisions of the world court.

We will work with the government but the government needs to provide stronger leadership. What we have seen with the Brazilian beef and P.E.I. potatoes has given us cause for concern. The government did not provide the leadership that was required on those files.

**Mr. Grant McNally (Dewdney—Alouette, Canadian Alliance):** Mr. Speaker, it is a privilege to join in the debate tonight on a very important issue. I commend my colleagues for bringing the issue forward. I hope we can work together in a reasoned way to talk about the free trade agreement of the Americas.

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Let me state unequivocally that the Alliance is in support of free trade. We have heard that throughout this evening and we are four square behind the principle of free trade.

I want to focus my comments on a few areas. I want to speak first to the way free trade agreements are arrived at and how the process has at times given rise to some of the current concerns that individuals have had with regard to free trade, such as the groups my colleague from Saanich—Gulf Islands mentioned which are going to protest. All citizens have the right to do so and should do so in a peaceful way. Many people are concerned about this issue, as are many of my own constituents who have consulted me on this topic. They are concerned about the environment, health care, natural resources, water and culture.

When free trade agreements are entered into, people become concerned when information on very important topics is not forthcoming. The government should be providing Canadians as much information as possible on these kinds of agreements. It should communicate to Canadians that they will have the opportunity to voice their concerns on important issues like this. If the government would, through reasoned debate, explain why free trade would be good, it could then win the hearts and minds of Canadians.

● (2150)

We know that the Liberal government many years ago fought an election against free trade. Things can change. I know most of my colleagues on the Liberal side would support notions such as free trade, although there are ministers of the crown who we have questions about in terms of their sincere commitment to the principle of free trade.

It was refreshing in the debate earlier tonight to hear the Minister of Foreign Affairs and the Minister for International Trade speak in a sincere way from their hearts as to why they believe free trade is a good thing. That was encouraging. I think those two ministers will have to contend with their colleagues in cabinet who in many ways have demonstrated in the past that they do not believe in the principles of free trade as strongly as they do. I think of the Minister of Canadian Heritage, the Minister of Industry, and several other members of cabinet.

We hope that voices, words and beliefs uttered by those ministers carry the day in the cabinet because this is a very important issue.

I want to touch on some of the words said earlier in debate about how trade can help to develop economic prosperity and how it can be a key to helping people, not only here in our country but in other nations where we enter into these kinds of trade agreements. It can be the engine of prosperity. It can help to develop better economies in countries where there is not a strong, stable economy through the free trade of goods and services, and even ideas and intellectual

property, where individuals can be rewarded for ideas and initiatives.

We believe that is a good thing. We believe that is a way for individuals to grow in their prosperity, to get ahead and to have better lives for themselves and their families no matter what nation they are in.

I believe we need to clearly establish our sovereignty in any deals in areas such as health and culture. We need to make sure that natural resources are taken care of. Water is a big issue that we need to be very clear on in any agreement we enter into.

I want to quote a world leader who was visiting here in our Chamber in February. Tony Blair, the prime minister of Great Britain said:

Finally on trade I just want to say this last point. It is time I think that we started to argue vigorously and clearly as to why free trade is right. It is the key to jobs for our people, to prosperity and actually to development in the poorest parts of the world. The case against it is misguided and, worse, unfair. However sincere the protests, they cannot be allowed to stand in the way of rational argument. We should start to make this case with force and determination.

We certainly agree with the prime minister. We would hope that our colleagues from all parties would look seriously at the implications of arguing against freer trade and what the end result of that would be, because for the people who we say we want to help who are at the lower end of the economic scale, when we take free trade out of the equation, what is the alternative answer by those who would advocate for a tariff based economy or a protectionist approach to our economy and our trading relationship? What is the answer?

The answers I have heard coming back are ones that are not strong. They are not steeped in logic. In many ways they have become red herring arguments, such as the argument that we cannot enter into free trade agreements because it will attack our own sovereignty, our own democracy.

I believe that by informing people on the topic, we can build in to that process answers to the concerns that individuals would have in a particular area. We can do that when we work together and when we give people information and the opportunity to openly look at all the possible solutions. We believe that is the best way to go when there are concerns.

● (2155)

It is like having a vision. If we know there is a better place to go and that where we end up will be a better place for our citizens, our trading partners and the citizens of other nations with which we deal, will it be worth it to get there? Will it be worth it to put in the work? Will it be worth it to negotiate and spend hours putting together a rules based method of trade or will it not? Those are fundamental questions that our citizens need to debate. In the past the majority have accepted moving forward on those issues but they have also wanted other solutions.

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Free trade has been a positive economic reality for our country and for our trading partners. It has provided an opportunity for people who need help. If we demonstrate and lead through our actions on these issues, taking into consideration the concerns of the people and move forward, we will end up going to a better place. It will lead to prosperity for many people.

A worthwhile goal is for us to work together and to put aside our differences. Obviously we will not agree on everything but we can move together toward a bigger vision and because where we end will be a better place than we were when we started.

**Mr. Leon Benoit (Lakeland, Canadian Alliance):** Mr. Speaker, I really appreciated my colleague's well stated comments in this debate.

It is interesting that members of the New Democratic Party have talked about winners and loser in these trade deals. They fear that Canada will be the loser and have sided with the protesters, which is a sad commentary.

If we think back to the pre-1988 years, we remember that several members of this government opposed the free trade agreement that the Conservatives brought forth. Members, including the Prime Minister, the industry minister and the heritage minister, sided with the protesters against that agreement. They protested against a free trade agreement that has brought much wealth and prosperity to our country. It is an agreement that has allowed our cattle industry to more than double in Alberta, the high tech industry to develop in Ottawa and the financial and service industries to develop in Toronto and Vancouver.

All those things brought prosperity right across the country. However, many members of the government spoke out against that agreement and protested side by side with protesters in 1988. Is it not funny what a few years have done?

Why does my colleague think there has apparently been a change in heart from those cabinet ministers and other members of the government on this fundamental and very important issue of free trade?

**Mr. Grant McNally:** Mr. Speaker, I would submit that there are probably many cabinet ministers who are still not wholeheartedly behind the notion of free trade.

It would seem that within cabinet, within the leadership of the governing party, that at this particular point those who are committed to the principle of free trade, must be outweighing, within the internal divisions that are a part of any group, those who are not free traders at heart.

I would balance those comments by saying that when we have a group like that moving forward on this kind of issue, there is

always a possibility, if changes occur within the party, that the balance could be tipped in favour of going back to a protectionist type of attitude when it comes to the economy, and that would be a negative.

• (2200 )

Canadians are innovative, creative, flexible, intelligent and can compete in any field not only within our nation but globally because we have as our most tremendous resource skilled individuals who have a big picture in mind. With that we have the world in our hands and we need an environment that will be able to foster it.

That is why the Alliance has supported the notion of free trade for so long. We can do even better with government policy that encourages freer trade in all sectors of the economy, taking into consideration the concerns which I mentioned earlier. I would hope that the current governing group for the short period of time it will have left in its mandate before we become the government will stay committed to the principles of free trade.

**Mr. Pat O'Brien (Parliamentary Secretary to Minister for International Trade, Lib.):** Mr. Speaker, I am pleased to join in this important debate where elected members of parliament from all parties have the opportunity to share their thoughts and concerns about this important process and to reflect the concerns and feelings of their constituents. This is the place for elected members of parliament to make their views known, and I am pleased to do so.

The Americas is one of the world's most dynamic regions. Though its 800 million people are not even one-sixth of the world's population, they account for more than one-third of the world's economic activity. At about \$17 trillion dollars, the combined gross domestic product of the Americas is greater than that of the European Union. It is no wonder then that the leaders of the western hemisphere believe in the potential of the Americas. They knew that their countries could work together more efficiently on every front, social, political and economic, to promote democracy, development and growth.

At the Miami summit of the Americas in 1994 leaders endorsed a declaration and plan of action that expressed their common commitment to strengthening democracy and creating greater prosperity. They also committed themselves to practical measures to improve health care, to increase access to quality education, to protect biodiversity, to take collective action against the scourge of drugs and corruption, and to expand and deepen the dialogue with civil society on regional priorities.

At the second summit in Santiago in 1998 this co-operation was carried forward and deepened. Once again leaders endorsed action to support the development of democratic institutions, protect

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human rights, and enhance transparency and respect for the rule of law. They gave specific instructions to begin the process of negotiating the free trade area of the Americas. Once it is complete the FTAA will be the world's largest free trade area.

The summit of the Americas process offers numerous opportunities to further enhance Canada's openness to the western hemisphere. The FTAA is one of the most tangible opportunities on the economic front with its potential for enhanced market access for Canadian exports.

If there is one sector where new access could lead to significant benefits for Canada and Canadian business, it is services. The services sector is a key engine of Canada's economy. It is responsible for more than two-thirds of Canada's GDP, almost three-quarters of employment, 10.5 million jobs and nearly 90% of new job creation in Canada. It is leading the transformation of the Canadian economy into a knowledge based economy.

Many employees in the services sector are highly educated and enjoy weekly earnings well above average. Services are at the heart of Canada's innovative society. For example, telecommunications, financial services and technical business services are among the most innovative industries in Canada.

As a leading trading nation Canada counts on its services exports to strengthen its prosperity. Not counting Canada's direct investments abroad in services companies, Canada is the 12th largest exporter of services in the world, exporting some \$51.8 billion worth of services in 1999 alone.

• (2205 )

Canadian companies like SNC Lavalin, Teleglobe, Enbridge and Hydro-Québec are among the world's leaders in their fields. Their expertise is sought across the hemisphere.

Those services exports only account for 12% of total Canadian exports. Canada's trade in services is increasing at a much faster pace than our trade in goods. Given the importance of trade for our economy we can say without fear of exaggeration that improving market access abroad for our services providers is vital to sustaining our prosperity.

The argument for supporting Canada's services exports is particularly strong when it comes to the Americas. Canada's commercial services exports to FTAA countries, excluding the United States and Mexico, were worth \$1.9 billion in 1998, up from \$787 million in 1993 and growing at an average annual rate of 19% during that time. Countries such as Argentina, Chile, Costa Rica, Venezuela, Colombia and Brazil are all key existing or potential export markets for Canadian services providers.

Three sectors are particularly noteworthy: telecommunications, financial services and engineering services. The Canadian telecommunications sector is enjoying tremendous success, exporting services valued at over \$2 billion per year and employing some 104,000 people. As a consequence, since 1993 the sector has been growing by over 9% per year.

Canadian exporters of telecommunications services face market access and regulatory restrictions in some countries of the hemisphere in part due to the presence of telecommunications monopolies in addition to a lack of transparency, predictability and timeliness in the process for awarding operating permits and licences or prohibitive fees for licensing or interconnections. Reducing such barriers would significantly increase export opportunities for Canada's telecommunications companies.

In recent years Canada's financial institutions have been very active in Central and Latin America. One leading example is Scotiabank which is active in Argentina; Chile, where its subsidiary is the seventh largest bank in the country; Brazil; Costa Rica; Belize; El Salvador, with 33 branches in that country alone; Guyana; Panama; Peru; Uruguay; and Venezuela.

Another good example is the National Bank which recently teamed up with three U.S. venture capital companies and a local Chilean partner to form the Corp Banca Consortium to purchase banking institutions in South American countries. The same is true for the insurance sector. Our insurance companies have in fact identified Latin America as a growth market for the future.

Another sector where Canadian expertise is renowned around the world is engineering and other related services. Canada is currently the world's third largest exporter of engineering services. The very high calibre of Canadian engineers is internationally recognized. Business opportunities are significant, especially in Central and Latin America where Canadian engineer expertise in resource based, energy related and infrastructure projects is in high demand.

In this regard Hydro-Québec's recent acquisition of Chile's Transect, which owns 50% of Chilean power transmission lines, is a good example of the type of business opportunities the countries of the western hemisphere have to offer. This is why Canada is actively participating in services negotiations under the free trade area of the Americas.

Canada has much to gain from the establishment of a comprehensive set of rules on trade and services under the FTAA. Canada's general objective in the services negotiations is to seek improved market access for Canadian services providers under a transparent and predictable rules based system. In the elaboration of FTAA rules on services Canada will be guided by its existing rights and obligations in the North American Free Trade Agreement, the Canada-Chile Free Trade Agreement and the WTO

General Agreement on Trade in Services, more commonly known as GATS.

These objectives can be achieved without putting at risk the values all Canadians cherish. The FTAA services chapter will allow countries to file exceptions for those measures they wish to maintain. In addition, and I wish this to be very clear, nothing in these negotiations will jeopardize our health and public education systems. They are not negotiable.

• (2210)

We have heard fearmongering as late as today at the Standing Committee on Foreign Affairs and International Trade. It is absolutely ill-founded, incorrect scaremongering to suggest that our public health system and our education system are on the table. They are not negotiable.

I have shown how much services and service exports contribute to the dynamism of the Canadian economy. I have shown how world competitive Canadian telecommunications, financial services and engineering services, to name only three sectors, look to the Americas for their market growth. I have tried to show how we will shape the rules of the game to achieve our objectives without imperilling the things we hold dear.

Let us join the hemisphere's leaders in having confidence in ourselves and in our region. We now have the stability, the transparency and the economic growth record that allows trade to increase and thrive. The countries of the region are good economic partners for Canada and for each other. For all of us, the FTAA is a vote of confidence in our common future.

I appreciate the opportunity to participate in the debate. I can tell the House that the Minister for International Trade, the Minister of Foreign Affairs and I are taking very careful note of what hon. colleagues raise this evening.

**Ms. Wendy Lill (Dartmouth, NDP):** Mr. Speaker, I am concerned about cultural diversity and the safeguarding of Canadian culture within the FTAA and also within the larger WTO agreement.

We know that the Americans have put their negotiating position forward and it includes putting culture on the table. It also includes full coverage of the cultural sector and the extensive application of the most favoured nation status and the national treatment.

There is a great deal of enthusiasm right now amongst cultural coalitions in Canada and around the world for a new international cultural instrument which is separate all together from the trade agreements. We also know that any separate cultural agreement would mean nothing if the government locks itself into certain

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clauses in the FTAA, such as the most favoured nation status and national treatment. Our ability to subsidize our cultural industries, to safeguard Canadian content, to protect our public broadcaster, all of those things would be in jeopardy.

Will the government guarantee that our negotiators will not sell Canadian culture down the drain by allowing the most favoured nation rule to be applied across the board in all services?

**Mr. Pat O'Brien:** Mr. Speaker, I welcome the question from the member with whom I served for a time on the Canadian heritage committee. With all due respect to her question, I think she knows full well that the government has stood up for Canadian cultural industries time and again.

Important institutions, such as the CBC, the magazine industry, and many of the examples where we have stood up for the cultural industries of the country, answer very eloquently the member's question.

There is an important discussion about an international cultural instrument and the government is fully participating in that. The government will stand very strongly for the preservation of our culture. It understands very clearly just how threatened our culture can be living beside the behemoth that we live beside. We cannot change that. The government has always stood for Canadian culture and it will continue to do so.

**Mr. Svend Robinson (Burnaby—Douglas, NDP):** Mr. Speaker, I would like to ask the hon. member questions in two areas. One of the most serious concerns that many of us who are critics of the proposed FTAA have voiced is with respect to the extension of the investor state provisions, the chapter 11 provisions of NAFTA, throughout the entire hemisphere.

We know that these provisions have been profoundly undemocratic. They have been used by corporations to attack policies which have been democratically determined by governments at the local, provincial, state or national level in areas such as the environment and health care.

I ask the member who just spoke why is it that Canada apparently has no position whatsoever before the FTAA on this fundamentally important issue of investor state provisions in chapter 11 of NAFTA? We have been told by the minister on many occasions that if we want to know Canada's position on these issues we should go to the government's website.

• (2215)

I have a printout of the government's website in front of me. On the issue of investment, this is what it says:

Summary of Canada's position—To date, Canada has made no submissions to the Negotiating Group on Investment.

*Government Orders*

If the government is so concerned about chapter 11 of the investor state provisions, why has it made no submissions on that fundamentally important issue?

I have a second very brief question. The member indicated that at the summit in 1994 the government leaders made a commitment to do whatever they could to promote biodiversity within the hemisphere. What steps have been taken to promote biodiversity in the context of the FTAA?

**Mr. Pat O'Brien:** Mr. Speaker, regarding the member's first question on chapter 11 of NAFTA, the member has been in the House on several occasions, as I have, when the Minister for International Trade expressed the same reservations and concerns about chapter 11, though certainly not to the degree of those who do not think we even need to be involved in this international trade discussion.

The minister has expressed reservations about the way the chapter 11 clause under NAFTA has been expanded by some of the rulings that have come out of that dispute. The minister has expressed serious reservations about signing any deal which would include a chapter 11-like NAFTA clause. He has made that clear. I am not sure if the member was present for those comments but they are very easy to see and I can make sure he gets—

**The Deputy Speaker:** I regret to interrupt, but a large number of colleagues still want to participate in the debate.

**Mr. Stephen Owen (Vancouver Quadra, Lib.):** Mr. Speaker, I appreciate the opportunity to take part tonight in this important debate. The objectives of the upcoming third summit of the Americas in Quebec City include increased prosperity throughout the Americas by increased free trade and, also, most important, the spreading of democracy throughout the hemisphere and the opportunity for every person in the hemisphere to reach their full potential. When we consider the importance of the summit we must keep in mind those broad objectives and ensure that Canada as a government represents us all in pursuing them.

I will speak on a few aspects that have not been fully touched on in tonight's debate, starting with the issue of process. Having been a bit of a process and public participation junkie in a previous career, I am extremely interested by the degree of transparency and public participation in our move toward free trade of the Americas. I will give the House my observations of what has taken place to date and what I think must continue and perhaps be enhanced.

In my experience in dealing with public issues in Canada and internationally, I have never seen such a transparent and participatory process through the leadership of a government. The executive branch of Government of Canada has, and we must acknowledge it, sole responsibility to negotiate international treaties of this type.

It is for federal and provincial legislatures to debate and pass laws required to implement any treaty. That is where their obligation lies. However in spite of the lead role of the executive branch, the Government of Canada has provided unparalleled transparency and opportunities to participate in the process, including full federal, provincial and territorial ministerial meetings, consultations and public forums across the country, and the website which includes all of Canada's negotiating positions to date. The website has been up for a year and we will continue to try to post everything the Government of Canada puts forward.

We hosted, this month in Ottawa, the interparliamentary forum of the Americas with parliamentarians from throughout the hemisphere talking about issues for the upcoming summit. We are having the debate tonight. The Minister of Foreign Affairs and the Minister for International Trade appeared before a standing parliamentary committee to answer questions and provide perspective on the Canadian proposals.

• (2220)

Even before getting to Quebec City we have had broad public participation and disclosure of negotiating positions. When we get to Quebec City we will have, and Canada has been the leader in encouraging, the full participation of a civil society committee in all the free trade of the Americas talks. That will be enhanced in Quebec City.

As we heard tonight, the second people's summit of the Americas will take place parallel to the meetings of the heads of government and heads of state in Quebec City. The Government of Canada is financially supporting that to the tune of \$300,000 with a further \$200,000 from the government of Quebec. These are important opportunities and are not to be made light of. In international trade agreements they are unparalleled in their scope.

Let me deal with one substantive complaint by Canadians about the process: The full negotiating positions and texts of the other countries are not yet public. Canada has taken the lead in making its positions public and has been followed by the United States, Mexico and Costa Rica. At the planning meeting in Buenos Aires in two weeks, Canada will argue that other countries should make their positions, as well as the full text of their negotiating framework, fully public. Canada will continue to be a leader and a model in that practice.

Canada is not doing this simply out of altruism and farsightedness. Modern governance goes far beyond any one government or country. It includes civil society and the market. The best information will not be accumulated and the best decisions will not be made or implemented unless we have broad participation and transparency in the development and implementation of public policy. This is a good example of such leadership by Canada.

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Let me turn briefly to the question of security and freedom. Canadians cherish their political and civil rights and freedoms perhaps above anything else in our society. We take them seriously and demand they be respected. However we also enjoy, appreciate and demand that we live in a secure and protected society. For that we entrust to our police the heavy and onerous duty of ensuring that all our rights are respected, and our behaviour is appropriate to that.

I will now turn to Quebec City. Security is a challenge and a matter of complexity and concern for police authorities in Quebec City. Thirty-four heads of government and heads of state will be attending the summit. There is a topographical situation in the old town of Quebec, as was pointed out yesterday by the mayor of Quebec City. Because of the narrow streets and the hills, people gathering in large numbers could be injured.

The mayor of Quebec City stressed that security must be maintained by police so the summit does not descend into the debacle we saw in Seattle during the WTO meetings. The greatest threat to those who wished to publicly exercise their right to protest and free speech in Seattle was the few who disrupted and discredited the many. We entrust to our police the duty of maintaining order. However, that is a major challenge and we must have perimeters. I do not know whether the fences are too high or the area too large, but we must trust the police to make the difficult operational decisions given their responsibilities.

Let me turn finally to the issue of trade and democracy. We have heard a lot from both sides of the House tonight about the importance of trade to Canada and the prosperity it has brought us. The freer the trade the more prosperity we seem to enjoy. That is in context. The Government of Canada has been forthright and must be held accountable to ensure that as we engage in free trade agreements we do not sacrifice our health, our educational or social services or our cultural integrity.

● (2225)

It goes beyond our internal interests. Trade is about balance. It is about taking advantage of economic opportunities globally through freer trade, but it also means meeting our global responsibilities. That is why the Government of Canada has pledged to link freer trade to issues of environmental integrity, human rights, democratic development and education. The government's objective is to ensure everyone in the hemisphere has, as an example to the world, the opportunity to reach their full potential.

Let us come together, as parliamentarians and as Canadians, to make sure the Government of Canada meets its obligations to ensure that human potential is realized beyond our borders as well as inside them.

[*Translation*]

**Mr. Paul Crête (Kamouraska—Rivière-du-Loup—Témiscouata—Les Basques, BQ):** Mr. Speaker, I listened closely to my colleague's speech and it reminded me of election night on November 27. Throughout the election campaign, I never imagined myself telling my constituents: "You know, if ever a free trade area of the Americas is established, we are going to leave everything in the hands of the government, and all Parliament will have to do is rubber stamp any decisions that are made".

Just as the premier of Quebec undertook to do in the Quebec national assembly, before the treaty takes effect and the Government of Canada is bound by its provisions, would the member not like to see adopted in parliament an accord that would be the end result of discussions and debate among members of the House?

[*English*]

**Mr. Stephen Owen:** Mr. Speaker, we must respect the opportunity we have this evening to debate these issues. We must make our views and the views of our constituents known in terms of what should be contained in the treaty. We should debate what is fundamentally important to both this treaty and any parallel treaty that may address issues linked to our relations with other countries.

As parliamentarians we have this opportunity. We have had the opportunity in standing committees to question the Minister of Foreign Affairs and the Minister for International Trade. We have had the opportunity to meet with parliamentarians of other countries throughout the hemisphere to discuss the issues of the upcoming summit.

As parliamentarians, let alone as general members of society, we can take advantage of the opportunities for discussion and the information that is available. This is a fulsome opportunity for engagement not only of parliamentarians but, more important perhaps, of Canadians to negotiate and provide information and advice to the executive of government which is responsible for negotiating international treaties.

**Mr. Svend Robinson (Burnaby—Douglas, NDP):** Mr. Speaker, the hon. member for Vancouver Quadra has spoken about democracy, transparency and the unprecedented extent to which his government has been reaching out and consulting Canadians on the FTAA.

Would the hon. member care to comment on the issue of corporate sponsorship at the upcoming summit of the Americas? Does he not agree there is something obscene about major corporations being able to buy their way into the inner sanctum of the summit? For \$500,000 they can make a speech at the opening reception. If they pony up about \$75,000 they can choose which leader to sit beside at a lunch.

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Is that not a perversion of democracy? How can the hon. member talk about the great triumph of transparency and democracy when wealthy corporations are able to buy their way into the summit and civil society is kept outside a perimeter four kilometres long? How can the member call that democracy?

**Mr. Stephen Owen:** Mr. Speaker, I do not believe my ears in hearing the hon. member challenge the issue of democracy in Canada in such strident terms. It is a gross overstatement. It is an insult to the House, to the freedoms we enjoy and to the democratic privileges we exercise.

• (2230)

As to the question, the member mentions buying privileged access. We have talked in the House tonight and before about the civil society committee that will be assisting and that will have access to the negotiators in the free trade of the Americas process. We know this is a long process. It is going to unfold over the next three years. It is not a matter of simply one meeting with one access.

However, there is also an economic interest of cost recovery. It has become commonplace in international gatherings around the world for both the large public expense to be recognized and for some attempts to be made at cost recovery. Whether this crosses the line of propriety in any way, I am not sure. Perhaps the public discussion we are having and raising the issue as to whether it should be appropriate in future is a good thing. That illuminates the opportunity in this debate.

[*Translation*]

**Ms. Monique Guay (Laurentides, BQ):** Mr. Speaker, let me begin by saying that I will split the time I have been allocated with the hon. member for Kamouraska—Rivière-du-Loup—Témiscouata—Les Basques.

In less than a month, from April 20 to 22 next, 34 heads of states and democratically elected governments from North America, South America, Central America, and the Caribbean, with the exception of Cuba, will meet in Quebec City for the third summit of the Americas.

In short, the themes addressed during this meeting will include, among others, the strengthening of democracy, where it will be a question of promoting peace and the protection of societies. Another theme that will be discussed is the realization of human potential. This topic will include the alleviation of poverty and the promotion of education and training; social rights will also be discussed. Another theme will be community connectivity. These discussions will involve the Internet and new technologies. Lastly, the theme that will undoubtedly be discussed at greatest length is the theme referred to as creating prosperity. This is where we will

find the negotiations on the free trade area of the Americas, the FTAA.

The FTAA represents an extraordinary challenge. This free trade zone will, of course, provide us with new economic opportunities; it will also provide opportunities for people. It represents an openness toward the Americas, toward new cultures; it means becoming acquainted with new peoples and new economic, social and political practices. It is a pool of 800 million people with a combined gross domestic product of some ten trillion, ten thousand billion, American dollars.

This said, the economic practice of free trade is by no means a panacea, a cure for all that ails us. Let us look back. Let us go back to the time of the North American Free Trade Agreement, NAFTA, which covered an economic zone including the nation of Quebec, Canada, the United States and Mexico.

Although the agreement has had some positive impact, the creation of this free trade area has not prevented certain calamities, such as the collapse of the Mexican peso, a decline in living standards, the growth of social disparities, an increase in human misery, and an increase in the number of workers earning minimum wage with few if any benefits or favourable conditions. Yet NAFTA was supposed to bring about the opposite of what we are witnessing today.

Are we going to follow NAFTA's example? Do we want to expand and increase human misery? Of course not. We have to do everything we can to avoid such an outcome. If this were the case, it would be out of the question for the Bloc Québécois to support the establishment of such a free trade area.

The other question we must ask ourselves is this: is the Liberal government really and sincerely prepared to do absolutely everything—even it means leaving the negotiating table—to avoid the impoverishment brought about by NAFTA? It is highly doubtful.

It is doubtful because the federal government is concealing far too many things, in particular the working documents used to negotiate the FTAA. Let there be no mistake about it: these documents represent Canada's main negotiating position.

• (2235)

These texts may well change our lives, and the only thing the minister can say to us is, "Trust me, no questions asked", as if members of parliament and civil society were incapable of judging the validity and content of these texts.

How do you expect parliamentarians and civil society to trust a government that negotiates an agreement, on our behalf and in secret, that may very well change our lives? How can we determine whether these negotiations were justified or properly carried out? The answer is simple: by being handed a done deal. That is absolutely unacceptable in a democracy. The people in the Lauren-

tides riding have a right to know what is happening behind the curtains.

It is now fair to say that the Liberal government does not want to take the initiative and show leadership, as the United States has done, by making public the FTAA negotiating texts.

On the social front, there is reason to doubt the Minister for International Trade's willingness to give priority to social issues in these negotiations. When I see the position and views of the minister on these issues, the situation is far from clear.

I want to refer to the testimony of the Minister for International Trade when he appeared before the Standing Committee on Foreign Affairs and International Trade on June 14, 2000. The minister stated, and I quote:

I think it's very important to separate the progress on trade matters and not link it inextricably to all environmental and labour standard issues.

The minister's thinking is becoming clearer and clearer. Not only does he not want to take any action regarding social and environmental rights, but he goes even further and affirms that trade does not necessarily have any connection to workers' rights and environmental issues.

This is an absolutely irresponsible statement and it reveals, beyond a doubt, the minister's intentions. I say to the people of Quebec and Canada, as well as to workers: This is the man who will be negotiating on your behalf. He is the one who will be defending your rights, who will be putting them on the negotiating table. Does this inspire confidence? Personally, I do not feel confident and my point of view is shared by all members of the general public except, obviously, the members opposite.

Not the slightest leadership is being shown by the government and its international trade minister on social and environmental issues. What he is really saying is that they will go with the crowd. The government is not demonstrating any initiative.

Here is one last quote from the same committee hearing. This one provides very clear information to the House and to the people of Quebec and Canada as to the intentions of the government and its minister in charge of negotiating the FTAA.

My colleague, the member for Charlesbourg, was asking the Minister for International Trade if he was prepared to include the basic rights recognized by the International Labour Organization in the FTAA. Here are the contents of those seven conventions. It is important that I mention them to the members.

Conventions number 29 and 105 concern the abolition of forced labour. Conventions number 87 and 98 deal with union rights, collective bargaining and labour organization, including the right

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to elect union representatives without the interference of employers or of government authorities, as well as the right to strike. Conventions number 100 and 111 deal with equal pay for work of equal value and the elimination of discrimination in the workplace. Convention number 138 concerns the minimum age for admission to employment, that is the complete elimination of child labour.

This was the minister's response to my colleague, and I quote:

I believe that trade must remain as open as possible, and that for some countries to reach the point of being able to comply with some of the conventions you have mentioned, what they need is precisely more open economies than those they now have.

We believe that through involvement in a given society, particularly through trade, we ultimately have a greater influence because we allow them to become aware of our values and to experience the economic development that will allow them to achieve this. That is what we are advocating. We do not want to close the door on a country that is not following a particular course of action. We believe that by practising isolation or adopting exclusionary policies toward a particular nation, we are merely encouraging it to harden its position on the social values which we hold dear, values which we would like to see this country embrace.

● (2240)

It is now crystal clear, in light of the response given by the Minister for International Trade, that the federal government does not intend to defend with vigour and leadership fundamental social rights in the FTAA agreement. This is unacceptable, and even a blatant step backward.

In the opinion of the Bloc Québécois, this position is inconceivable. I would like the minister to demonstrate some good faith and leadership in this matter and to put on the table for all to see those documents which will serve as a basis for negotiating the FTAA. Without these documents, how is it possible for parliamentarians like us and for members of civil society to form a real opinion and to bring some added value to this debate?

Will the Minister for International Trade undertake to defend fully and without any reservations the fundamental social rights which Quebecers and Canadians hold so dear? The start of the summit of the Americas is only a few days away and we are still awaiting an answer to this question. The public is right to be concerned.

**Mr. Mac Harb (Ottawa Centre, Lib):** Mr. Speaker, in her speech, my colleague referred to problems. I just want to ask her a question and hear what she has to say. I want to know if she agrees that the only problem we face is the problem of isolation. Isolation is the enemy of progress.

Lastly, free trade is an irreversible phenomenon. At the end of the day, we have to open new borders to our products, whether these products are from Quebec, Ontario, Nova Scotia, or another province of Canada. We must open borders for these products.

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An individual who works in Quebec City or Montreal will enjoy direct benefits once we are able to sell products from Quebec City or Montreal in Mexico or Chile.

If we are concerned about defending the rights of workers, be they in Quebec or another province of Canada, we must realize that we will be able to defend them much more effectively in a North American context, where there are more than two, three or four countries, than in isolation, whether in Quebec or in Canada.

I want to hear my colleague's reply and her comments on the following: that free trade in the end means freedom for workers in Quebec and the rest of Canada.

**Ms. Monique Guay:** Mr. Speaker, I find nearly insolent what I have just been told by a member of the Liberal Party, the party that voted against free trade, that was against any possibility of free trade, that had no free trade vision, whereas we in Quebec pushed for free trade and ended up winning.

Free trade cannot be achieved at just any cost. Agreements like the FTAA cannot be reached in a sneaky, secretive fashion.

There is a malaise all around right now, especially in parliament, which is made up of people representing all the regions. The Bloc Québécois are not the only unhappy ones. There are other parties and other members here in the House that are unhappy. I am sure that there are even Liberals who are unhappy because they do not have access to the documents.

This is not the way to negotiate an agreement as important as the FTAA, which may bring enormous progress throughout the Americas. It has to be done properly. It requires a concerted approach. And the provinces, which are included in this agreement, need to be consulted.

Quebec, like some other places, has clean drinking water. We have large quantities of clean water. The Government of Canada must not make decisions that go against our environmental positions in Quebec. It does not have the right to do that. It does not have the right to make decisions and then tell us: "The decision has been made and you are going to have to live with it." That is out of the question, and we will fight it.

That is why Quebec must become a country, because Quebec is capable of taking care of its interests. Quebec should have a seat at the FTAA. What is more, the summit is happening in the very heart of Quebec. How very brazen of the federal government to come and do this here, and not even show us the documents. It is shameful.

• (2245)

Do not worry, we are used to that in Quebec. We can fight back and we will continue to do so. I can guarantee that, if the decisions

contained in this agreement go against the laws of Quebec, things will heat up. The government will have to be much more democratic than it is at the present time, it will have to sit with all levels of government, it will have to be able to negotiate, and these decisions must not be detrimental to the environment and the social programs that we have and that we all hold dear, both in Canada and in Quebec.

I think that what is needed here is clarity; there must be a vision of the future and there must also be a lot of democracy. That is not the case at present. I hope that tonight's debate will be of use to the government, that it will listen to all of us, and that the Minister for International Trade will use the ideas we will have proposed to make a decision and open the door to democracy by tabling his documents if they contain nothing that will put anything at risk. Let him put them on the table, let us sit down, let us look at them, and let us do this with all the wisdom and knowledge we possess.

**Mr. Paul Crête (Kamouraska—Rivière-du-Loup—Témiscouata—Les Basques, BQ):** Mr. Speaker, I am very pleased to take part tonight in this take note debate on the impact of the summit of the Americas.

I think that the purpose of this debate is ultimately to send a message to the international trade minister, to give him an idea of what this parliament expects from these negotiations.

I would like to point out that the reason we are here today is that we were given a mandate by the people in November of last year. These are the individuals who, regardless of whether they are listening to this debate or not, entrust us with defending their views regarding certain matters on which each party had made its position known, as well as regarding other matters which had not necessarily been discussed in detail at the time of the elections. The people placed their trust in us and, at the end of the day, we must be able to act on this trust.

As far as the FTAA negotiations are concerned, what people want is for us, as parliamentarians, to monitor the negotiations effectively, in other words, to know where they are heading, how we are progressing toward an agreement, so that we will not be hit with something unexpected, as we were in the case of the negotiations for the MIA, the multilateral investment agreement.

The agreement collapsed at the last minute because, all of a sudden, people realized that it would put states at the service of multinationals, rather than ensure the opposite, that is, allow states to exercise real control over the circumstances in which free trade will take place in the future.

This is the condition imposed by the men and women who elected us so that we would end up with agreements that provide better access to markets. That is definitely the case. With the North

American Free Trade Agreement, we saw proof of the advantages of developing free trade. In my region, for example, there are interesting aspects regarding exports.

At the same time, this experience has taught us that we must ensure that the framework for the new free trade negotiations regarding working conditions and social and environmental conditions is well defined. Otherwise, we risk aggravating the situation, creating situations in which we end up making poverty worse. Even if growth increases, we must at the same time ensure—it is our duty as members of parliament—that there is an adequate distribution of wealth.

To give you an example, I say as human resources development critic that there was a reform of employment insurance approximately five years ago that was lauded by international organizations such as the OECD, but we saw the implications in real terms of the Canadian government's choosing to go along with international demands. There was some kind of tacit understanding that the unemployment insurance plans should, for example, pay out an average of 50% of the average wage in benefits. Although here in Canada the percentage is higher, we passed legislation in order to comply with this international demand.

The decisions taken in the FTAA will apply for decades to come. Our children will have to live within this framework. It is important that we be able to participate in order that there be a truly democratic debate.

● (2250)

What you hear everywhere today about people who want to demonstrate peacefully, or even more aggressively, is that they are determined to hang on to this train to make sure that it gets to where the people, collectively, want it to go. They do not want to end up with an agreement that will be great for, let us say, the multinationals and the big commercial interests but that will result in the general public becoming poorer down the road. That is the kind of message we want to send to the minister.

We know that free trade aims at improving commercial dealings between countries. In the past, it has been possible, and we have examples of this, to carve out exceptions. The free trade agreement needs to leave enough room for small economies as well as big ones.

Take the case of softwood lumber. Under NAFTA, it became apparent that even if there was a free trade agreement in place, the more powerful partner, the United States, forced Canada to come to an agreement, which is about to expire, that is not in the overall interests of Canadians.

Would it not be important to ensure that the upcoming FTAA agreement has a defensible balance between the strong and the

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weak? I believe that this is the very principle behind the desire to encumber international trade. Yes, we need to facilitate international trade and free trade. Moreover, even the smallest countries that are represented—unfortunately, Quebec will not be there—need to have the power to intervene before the decision making bodies that are created so that they can obtain rulings based on law and not just on economic strength.

What I want is an agreement that meets the expectations of the workers in my riding of Kamouraska—Rivière-du-Loup—Témiscouata—Les Basques, who depend on exports for their living. I want the employees at the Bombardier plant in La Pocatière to have a framework within the FTAA that enables them to work and to sell what they make throughout the Americas. Hopefully, these workers will not wake up one morning to discover that their factory is about to be relocated to a country in South America as a cost cutting measure and because clear game rules were not established in advance in so far as working conditions are concerned.

These workers need assurances that the development framework will respect their rights as workers. High tech firms must also be at ease with this situation. Our farmers, perhaps the group that could be placed in the most tenuous situation of all as a result of future free trade agreements, need assurances as well.

This does not mean that the discussions in Quebec City will result in any real changes. However, groups that have developed systems such as, for example, supply management for dairy products will be assured of having their say before any system changes in fact take place. They need to know that their elected representatives can express their views and intervene in the debate in a relevant way.

Earlier, I made a reference to softwood lumber. What I said holds true for all forestry companies.

I would also like to see an accord that allows the government of Quebec the opportunity to continue to intervene whenever it feels the need to do so to avoid situations where, once the accord has taken effect, the use of certain development tools such as the Caisse de dépôt et placement du Québec, Investissement Québec, and so forth, would be prohibited.

Thirty years ago, there were sound reasons for wanting Quebec sovereignty, specifically a desire to better control Quebec's own universe and destiny. We felt that we were losing many of our powers because the federal government was exercising its rights in areas outside its jurisdiction. What is more, it continues to do so, regularly. Because of its vast financial power, it also proposes programs that are not necessarily in harmony with Quebec programs.

Today, when I speak to my children, especially my 17 year old daughter, what she wants to be certain of—and the reason why she

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is a sovereignist—is rather that Quebec will have a place in all the international agreements that will be concluded in the years to come.

In my opinion, the FTAA is teaching us a valuable lesson. We know that countries like Costa Rica and Panama will be present at the negotiating table and will make their points of view known, while Quebec—land of the only French-speaking people in North America, with a culture unique in the Americas—must beg in order to have its point of view considered by the government of Canada.

• (2255)

I think this is a fundamental argument we can use to tell Quebecers: “Yes, when you ultimately have to decide whether you want a sovereign Quebec in the next few years and in the next few decades, whom do you want to speak on behalf of Quebec, someone who was elected 75% by people from outside Quebec or someone who was elected 100% by Quebecers, people who have chosen to live in Quebec?”

The answer is obvious, and in the years to come, it will not be enough just to have control over domestic issues in Quebec and in Canada. We need to have some influence over the decisions made at the international level, something we do not have during the current negotiations.

As a sovereignist and an elected representative here in Ottawa, I think it is important to express our viewpoint and give Quebecers the opportunity to express their opinions.

I hope this debate will help the Minister for International Trade understand the mandate he is given and I hope that, following the various negotiations, he will assure the House that he was able to defend our positions.

**Mr. Mac Harb (Ottawa Centre, Lib.):** Mr. Speaker, I am quite frankly surprised by what my colleague has just said here in this House. I have to remind him that the talks currently being held do not run counter to what we have. At the present time, we are members of the World Trade Organization. The majority of countries belong to it. This agreement that the countries of the Americas, including Canada, the United States and Mexico, are in the process of negotiating, is in keeping with the World Trade Organization, in the final analysis. It is not out of line with it.

What this arrangement will in the end give workers, in Quebec and elsewhere, is the opportunity to do even better, to have a better quality of life. It has nothing to do with sovereignty. My colleague knows that full well. In Europe, we now have over 12, 14 or 15 countries with different languages, cultures and histories, that are discussing not just political union, but also economic union.

Here in the House of Commons, there is still a small minority, in Quebec and in Canada, that continues to talk about the issue of sovereignty, even though the majority of Quebecers have already said, more than once—two, three and four times—that the only things they are interested in are a good quality of life and a good justice system, as well as jobs and education for their children.

They have said this several times, but my colleague here is talking as though Quebecers had already voted for their own country. The answer is no. They have already voted no several times. They want to continue to live *chez eux*, in the place they call home, which is Canada. The place they call home is Quebec, it is Ontario, it is North America, it is the whole world. We are all members of the same family. I am sure that my colleague agrees.

Would he give us his opinion on that?

**Mr. Paul Crête:** Mr. Speaker, I listened to my colleague's comment, and it makes me smile. I will ask him to consider the following: would he agree to the Americans representing him in the negotiations for the free trade agreement of the Americas? Would that be par for the course for him? Eighty-five percent of our trade is with the Americans.

When he says that the issue of sovereignty is not important, would he in fact be prepared to say “Go ahead, Americans, and represent Canadians, you would be capable of doing this for us. We will leave you to it”. I do not think this is the case. Canada aspires to having a distinct personality, and Quebec aspires to the same thing.

I reiterate that, as far as culture is concerned, we are in a unique situation in the Americas. It is the only place in America where the majority of people speak French, that has a francophone culture in America and that represents an entire people that lives a different lifestyle, a distinct society that is not Canada, that organizes itself in a particular way.

• (2300)

I would remind him that it is the third election in a row Quebecers have sent the federal government a message: we elect a majority of sovereignist members to parliament. This means there is a certain unease, a fundamental problem, and when the federal government wants to ignore the situation, it only confirms that something has to change.

The member said that Quebecers have refused to become a country several times. I will remind him of the facts. In 1980, we got 40% of the vote and in 1995, we got 49% of the vote. The lesson we are getting today on the FTAA negotiations will probably be the main reason that, next time, we will be over 50%. We will become a country, and we will be able to speak for Quebec throughout the world.

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[English]

**Ms. Sarmite Bulte (Parliamentary Secretary to Minister of Canadian Heritage, Lib.):** Mr. Speaker, I rise this evening to participate in the debate on the summit of the Americas as a former chair on the Subcommittee on International Trade, Trade Disputes and Investment in the last parliament and also as the current Parliamentary Secretary to the Minister of Canadian Heritage.

I will be splitting my time, Mr. Speaker, with the member for Mississauga South.

I would like to use the time I have been allocated, not only to speak about the free trade area of the Americas but also to speak about the themes of the 2001 summit, the history of the summit, and what we hope as a government to accomplish at the summit, especially in the area of cultural diversity.

I also believe that it is very important to stress to the people who are listening to us this evening that the summit will not just be about the free trade area of the Americas. In fact the ministers of international trade will be meeting in Buenos Aires on April 6 and 7 to pursue the negotiations of the FTAA prior to the summit. While economic integration will be on the summit's agenda, the summit is much more than a vehicle to promote economic growth.

From April 20 to April 22, 2001, this will be the third occasion on which the presidents and the prime ministers of the hemisphere's 34 nations will come together to consider the most important issues affecting the region.

The leaders of the hemisphere's 34 democratically elected governments met for the first time in December, 1994 in Miami with the belief that strong hemispheric partnerships would encourage mutual interests which included peace, democracy, economic integration and social justice.

At the first summit the leaders released a declaration of principles which focused on four major themes: first, preserving and strengthening the community of democracy of the Americas; second, promoting prosperity through economic integration and free trade; third, eradicating poverty and discrimination in our hemisphere; and fourth, guaranteeing sustainable development and conserving our natural environment for future generations.

The summit's resulting plan of action contained 23 initiatives covering the four theme areas. Then on April 18 and 19, 1998, four years later, the leaders of the 34 countries which had participated in Miami met for a second time at the summit of the Americas in Santiago, Chile to continue the dialogue and strengthen the co-operation that began in 1994.

In preparing for Santiago, Canada identified a number of priorities and carefully considered the views expressed by Canadians during civil society consultations which took place in six Canadian cities in October of 1997. The human rights and democracy theme continue to be a priority for Canada and in the summit process. Our country presented the civic proposals to improve key aspects of the administration of justice in the Americas.

I am also pleased to report it was Canada that placed indigenous issues on the agenda as a separate item and placed importance on ensuring that women and people with disabilities be given particular attention.

Canada participated actively in all areas of discussion at the summit of Americas in Santiago. Among the issues addressed was how to combat the illicit drug trade in the hemisphere.

During this second summit of the Americas, and I stress it was only the second summit, the FTAA negotiations were initiated with the understanding that they be concluded by the year 2005.

Also in Santiago, Canada's leadership role in trade liberalization was recognized when it was announced that Canada would chair negotiations for the FTAA for the first 18 months and host the fifth meeting of the hemisphere's trade ministers in 1999. It was and remains Canada's position and belief that the creation of the free trade area of the Americas is important to the economic prosperity of the hemisphere and, in turn, to the consolidation of democracy in the Americas. At the conclusion of the summit in Santiago, Canada was chosen to host the next summit of the Americas in 2001.

• (2305)

In September 1998, the hon. Sergio Marchi, the former minister for international trade, asked the Standing Committee on Foreign Affairs and International Trade to report to him on positions Canada should take in negotiating an agreement that would create a free trade area of the Americas. The minister's request was then referred to the Subcommittee on International Trade, Trade Disputes and Investment.

From March to June 1999, the subcommittee structured its hearings in a way that would enable it to hear from as many Canadians as possible, covering a wide range of public concerns from many and diverse perspectives.

The committee also held joint meetings of the Standing Committee on Foreign Affairs and International Trade when travelling across the country in undertaking its study of the WTO in the millennium round of negotiations.

Apart from hearing from the public at large, the subcommittee organized round table meetings of experts to address and debate principal stakes of an FTAA for Canada and to comment on key

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issues such as its opportunities and challenges, social and economic development of smaller economies of the Americas and the preservation of Canadian culture.

In the end 48 witnesses appeared before the subcommittee and 35 briefs and submissions were received. In addition, of the 394 witnesses who appeared before the joint meetings of the standing committee, many chose to address the question of the free trade area of the Americas.

In October 1999 the subcommittee tabled its report along with 29 recommendations to assist our trade officials in achieving a result that serves Canada's best interests. The committee also specifically stated that it wished to make known that the report was not a final report. It was a first report in what was expected to be an ongoing parliamentary review on an FTAA until the final deadline for concluding such an agreement in 2005 is reached.

In March 2000 the current Minister for International Trade presented to parliament Canada's priorities and objectives for negotiating the free trade areas of the Americas.

Last Thursday, officials from the Department of International Trade and the Department of Canadian Heritage appeared before the Standing Committee on Canadian Heritage to address the issue of culture within the framework of the FTAA. Claude Carrière, Canada's chief negotiator for the FTAA, confirmed Canada's position that Canada would not make any commitment which would limit our cultural objective and cultural policy, while at the same time we would work with other countries to develop a new international instrument on cultural diversity.

At that time Mr. Carrière tabled a proposal for the language on cultural diversity in the preamble to the declaration of the FTAA which I would like to share with the members here in the House of Commons and with Canadians. The proposed wording is as follows:

Recognizing that countries must maintain the ability to preserve, develop and implement their cultural policies for the purpose of strengthening cultural diversity, given the essential role that cultural goods and services play in the identity and diversity of society and the lives of individuals.

The concept of a new international instrument on cultural diversity was recommended in a report by the cultural industries sectoral advisory group on international trade, known as SAGIT, in February 1999. The SAGIT report recommended the new cultural instrument on cultural diversity should: recognize the importance of cultural diversity; acknowledge that cultural goods and services are basically different from other products; acknowledge that domestic measures and policies intended to ensure access to a variety of indigenous cultural products are significantly different from other policy measures; set out rules on the kinds of domestic regulatory and other measures that countries cannot use to enhance

cultural and linguistic diversity and; and establish how trade disciplines would apply or not apply to cultural measures that meet the agreed upon rules.

In 1999, the Standing Committee on Canadian Heritage and the Standing Committee on Foreign Affairs and International Trade both endorsed the SAGIT report.

• (2310)

In the Speech from the Throne in October 1999 the government committed to developing a new approach internationally to support the diversity of cultural expression in countries around the world.

In 1998 the Minister of Canadian Heritage invited the ministers of culture of many countries to attend an international meeting to discuss a strategic approach to the pressures of globalization on the expression of cultural and national identity. The end result was the launching of the international network for cultural policy.

When it was first established there were 19 members. Today there are 45 and even more countries want to join. Every region of the world is represented.

This international network on cultural policy has strongly endorsed the instrument approach and has mandated that the Department of Canadian Heritage chair a working group to develop the scope and framework of an instrument for the 2001 annual meeting.

The summit of the Americas is about much more than just trade. We hope this will be an opportunity for the new international instrument on cultural diversity to be taken forward. I would also like to remind everyone that there are three themes: strengthening democracy, creating prosperity and realizing human potential.

**Ms. Wendy Lill (Dartmouth, NDP):** Mr. Speaker, I was also at the heritage meetings the member was at recently where the chief negotiator for the FTAA was present.

At that meeting I asked if he could tell me where the interconnection between culture and commerce met, given the fact that we now see Nike International, Michael Jordan, Benneton and all sorts of multinational corporations involved in what they would say are cultural enterprises, and how would they would fit into Canadian culture. The chairman also asked the same question. The negotiator said that he had to beg "incompetence" on that question. That response did not give me a very strong feeling.

The government continues to say that culture is not on the table and the idea of a stand alone international instrument is one that many groups globally support and I support as well. The coalition for cultural diversity supports that. I want to quote one comment about its concerns and I would like the member to address these concerns. It said:

—that Canada continue to resist the U.S. pressure that is certain to escalate as these negotiations unfold. What also remains is that Canada show proof of extreme vigilance in these meetings as the United States undoubtedly attempts to push through the adoption of certain general principles that apply to all sectors across the board, principles that could seriously reduce the ability of the other countries to refuse specific trade liberalization commitments in the cultural sector when the time comes.

Could the member address that because it is a major fear that I and many people in cultural communities across the country feel?

**Ms. Sarmite Bulte:** Mr. Speaker, I know the hon. member is committed to preserving cultural diversity in Canada as she knows I am as well.

Last Thursday when I was returning to my riding I ran into one of Canada's foremost actors, R. H. Thomson. He had recently been summoned to a meeting in Ottawa. There are other groups meeting on this issue besides the coalition of diversity which is headed by Robert Pilon. I asked Robert Thomson what was the purpose of his trip to Ottawa. He told me that he was part of a discussion on the new cultural instrument.

I know Robert Thomson's position and I am sure the member knows it as well. He was against the multilateral agreement on investment. However, he told me how wonderful it was that the minister was bringing together different groups to discuss this new instrument. He assured me that one of the first things we had to do as a government, as individuals, as organizations and as artists was to bring together all the different countries to encompass the whole idea of a new cultural instrument.

• (2315)

He felt that we were doing this little by little. We have gone from 19 countries to 45 countries. Not just governments but NGOs as well will be at the meeting and will be talking about cultural diversity. I hope the coalition will be there as well. We must get more people to buy into this idea. The more countries we can convince and bring to our side in understanding how important this is, the better.

We speak about the United States. I know that our minister, quite frankly, if I may say so, is not afraid of the roar of the United States. One of the great things I always like to use as an example is people saying "The United States said we could not do it". Do members know what the United States said we could not do? The United States said we could not have a convention on the anti-personnel landmines because the United States was against it. The United States was against it because it was worried about North Korea and said to forget it, that we would not get consensus anywhere in the world. Not only did we get consensus to sign the Ottawa convention, but we have also since then ratified the treaty.

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As we heard the Minister of Foreign Affairs say today, the Ukraine, which was not one of the original signatories, has now come together with the Minister of Foreign Affairs to discuss how it is going to destroy all the landmines it has there.

I do not think we should be afraid of the Americans. Let us take heart from what we did with the Ottawa convention and the anti-personnel landmines treaty as a way to show that we do not need the Americans to make our point known and to have other countries come onside and ratify the things that are important to all of us.

**Mr. Paul Szabo (Parliamentary Secretary to Minister of Public Works and Government Services, Lib.):** Mr. Speaker, the summit of the Americas to be held next month follows the first summit, held in Miami in 1994, and the second, held in Santiago, Chile in 1998.

The summit, which is being hosted by the Prime Minister of Canada, will bring together the heads of state of 34 democratically elected governments in the western hemisphere.

I want to repeat what the previous speaker mentioned because it is important. The summit will deal with three themes: strengthening democracy, including human rights, justice, local governments, the illegal drug trade, security and civil society; creating prosperity, including the free trade area of the Americas, infrastructure, labour, environment and the issue of inequalities; and realizing human potential, including education, health, gender equality, indigenous peoples, cultural diversity and children.

When I heard that we were going to debate the issue in the House, I wanted to try to speak on an area which I felt might be downplayed. It is an area about which I feel very strongly. It is the role that our children play in allowing us to achieve stronger democracies, to improve prosperity and to realize human potential.

I believe that the leaders coming to the summit of the Americas must advance the principles and values that underpin the essence of a democracy, such as fairness and equity, respect for human rights, caring for those unable to care for themselves, and representing the interests of those without a voice, particularly the generations of children to come.

I wanted to talk about children and about the need to strengthen the family in the context of poverty. I believe the conditions we have in Canada are somewhat reflective of the conditions we would find in other countries in the Americas. The only difference is the degree to which those conditions may present themselves.

I believe that poverty is one of the least understood issues in the Americas. Advocacy groups call it child poverty and it tugs at the heartstrings of every caring person. They have invoked the images

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of children starving in the streets and report that the problem has increased more than 50% over the last decade.

Who could possibly be against eliminating child poverty? The bold reality is that the poverty in Canada and in the Americas is more a matter of social poverty rather than economic poverty.

We know that in November 1989 parliament passed a resolution to seek to achieve the elimination of poverty by the year 2000. That actually was our first millennium project. Over the last 10 years, it has been the *raison d'être* for virtually every anti-poverty voice in Canada.

• (2320)

No one will dispute the nobility of the gesture, but it was hollow and without substance. I say this because if the root causes of poverty were understood, we would come to the conclusion that to seek to achieve the elimination of poverty is in fact not possible.

Anti-poverty groups are growing in size and influence. They report annually on the growing level of poverty in our country and fiercely lobby governments to act. More jobs, more social assistance, more social housing, more tax benefits for families with children, more money for health and early childhood development, more employment insurance benefits and subsidized day care are but a few of the demands of these advocates.

They universally accept the low income cutoff known as LICO as the measure of poverty, for one simple reason. It is an economic measure which calls for economic solutions. If they had to address the root causes of poverty, it would open up a Pandora's box which I believe most fear to face.

Homelessness has also become one of the latest focuses for the poverty groups. As an example, in January 1999 a task force headed up by Anne Golden issued a report on homelessness in the city of Toronto. Declaring that there were workable solutions, the task force engaged all levels of government to step up to their responsibilities.

However, if hon. members look very closely at the conclusions of the report they will find some interesting statistics. Of the homeless identified, 35% suffered from mental illness, 15% were aboriginals off reserve, 10% were abused women and, significantly, 28% were youths who had been alienated from their families, of which 70% had experienced physical or sexual abuse. In addition, they found that 47% of the homeless in Toronto did not even come from Toronto. In fact they have been migrating to urban centres from all across Canada. Sadly people who live in squalor on the streets of our country represent those who no one loves.

Lone parents now represent about 15% of all families in Canada but, sadly, account for about 54% of all children or families living

in poverty. The rate of family breakdown is almost 50% when we include the breakdown of common law relationships.

The incidence of domestic violence continues at record levels. Alcohol and drug abuse in our schools and our communities has escalated with tragic consequences. Unwanted teen pregnancies continue to rise. Close to 30% of students are dropping out of our high schools and are becoming Canada's poor in waiting.

Statistics Canada and Health Canada have concluded that 25% of children in Canada are entering adult life with significant mental, social or behavioural problems.

These represent the social poverty of our society and they are the root causes of the vast majority of the economic poverty in Canada.

If poverty in Canada is a horror and a national disgrace, then the breakdown of the family is the principal cause of that disgrace. Those who express outrage at poverty but who do not express the same outrage at the breakdown of the family are truly in denial.

However, in these days of political correctness, the family and its structure and condition represent a minefield through which few are prepared to tread. Anti-poverty groups have meekly side-stepped the social poverty dimension. However, if we are not prepared to address social poverty in our country, then we effectively choose to tolerate—

**Mr. Svend Robinson:** Mr. Speaker, I rise on a point of order. I hesitate to interrupt the hon. member and am listening with rapt attention to his speech, but I wonder if he might in some way relate it to the subject of the FTAA, which is currently being debated.

**The Speaker:** I am sure the hon. member realizes the importance of relevance and will of course make his remarks entirely relevant.

**Mr. Paul Szabo:** Mr. Speaker, there is nothing more relevant to strengthening our democracies, to improving prosperity, which involves trade, and to realizing human potential than the health and well-being of children. It is a precondition and that is the relevance.

Let me conclude. I believe that if we could raise one healthy, well adjusted generation of children, poverty as we know it throughout the Americas would be a condition of the past. In that context, I mean that it should be physical, mental and social health that we are looking at for our children.

• (2325)

It also contemplates that our social, moral and family values and those of our families, educators and legislators promote, protect and defend those values. Our children are a function of the society in which they live. Those who become our future poor do so because of our failure to put their interests ahead of our own.

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Collectively we are responsible for the poverty that exists in Canada today and it is therefore our collective responsibility to resolve both its social and its economic causes.

In conclusion, I quote from Dr. Paul Steinhauer of Voices for Children, in a perfect point of relevance, particularly with regard to the FTAA. He stated:

With one in four children entering adult life significantly handicapped, we can look forward to a society that will be less able to generate the economic base required to supply the social supports and services needed by one in four adults unable to carry their own weight.

In that context, investing in children, particularly in the early years, is an imperative, not an option. My humble message for the leaders of the democracies, the 34 countries coming to meet at the summit of the Americas, is to put the interests of our children ahead of all other interests because I truly believe that it is a precondition to strengthening our democracies, to achieving greater prosperity and to realizing human potential.

**Ms. Wendy Lill (Dartmouth, NDP):** Mr. Speaker, I would like to thank the member for his comments about child poverty and ask him a question on the idea of strengthening democracy.

Last week a Quebec man went into a Quebec superior court to ask if his constitutional right to peaceful assembly is going to be denied by police security in Quebec City at the summit of the Americas. His question is a very good one. The police will be sealing off the heart of Quebec City for the summit, with a 3.8 kilometre security perimeter. Mr. Tremblay is a solid citizen. He is a 41 year old Montreal bankruptcy lawyer and he believes, as he says, that "I am no protester but I know that why this country of ours is so beautiful is because of its democracy".

He wants to argue that the essence of democracy depends upon the free market of ideas. He will argue that his right of entrance to the marketplace is being excessively limited by the distance police are keeping him from the venue where the 34 western hemisphere heads of government will be meeting.

Does the hon. member feel that Canadians' right to democracy will be compromised by the 3.8 kilometre security perimeter and that their rights to open debate are being compromised and jeopardized?

**Mr. Paul Szabo:** Mr. Speaker, the hon. member has pretty well answered her own question because she referred to constitutional rights to legal assembly. It is a constitutional right and it will be protected and defended by the laws of Canada.

The member referred to security issues with regard to the fencing and other security measures. It is about protection of large delegations of visitors to our country. We have the statistics. A great many people are going to be there and their protection is

extremely important. It is a serious responsibility for Canada as the host of the summit.

I do not believe that the member should ever suggest that somehow in Canada the views of Canadians from coast to coast to coast can be stifled by a fence. Our words, actions and beliefs and our accessibility, freedom and democracy in Canada allow all Canadians to express themselves in whatever ways they wish.

**Mr. Svend Robinson (Burnaby—Douglas, NDP):** Mr. Speaker, I too want to thank the hon. member for his comments with respect to the issue of child poverty.

However, to bring this debate back to the question of the upcoming summit of the Americas and in particular the proposed free trade of the Americas agreement, I wonder if the hon. member is aware of the fact that the hemisphere which is the site of the FTAA in fact has the most unequal distribution of wealth on the entire planet.

• (2330)

There is nothing whatsoever in the proposed FTAA that would in any way reduce the gap between rich and poor. On January 1, 1994, the date that NAFTA came into force, the indigenous people of Chiapas rose up because of their concern that this would lead to greater poverty as they were pushed off their subsistence farming lands so that cash export crops could be grown by giant corporate agribusinesses.

We know as well that as a result of social dumping the number of Canadian families who are unemployed, who are now eligible for employment insurance, has risen dramatically. It is now about 35%, which means more children living in poverty.

I would like to ask the hon. member how he can defend a proposed agreement, the FTAA, that would lead to greater poverty and even more attacks on families throughout the hemisphere.

**Mr. Paul Szabo:** Mr. Speaker, globalization undoubtedly is a fear. To some it represents fear of the unknown. The member is quite right when he says that we have examples of where globalization efforts can lead and have led for adverse consequences for a broad spectrum of humankind.

One of the challenges of the leaders at the summit of the Americas is to not be in denial of the realities that we have seen. However, the member asked if this would help us. It is the position of the Government of Canada, and from the last two summits, that the leaders collectively have agreed that these summits and the FTAA will provide us in part, along with other initiatives, the tools we need to deal with some of the conditions that the member just mentioned.

**Mr. Rick Casson (Lethbridge, Canadian Alliance):** Mr. Speaker, it is good to get up and debate this important issue. I will start by going over a little bit of how we got to this point, what this

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free trade area of the Americas and the summit of the Americas is proposing to do in Quebec City in April. If I have time, I would like to finish off with some of the local issues that I am concerned about that will be coming up, or already have, in this negotiation process.

The idea of a free trade area of the Americas started in 1990 with George Bush, the then president of the United States. At that time it was enterprised from the Americas initiative. It came on the heels of the Canada-U.S. Free Trade Agreement and in the beginning of the negotiations for what would become the North American Free Trade Agreement.

Subsequently the idea was revived as a free trade of the Americas at the first modern day summit of the Americas held in Miami in 1994. Like the upcoming summit, the heads of state and government of 34 countries of the western hemisphere discussed the advancement of economic prosperity, democracy and security of the Americas.

At the summit in 1994, all countries agreed to conclude an FTAA by 2005. This was a very ambitious schedule but it was one they agreed to try to work toward. Canada and Chile, the most enthusiastic supporters of the FTAA, later proposed that it be moved up to 2003, but there are some concerns that this deadline will not be reached.

I will now speak on the relationship to the summit of the Americas. The FTAA is only one of the items, albeit an important one, that will be on the agenda at the summit of the Americas in Quebec City. The summit is organized through the Organization of American States. It was originally guided by four principles: first, preserve and strengthen the community of democracies of the Americas; second, promote prosperity through economic integration of free trade; third, eradicate poverty and discrimination in our hemisphere; and fourth, guarantee sustainable development and conserve our natural environment for future generations. I would suggest that those are four worthy goals to reach in any agreement.

At the Quebec City summit, issues have been divided into three interconnected baskets. They have described them as strengthening democracy, creating prosperity and realizing human potential. It is the potential of the FTAA that has gained the most attention both from people who support it and those who do not.

• (2335)

I would like to speak about the economic background. How big is the free trade area of the Americas that we are talking about? It would cover 800 million people in the western hemisphere. We have slightly less than 15% of the total world's population, but we produce 35% of the world's measured economic activity.

The combined gross domestic product of all the countries is \$11 trillion U.S. The Americas is by far the largest and most productive economic region of the world. It surpasses even the European Union, which is the second leading region, by \$3 trillion U.S.

Canada's main trading partner is the United States which takes over 86% of our exports. The countries with which Canada has a free trade agreement, the United States, Mexico and Chile, account for 97% of our hemispheric trade. Even without the FTAA, a full 94% of goods from FTAA countries already enter Canada duty free. It is no big change for Canada because we are almost already there.

What are some of the potential benefits? Canada's economy is highly trade dependent with about one in three jobs depending directly on trade. About 80% of jobs created since 1993 have come from trade. The reasons for all free trade agreements is to increase the size of our economic pie and to improve our prosperity and well-being.

Canadian priorities in the FTAA are threefold: zero tariff rates with our trading partners, the removal of wasteful custom procedures as barriers to trade, and strong investment protection measures through the Americas region. In my riding there is a big port into the U.S. To streamline the procedures to allow the trade to flow back and forth more freely is something the people who use it on a regular basis would really like to see.

A successful FTAA should not have a large structural impact on Canada's economy because we are almost already there. Canada is already a relatively open market. Some 94% of goods from FTAA countries already enter Canada duty free. The big adjustment for Canada came with the Canada-U.S. Free Trade Agreement which currently covers 86% of our exports.

An important benefit of an FTAA for Canada is to open and secure market access for Canadian exporters through the elimination of tariffs. Some sectors face significant tariffs on paper products, technology products, auto parts and potash.

At a recent committee meeting on international trade one witness representing the Alliance of Manufacturers and Exporters of Canada said that 79% of its members favour this issue and only 6% see the FTAA as a threat to their businesses. These are the people who are in business and who are working to improve markets and market share for their products.

The parliamentary secretary earlier this evening indicated that the government would be listening to all the comments brought forward tonight by all parties. He also indicated that the government would be taking heed of some of the issues and would look into them.

One that I want to raise and I have raised before is the issue regarding sugar refining. I am speaking of raw sugar imports, exports and refined sugar. My riding has the only sugar beets grown in Canada. They are refined in the neighbouring constituency in Taber. A deal has been partially struck with Costa Rica and the concern is that the deal will be used as a pattern to extend it to

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other Latin American countries that have large sugar producing capacity.

The tariff in Costa Rica on refined sugar is 50% whereas Canada's is 8%. The idea is to reduce both those tariffs to zero but over the same period of time. If both tariffs are reduced to zero within a year of each other, it will place our producers and our refiners at a definite disadvantage.

This is something the government needs to be aware of. If it does offer up sugar, the government should deal with it as an individual commodity and not trade it off against other issues as has been done in the past, because there is potential for growth in this industry in Canada. If we handled this trade situation properly, particularly through the FTAA, then we will have potential to solidify the industry and maybe even grow it to some degree.

• (2340)

Some of the issues that have been talked about earlier have to do with the site and what is happening in Quebec City to prepare for the summit. I support the issue that the laws must be obeyed but people's right to be heard or the right to have peaceful demonstrations should not be interfered with. The full force of the law needs to be brought to bear should anybody step over that line and get out of hand because this is an important issue.

There is far more to be gained by being in on the discussions than being outside the room causing a disturbance. If people are serious about wanting change and having input, they should take part in the discussions. I am hopeful it will all go off without too much trouble.

Foreign subsidies which distort production, as we have seen in our grain and oilseed sector, are something that we need to be aware of. Such things do exist. If the trade agreements can reduce those subsidies to get everybody on a level playing field we would be far better off.

Another issue that is very important is water. We want to make sure that Canada retains sovereignty over its water. I want the government to hear that. We have to make sure that absolute control of that precious resource is maintained.

The other day one witness in committee said that a free trade agreement would bring absolute free and fair trade on all commodities. Then we would have 3,000 pages of exemptions. I am hopeful that this agreement will not go that way and that we will be able to come to a solid agreement.

We support free trade and the process that it is going through. However we would like to see any agreement that is reached come back to the House for debate, for Canadians to have a look at and for parliament to ultimately have a say in.

**Mr. Keith Martin (Esquimalt—Juan de Fuca, Canadian Alliance):** Mr. Speaker, it is a pleasure today to speak to the free trade area of the Americas. Canada has an absolutely unique opportunity next month to deal with a number of challenges to our hemisphere. Being the host, we have the opportunity to introduce and put forth creative solutions to deal with a number of the challenges. I will get to them a little later on in my speech.

Why pursue the free trade agreement? It is because free trade is good for everybody if it is fair trade. The challenge of this meeting is to ensure and convince the Canadian public, and indeed people throughout our hemisphere, that we are pursuing a fair and transparent free trade agreement: one that considers all parties and one that is prepared to work with members from across society so that we will have a trade agreement that will benefit absolutely everybody.

I want to talk about a couple of the challenges in our hemisphere. One of those is the issue of illicit drugs and the war on drugs. President Vicente Fox recently said that the war on drugs had been lost. We are losing it across our hemisphere and the countries that are really paying a price are those that are producing them.

The president of Colombia, Andres Pastrana, whom I met with last month, as well as the heads of state of Mexico, Uruguay and many others, is giving the same message: the war on drugs hurts everyone, but it hurts them more, not only the drugs but the ways to combat them.

We must decrease consumption if we are to deal with the war. We must look at our own homes if we are to deal with the problem. We could try to do what we have done before when we took the war to Colombia, buttressed up the armaments, supported the army, built up the forces and tried to cut the head off the cartels.

We did that successfully but all that happened was like a hydra: they came up in other areas. That is indeed what is happening now in Colombia where 140,000 hectares of land has been destroyed. FARC guerrillas, the ELN, the paramilitary and other drugs lords have come into the picture to produce these drugs.

• (2345)

They are producing them cheaper and better, such as heroin which costs \$2 a gram. The war on drugs is being lost. It is almost universally accepted that we are not going to win it unless we decrease consumption at home. For the first time the Americans have admitted to this.

How do we do that? First, we have to decrease consumption by dealing with new European models that focus not only on detox and treatment but also use new medical models in ensuring that people who are drug addicted develop skills training, have jobs and live in a secure environment away from their drug environments.

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Speaking personally from my professional experience, we cannot get people off drugs if they are living in an environment where drugs are abundant. We have to take them out of that. We have to give them the skills training so they will be employable in the future.

Second, we have to talk about prevention. The headstart program that was passed in the House in 1998 deals with children in the first six to eight years of life to ensure they live in a secure environment and strengthens the parent-child bond. It has been proven to decrease consumption and drug use later on in life.

On the trade issue, we have to remove both tariff and non-tariff barriers to trade as well as double taxation regimes. One of the things that Kofi Annan, the secretary general of the UN, has said, as well as countries in South and Central America where the drugs are being produced, is that these poor people who are forced to produce the drugs need something else to grow if we are going to remove the poppies and the coca. The only way to do that is to give them a chance to compete with other countries.

The House may be interested to know that the major obstacle to removing tariff barriers to enable the poor and developing countries to progress is the west. We are the ones who obstruct the ability of these developing countries to get their houses in order and improve their economies. In short, these countries do not need aid, they primarily need trade.

Under the judicial issue, we need to implement RICO amendments as they have done in the United States. Seventy-five per cent of revenues from organized bike gangs come from drugs. The way to hit them is to go after the money by implementing the RICO amendments. If the government does that, we will be able to hit them where it counts.

We need heavier and stronger penalties for those individuals who are trafficking in drugs, but we need to treat the users from a medical model. We need to hit the producers and the organized crime gangs hard, use the RICO amendments and chase after the money. Then we will go a long way toward addressing the organized crime epidemic that the Canadian Police Association said we are losing.

We also need to deal with import and export controls over chemicals used in the precursors for drugs. We were nailed by the United Nations, as were other western countries, for allowing chemicals used in the development of illicit drugs to be freely sent in amounts far in excess of what these countries could possibly use. We are allowing that and we turn a blind eye. We pretend we are lily white but we are not.

Import and export controls over the chemicals used in the production and removal of coca paste, cocaine and the production

of other illicit drugs would prevent these companies and countries from using them illegally.

The third issue is environmental protection. Acid rain, air pollution and water pollution know no boundaries. We have to take a collective view and collective action against these challenges.

Regarding environmental security, in 1998 hurricane Mitch devastated Central America. There were 19,000 people killed and there was \$5 billion in damage. The world has been unable to deal with the humanitarian and natural disasters.

What I propose is to build a rapid response centre somewhere, preferably in the Central America region. The centre would have non-perishable food, tenting, blankets and heavy lift capabilities as well as DART response teams and medical teams. They could be rapidly accessed using a rapid response model and brought to an area where there is a natural disaster. Time is of the essence in these disasters. If we constructed one of these areas somewhere in the Central American region, we would be able to save a lot of lives and a lot of money when these natural disasters occur.

● (2350)

On the issue of human security, in issues of conflict the international community has been absolutely unable to deal with conflict in a preventive way. In order to do this it requires a multilateral effort. I suggest using the international financial institutions, particularly the World Bank and the IMF as well as the Inter-American Development Bank, to press economic levers to the precursors of conflict.

This is cutting edge foreign policy. I believe our country, and indeed the House, could take a leadership role on this issue. If we present this policy on the floor of the free trade of the Americas at the end of April in Quebec City, we will start the ball rolling. We will be able to address conflict before it happens, instead of expensively trying to patch up the problems after the fact.

To my colleague from the NDP I would say this. The member's efforts to try to destroy and obstruct the meeting are nothing but destructive. The member should use the ideas and questions which are very legitimate and for which all people want answers. The member's efforts should be put toward building constructive solutions to address them. The member should talk about transparency and work with us to make sure that all agreements be brought to the House to be debated on the floor before they are passed.

On the issue of trade liberalization make sure it is fair trade, not only free trade. On the issue of transparency let us work towards that.

The issue of globalization is a way for all of us to work on good labour and environmental laws. Collectively we can work together to elevate the standard of living for all people. Surely the NDP and

others will listen to the secretary general of the U.N. who said that developing countries and the poorest of the poor need free and fair trade.

**Mr. Larry Bagnell (Yukon, Lib.):** Mr. Speaker, I was hoping to ask this question of one of the next speakers, but sometimes I have a hard time being recognized. Perhaps the member for Esquimalt—Juan de Fuca, from the Canadian Alliance, could answer the question for me.

In my riding there is a constituent who believes the FTAA would impact on our sovereignty and the legal ability of governments to maintain environmental and social standards. Does the hon. member believe this is true?

**Mr. Keith Martin:** Mr. Speaker, that is an excellent question and it is often asked by the NDP and other members. That is why the free trade area of the agreement is going to be pursued.

We have to develop a rules base to improve the horrible situation in the maquiladoras in Mexico, where there are no labour or environmental standards whatsoever. We have the opportunity today and will have it in April to develop a rules based system to ensure that we have fair labour standards. Workers in the maquiladoras will then be able to say that the company must adhere to the standards because it was signed in the free trade agreement of the Americas.

We will have good environmental standards so that mines will not be able to dump tailings and poison the rivers in South America and Central America. We will have standards of democracy and human rights that will be respected across this hemisphere.

That is what the agreement is about. This is what the challenge is about. I am sure members from the NDP would like to ask questions along the same line. I hope they put their efforts into working toward solutions to these challenges.

**Mr. Svend Robinson (Burnaby—Douglas, NDP):** Mr. Speaker, I want to ask the hon. member a question about his comments on Colombia to try to determine what the position of the Canadian Alliance is with respect to one of the most serious issues and concerns that has been raised. That is the quite misguided proposal called Plan Colombia, in particular the military component of that plan.

I know the member for Esquimalt—Juan de Fuca was in Colombia last month. I myself was in Colombia in January and had the opportunity to meet with elected representatives, senators, members of the house of representatives, as well as many human rights defenders and others. The very strong message that I received from them was strong opposition to the military component of Plan Colombia. They pleaded that instead there be a

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recognition that it is social and economic concerns that must be addressed and in particular land reform.

● (2355)

What is the position of the Canadian Alliance? Is it like the Liberal government, which refuses to condemn the military component of Plan Colombia, or is it prepared to very clearly speak out in opposition to the military component of that plan and call for an approach that recognizes the importance of tackling poverty, land reform and dealing with the massive human rights violations in Colombia?

**Mr. Keith Martin:** Mr. Speaker, the hon. member is correct that Colombia needs land reform. It needs a better economy. It needs to address the human rights abuses. Plan Colombia deals with two aspects; a military component and a social development component.

The unfortunate thing in the real politik of Colombia is that the vast majority of the land area is controlled by guerrillas from the FARC and the ELN as well as paramilitaries and drug lords. Part of the problem is that, with the lack of control the government has from a military perspective, these guerrillas, paramilitaries, narcoterrorists and cartels are allowed to massacre civilian populations in the surrounding area.

Currently the Bogota government in Colombia does not have the military capability to do that. My personal view, not that of the Alliance, is to support Plan Colombia, including the military component, for the simple reason that the military component has to get control over the country. It has to defeat the paramilitaries that are basically thugs with weapons.

It is very important that national verifiers go along with the Colombian army to ensure that it is not engaging in human rights abuses and in collusion with the paramilitaries. They are doing that in some areas, which is completely unacceptable. If we verify this and allow the Colombian government to get control over its area in a multifactorial approach with other trade issues, then we will be able to ensure that Colombia secures peace.

[*Translation*]

**Mr. Mauril Bélanger (Ottawa—Vanier, Lib.):** Mr. Speaker, I am splitting my time with the member for Oak Ridges.

Let me begin by thanking the Minister for International Trade, who, it will be recalled, in response to a question I asked of him in the House during question period some time ago, agreed, on behalf of the government, to hold a take note debate, the debate we are having tonight, on the question of the free trade zone of the Americas, before the Quebec summit takes place.

I am very pleased to see that, even at midnight, there are still a number of members who wish to take the floor.

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I am not an expert in international trade. I am not a lawyer, and I have not had a chance to really explore the international trade aspect. Like all of us here, I have had several constituents speak to me and, in some cases, voice concerns and encouraging words. I agreed to share these comments with the House. That is why I am here tonight.

A number of people who spoke to me or wrote to me seemed to be concerned about the preponderant, or at least growing, role of the private sector in international trade. They would like to see the introduction of mechanisms to balance what some perceive to be a growing influence.

If I base myself on our Canadian economy, which is essentially a capitalist regime in which we encourage the creation of wealth, but a system that still has strong socialist leanings, which taxes this wealth and has established a mechanism to redistribute it, we end up with a country that is nonetheless very interesting and very welcoming and which, all told, is a model from several points of view.

• (2400)

For example, if we compare ourselves to our neighbours to the south, we see that income polarization is not increasing in Canada.

[*English*]

Indeed, the income gap in Canada, after taking into account redistribution, such as social programs and so on, has not grown, whereas in the United States it has. On the wealth side, unfortunately, we will have to do something because we have not measured that since 1984. Statistics Canada measured it recently and we had a report a couple of weeks ago showing that the wealth gap, as opposed to the income gap, is increasing. I think it behooves us all to find ways to make sure that gap does not widen but becomes narrower.

However, if we take our approach on social programs, human rights and environmental standards, there is room for improvement in many of those fields, but as a rule we are doing very well by international comparison. If we take this and move it onto the international scene it would perhaps be Canada's greatest contribution.

[*Translation*]

I have to state my position on this international issue. I am one of those who believe in free trade. I think that history has shown that more wealth is created wherever there is free trade. If sovereign countries can then find ways to share this wealth, their people will end up better off.

I am basically in favour of free trade. However, Canada's position embraces other elements in addition to free trade; it includes considerations such as human rights, democratic principles and environmental standards. I am delighted to see that the

holding of this summit in Canada is giving rise to these debates and that our government is encouraging them, because they will be feeding into the summit itself. In this sense, I believe that the trend is an encouraging one.

We receive reams of documentation from all kinds of places. Last week, I was sent a little folder from the Export Development Corporation. I would like to quote a passage from it, from a letter from the president and CEO. These are words that we would perhaps not have found in this type of literature a few years ago. It reads as follows:

At the same time, EDC operates as a successful business and an integral part of society. As such, we are working alongside other leading businesses that are increasingly committed to socially responsible corporate practices. These practices include policies and measures aimed at establishing a business code of ethics, making improvements at the social and environmental levels, public accountability and community participation.

In fact, it is becoming increasingly obvious that, by adopting these socially responsible corporate practices, corporations are achieving reciprocal successes for themselves and for their communities. According to a recent study, the Dow Jones Sustainability Group Index surpassed the Dow Jones Global Index by 15% between 1994 and 1999. In other words, it pays to do good.

I do not think that this type of comment would have been found in the literature of the Export Development Corporation some ten years ago. This is encouraging.

I would like to quote another statement, which appeared in the lead editorial in *La Presse* yesterday. I am citing the paragraph at the end of Mario Roy's editorial:

It is not a matter of seeing nothing but the good in people, and believing that it is possible to change overnight a problem of civilization that has persisted for centuries. Nonetheless, the opportunity is there. Elected officials, whose mandate in their respective countries is not only economic but also political and social, will be sitting at the Summit of the Americas.

Canada, which, as has been said, very much enjoys giving lessons, can certainly take advantage of its role as host to place the question of human rights at the heart of this round of negotiations, which will continue until 2005. We can do it in such a way that it cannot be ignored, so that it is clearly understood that a free trade agreement will be inconceivable unless a certain level of normality is achieved in the countries that are the most negligent with respect to rights and freedoms.

This is a strict obligation for Canada's political elite.

And there is no doubt that in the public mind the Summit in general, and Canada's performance in particular, will be judged from this point of view, as much as from the point of view of the advances that will be made with respect to trade.

• (2405)

Again, we see reflected here in this newspaper, which is after all well regarded, the desire to emphasize these values. That is why I am encouraged by this evening's debate on the summit of the Americas.

This evening, as MPs, we have an opportunity to take a hand in the phenomenon of globalization, to be part of this trend, which

one day may be reversed, but which nonetheless is currently very strong. Most countries in the world are moving toward free trade agreements, whether bilateral or multilateral in nature. The trend is toward the creation of free trade zones. This reflects clearly the will to create much greater wealth and it is on this front that we have a role to play.

In my view, it will become very important in the years ahead to create new mechanisms for sharing wealth on a global scale.

[*English*]

We have created a means of encouraging free trade. It behooves all of us as parliamentarians and as people who have the public good at heart, to bring forward ideas and create mechanisms that will allow us to share some of the wealth among nations that international trade and free trade helps to create.

I understand this is an extremely complex situation but the complexity of a problem does not negate the necessity to address it. The one wish I would like to leave with the government, as it is taking note tonight, is that we must put in gear efforts and thinking to create such mechanisms so that the living standards for citizens around the world will be improved.

**Mr. Svend Robinson (Burnaby—Douglas, NDP):** Mr. Speaker, could the hon. member perhaps share his views with the House with respect to the importance of ensuring environmental standards within the framework of trade agreements?

I recall that at the first summit of the Americas in Miami in 1994 one of the commitments made was to strengthen the protection of biodiversity within the hemisphere. That was seven years ago and I am not aware of any steps that have been taken within the context of the summit of the Americas, free trade of the Americas negotiations or anything else.

Could the hon. member indicate to us what there is within the context of the current negotiations on the FTAA that would in any way strengthen the protection of the environment throughout the hemisphere, an objective which I know he shares?

**Mr. Mauril Bélanger:** Mr. Speaker, I will try to pick up on the question asked by the member for Yukon and try to address both.

If we were able to reach an agreement on environmental standards, that might mean that a country such as ours and all of the countries participating in such an agreement would have to give up some of their sovereignty. As people live as neighbours in a society they give up some of their sovereignty by virtue of having to respect their neighbours and the environment they live in.

I cannot predict, nor would I pretend to be able to predict, the outcome of negotiations and how environmental considerations might be included in any FTAA. I would hope that we could arrive

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at that, just as I would hope that we would cover in any international agreement, matters of cultural diversity.

I believe that biodiversity is as important as cultural diversity. My colleague for Parkdale—High Park addressed that issue earlier this evening and I share her views.

I say to the hon. member that is not to say that things are perfect. I would hope that he would keep at it and try to improve it as he has over the years. I applaud him for that. As we do so collectively, things will improve. Unfortunately, reality being what it is, we take too long to get where we want to be but we will not get there by giving up.

● (2410)

The complexity of an issue does not negate l'exigence de s'y adresser. I would hope that because he is not satisfied that things are not improving fast enough that does not mean we will all give up to make it happen. On the contrary, I think probably we have to increase our efforts to make it happen.

**Mr. Larry Bagnell (Yukon, Lib.):** Mr. Speaker, before I ask my question, last week when we went past midnight there was a motion proposed and passed unanimously that we would let most of the pages leave. I would ask for unanimous consent that those who need to leave be allowed to do so. My question has been partly answered but I will pose it in case the hon. member would like to add anything.

[*Translation*]

One of my constituents believes that a free trade agreement of the Americas would affect our sovereignty and the ability of governments to maintain our social and environmental standards.

Is this true?

**Mr. Mauril Bélanger:** Mr. Speaker, what I was saying earlier is that when people agree to live in a community, in the same village, on the same street, or in the same city, they have to agree to limit their own rights to make room for their neighbours' rights.

In order to live in society, we have to agree that our rights are fundamentally, basically and necessarily limited. I think it is the same thing for countries that by mutual consent enter into international agreements on behaviour, free trade, respect for the environment and certain environmental standards.

If a country wants to promote respect for the environment and it does so by becoming a signatory to international agreements, it is very likely that it will give up some portion of its sovereignty for the international common good. The same holds true for the members of the United Nations. We agree to be a member of a group like the United Nations; we accept its rules, we agree to

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submit to them. By doing so, we essentially limit our own sovereignty, but we do so for the common good.

Even though my time has expired, I hope this was helpful to my colleague from the Yukon.

[*English*]

**The Acting Speaker (Mr. Bélair):** Before we go any further, I am advised by the table that there was an agreement among the House leaders that no unanimous consent would be passed during the whole length of the debate. Therefore I have to deny the hon. member's request.

**Mr. Bryon Wilfert (Oak Ridges, Lib.):** Mr. Speaker, I want to talk, in particular, to the service sector, but I will first highlight the fact that issues regarding trade and democracy are critical in this discussion and Canada's national interest must be the overwhelming issue for Canadians. Whether the issue is health care, the environment or culture, we must protect it.

There are potentials in terms of the free trade agreement of the Americas. However, we must move, in my view, slowly and cautiously, keeping in mind that issues are being raised and being raised in a very thoughtful and lucid manner.

The Americas is one of the most dynamic regions in the world. There are 800 million people, not even one-sixth of the world's population, and they account for more than one-third of the world's economic activity. The combined gross domestic products of the Americas, about \$17 trillion, is greater than that of the European Union.

The leaders of the western hemisphere believed that the Americas had tremendous potential and that the countries of the Americas could work more effectively, particularly in areas to promote democracy, development and growth.

We have seen great changes in the Americas over the last 10 or 15 years in terms of democratic growth in the hemispheres. We have moved from military juntas to fledgling democracies, which Canada has a very important role to help promote and protect.

• (2415)

The leaders also committed to strengthening not only democracy but greater prosperity. They also committed themselves to practical measures to improve such things as health care, to increase access to quality education and to protection of biodiversity, to collective action against the scourge of drugs and corruption, to expanding the deepening dialogue with civil society and regional priorities.

I had the opportunity a few weeks ago to participate in a forum of parliamentarians from the Americas which was held here in this very Chamber. Issues such as democracy, drugs and trade were

discussed. It is very important to bring parliamentarians from this hemisphere together to talk about these key issues.

At the second summit, held in Santiago in 1998, issues were talked about and moved forward. Once again leaders endorsed action to support the development of democratic institutions, to protect human rights, to enhance transparency and to respect the rule of law. I believe these are critical issues for all Canadians. The leaders gave specific instructions to begin the process of negotiating the free trade agreement of the Americas. If the free trade agreement of the Americas is eventually signed, it will create the largest free trade area in the world.

In short, the summit of the Americas process may offer numerous opportunities to further enhance Canadian openness to the western hemisphere. The FTAA is one of the most tangible opportunities on the economic front. It certainly does have potential for enhanced market access for Canadian exports.

If there is one sector where new access could lead to significant benefits for Canada, and particularly for Canadian business, it is obviously the service sector. This is a key sector. It is the engine of the Canadian economy. It is responsible for more than two-thirds of Canada's gross domestic product, almost three-quarters of employment with 10.5 million jobs, and nearly 90% of new job creation in the country. It is leading the transformation of the Canadian economy into a knowledge based economy. Many employees in the service sector are highly educated and enjoy earnings well above average. Services are the heart of Canada's innovative society. For example, telecommunications, financial services and technical business services are among the most innovative industries in the country.

Canada is a trading nation and it counts on its service exports to strengthen its prosperity. Not counting Canada's direct investments abroad in the service companies, Canada is the 12th largest exporter of services in the world, exporting \$51.8 billion worth of services in 1998 alone. Canadian companies such as SNC-Lavalin, Teleglobe, Enbridge and Hydro-Québec are among the world leaders in their fields and their expertise is sought across the hemisphere.

Though service exports account for only 12% of Canadian exports, Canadian trade in services is increasing at a much faster pace than our trade in goods. Given the importance of trade in our economy, we can say without fear or exaggeration that improving market access abroad for our services provides an opportunity for sustaining our prosperity.

The argument for supporting Canada's service exports is particularly strong when it comes to the Americas. In Canada's commercial services, exports to FTAA countries, excluding the United States and Mexico, were worth about \$1.9 billion in 1998 and \$787

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million in 1993. Clearly this is a growing market, with an annual rate of approximately 19% growth during that period.

Countries such as Argentina, Chile, Costa Rica, Venezuela, Colombia and Brazil are all existing or potential export markets for Canadian service providers. There are three sectors of particular note: telecommunications, financial services and engineering services. Many of these are in my own community.

The Canadian telecommunications sector is enjoying tremendous success, exporting services valued at over \$2 billion a year and employing over 104,000 people. As a consequence, since 1993 the sector has been growing by an average of 9%.

• (2420)

Still, Canadian exports of telecommunications services face market access and regulatory restrictions in some countries in this hemisphere, in part due to the presence of telecommunications monopolies and, in addition, a lack of transparency, predictability and timeliness in the process of awarding operating permits and licences or prohibitive fees for licensing or interconnection. Reducing such barriers would significantly increase export opportunities for Canadian telecommunications companies.

In recent years Canadian financial institutions have been very active in Central and Latin America. One leading example is Scotiabank, which is active in Argentina and in Chile, where its subsidiary is the seventh largest bank in that country, as well as in Brazil, Costa Rica, Belize, El Salvador, where it has 33 branches in that country alone, Guyana, Panama, Peru, Uruguay and Venezuela. Another example is the National Bank, which recently teamed up with three U.S. venture capital companies and a local Chilean partner to form Corp Banca Consortium in order to purchase banking institutions in South American countries.

I had an opportunity, along with other colleagues in the House, to be in Chile for the Asia-Pacific parliamentary forum in January. I had an opportunity to talk to representatives of Chilean congress with regard to not only the FTAA issues but issues in the financial services sector.

Another sector where Canadian expertise is renowned around the world is the engineering sector. Canada is currently the world's third largest exporter of engineering services and the high calibre of Canadian engineers is internationally recognized. Business opportunities are significant, especially in Central and Latin America where Canadian engineering expertise in resource based energy related infrastructure projects is in high demand. I would refer hon. members to such companies as Hydro-Québec and its recent acquisition of Chile's Transelec, which owns 50% of Chilean power transmission lines. This is a good example of the type of business opportunities the countries in the western hemisphere

have to offer. That is why Canada is actively participating in the service negotiations under FTAA.

Canada has much to gain from the establishment of a comprehensive set of rules on trade services in the FTAA. However, again I caution members that we must proceed cautiously. We have to make sure the interests of this country are protected. As we know, sometimes some of the biggest free traders are the Americans but often in name only. We have to be careful and we have to be aware that the negotiations are going to be difficult, but I certainly support a transparent and open process.

**Ms. Wendy Lill (Dartmouth, NDP):** Mr. Speaker, I would like to ask the hon. member a question about the upcoming agreement of the Americas.

We have been living under NAFTA and the Canada-United States Free Trade Agreement for over decade now. These have been years during which we have been forced to give up access to affordable generic drugs, to support for Canadian magazine publishing, to standards for toxic fuel additives and to the right to ban bulk water and PCB exports.

In return for giving up democratic sovereignty, those deals were supposed to give us free access to the American market for our goods. However, as recent disputes over P.E.I. potatoes and softwood lumber demonstrate, things have not worked out that way. When their economic interests are threatened, the Americans ignore trade deals or insist on exemptions to protect their own producers.

Instead of dealing with these problems, our federal government is taking the lead in promoting, through the FTAA, the expansion of a trade deal that further weakens democratically elected governments while strengthening the power of global corporations.

Since the hon. member seems to be promoting the fact that this is a good deal for Canadians and Canadian industries, I would ask him this: with the examples I have just given, how is this deal going to strengthen our position as a country and our position as a trading partner?

**Mr. Bryon Wilfert:** Mr. Speaker, clearly the member opposite was not listening quite as attentively as she could have been.

• (2425)

First of all, I said that we have to move cautiously. I talked about a particular sector, the service sector. In looking at the service sector, I said there were opportunities. We are looking at opportunities. I made the comment that the Americans are often the biggest free traders, but when it comes to having their own interests at heart they often put up barriers. The member mentioned P.E.I. potatoes as an example.

I am not suggesting and have never suggested in my comments this evening that we simply go straight ahead without being

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cautious and without making sure that our interests are protected. I presume the member understands the fact that the national interest is paramount. Therefore, if in fact under free trade or under NAFTA there are issues we feel are not serving our interests, there are, as there have been, mechanisms to address those issues.

However, I would think that under the FTAA we have to make sure that the right mechanisms are there, whether they are tribunals or whatever they happen to be, in order to make sure we are protected. Not to do so would not be in the national interest. Therefore I have highlighted only one area in which I feel that there may be enhanced opportunity for Canadian companies. However, I did say as well that we have to make sure we protect and have control of our health care, culture and environment. If in fact at the end of the day we are not able to do that, then I would not support it.

When members are listening to what I am saying, they have to be very careful. I am looking at one area in which I do see an opportunity, but again we must go slowly.

**Mr. Svend Robinson (Burnaby—Douglas, NDP):** Mr. Speaker, I will be very brief. The hon. member is a former president of the Federation of Canadian Municipalities. I wonder if he would like to comment on a motion adopted by the city council of Vancouver expressing very grave concern about the implications of the FTAA for the rights of cities to make decisions about their own future, about their environment and about the health care of their citizens.

The city of Vancouver unanimously passed a motion urging the federal government not to sign any trade deal, such as the proposed expansion of NAFTA being negotiated in the FTAA, which includes investor state provisions similar to those included in NAFTA. Does the hon. member agree with the motion that has been passed by the city of Vancouver?

**Mr. Bryon Wilfert:** Mr. Speaker, I would like to read the motion of the city of Vancouver. I have not read it. However, again, clearly anything that does not protect interests, whether they are of cities or Canada as a whole, obviously I could not support. Again, I believe that any treaty that would be proposed should come back to the House for full and honest debate.

**Mr. Svend Robinson:** It is a done deal by then.

**Mr. Bill Blaikie:** You do exactly what you're told. You might as well be unconscious.

**The Acting Speaker (Mr. Bélair):** Order, please.

**Mr. Svend Robinson (Burnaby—Douglas, NDP):** Mr. Speaker, I rise to participate in this take note debate with some sense of sadness and almost despair about what the ultimate outcome of this debate will be.

I have participated in many debates in the House. We have debated motions and we have debated bills, but let us be clear about what is being debated here today. We, as members of parliament, are being told that we have to debate, in a take note debate, a fundamentally important subject about the future of this country and the future of this hemisphere and this planet. Yet we are being denied the very essence of what it is that we are supposed to be debating.

**An hon. member:** Where's the text?

**Mr. Svend Robinson:** We are being denied the text that is being negotiated by the 34 countries involved in this hemispheric deal, the free trade of the Americas agreement.

It makes a mockery of democracy when we are being told that we are able to pronounce ourselves on the implications of the FTAA, the summit of the Americas, and yet we do not have the text itself. That is the first point I want to make.

● (2430)

It is a perversion of democracy to suggest that somehow we could have a serious debate or a serious dialogue on the issue when in fact we have no opportunity to view the text itself.

I might just add that I will be splitting my time with my colleague, the member for Winnipeg—Transcona. I should have mentioned that at the outset of my comments.

Not only are we denied access to the text that is being negotiated behind closed doors, but the government says that it has been totally transparent and that all we have to do is go to its website to see its position on the key issues that are being negotiated in the framework of the FTAA.

Some of us have actually gone to that website. What are some of the most critical issues? They include things like the dispute settlement mechanism, intellectual property, investment and services. Here is what the Government of Canada has to say on its official website about its position on investment:

To date, Canada has made no submissions to the Negotiating Group on Investment. Any submission made by Canada will be made available on the website.

So much for transparency: it has nothing to say about investment. In response to a question from my colleague, the member for Winnipeg—Transcona, this same government said that it was very concerned about the implications of chapter 11 of NAFTA. It was to make sure that no similar provision was being negotiated in the FTAA. What a fraud when, by its own admission, it has not bothered to make any submissions at all on the issue of investment.

That means quite clearly that the government does not care. It certainly does not care enough to make submissions about what this investor state provision might mean for Canada's sovereignty,

for our ability at all levels of government to make decisions in the best interest of the citizens that we have the honour of representing.

When we look at what the FTAA is really about, or what NAFTA and the WTO are really about, more and more they are about taking power away from democratically elected governments and putting it in the hands of corporate elites that are unaccountable to anybody but their shareholders.

The House does not have to take my word for it. I will quote from a couple of people who have made very clear that this is the agenda. One is Renato Ruggiero, former director general of the World Trade Organization. Here is what he had to say:

—there is a surplus of democracy in the world that is interfering with the free movement of investment and capital.

God forbid, a surplus of democracy. We have to build up trade deals like the free trade of the Americas and NAFTA which will prevent democracy from actually influencing corporate power at all. Michael Walker from the Fraser Institute said:

A trade deal simply limits the ability to which any statutory government may respond to pressure from its citizens.

Ain't that the truth? God forbid that citizens should be in a position to actually influence their government over things like the future of health care, education, culture, social programs or the environment. We know that all these areas are at grave risk in the so-called trade negotiations.

Just yesterday, for example, the common front on the World Trade Organization released a document voicing its deep concern about the implications of the current negotiations on the General Agreement on Trade in Services, the so-called GATS. It has made very clear that the sole purpose of the current GATS negotiations is to open up public services to privatization and international competition. In other words, it would replace services which are now delivered in the public interest through the public sector with private for profit companies. That would destroy many of the social programs we have come to take for granted.

This is a totally undemocratic process. I want to point out as well with respect to the process that we are witnessing in the context of the summit of the Americas an increasing criminalization of dissent.

● (2435 )

We know that Quebec City itself is being turned into an armed fortress and that any dissent, and I am speaking of non-violent, peaceful protest, people marching in the streets voicing their concerns about what these deals will mean not only for the people of Canada but for the people of the hemisphere, is being criminalized in many areas.

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We have the obscene spectacle of the corporate elite buying its way into the corridors of power. Half a million dollars gets the opportunity to say a few words at the opening reception. If they can only afford \$75,000, all they can do is decide which of the leaders they want to cozy up to and lobby in the context of the free trade of the Americas agreement. What a contempt for civil society.

Civil society outside that four kilometre parameter, with the friends of the government and the corporate elite inside wining and dining, having paid the necessary fees to have access to the process, is an appalling spectacle.

I want to say a word about another element that troubles us as New Democrats. This is not a process that includes all 35 countries in the hemisphere. Indeed one country has been left out because the United States made very clear that it is its rule about the summit. That is Cuba. It is totally unacceptable that Cuba should be isolated because of American pressure.

It was not that long ago that the Prime Minister said Cuba should be a member of la grande famille, should be invited to be at the table, but now we have seen in a profound reversal of Canada's policy the new foreign affairs minister saying no, Canada does not support Cuba's presence at the table. It is clearly unacceptable.

It is a process that is totally undemocratic: denial of access to the documents being negotiated and criminalization of dissent by people who object not only to the process but to the substance. There are concerns around the participation at the table and about corporate influence in the whole process, but the substance of the WTO, NAFTA and now the FTAA is of deep concern to us as New Democrats.

I know the member for Winnipeg—Transcona will elaborate on some of these concerns, particularly around the impact of chapter 11, the so-called investor state provisions. We have seen the impact of corporate power in the so-called intellectual property area with pharmaceutical companies trying to stop Brazil and South Africa under the WTO from making cheap generic drugs available to aid in the fight against AIDS and HIV. That is what we have seen as a direct result of the so-called trade deals.

In closing, I again say that these trade deals are not about trade. They are about corporate power. We as New Democrats say that it is time we had a government that negotiated a fair trade deal. We believe in a rules based economy and rules based trade, but rules that put ecological sustainability, worker rights, human rights and the environment ahead of corporate profit and the bottom line.

**Mr. James Moore (Port Moody—Coquitlam—Port Coquitlam, Canadian Alliance):** Mr. Speaker, I have a question for the member for Burnaby—Douglas. He speaks passionately against the concept of free trade but speaks in favour of fair trade.

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There was some talk a while ago, and Canadians might want some clarification, of the federal NDP perhaps changing its opinion on free trade and becoming more proactive in terms of free trade, actually believing that the concept of competitive and comparative advantage is good and should be embraced.

The NDP premiers of Saskatchewan, British Columbia and Manitoba were all part of the most recent team Canada trade mission to the Asia-Pacific region. Has the member for Burnaby—Douglas informed the three premiers of those provinces of his distaste for the concept of free trade? Has he brought as much scorn on them as he has brought on the government for its pursuit of free trade?

**Mr. Svend Robinson:** Mr. Speaker, quite clearly as New Democrats we have said, as I indicated in my closing comments, that we reject the model in NAFTA. We reject the model in the proposed free trade of the Americas agreement. We have certainly voiced deep concerns about the model in APEC.

● (2440)

I spoke out strongly, as did my colleagues, on that model. We voiced those concerns in the context of APEC. We have certainly raised serious concerns about human rights and respect for the environment, issues like the sale of Candu reactors to China, concerns around the Three Gorges Dam and a number of other similar grave concerns about human rights violations in the context of religious freedom, whether it be Falun Dafa or other serious abuses of human rights. Certainly we have spoken out on those issues.

I might say that we are waiting for members of the Canadian Alliance to take a strong and forceful stand with respect to grave human rights violations in this hemisphere. I was astonished to hear the member for the riding of Esquimalt—Juan de Fuca speaking of Colombia and defending the United States Plan Colombia, saying that as a member of parliament he supports the military component of Plan Colombia.

If we want to talk about human rights, I suggest to the hon. member from Coquitlam that he speak with his colleague for Esquimalt—Juan de Fuca and remind him of the concern about respect for human rights in this hemisphere, which is what is being debated in this take note debate this evening.

**Mr. Larry Bagnell (Yukon, Lib.):** Mr. Speaker, I have two points. Maybe it was the phrasing of the member's words when he was talking about the private sector doing some things the government is doing, but to me it seemed to cast aspersion on business workers. I think all workers in both business and government in Canada by and large work very hard for whoever is providing a particular service.

My question is related to services. The hon. member was suggesting that health, public education and social services might be at risk. Last week the Minister for International Trade made his announcement of Canada's position on the GATT. He made quite clear that those things would not be at risk in the GATT or in the free trade agreement of the Americas.

**Mr. Svend Robinson:** Mr. Speaker, I have to ask why we should believe anything the minister says in light of the track record of the Liberal Party on trade issues. I remember the 1993 election when the Liberals campaigned vigorously against NAFTA. They were to have nothing whatsoever to do with NAFTA.

I remember the previous parliament when the now industry minister campaigned strongly with all his colleagues against the pharmaceutical drug legislation, that gift to multinational drug corporations. In the interim we have seen one of the most disgraceful flip-flops. In fact the Minister of Industry gave a grovelling apology to Brian Mulroney at Davos, Switzerland: "You were right, Brian. We were wrong in the Liberal Party".

Just last week in front of the Senate committee the minister apologized for the Liberal position on pharmaceutical drugs when he said in 1987 that the pharmaceutical drug bill would suck the lifeblood out of Canada's poorest citizens. That is what he said then. He has said the opposite now. Why should we believe anything that the trade minister tells parliament or the country?

**Mr. Bill Blaikie (Winnipeg—Transcona, NDP):** Mr. Speaker, I am very pleased to follow my colleague, the hon. member for Burnaby—Douglas, in putting on the record the very real concerns of the NDP about the FTAA. We have concerns not just about the FTAA but also about various other trade agreements which contain the same elements as the government would like to see included in the FTAA.

Our opposition to the free trade of the Americas is consistent with our opposition to the Canada-U.S. Free Trade Agreement, the North American Free Trade Agreement, the multilateral agreement on investment and the World Trade Organization. All these agreements, some in place like NAFTA, some historical like the Canada-U.S. Free Trade Agreement, some defeated like the multilateral agreement on investment and some in process, like the WTO, all these agreements have in common the fact that they are agreements which were conceived in the first place to restrict the ability of democratically elected governments to act in the public interest, to act on behalf of the common good.

● (2445)

As my colleague referred to earlier when he was quoting Renato Ruggiero, the former director of the WTO, it has been the view of the corporate elite both nationally and globally for some time basically since the early mid-seventies that there has been a surplus of democracy in the western world. Things were getting out of

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hand. The economy was regulated in a way that did not permit the maximization of profit in the way that corporations would like.

There began a corporate backlash in the 1970s, which by the late 1980s took the form of free trade agreements. It took the old concept of free trade and protectionism, which sometimes had been supported by various elements of the political spectrum and which basically had to do with the elimination of tariffs, et cetera, and applied it toward an entirely new phenomenon that included not just what free trade used to include but entirely new sectors with respect to energy, investment and now services, the latter being the latest addition to what the corporate elite would like to see brought under the authority of these agreements.

The member for Burnaby—Douglas said that he was sad to see that we were debating the free trade agreement of the Americas without the text. It is not a coincidence that we do not have the text. The one time that we did have the text before there was an agreement it was defeated. Somehow the text of the MAI, multilateral agreement on investment, was put on the Internet and everybody had a copy of it. That agreement did not survive because people could actually point to what it was that their governments were planning to do to them.

I do not believe the minister of trade when he says that he would really love to release the text of the draft agreement but he cannot get the other countries to agree. It is clear to me that there is an agreement among all the countries not to release the text. If they release the text they know there would be a lot more people protesting in Quebec City, more than those already planning to protest what it is that their governments are planning to do to them.

It is not just what the governments are planning to do to their citizens in terms of taking away their rights and their ability through their governments to act in the public interest. The real question is: Why do governments want to do this to themselves? It is the most pathetic element of what we have seen in the last decade of the 20th century and what we are seeing more of in the beginning of the 21st century.

When the history of western liberal democracy is written 100 years from now, it will be about the decline of liberal democracy. It will be similar to the books we now read about the decline of Athenian democracy, the decline of the ideals of the Roman republic, or various other historical epochs that started out with an idea which flourished, reached its zenith at some point and then for some reason began to deteriorate.

Since the late 1980s we have seen through the free trade agreements the relentless but willing advocacy of power by elected representatives, both by parliamentarians individually and collectively, by democratically elected governments with power vested in them by their citizenry and electorate, to corporations, either to corporations directly or to international or regional trade

agreements which embody the values and the interests of those corporations.

• (2450)

The really interesting point for historians 100 years from now will be to try to understand what went on in the 1990s and in the early part of the 21st century, if we survive, if we can breathe the air and drink the water that a deregulated global market economy will bring us. However, if we survive, somebody will be asking what possessed these people to surrender the control of the economy, the trust that had been placed in them by the citizens who voted them into power. What possessed them to give up that power?

That is what people in Quebec City will be protesting. That is what they protested in Seattle and Windsor. They will be protesting at the next meeting of the WTO in Qatar, those who can get there. I will put on the record now that the next summit of the Americas will probably be in the Falkland Islands. These things will have to go beyond being held in artificially created gated compounds. They will have to be held on islands that can be defended by various navies because more and more people are seeing that this is an attack on democracy.

The real shame is that the people who should be in the forefront of defending democracy, the people who are actually elected, are the ones who are being sucked in royally by it. We have heard a lot of that tonight, people getting up and singing the praises of free trade without seeing that they are singing the praises of their own continuing demise as parliamentarians both individually and collectively.

What is this all done in the name of? As I said before, it is done in the name of constraining the power of government. However it is also done from a Canadian perspective, as a Liberal member said earlier, in the name of enhanced market access. The Liberal member who was talking about enhanced market access was talking about enhanced market access for Canadian service corporations.

We are being asked to trade away the mechanisms and the public policy instruments through which we have built up a different kind of society and through which we have regulated the economy in a way that accrued to the public interest rather than the private interest and corporations. We are being asked to give all that up so that our Canadian corporations will not run into similar public policy instruments in other countries.

In the interest of their corporate profits and their profit strategies we are being asked to give up our way of life. That is what it amounts to. We are told that this leads to jobs. It may well do so. If at the same time we have to give up our way of life and give up the possibility of being a distinct country having distinct social and economic values, it will be a classic case of having sown the wind and reaped the whirlwind. It will not be worth it.

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**Mr. Jim Abbott (Kootenay—Columbia, Canadian Alliance):** Mr. Speaker, the member will know that I have only the highest regard for him as an individual and for his history in parliament. I have been very impressed in the last few weeks with some of his sage wisdom that he has given to parliament.

I will not debate him on the issue that he has just put forward. I have a fundamental disagreement with his thesis. I would like to give him and perhaps the New Democratic Party an opportunity to go on record about a related issue. I sincerely respect the New Democratic Party, particularly this member, and the fact that they have a particular perspective. They want to go to Quebec to make those statements.

• (2455)

I also sincerely respect other thoughtful Canadians who hold to that perspective. I would like to give him the opportunity to make some comment about those who take the credibility of thoughtful people like him and others who want to protest and take it to the anarchistic extreme.

It is unfortunate that the government has had to put up barriers and walls and take other security measures. I would like to give the member and his party the opportunity to say that they want to have the right to democratically attack this summit, that they want the right to demonstrate peacefully and that they want the right to make their statement as forcefully as they possibly can, but that they resent and reject the anarchistic tendencies of some who will be coming with the avowed intention to get up to anarchy and public mischief.

**Mr. Bill Blaikie:** Mr. Speaker, I say to the hon. member that there has never been any doubt in any of the statements that have been made by the member for Burnaby—Douglas on behalf of the NDP as trade critic; by myself, formerly the trade critic; or by our leader that we are going to Quebec City to be in solidarity with the people who want to peacefully protest against the free trade area of the Americas.

I was in Seattle representing the NDP. This was not inconsistent with what we will be doing in Quebec. It was not inconsistent with what had been done before. Tens of thousands of people in Seattle were demonstrating against the World Trade Organization who had nothing to do with the planning, the executing or the approving of the actions of a minority of protesters who had a different philosophy that chose to break windows.

There are people who are against any kind of world governance. We have already said we are not against a multilateral rules based economy. We want one that is designed not in the interests of multinational corporations but in the interests of the well-being of all peoples. That means we have to include core labour standards

and environmental standards, et cetera, all the things that the corporations do not want included in these agreements.

I thank the hon. member for the question, but the answer is something that has been given many times by myself and other New Democrats.

**Mr. Svend Robinson (Burnaby—Douglas, NDP):** Mr. Speaker, I will ask a brief question. It is a complex issue, but I do want to give the member an opportunity to comment briefly on one of the most dangerous provisions in the existing NAFTA which is being proposed as quite possibly extending into the FTAA. It is chapter 11 dealing with the investor state provision.

We have seen challenges by UPS of our public postal service, by S.D. Myers on banning PCB exports and by Sun Belt Water regarding bulkwater exports. Could the hon. member comment briefly on his concerns with respect to this very dangerous provision?

**Mr. Bill Blaikie:** Mr. Speaker, if I had more time to elaborate on how these agreements affect democracy and how they threaten democracy, I would have turned to chapter 11, the investor state dispute settlement mechanism, as a prime example.

The things the member for Burnaby—Douglas listed, and one can list others, are basically a list of public policy options or public policy decisions that democratically elected governments have made in the past or could make in the future which could now be challenged through this investor state dispute settlement mechanism.

Not only do those decisions then become challenged, but we have this chill effect whereby governments never make other possible decisions because they are afraid of this mechanism.

**Mr. James Moore (Port Moody—Coquitlam—Port Coquitlam, Canadian Alliance):** Mr. Speaker, I will be sharing my time with the hon. member for Skeena. From April 20 to April 22, 2001, 34 democratically elected heads of government representing a territory that spans from Iqaluit to Tierra del Fuego, with a combined population of some 800 million people, will gather in Quebec City for the summit of the Americas.

• (2500)

On the agenda are such topics as economic integration, improved access to education, alleviation of poverty, enhanced respect for human rights and democratic development.

The goal is to take a collective step forward toward implementing a free trade area of the Americas, a hemispheric free trade zone which would offer increased economic integration, increased economic growth and broad development that would benefit all concerned.

Those of us who accept and encourage the dynamic competitive and comparative advantage hope the talks will be frank and productive. However the talks might pale in comparison with the vigorous and shrill anti-summit disruptions that will occur throughout Quebec City. The press, always seeking to sell a racy story, will have to choose between dry stories predicting increased Canada-Costa Rica trade or explicit, loud and disruptive images of anti-summit protesters.

In the end protesters may succeed in selling their trade is bad, anti-capitalist message to an apathetic public, as they partially did in Seattle. However the average Canadian, using common sense, will know that just the opposite is true. Not only is trade good, but fair rules based trade is a goal we should pursue with vigour.

A mere look into the average Canadian kitchen, where Latin American fruits and coffee sit side by side with Mexican beer, Chilean wines and Canadian cheese, confirms the very obvious benefits of trade for all, benefits we often take them for granted. At its heart, the Quebec City summit of the Americas seeks to define rules that will ensure free trade of the Americas benefits all concerned. Unfortunately the popular focus has fallen victim to anti-free trade propaganda, propaganda that, frankly, is devoid of truth.

I will deal with some of the more often uttered objections to free trade.

We heard a minute ago from the hon. member for Winnipeg—Transcona and, before him, the hon. member for Burnaby—Douglas. They claim, as does the Canadian Union of Public Employees, that:

Under NAFTA Chapter 11, virtually any action by a government that limits the current or future value of assets held by a foreign corporation is subject to a claim for compensation.

While that statement is true, CUPE conveniently forgets to mention, as do opponents of NAFTA, that in Canada citizens and corporations alike, both foreign and domestic, have long had the right to sue the government for compensation for actions of the government that unjustly and unfairly damage them.

Many Canadians will probably remember the famous Pearson airport privatization scandal. It resulted from the sale, during the dying days of the Mulroney administration, of Pearson airport terminals 1 and 2 to a consortium that included some political allies.

During the 1993 election campaign the Liberals campaigned on a promise to scrap the deal and re-examine the contract. They won the election and cancelled the deal. The consortium sued. When the Liberals responded that a government could not be sued for keeping an election promise, the Ontario Court of Appeal dis-

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agreed. It ruled in 1995 that one could sue a government for breaking a contract and claim lost profits.

Faced with that reality, the government settled out of court with the consortium and paid it \$265 million.

Canadians and Canadian companies and foreigners and foreign companies can sue the Canadian government. Not more than two blocks from this Chamber is the Federal Court of Canada which has jurisdiction “in all cases where relief is claimed against the Crown”. It recognizes the right of individuals and companies to sue the federal government. Naturally, that right includes the right to sue the government for lost profits or for compensation for loss of property.

Our trade agreements have not granted new rights to foreign companies in Canada. What they do is export Canada’s standards of legal and political rights to other countries.

A second myth, often propagated by the detractors of expanded trade, is the belief that global trade is an evil which only benefits large corporations and must be fought at all costs. We heard that in the previous two presentations. This view is simply devoid of facts and serious economic reasoning. We have seen a dramatic increase in prosperity and growth as a result of the Canada-U.S. free trade agreement and NAFTA. We have seen firsthand the tremendous benefits of structured, rules based trade with a like minded democracy to the south.

Through the expansion of the proven principles of NAFTA to a Canada-Chile free trade agreement and to a now proposed Canada-Costa Rica free trade agreement, we have sought to diversify Canada’s export market, in part to make Canada slightly less dependent on trade with the United States. That is a step in the right direction.

• (2505)

Today Canada conducts more than 80% of its trade with the United States and we trade more with Japan, our number two trading partner, than with all of Latin America and the Caribbean combined. If trade is good then multilateral trade, trading with many partners, is even better.

The FTAA seeks to create a regime of rules based trade that will serve the interests of everyone. Think back to October of 1999, when the WTO, acting on a complaint from Japan, struck down the longstanding Canada-U.S. auto pact. By striking down the access of Canadian car plants to U.S. markets, the decision could have meant disaster and the loss of thousands of jobs in Ontario and Quebec.

Instead, the open trade rule of the Canada-United States Free Trade Agreement kicked in. Since then Canadian exports to the U.S. have increased by more than 15% in that sector. That benefits

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auto workers, especially members of the Canadian Auto Workers union at plants in Ontario and Quebec which now build cars for export to such distant markets as Chile and Saudi Arabia.

While the Canadian Union of Public Employees, CUPE, denounces free trade, exports are paying the bills for Canadian Auto Worker union members. Perhaps CUPE's leaders should listen to their CAW brothers and sisters who would tell them that rules based free trade is good and that their jobs are proof of it.

That argument has not been lost in the sovereignty plans of the Bloc Quebecois and Parti Quebecois. They have always been careful to suggest separation would not remove Quebec from either the FTA or NAFTA. Whether such a status would persist is a debate for another time, but the fact is that free trade is good for Quebec's economy, and its representatives in Ottawa and Quebec City recognize and are actively reflecting that.

An argument can be made that the recent election in Mexico, which has rightly been hailed as the first open and honest election in Mexican history, was due in part to Mexico's involvement in NAFTA and to the commitment of democracy expressed in that agreement by Canada and the United States.

Similarly, it would seem that in South America a genuine commitment to democracy and all that it entails is seen as a necessary requirement to participation in the free trade area of the Americas.

The member for Burnaby—Douglas asked earlier and at committee why Cuba will not be at the FTAA summit. I told him at committee, and I will tell him again today, that Cuba will not be in Quebec City because there is no consensus among the 34 nations for it to be there. That is, I might suggest to the member for Burnaby—Douglas, because since 1959 the Castro regime has driven out, incarcerated or murdered a fifth of its population. That might have something to do with it.

Many of those protesting the summit are union activists who are staunch defenders of the collective bargaining process. Canadians have long respected that process, and they accept the need to conduct union-management negotiations behind closed doors as long as the rank and file are consulted before negotiations start and have a chance to ratify the final agreement.

Those principles must apply to the Quebec summit. Anyone who says otherwise is not truly interested in greater transparency but is using the plea for greater openness as a Trojan Horse to scuttle the FTAA process. We must recognize that behaviour for what it is: anti-democratic and contradictory to their own practices and self-interest.

In short, they selectively use closed door bargaining when it is in their best interests but not when it is in the best interests of those

with whom they disagree. True democrats recognize this inconsistency as a lack of courage for an assumed, unassailable principle of collective negotiation.

I will end by quoting one of Europe's leading socialists, the Right Hon. Tony Blair, prime minister of the United Kingdom of Great Britain and Northern Ireland. He said in this House:

It is time, I think, that we started to argue vigorously and clearly as to why free trade is right. It is the key to jobs for our people, to prosperity and actually to development in the poorest parts of the world. The case against it is misguided and, worse, unfair.

On behalf of the official opposition, I say amen to Prime Minister Blair. Greater truth has not been spoken by a prime minister in this place for a very long time.

• (2510)

**Mr. Andy Burton (Skeena, Canadian Alliance):** Mr. Speaker, I am pleased to rise today to speak on the matter of the upcoming summit of the Americas in Quebec City on April 20 of this year. I will address my remarks to the issue of trade and, more specifically, trade in softwood lumber between the U.S.A. and Canada.

It would seem the Liberal government is not taking the matter seriously. We on the Alliance benches want to see the current agreement end and free trade instituted, as was supposed to be the case when NAFTA was signed. We do not feel enough is being done to ensure that.

Trade in softwood lumber will revert to NAFTA rules in the absence of a softwood lumber agreement. On June 7, 2000 the Canadian Alliance posted on the Internet its position to return to free trade in lumber. During the November election we could not smoke out the Liberals on their free trade position, and only in dribs and drabs since January has it been clarified somewhat.

After signing a misguided agreement in 1996 that placed all kinds of restrictions on Canadian lumber producers, Canada is now staring down the barrel of the U.S. trade gun. The Liberal government let down Canadian lumber producers by not staking out its ground a long time ago in favour of free trade in lumber. One wonders what it has been up to.

I will give some background as to why the matter is important to me and to my riding of Skeena, British Columbia. B.C. accounts for more than 50% of Canada's softwood lumber exports to the U.S.A. Those exports have an approximate value of more than \$5 billion annually. With the end of the Canada-U.S.A. softwood lumber agreement and no free trade agreement in place, my riding, as well as many others in B.C., Alberta, Ontario and Quebec, will suffer.

In my riding the major producer, Skeena Cellulose Inc., has no U.S. quota as it has focused their exports on the Asian market.

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However now that those markets have gone cold, SCI is looking to the U.S. as a potential market. The problem is that the softwood lumber agreement is based on trade history. What one has shipped into the U.S. in the past determines what one is allowed to ship now. SCI, a major producer of lumber, has no history of shipping to the U.S. The potential for shutdowns and layoffs is imminent.

Over the past five years, the four provinces that signed the 1996 agreement have struggled to meet and not exceed their quota to the U.S. while the six exempt provinces have seen an increase in market share of up to 130%. B.C. alone has seen its share reduced by 20%. Quebec's share has seen a modest increase of 2.8%. The four covered provinces combined have seen a total reduction in U.S. market share of up to 14.5%.

The government needs to set things straight with the U.S.A. before the argument costs Canada billions in countervailing and anti-dumping duties. The ministers on the government benches do not even have their stories straight. The Minister of Industry has been quoted as saying that a renewal of the existing agreement will be part of the negotiations, while the Minister for International Trade said there would be no renewal at all. Which is it?

How can Canadian lumber producers have any faith in what the government is willing to do for them when it does not know what it is doing? It does not instil a great deal of faith in my heart.

Meanwhile, 50 U.S. senators from both sides of the political spectrum have sent a letter to the president saying they need action to keep Canada from flooding lumber into the United States. What course of action will they be taking? According to the letter, they are calling for Ottawa to voluntarily impose a 20% export tax on Canadian lumber. That is a measure we had in the 1980s. Are we so far advanced that we must go back in time?

The U.S. is also looking into launching an anti-dumping and subsidy investigation under a rarely used trade law to make sure Canada pays when the current agreement is over at the end of the month. The critical circumstance law is used only when a flood of cheap imports threatens to enter the country. Under normal U.S. trade laws, import duties cannot be imposed for at least 90 days from the end of a trade agreement. Should the investigation find in favour of the subsidy claim by the U.S.A., the critical circumstance law will then allow the U.S. government to impose punitive duties retroactively for those 90 days.

What does that mean? It means that even though we will have some form of free trade for three months, when that time is up Canadian producers will be hit with duties for that month as well as for the months prior that were supposed to be open to free trade.

To make matters worse, Canadian producers have no idea what the duty amount may be. It could be anywhere from 15% to 45%. That could cost Canadian producers tens of millions of dollars.

According to the Byrd Amendment enacted last fall, that would be paid to United States lumber producers. Not only would Canadian producers be unable to ship lumber into the U.S. without paying heavy duties, the payments would go to their U.S. competitors.

• (2515)

There is a subsidy there, Mr. Speaker, but it is too bad it is the Canadian producers subsidizing the U.S. producers. The real victims are American consumers and Canadian jobs and the recipient is a noisy U.S. lumber coalition. This could turn into a national crisis, but we would never know that by the way the government is handling the situation. Is it prepared to meet with its U.S. counterparts during this summit to ensure free trade in softwood lumber? Or, when the ministers meet later on in Buenos Aires to discuss the new free trade area of the Americas, the government should be prepared to ensure free trade in softwood lumber with the U.S.

At the moment President Bush is prepared to fast track the approval of the FTAA. This is the time for the Liberal government to take control and look out for the interests of the Canadian lumber producers and their tens of thousands of employees.

If under NAFTA the Canadian government cannot guarantee that the softwood lumber industry will ever have free trade with the U.S., then how can we be certain that, with the FTAA, when a U.S. industry feels threatened by a counterpart from Canada it will not go into protectionist mode like it has done with our softwood lumber?

Canada is just one of the major industrialized countries that is dependent upon trade. The trade sector accounts for one out of every three jobs in Canada. This nation has been a strong advocate of the FTAA as an opportunity to promote regional prosperity, increased business activity and jobs in Canada. It would stand to reason that part of this opportunity would come from the lumber industry, yet it would seem that the Canadian government would rather see trade centre on what is termed the new economy, the high tech industries. Do not get me wrong. There is always a need to improve our technology. However, should it be done at the expense of the other more traditional industries? No.

Every industry in Canada should be afforded the same opportunity to grow and prosper. It would be interesting to see, for example, if there had been a five year trade agreement with the U.S. in fibre optics that was to run out in three days whether the government would be sitting around on its hands or working toward a resolution of that situation to keep the industry from losing millions of dollars at the hands of their American counterparts. Would the government not try to work out a free trade agreement in that industry? Why then does it leave the softwood lumber industry to fend for itself when it comes to trade interests?

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We get the strange feeling that the government does not realize that the country, as it grows, depends on these industries as much, if not more, than it did in its fledgling days. These so-called old economy industries are what drive the high tech industry into research and development. They are one of the biggest consumers of high tech advancements. Why would the government not fight for free trade in the lumber industry?

One thing this country does need is consensus. We need to join together as a country and face the American lumber industry as a whole, with all provinces in agreement, not the west versus the east as we are seeing at the moment.

We are all in this for the same reason. We must see that we do indeed have allies in the U.S., such as the group called American Consumers for Affordable Homes, which has much in common with the Canadian Free Trade Lumber Council. This group also enjoys support from 49 members of the House of Representatives, members who introduced a resolution at the beginning of March to simply allow the softwood lumber agreement to lapse. Why would they do that? It is because the homebuilders' coalition has said that restrictions placed on Canadian lumber add approximately \$1,000 U.S. to the end cost of each new home built in the United States.

Former U.S. president Jimmy Carter came out in support of Canadian lumber in an editorial on March 24. He calls for an end to the current softwood lumber agreement and a permanent free trade agreement to be used to give both countries equal footing in the softwood lumber market. If members of the House of Representatives, U.S. citizens and even former presidents are willing to fight their own American government for Canadian lumber, why then will our government not?

We need action on this issue now, not later. I am calling on the Liberal Government of Canada to take a stand and save the Canadian lumber industry. Do not leave Canadian lumber producers out in the cold.

**Mr. Peter Stoffer (Sackville—Musquodoboit Valley—Eastern Shore, NDP):** Mr. Speaker, I thank the hon. member from the Alliance Party for bringing up the issue of softwood lumber because, as he knows, in Atlantic Canada the maritime accord, which has given us an exemption over the recent agreements, has been very beneficial for us in Atlantic Canada.

Do the member and his party support Atlantic Canada being able to maintain the maritime accord when it comes to any future softwood lumber agreements?

• (2520)

**Mr. Andy Burton:** Mr. Speaker, my party and I support equal and open access to the market for all Canadian producers. I firmly

believe that the industry across Canada has the ability to compete very effectively with its U.S. counterpart. It is a matter of having free access to that market on an equal basis across the country. Until we achieve that, there will be no satisfaction or consensus from the producers across Canada. They all require equal access to the U.S. market on an equal footing and on a free and open basis.

**Mr. Jason Kenney (Calgary Southeast, Canadian Alliance):** Mr. Speaker, I thank my hon. colleague from the constituency of Skeena who has done an excellent job here in consistently defending the interests of his constituents with respect to the pending economic disaster of potential softwood lumber tariffs being imposed by our American friends.

This is a very important debate on a major trade accord. Indeed, this take note debate was brought forward to this place in the form of a motion by the government, which holds, if I am not mistaken, 172 seats in this place.

**An hon. member:** It's 171 and Lynn Myers.

**Mr. Jason Kenney:** That would make 171, less the member for Waterloo—Wellington.

There are about 130 opposition members. I just wondered if my colleague would care to reflect on the fact that in this very important government motion on which he just spoke at 1.20 a.m. eastern time, there are eight times more members of the opposition in this place right now than members of the government—

**The Acting Speaker (Mr. Bélair):** The hon. member for Calgary Southeast knows full well that he cannot allude to the absence of any members here. I would ask him to please listen to what I have to say, at least.

**Mr. Andy Burton:** Mr. Speaker, obviously my colleague has a very valid concern. It is very obvious. I recognize the member for Yukon over in the corner there.

It is very strange that there is not more interest in this extremely important debate. Looking around the House, my colleague is quite correct. There are, I believe, nine of us here now compared to one across the floor. It is not particularly—

**The Acting Speaker (Mr. Bélair):** The hon. member for Lac-Saint-Jean—Saguenay.

[*Translation*]

**Mr. Stéphan Tremblay (Lac-Saint-Jean—Saguenay, BQ):** Mr. Speaker, it seems to me that at this hour of the morning we

have reached a consensus about something I heard earlier from my colleagues. We seem to agree that this is indeed an important debate. This day is a happy one, because we have an opportunity to debate the issue in the House.

I must admit to the members that my happiness decreases sharply when I see what time it is: it is 1.25 a.m. It does not bother me to be debating at 1.25 a.m. The public seems to be saying to us that it is important. Yet we are having it in the evening. We are having it at night, and the impression is that we are trying to get rid of it, that it will be swept under the carpet and that what is said will not be given much weight, or something like that.

It is very sad to see the context in which this debate is taking place. It does not bother me one bit to get up in the middle of the night in order to come to debate something as important as this. I have wanted us to debate issues such as this one—economic integration—for a long time. I am not against it, far from it. However, I am suggesting that we do our job and really debate the issue.

What are we talking about today? We are talking about the summit of the Americas, the discussions on the free trade area of the Americas which will take place on April 20. For me, this is a very, very important date. In addition to being the date of the summit, it is the anniversary of a date on which I once took an enormous risk by trying to launch a public discussion of the potential impact of globalization and economic integration on society and democracy. Indeed, I took this chair that belongs to my fellow citizens of Lac-Saint-Jean—Saguenay, I brought it to them and I told them, “Listen, after two years in politics, I wonder about the power of this chair to reduce the disparity between rich and poor in the context of globalization”.

• (2525)

Initially, we had difficulty finding documentation on globalization. I do not claim to be the one who sparked the debate, but I think I became involved in a popular movement from which emerged a degree of concern that is still present and that will continue to be present on April 20 and 21. Unfortunately or fortunately, many people will descend on the streets of Quebec City.

I say unfortunately because of the potential for violence. I deplore any kind of violence that may erupt in connection with the demonstrations and other public gatherings that will be held. Violence is completely unacceptable and a threat to democracy. I will be joining the people who plan to take to the streets to voice their concerns or protest the lack of debate. I agree with them that there is a problem.

When I carried out my chair, I was hoping to generate some kind of debate. Moreover, 50,000 people signed a petition calling on

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members of parliament to examine these issues. It is the least we could have done, in my view. However, given the absence of debate and the presence of lack of communication, this is what happens.

Even if the proposed FTAA was a positive initiative, the average person in the street would not know if indeed it would benefit him or her because there has not been any kind of debate. Some discussions may have taken place, but there has been no societal debate. Thus it is extremely relevant that we debate this matter here this evening. As I said, I find it very regrettable that this debate must unfold in the wee hours of the morning, when the public and parliamentarians may not necessarily be listening.

I am not saying that I oppose everything that is happening. That is not at all the case. However, as I said, if we had had an opportunity to set eyes on the FTAA texts during the course of our discussions, and I am certain many people would like to get their hands on these documents, then people would have been able to give an informed opinion. This was not to be. All we have to go on are snippets of information.

During a recent visit to Chile, I had an opportunity to meet with the minister of international co-operation who informed me that he was doing a great deal of work parallel to this accord to ensure that the FTAA agreement would have positive spin-offs for the other countries of the Americas. So much the better.

As that issue is not a subject of debate, and we are not really sure what is being done around us, it is hard for me to go out and meet with the people of my riding and tell them not to worry, that everything is all right, that I think it is a good agreement. I do not know if I can go to the businesses in my riding and tell them it will be good for them. I do not know. This is what I criticize and this is why I will march peacefully in the street on April 21.

Next Sunday, there will be a teach-in on the free trade agreement of the Americas here in parliament. A people's committee is coming here, into parliament, to debate these issues. These people are so worried that they are prepared to practise civil disobedience. I do not want to say that I support them, but a member of the NDP and I opened parliament up because I believe these people deserve to be heard.

They have things to say and they are prepared to be run over in order to say what they have to say. It must be serious. There are all kinds of things we could discuss in this free trade agreement, in particular something like chapter 11. If I could see the texts I could perhaps say whether I think mistakes were made in the framework of the NAFTA text that should perhaps not be made again in the text of the FTAA, but I do not know. Therefore how can I judge? When in doubt, what is one to do? Go down and protest in the streets because we feel the process is undemocratic.

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However, there are things that can be done. We, as members of parliament in this House, can act. Several people are sleeping, as it is more normal not to be in the House at this hour.

● (2530)

Still, as a parliamentarian, I think there are some interesting things being done. Some of the world's parliamentarians are saying: "Our role, as the people's representatives, is to do our job. We do not agree with what is happening. We have to express our views."

Moreover, that is what led to the establishment of the Parliamentary Conference of the Americas, COPA, an inter-parliamentary association founded in Quebec City recently—one and a half years ago—when parliamentarians from throughout the Americas came together to discuss our problems, our issues and our shared concerns. It is a very good thing.

I feel that parliamentarism should go beyond borders and debate these questions more fully. It is urgent. Naturally, Canada answered the call of the COPA because, through it, it has a place among the countries that make up federations, and parliamentarians from the provinces are included. Recently, we had the inaugural meeting of the interparliamentary forum of the Americas here in Ottawa, which was attended by parliamentarians from every country. The provinces were excluded, but we will not dwell on that, that is not what matters.

Parliamentarians from throughout the Americas met in this House, and it was very rewarding to have the opportunity to dialogue with a parliamentarian from Honduras, with one from Chile, from Mexico, and from the United States. The participation of the United States was perhaps somewhat lacking, but after all we should focus on the end goal, not the current results. In any case, if there is one thing, I think, that must be done in the House, given the reality of continentalization and globalization, it is to leave this parliament to speak with fellow parliamentarians from the Americas and around the world.

Members of parliament will tell me, "Yes, but it is not that easy to travel, to meet, to get parliamentarians to move". I came back from Chile last week. Travelling in the southern hemisphere requires a lot of energy.

What I proposed at the interparliamentary forum of the Americas pertained to technology, which is advancing at such a hellish pace. It is for this reason that I suggested that the technical secretariat of FIPA support the development of a virtual telecommunications mechanism that will allow parliamentarians to meet more frequently, by means of virtual meetings. I am being serious.

When I say frequently; perhaps once a week, like a national parliamentary committee of this parliament, which meets once a week in order to pursue debates, study issues and listen to the people. I think that we will now have to do this kind of work as parliamentarians.

Since the earth is a sphere and it is difficult to meet with a parliamentarian or groups on the other side of the world, I recommend that we adopt these instruments which would allow us, for example—I know that it is perhaps futuristic, but I have no trouble looking ahead to the future—to sit in a committee room here in parliament in Ottawa, where I would have the impression, not only the impression, it would be a reality, that my colleagues, parliamentarians from across the country, the continent and even the world, were present and that I could debate. We parliamentarians could work together and present a common front in the case of such matters as the Tobin tax.

I am a parliamentarian who favours a tax such as the Tobin tax. Of course, such a measure requires concerted action by all countries. Groups of parliamentarians could push for action simultaneously on the same issues, the environment, for example. In short, all cross-border issues could be debated seriously and frequently through such a process.

Do we have the technology do this now? Perhaps it is not quite perfected at this time, but I think that in five or ten years it will be there and we will be able to conduct what I call a virtual parliament that will have no borders and that will be able to meet frequently. That is something concrete for which we as parliamentarians must prepare.

We are experiencing a revolution in more ways than one. I think that the work of a parliamentarian must also go through a revolution and follow this path that opens onto the rest of the world. As I said just now, I am absolutely not against this type of globalization.

● (2535)

What I think we should aim for is globalization with a democratic face, in which wealth will be distributed and every human being will be able to achieve his or her potential.

Of course, if we want to set up a free trade area—and I want to stress that I do not oppose trade between countries—I have a small problem with the word free, because free trade in my opinion means a total absence of rules. If the economy is not bound by any rules, it is not, I am sorry to say, going to work. If we let the market alone dictate the political agenda of our societies, I have a problem with that. I believe that the economy should be subject to a minimum of controls—no, controls pure and simple.

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We need environmental and social rules. We need to think about those who do not have ready access to the new economy. A number of challenges lie ahead. Of course, we can get discouraged and lament that the situation makes no sense. However, we can also roll up our sleeves, look for solutions and fight for a world or continent in keeping with our vision and values.

Basically, this is the message that I want to convey to you today and it comes from the heart. Over the course of the next month, things are likely to get rather intense. I am pleased that the summit is taking place in our backyard because it has generated a great deal of debate, notably among CEGEP and university students. Unfortunately, one phenomenon appears to pose a threat to democracy, namely the public's waning interest in politics. I am not trying to scare anyone. I am certain that members have observed the situation firsthand in their ridings.

Conversely, another phenomenon is emerging, namely a growing interest in all questions of this nature. We saw it in Seattle, in Prague, in Nice, in Washington and elsewhere. Concerns have been expressed and it is our job, not to reassure people, but rather to encourage and promote debate.

Increased trade and broader economic ties between nations may well result in a redistribution of wealth and I have no problem with this. If, after thoroughly analysing and debating the situation, we conclude that a particular course of action is warranted, then I do not have a problem with that either. I am quite receptive, provided of course that I am able to go to my constituents and explain to them how matters stand. However, I cannot do this now because I do not know how matters stand. Some discussion has of course been taking place here and there.

Once again, the minister for international co-operation said to me: "Stéphan, these negotiations cover more than just economic aspects; there is also the aspect of international co-operation, there are social, environmental and educational considerations." The minister's approach is appropriate in some respects, in terms of access to education, which is the engine of development. There is worthwhile work being done.

Furthermore, she told me that the media, unfortunately, do not cover these things. Unfortunately, the media are attracted to what is sensational. This is perhaps a little sad. There is worthwhile work being done, I agree. However, if a person is not participating in the debate, or closely involved in all these things, it is difficult to be for or against. That is basically my point of view.

We recently learned that Quebec, which is hosting the summit, will not be able to address the participants unless it sponsors cocktail receptions, unless it is a summit sponsor. In that case, it is the people's elected representatives who have to pay for an

admission ticket. In any event, as the Prime Minister said, this has absolutely no influence; let us hope not. However, if it does, I believe this is deplorable, especially when a nation like Quebec, which would like to be present at the negotiations, has to contemplate paying for access to all these people.

The same applies to me. I am an elected representative, and I would like to be able to tell my fellow citizens what is happening, tell them not to worry, that everything is fine, or that if something does go wrong I will be there to defend them.

• (2540)

My only option is to come here to express my views at 1.30 a.m. Will they be heard by the government party? Obviously, I may not allude to the number of members present in this House, and so I will not do so. Suffice it to say that I am certain my comments will not be heard by as many as I had hoped. That is all right, we will continue to do our work. We will continue to hold conferences, to encourage debate and to ensure that there is greater transparency and democracy.

I will continue to do my research on how we can adopt telecommunications instruments because I believe that, as parliamentarians, we have a job to do. Despite my criticism of this socioeconomic and political reality, I find it exciting to be involved in politics because of these challenges. It is very exciting: we are facing major challenges and it happens that we are among the parliamentarians of this era who will have to adapt to this new reality and play a greater role in these matters.

Unless the leaders of government continue to sweep us under the rug and tell us, "Get yourselves elected and come make nice little 1.30 speeches in the morning. You will be able to let off some steam and you will feel better". But no, this does not help me to unwind; I will be going back to bed. Nonetheless, I will tell my fellow citizens, "We were able to debate the FTAA, but we debated it at 1.30 a.m."

I don't want to seem disdainful of those who work nights; I raise my hat to them. I think we all need people who work at night. However, I do not think it will have the same impact at this time of night. Fortunately, there will be *Hansard*.

I would like to take this opportunity to thank the staff of the House, who always work at this time.

This basically concludes my comments. I would be pleased to answer any questions from colleagues who are still present and feel strongly about this issue.

*Government Orders**[English]*

**Mr. Larry Bagnell (Yukon, Lib.):** Mr. Speaker, I have two quick comments. First, the hon. member mentioned many times that people were not here. All people in Canada are distinct. There are distinct time lines in the west. It is only 10.45 p.m. in British Columbia and Yukon, and people are still awake. We have another Yukoner in the House, which is great.

My second point is about Quebec not being there. All Quebecers who are part of the Canadian delegation will have as much access as anyone from the other provinces. In fact I think the leader of the Canadian delegation happens to be a Quebecer, so Quebec is going to have more access than any other Canadian.

*[Translation]*

**Mr. Stéphan Tremblay:** Mr. Speaker, there is indeed a time difference. I would like to send greetings to the people of British Columbia and the Yukon who may be getting ready for bed. However, the residents of the maritimes probably went to bed a long time ago.

As for Quebec's role, the Prime Minister is of course a Quebecer, as is the Minister for International Trade. However, their perspective on things is totally Canadian, and while I am not saying that this is a bad thing, it seems to me that when you pay a visit to someone, it is normal that they be allowed to greet their guests.

In my opinion, the premier of Quebec and leader of all Quebecers—and I am not indulging in partisan politics, in fact I am making a real effort not to during this debate—could have been invited to address some welcoming remarks to the delegates. At the very least, he should have been extended this courtesy.

Even though we are part of a federation—one that is becoming increasingly centralized perhaps—under the constitution, Quebec has jurisdiction over such areas as health and education. Therefore, if issues that concern Quebec arise, then I feel it should, at the very least, be more involved in the discussions.

We could debate this issue at some length, but I am convinced that where Quebec's role is concerned, there has been negligence.

• (2545)

*[English]*

**Mr. Peter Stoffer (Sackville—Musquodoboit Valley—Eastern Shore, NDP):** Mr. Speaker, I have great respect for the hon. member for Lac-Saint-Jean—Saguenay. He is still a very young member of the House but was able to claim a third term as a member of parliament. That is quite a record to achieve. He obviously has great respect from his constituents. I wish that he would speak more often in the House as it would be very enlightening for us.

One thing I have noticed in his speeches throughout the years is his approach toward young people in universities. Could he elaborate more on his perspective about university students in Quebec and what their approach or attitude is toward the FTAA and the upcoming talks in Quebec City?

*[Translation]*

**Mr. Stéphan Tremblay:** Mr. Speaker, this is a very relevant question.

I spoke earlier about young people's involvement in politics. When I refer to young people, I include those at university who are more and more overwhelmed by their studies and work. I think there is a lack of involvement.

At my college in Alma, I try to hold mini-debates. I meet with students. I tell them that what is going on concerns us all and that there will be consequences of this for the rest of their lives, so it is important to deal with it now.

It is the foundation of my political commitment. When I was first elected, I was 22 years old. I told myself that the decisions taken today would have consequences throughout our lives. That is why it is important to have a balance between youth and experience in the House. I think that unfortunately, whether it is through lack of time or because they have too many responsibilities, young people do not participate enough in the debate. That is what I think: they are not sufficiently involved.

If you tell me that they participate as much as they did 20 years ago, it is not enough. We are facing challenges on a scale never seen before. We need creativity and imagination in order to face up to these challenges; we need everyone.

At one university I was told "Look, Stéphan, university is no place for politics". If university is no place for politics, where can we be political other than in the House of Commons?

I think there is a serious problem, perhaps because the media do a poor job of covering politics, or because they only cover the bickering that goes on during question period; whatever the reason, there is a malaise in the democratic process. I feel that this issue is highly pertinent.

I would also like to tell you what is happening in Quebec. Surveys conducted during the Quebec youth summit revealed that globalization issues are of the highest priority for young people 19 to 24 years of age. This is something new. The day before yesterday I celebrated my fifth anniversary in politics, and I know that when I started there was not this degree of interest. Interest in such issues has therefore grown, and I think this is a very good thing.

In my opinion, our role as parliamentarians is to see the students and listen to their points of view. When I refer to chapter 11 of NAFTA, who knows what I am talking about? I can tell the public

that, under chapter 11 of NAFTA and perhaps even under the free trade agreement of the Americas, a corporation unhappy with the legislation passed by a government will be able to take legal action against that government. This has already happened and is still happening. I believe one of the most recent cases involved a municipality in Mexico taken to court because it was establishing environmental rules. When I see that companies can now take legal action against countries, I have to ask myself some serious questions. It is my role to meet with students and the general public and to explain to them what is going on.

If we had debates, we could talk about these issues. We are having a debate now, but with all due respect to my colleagues who are here tonight it is really only a semblance of a debate. In any event, there is an enormous amount of work to do.

• (2550)

Let us hope that young people show an interest in these issues. Moreover, there was a reason why I carried my chair out of the House. I was trying to make a point in a way people would remember. I was trying to tell young people that here was an issue that threatened democracy.

If in fact parliamentarians have fewer powers in an era of globalization, then should we address this problem? All of democracy is threatened in the process. I am not saying that democracy has disappeared. We need only travel to certain Latin American nations where democracy is seriously undermined to see that our problems are quite different. However, does this mean that I should disregard what is happening here at home and pretend that everything is fine? No.

I wonder about the kind of society I will be living in twenty years from now. When I look at what is going on, I am concerned and I have a duty to convey my concerns to the public.

That is why I felt it was important to launch a debate involving the whole society. Three years later, I find myself again at 1.30 in the morning demanding greater transparency and democracy.

We still have quite a way to go. That is why I will continue to make the rounds of CEGEPs and universities and to debate these issues. I encourage young people to follow the debate, to become politicized and to criticize the system in a constructive way.

Next April 20, there will be protesters in the streets. I have talked to people my own age who have told me "Listen, Stéphan, if these kinds of things are going to happen, then I prefer to be run over". This is what informed young people have been telling me. I have talked with them and they are well informed. They are prepared to get arrested.

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The fact remains that there is a problem. Either they are wrong, or there is a communications problem, with the public not understanding the government's decisions. Unquestionably, there is a problem.

[English]

**Mr. Gurmant Grewal:** Mr. Speaker, I rise on a point of order. It is almost 2 a.m. and we do not need the pages in the House. They have to go to study. I ask for unanimous consent to allow the pages to go home.

**The Deputy Speaker:** I am made aware that in the debate at this time there is no unanimous consent, but we can look after that matter in another fashion. I will intervene on everyone's behalf.

**Mr. Pat Martin (Winnipeg Centre, NDP):** Mr. Speaker, I thank many of the other speakers we heard tonight for some very interesting debate and points of view. I also wish to inform you, Mr. Speaker, that I will be splitting my time with the member for Winnipeg North Centre.

I begin my remarks by restating something that was said by the member for Burnaby—Douglas. He started his speech with a quote from the head of the former head of the WTO, Renato Ruggiero, who said that these trade agreements were necessary because:

There is a surplus of democracy in the world which is interfering with the free movement of capital and investment.

That more than anything, perhaps, sums up the NDP's objections and apprehension about trade agreements like those we are entering into. There is a significant group of people in the world today who honestly believe that there is a surplus of democracy in the world that is interfering with the movement of capital.

Those same people would have us believe that the globalization of capital is a fait accompli, just a matter of fact that cannot be changed. Yet when we come to them with the question of why we cannot have the globalization of human rights, labour standards and environmental standards, suddenly these are impossible. They cannot even be debated. There is no room for them at the negotiating table. Those issues are not issues of any substance.

The member for Lac-Saint-Jean, in one of the most visionary things I heard tonight, asked if it would not be wonderful if the world's leaders would come together in some kind of virtual global assembly and actually talk about those issues.

• (2555)

We would not be as apprehensive about these international agreements if we were comfortable that those things were being dealt with.

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The reason it took the European Union 20 years to negotiate the EU agreement was that it dealt with those substantive issues. It dealt with the issue of raising up the lowest common denominators to a harmonious average instead of gravitating to the lowest common denominator, as is contemplated in the virtually unchecked free trade agreements that we have now.

That is why I am proud to say the NDP caucus will be in Quebec City. We will be there in solidarity with those who have similar fears and apprehensions. We will be involved in peaceful protest. We were at APEC in Vancouver. I was there, along with the members for Burnaby—Douglas, Yukon, and Vancouver East. We were also in Windsor and Seattle. We have been a part of this growing movement around the apprehension that more and more young Canadians feel about our democracy being diminished and that these trade agreements do constitute a legitimate threat to democracy.

We need no further evidence than the quote I gave, but another world leader, a former member of parliament, Donald Johnston, said “Free trade agreements by their very nature are designed to force adjustments on our societies”. In other words, they dismantle the public policy instruments that we have laboriously put in place in the post-war era to take care of our personal needs and to grow independently with some autonomy. Now we are told we must harmonize, at least when it comes to those public policy instruments, and dismantle them so that we do not interfere with the movement of capital by corporations.

The member for Winnipeg—Transcona made a brilliant point. He pointed out the bizarre spectacle of watching us willingly dismantle the nation state of Canada and our own economic sovereignty in order to accommodate a foreign corporate interest. Why would we do that? When somebody does write the history of this era they are going to look at it as if we were crazy. We are taking something as precious as true free democracy and we are knowingly and willingly weakening our ability to have our own domestic economic sovereignty.

If we need a graphic example, these spiralling out of control energy costs that most Canadians have been reeling with all winter are a good example. Natural gas is a resource that we all own which is part of our birthright and part of our common wealth. Yet we are not allowed any preferential pricing to Canadians because of NAFTA. When we ask why it costs so much for something that we have in abundance underneath our own feet, the answer is that we cannot sell our natural gas any cheaper than we sell it to our export customers because of NAFTA. We traded that away.

No wonder Canadians are apprehensive about what is in the actual text of the FTAA. Every time we raise it we are assured that the government would not do anything foolish to jeopardize our health care system or our education system. When NAFTA was

negotiated, it was like *Jack and the Beanstalk* taking his cow and trading it for three beans with no guarantee that any of them would sprout.

The government will not tell us what it will be talking about or what it will be negotiating at the FTAA. Members of parliament in the federal House of Commons do not have a right to know what the government is negotiating on our behalf around the table. It is absolutely scandalous.

I know why we are not allowed to see that text. It was pointed out in earlier speeches. We found out the text of the MAI because somebody posted it on the Internet. Within days every college kid in the country was reading this negotiated MAI text. They saw what was being given away. They also saw a charter of rights for corporations at the expense of freely elected governments. They recoiled with horror, took to the streets and they stopped it. When we see the text we have a fighting chance to put an end to it or at least have our opinion known and be part of that debate.

● (2600)

That is why I think it is an international conspiracy to keep this text secret. If the government were serious about how it would never do anything to jeopardize the legitimate right of nations to dictate their own social policy instruments and that nothing it would do would interfere with social policy, then let us see the text. We could put this whole thing to bed. We would be in bed instead of being up in the middle of the night right now.

There are other graphic illustrations. How do we know that we are not going to get sucked into the worst properties of NAFTA with this FTAA. It really is a super NAFTA that we are witnessing being created here.

Chapter 11 of NAFTA, which was raised earlier, gives the investor state status whereby a foreign corporation can sue the Government of Canada if the government interferes with what the corporation perceives to be its right to make a living, and suffers some lost opportunity by something the government did.

A recent example of this was when Canada wanted to ban MMT as a gasoline additive because it did not think it was healthy. In fact, we think it is poisonous. Ethyl Corporation that made MMT said that we could not interfere with its right to sell its product in our country and successfully sued us for many millions of dollars because of lost opportunity.

This is what I mean about how we are losing our ability to take care of our own domestic interests because of trade agreements we have signed. It is not just radicalism. It is not anti-anything to be apprehensive about the free trade agreement. If anything, the NDP caucus is for free trade. We are free traders. We agree we are a trading nation and that it is absolutely necessary.

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The old definition of free trade used to be eliminating tariffs and barriers so that we could trade openly with other countries without barriers being imposed. The new definition of free trade agreements goes very far beyond anything that was ever contemplated before.

Now we have a good reason to believe that even the services that we offer, because some of those services have been privatized or commercialized per se, are now subject to challenge under free trade agreements, things like education. The more we flirt with the privatization of our public school system or our health care system, it could be that we will be subject to challenge by some American or international corporation that feels that they should be able to make a profit on offering that service in the country.

These are our fears, which we believe are legitimate. We are proud to go to Quebec City and make those fears known. We condemn the government for doing everything it can to stifle legitimate peaceful protest.

**Mr. Peter Stoffer (Sackville—Musquodoboit Valley—Eastern Shore, NDP):** Mr. Speaker, if the rest of the country had just listened to my hon. colleague for Winnipeg Centre, they would truly understand the apprehension that we in this party have toward the upcoming trade talks.

Foreign corporations can sue Canadian crown corporations for legitimate services, as in the case of UPS suing Canada Post. Could the member elaborate a bit on what exactly happens when a foreign corporation sues a Canadian crown corporation?

**Mr. Pat Martin:** Mr. Speaker, I appreciate the opportunity to elaborate on that particular case.

UPS is the largest postal courier service in the world today. Canada Post offers a very good service to its customers with its Priority Post courier service. Since that goes beyond basic ground letter mail service, UPS felt that it should be allowed to bid on that work. In fact, UPS is suing the Government of Canada for \$160 million U.S. in lost opportunities because it believes it could do the job better. It believes it has a right to bid on that work. It does not believe that the Government of Canada has a right to withhold that.

Imagine the impact of this. It is not just somebody else providing that service. Canada Post offsets the cost of providing regular ground and household mail through the profits it makes in its courier service. If somebody picks the low hanging fruit as we say, or in other words cherry picks the most profitable part of the corporation and takes that away from Canada Post, it will seriously impact its ability to offer ground mail service at the 46 cents or 47 cents that we enjoy today.

• (2605 )

It has real, meaningful pocketbook implications for Canadians when we are faced with these kind of challenges by foreign corporations.

**Ms. Judy Wasylycia-Leis (Winnipeg North Centre, NDP):** Mr. Speaker, I am pleased to have an opportunity, however late the hour, to participate in this debate on the upcoming summit of the Americas in Quebec City where, as we have all noted tonight, 34 heads of state will gather to discuss creating the free trade agreement of the Americas and where thousands of concerned Canadians will gather to express their dreams and aspirations about the country and about our responsibility as a nation on the global front.

It is very fitting that we are having this parliamentary debate at the same time and in the same week an extra-parliamentary organization came together to press for a moratorium on expanding worldwide talks to liberalize trade. I am referring to a coalition of non-government organizations that believes, quite legitimately so, that the expansion of trade talks opens the door to the privatization of essential public services and, as many of my colleagues have said tonight, erodes the authority of democracies over such vital programs as health care, education and a vast array of public service sectors.

That is really the issue of the hour. That is at the heart of the concerns being raised by my colleagues in the NDP. Certainly it is at the heart of the matter being addressed by concerned Canadians everywhere. After all, what we are talking about is our identity as a nation, our sense of who we are as Canadians, the ties that bind and the values that we bring to the world.

Clearly, we are talking about our ability as a nation to control our own destiny and the ability of our own government to shape the future, to set the agenda, not to leave it to multinational corporations that these days seem to be determining every aspect of our day to day living. We are talking about national programs that serve the public good, as my leader the member for Halifax said, now being reduced to commodities to be bought, sold and traded on the market for private gain. This possibility is really at the heart of this debate, and I think it is that which motivates so many Canadians to get involved, to rise up and to speak out about the FTAA.

One of the questions for us today is this. Are health, education and other public services actually protected under FTAA? I do not think we can answer that because there is so much secrecy, such lack of transparency and so many barricades around this issue that it is impossible to really know. Just as the government refuses to share the draft agreement with all Canadians, it has not released its proposals for services being negotiated under FTAA.

However, I think it is probably reasonable, based on past practice of the government, to assume that the approach by the government will be consistent with its approach to the WTO negotiations on GATS, or the General Agreement on Trades in Services.

The whole point of those talks is increased liberalization of trade in services. That is the essence of the whole exercise. So it is

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reasonable to assume that we are talking about opening up trade opportunities in such lucrative areas as health, education, energy, water and the list goes on and on.

It would seem to us that the Canadian government has actually taken no steps in those negotiations and has made no commitment to fix the flaws in the proposed the GATS and in the wording of the GATS that make all public services, including Canadian medicare, vulnerable to a challenge. Any exclusion being contemplated is being done on the most narrow of terms, only covering services and sectors which are completely within the public sector.

● (2610)

Given the degree to which privatization is occurring all around us and given the government's passive response to such developments as Alberta's private for profit hospital legislation, the situation really does look bleak. It is really a double whammy of trade liberalization and passive privatization which is so deathly and so worrisome.

It is a threat. It exists now under NAFTA. We have heard all kinds of opinion on that. It looms even larger under GATS and is no doubt perpetuated, based on everything we know about the government, under FTAA. It flows from the notion of equal access, and my colleague from Winnipeg Centre referenced it, to foreign opportunity and treatment that is no less favourable than that given to domestic interests. It means allowing international trade tribunals to intrude into our own domestic health policies and other domestic policies.

As I referenced in a question last week in the House, the Canadian Medical Association journal had an article that stated "There is reasonable certainty that a trade tribunal will be asked to rule on issues that are germane to the Canadian hospital sector". In other words, the exclusion of health services totally within the public domain no longer applies. Hospitals become fair game for foreign investment and private competition.

The same opinion was given in another reputable medical journal, *The Lancet* which said last December that public health is being traded for private wealth. It referenced Canada's predicament because of bill 11 and how it will have an impact on all of this country's ability to govern our health care sector.

It is the same conclusion we heard from a major study done by the Canadian Centre for Policy Alternatives, authored by Matt Sanger, whose report was entitled, "Reckless Abandon: Canada, the GATS and the Future of Health Care". It concluded that whenever any part of health care is operated by a mix of government and private organizations, foreign corporations are thus entitled to join the competition on an equal footing with local ones. It means that any new programs or any innovative health care reforms would be restricted. We would lose control over the cost

drivers while maintaining responsibility for paying the cost. That is ridiculous. Non-profit endeavours slip away, we are left to pay and foreign corporations are laughing all the way to the banks.

While talking about cost drivers, I want to look very briefly at drug prices because that gives us a good insight into how much we have already catered to multinational corporations. Look at the fact that we are dealing with enormously escalating drug prices and yet the government feels compelled to cave in to multinational drug companies to protect their patent protection. It broke its promise to rescind Bill C-91. Now it has slipped through the back door Bill S-17 which would extend patent protection even more for brand name drug companies.

If anything points to how captive we have become to this global international corporate agenda, this is probably the best example. We can apply this as well to the situation we have all been hearing about in terms of South Africa. It is being sued by some 40 pharmaceutical companies because it is trying to provide cheaper generic drugs to deal with the millions of people who are infected with HIV and AIDS. I think that shows just how much of a problem this whole free trade agenda has become. I could go on with many other examples.

I will conclude by saying that we are not opposed to global actions and treaties. We know that there are discussions going on with respect to a global treaty on tobacco control. That could be a good thing. It might be one way we can stop the kind of massive control that tobacco companies have over the world, never mind just in this country.

● (2615)

We would certainly support global solidarity in terms of elimination of child labour, protection of refugees and dealing with environmental degradation. That is all desperately needed, and what we are saying is that it is where we must be: pursuing justice locally and globally, never forsaking our nation's sovereignty and our Canadian values.

**Mr. Peter Stoffer (Sackville—Musquodoboit Valley—Eastern Shore, NDP):** Mr. Speaker, the member from Winnipeg eloquently stated the fact that drug companies are asking for further protection. After their 20 year protection laws, now they are asking for 23 to 25 years, if I am not mistaken.

The fact of the matter is that since that protection law came into effect under the Conservative government, drug prices have risen almost fivefold. We now spend more on drugs in the country than we do on doctors' fees. That is an incredible problem the country has to face.

I was wondering if the member from Winnipeg could elaborate a bit more on that. If this trade deal goes ahead as it is, does she see

more escalating prices on drugs and a lowering of the effect that doctors have in the country as well?

**Ms. Judy Wasylycia-Leis:** Mr. Speaker, I want to thank my colleague for that question and for all of the questions he has been asking throughout the debate. He has played a very important role in ensuring that we have a thorough vetting of the discussion on the free trade agreement of the Americas.

I believe that in fact one of the critical issues at stake under FTAA is Canada's public health care system. We all know we have big challenges ahead. One of those challenges is escalating drug prices. In fact, we know that drug prices are now the fastest rising element in our health care system. Costs in terms of drugs have now surpassed costs associated with physicians and services provided by doctors. That tells us a lot about the dire situation we are facing. It demands action on the part of the government.

We are hearing from the government of the day that in fact its hands are tied because of trade agreements. That has been the excuse for not following through on a promise to rescind Bill C-91, which was the patent protection legislation brought in by the Mulroney Conservatives. We are now hearing, through new legislation introduced in the Senate, that the government has to comply with more WTO rulings and in fact extend patent protection even more for drug companies.

That will mean drug prices will rise considerably. It will mean that the burden is placed on governments and on individuals to pay for drugs that are desperately needed for medical conditions. That is an untenable situation.

While there are things we can do domestically and actions the government can still take, in the end if we do not find a way on the trade front to loosen the ties that are restricting us from acting, we are going to be in very serious difficulty. That applies not only here in Canada but in countries like South Africa and Brazil, where there are huge problems and a desperate need for generic drugs and access to cheap alternatives. It is a serious situation globally. I think we have to play our role through every avenue we can, which means through FTAA, GATS, and any other trade negotiations underway.

**Mr. Jim Abbott (Kootenay—Columbia, Canadian Alliance):** Mr. Speaker, after almost eight hours of debate and coming up to 2.20 in the morning, it is very interesting that there are still members in the House who are really interested in contributing to the debate, myself being one of them.

We may ask what new we can talk about, there having been eight hours of debate. We are debating the issue of the meeting in Quebec, the summit of the Americas. I would like to approach it from a tack that is slightly different to what I have been hearing

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over the last couple of hours. I will approach it from the point of view of us ensuring that we maintain a civil society, that we maintain civility within not only Canadian society but indeed within all societies of all the countries that will be represented at the conference.

• (2620)

Unfortunately, a couple of years ago in Seattle we saw bullies, goons and anarchists who wanted to shut down debate and discussion. They used thoughtful people. They used protesters who were sincerely and deeply concerned about the issue of free trade and related globalization issues. They used those people as shields.

Therefore we have seen elaborate arrangements for security, in Calgary recently at the petroleum conference and now again for Quebec. It is something that I personally have a lot of difficulty with. I think that in Canada we have a unique situation. For example, in the House of Commons we have one or two RCMP vehicles which are the only visible security on the Hill. We know there is more security behind the scenes, but basically we are doing everything we possibly can to maintain civility and maintain a civil society.

Let me say that I have already mentioned in the House that I have some aggressive fundamental differences of opinion with the members of the NDP who have just spoken. I do not see eye to eye with their concerns at all.

However, that is a right I have and that is a right they have within a civil society. This is what democracy is all about. We have a right to disagree. There are, within the confines of Canada, tens of thousands and perhaps hundreds of thousands of people who share their perspective, who have the right to disagree.

I would suggest, with respect, that an awful lot of the information they have is built on misunderstanding or misinformation. Certainly the kinds of things that have been talked about do unfortunately breed fear, but I believe what it really comes down to is the fact that there is a fundamental lack of faith on the part of many citizens, not only in Canada but indeed within the hemisphere and perhaps within the world, in the presidents and the prime ministers who are negotiating these agreements. There is a lack of faith in the governments that are negotiating these agreements.

We come to acronyms, which of course are simply abbreviated letters that stand for things. For example, the World Trade Organization is shortened to WTO. The International Monetary Fund is shortened to IMF. We have the FTA, NAFTA and now we have the FTAA, and of course we have the World Bank. We have many of these things, and many Canadians who are concerned about these issues are asking what all these letters stand for, what these acronyms are all about.

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I would like to draw their attention, and with respect to my socialist friends at the other end of the House, I would like to draw their attention as well, to what Tony Blair, who is a leading socialist in Europe and the Prime Minister of the United Kingdom of Great Britain and Northern Ireland, said in the House not 25 feet away from me. I heard him say:

It is time, I think, that we started to argue vigorously and clearly as to why free trade is right. It is the key to jobs for our people, to prosperity and actually to development in the poorest parts of the world. The case against it is misguided and, worse, unfair. However sincere the protests, they cannot be allowed to stand in the way of rational argument. We should start to make this case with force and determination.

That does not change the fact that there are tens of thousands of people in Canada who have a deep and abiding concern about these kinds of negotiations. What is the answer? I would like to humbly propose a solution to the government through the debate today.

I suggest that one of the ways in which we could overcome this fear, this mistrust, would be to, as part of the trade negotiations, actually set up parliamentary associations that would represent parliamentarians from all parties, not only in the House but between the Republicans and the Democrats in the United States, and in all of the countries that are part of this agreement and have government and opposition. Thus, parliamentarians would have an opportunity to be part of an ongoing oversight of the IMF, WTO, NAFTA, World Bank and any of these organizations about which Canadians are concerned.

• (2625)

Why would I be suggesting that? As parliamentarians, we are not in the security bubble that our Prime Minister finds himself in. Unfortunately, because of the malevolent forces that there are in the world, he is by necessity in a security bubble. As a parliamentarian I am in and out of coffee shops, schools and shopping centres. I conduct town hall meetings. I speak in rotary clubs. I meet people on the street. People come by my yard when I am at home on a Saturday and say hi. I am reachable, I am touchable, by the people in my constituency.

Through a parliamentary association, we would have the opportunity to have input. We would have the opportunity to have insight. I suggest we would have the opportunity to build confidence on the part of people who are concerned about these organizations because we would be there and would have part of the oversight.

I happened to be in Valparaiso, Chile in January for the Asia-Pacific Parliamentary Forum, which is a forum much along the lines of what I am talking about here. There were 26 nations around Asia-Pacific involved in that meeting.

A person in the House, in Canada, who is perhaps noted as being quite outspoken, to put it mildly, would be the member for

Burnaby—Douglas. He also was a member of the Asia-Pacific Parliamentary Forum. He had the opportunity at that forum to go around to the various parliamentary delegations and bring forward a point of view. He received a resolution on the floor that would not have happened had he not been there. That is the kind of access I am suggesting we want to have as parliamentary associations, as ordinary parliamentarians, so parliamentarians would be able to oversee outfits like the World Bank, IMF, NAFTA and the FTAA.

We must have accountability. I believe we have to build trust. We must have the ability to afford Canadians the opportunity to make their views known. In regard to those concerns, those people who want to make those views known have a responsibility to denounce the bullies, the goons and the anarchists who take advantage of them and those demonstrations. However, I also recognize that the thoughtful Canadians who do want to go and who do want to speak out must have a feeling of comfort, therefore my recommendation for a parliamentary association that has an oversight.

I believe that all thoughtful Canadians must be confident in the process. Therefore, I humbly suggest that the idea of parliamentary associations, as part of the ongoing process, to oversee the process would go an awfully long way in taking the steam out of the fear and concern of thoughtful Canadians.

**Mr. Peter Stoffer (Sackville—Musquodoboit Valley—Eastern Shore, NDP):** Mr. Speaker, I appreciate the views of the member from Kootenay when he speaks of getting together with a group of parliamentarians, not necessarily from the House but maybe from provincial legislatures and from other democracies around the world as well, to discuss these issues on a continuous basis to see where they can be changed. Nothing is written in stone. We need to alter, reflect, review and renew exactly what is going on. I respect his views and it is something I believe the House could seriously look at.

However, he discussed Mr. Blair, the prime minister of England, and his views. I remember the speech very well. Our party was the only party that did not clap when Mr. Blair spoke of the nuances in terms of free trade. Our point is that Mr. Blair had a woeful ignorance toward the NAFTA deal when he tried to portray free trade or NAFTA as being similar to the European economic union deal. That was simply nonsense. They are simply two different things.

My question for the hon. member from Kootenay and the Alliance Party is this: does he not believe that the environment, human rights, labour standards and the ability of municipal, provincial and federal governments to enact laws to protect their citizens as they see fit should be paramount in any trade deals that are discussed in the near future?

• (2630)

**Mr. Jim Abbott:** Mr. Speaker, it is a very good question, and again, we would have a fundamental difference of opinion on this issue.

We must have trade rules because trade constitutes 50% of Canada's \$900 billion a year gross domestic product. Interestingly, NAFTA covers 80% of that 50%. In other words, we are talking about almost \$400 billion a year in gross domestic product which is generated by Canadian workers and industry. Therefore because we have NAFTA, we have been able, going back about five years, to dig our way out of the deep recession in which we found ourselves.

The difference of opinion that I have with my friend in the NDP is that on balance, although there are exceptions, I believe that with the trade rules we presently have, NAFTA has been a net benefit to Canada in all of the areas the hon. member is talking about. I am not inclined to believe that we are any poorer in environmental standards, labour standards or in any other area. On balance, I believe we are ahead of the game as a result of the negotiation of NAFTA.

**Mr. Jason Kenney (Calgary Southeast, Canadian Alliance):** Mr. Speaker, thank you for your forbearance and that of the House officers and servants of the House in making it possible for myself and colleagues to continue this important debate on the upcoming summit on the free trade agreement of the Americas.

I point out at the outset that this is an important matter, so important that indeed the government itself placed the issue before the House in the form of a take note debate. Yet I am discouraged to report that it appears evident that far more members of the opposition parties, which represent 40% of the seats in the House, will have participated in the debate than members of the very government that brought it forward. That reflects in part, I think, the esteem in which members of the government, with the very notable exception of the member for Yukon, hold this place as a chamber of democratic deliberation.

Canadian Alliance members have been very active in articulating their views about the positive elements of free trade and the impact it has on democracy. I make special note of the very committed participation in this debate of the small but spirited and thoughtful contributions from the members of the New Democratic Party caucus, with whom I disagree for reasons of principle. However, one cannot question their willingness to use this opportunity to express their very genuine concerns about this upcoming summit and the agreement which it will conclude in.

Many members of my party have outlined our general support for the principle of free trade and the objectives of the upcoming summit. However, let me just say as a matter of first principle that

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we often take for granted the incredible wealth of our society. We hear Liberal politicians say, almost as a truism, that Canada is the finest country in the world in which to live and I concur.

One of the principal reasons it is such a great country in which to live is the high degree of economic development that has resulted largely from a system of free markets. As well, as a country that is an enormous exporter of goods and services, we benefit enormously and are enriched as a nation by trade across the world, particularly with nations within this hemisphere and in particular the United States of America.

We do take for granted this level of development. We ought to occasionally reflect on the fact that today an average Canadian middle class family enjoys a standard of living that is virtually inconceivable for most of the world's population, most of the population of the western hemisphere and certainly most of the people who have ever lived throughout history.

• (2635)

Middle class Canadians, people of relatively modest means, enjoy goods and services, comforts and security, life expectancy and health, a level of education, disposable income and political freedom which is in the long context of human history almost unparalleled.

It would be fair to say that a middle class family today enjoys greater economic benefits, in many respects more luxuries, than a Tudor king would have 500 years ago or a Roman emperor 2,000 years ago. We should think how tremendously we benefit from the advanced standards established by the free market system and the free trade system upon which it is predicated.

In the past couple of centuries the countries of the west, particularly northern Europe and North America, have seen by far the fastest rate of growth in the standard of living, increases in life expectancy, human health and wellness of any time in history. That again is because of the system of trade which has allowed for efficiencies in national economies by exchanging the value of the goods which they produce.

One of the leading contemporary political theorists, Michael Novak, wrote a brilliant book entitled *The Spirit of Democratic Capitalism* in which he attempted a theory to explain this tremendous political and economic freedom from which we benefit in this and other similar western societies. He said that democratic capitalism stood on a three-legged stool.

Those three legs consist of first, a free market system predicated on private property and its entrenchment, and on the principle that people has a right to possess and retain the fruits of their labour.

Second, it is predicated on a political system which itself is based on a conception of the human person which see the human

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person as possessing an inviolable dignity created in the image and likeness of God and, because of this inviolable dignity, entitled to self-government and a free democratic political society.

The third basic foundation of democratic capitalism according to Michael Novak is a moral culture based on virtue where the tendency of human nature to pursue one's best interests in the marketplace or in the political sphere is tempered by the moral impulse to try to be virtuous. He said that these three things together were what have created a society with unparalleled wealth, prosperity and health.

As a matter of principle, and as the hon. Leader of the Opposition said earlier today in his remarks on the motion, it is important that we make the moral case for free trade. There are some 800 million people in this hemisphere, roughly 300 million of whom are participants in this cycle of prosperity. However the vast majority of them live beneath what we in Canada would consider the poverty line and live with limited economic opportunities.

We should be generous and bring those people into the cycle of prosperity through trade, allowing them to sell to us the goods that they produce, the services which they provide and similarly to benefit from the additional economic choices and efficiencies from goods and services which we can export to them. That is what the free trade agreement of the Americas is all about. It is about expanding the cycle of productivity and hence prosperity to all 800 million inhabitants of this hemisphere.

• (2640 )

We know there are many hysterical voices suggesting that this represents some hidden agenda to undermine democracy. Many people with this point of view will be gathering in Quebec City engaging deliberately in campaigns of civil disobedience to disrupt the summit.

How dare these advocates of civil disobedience claim to represent the people and the civil societies of their respective countries and of Canada in particular? Canadians who will be attending the summit in protest and who have been funded, shockingly, to the tune of \$300,000 by the government in the so-called people's summit, represent a point of view so marginal that it obtains virtually no meaningful political support in the democratic elections of the country.

With respect to my colleagues in the NDP, their party received 8% or 9% of the popular vote in the last general election, I believe, meaning that over 90% of Canadians rejected their message of protectionism vis-à-vis trade.

I say in closing that those opponents of the agreement have no legitimate right to claim to be the champions of democracy. Each of these national governments is accountable to its electorate. As we continue to increase economic prosperity we will create a

middle class in these societies which will increase the stability of democratic institutions and democratic accountability. That is the virtuous cycle into which we should invite all of the nations in the western hemisphere.

**Mr. Peter Stoffer (Sackville—Musquodoboit Valley—Eastern Shore, NDP):** Mr. Speaker, I could not help but notice that the hon. member from Alberta, who I have a great respect for, mentioned the Mexican economy and the uplifting of that economy because of free trade. The reality is that post-NAFTA in Mexico free trade has created one new billionaire and 100 new millionaires, but the average Mexican income since NAFTA has declined. That is the reality. That is the truth. Also, the environmental concerns in Mexico have declined.

My question for the hon. member is similar to a question that I had for the member for Skeena about the softwood lumber agreement. The member for Skeena said, if I am not mistaken, that the Alliance Party supports equal access to the U.S. markets for our country's softwood lumber. The reality is that in the maritime region 80% of the harvested lumber comes from private lands, whereas 80% to 90% of the harvested lumber in British Columbia comes from crown land. Already there is a difference.

In order to maintain the economic well-being of those lumber industries within Atlantic Canada, would the hon. member not support the maintaining of the maritime accord, which is in place and has been very beneficial for the people of Atlantic Canada?

**Mr. Jason Kenney:** Mr. Speaker, I will do something a politician does not often do, which is to admit my ignorance with respect to the maritime element of the softwood export industry with regard to the United States. I cannot intelligently comment or respond to his questions and I will not attempt to do so.

I will say, however, that we are four-square for free trade in lumber generally because the countervailing measures the Americans are about to impose would be very detrimental to tens of thousands of working Canadians, including many members of unions who no doubt support my hon. colleague's party.

Regarding his assertions with respect to Mexico, my understanding is that living standards and incomes have risen as a result of the free trade regime. Indeed, Mexicans recently elected, in the first really vibrant democratic election in their history at the national level, President Vicente Fox, a strong champion of free trade, who will be at the FTAA summit in Quebec City and will later travel to my own home city of Calgary.

• (2645 )

President Fox was elected in part by the Mexican people because they saw his advocacy of freer trade, less protection, less regulation, better multilateral relations within the hemisphere and bilateral relations with the United States as an integral part of paving the

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way to prosperity for that country. Mexicans had a choice in their election.

The hon. member's colleagues talk a lot about democracy and suggest that the FTAA somehow undermines it. When it comes to the Mexican people making a sovereign, democratic decision, and the most significant democratic decision in their modern history, they chose a free trader. They chose an advocate of the FTAA.

I do not suggest the member for Sackville—Musquodoboit Valley—Eastern Shore is guilty of this, but I do believe there are some in this place, and in the country, who are guilty of a paternalistic attitude toward people in the developing world, that they do not know what is best for themselves.

The Mexican people spoke pretty clearly about what they thought was in their best interests in a democratic election when they endorsed President Fox's agenda for free trade and economic growth. If we are truly committed to democracy, rather than throwing Molotov cocktails at police in Quebec City, we should listen to the citizens and the electorates in the developing world who are choosing democracy, free markets, free trade and rejecting closed economic systems that have failed them for too many decades.

**Mr. Joe Comartin (Windsor—St. Clair, NDP):** Mr. Speaker, I will be sharing my time with my colleague from Acadie—Bathurst.

I rose at this time in particular because I sensed the debate is nearing an end. I want to spend a few minutes speaking about the impact that the trade agreements, NAFTA in particular, have had on the environmental position in the country.

Throughout this debate there have been various references made to some of the cases that have arisen. The one I want to mention, because I do not think it has been touched upon other than in passing, is the S.D. Myers v Canada case. The company was suing Canada, as it was allowed to do under the NAFTA agreement, because we would not export hazardous waste to the United States. We closed our borders to that.

We had the sovereign country of Canada taking a very environmentally sound position, one in fact that we were required to take under the Basel convention which deals with transboundary movement of hazardous waste. We were required under that convention to deal with our own hazardous waste. S.D. Myers wanted to treat our hazardous waste in the United States. When we closed our borders to that, the company sued us and won the decision. Canada ended up being punished for being a good international citizen, if I could put it that way. We followed the convention that we entered into in good faith with a number of other global partners but were then confronted under NAFTA to breach that convention.

• (2650)

One of the lawyers looked at this and speaking of the S.D. Myers v Canada decision said "It offers an interpretation of NAFTA rules that is so vague and confusing that it is tantamount to saying Canada is in breach of its NAFTA obligations because we say so". I will come back to this later because one of the points I want to make is about the impact of NAFTA and trade agreements on our sovereignty, and more important on our democracy.

The other case I want to deal with is the Metalclad case to which other speakers have referred. From the environmentalist standpoint, it shows the essential lack of integrity that is part of the whole trade arrangement. I mean integrity in terms of protecting the environment.

This case involved a relatively impoverished municipality being faced with a claim that it had to accept toxic waste. Anyone would say that a municipality could not be forced to accept the waste. There is no arrangement in the world that should make a municipality take into its relatively impoverished municipal structure, by international standards, a huge toxic waste. Lo and behold to its surprise and shock it was told that it had to accept the dump. As we all know, that case is under appeal. Given the past practises of interpretations under NAFTA, one has to wonder about the possibility or even hope of success on that appeal. There are also a number of other cases.

A resolution was passed a week or so ago in the House and was supported by all parties I believe, except the NDP. It was moved by our friends in the Bloc. We voted against it out of concern for the environment. The resolution dealt with the softwood lumber issue. If we continue to go into these types of trading arrangements, we continue to expose ourselves to the types of rulings I just mentioned.

What we are really talking about in a trading arrangement, whether it be with the United States, Mexico or the rest of the hemisphere, is one that recognizes the sovereignty of Canada, recognizes democracy and recognizes our rights as a country to protect our environment, human rights and labour standards. We hear these themes on a continuous basis.

I would like to speak briefly about democracy. I made a list of the abrogation of democracy that we see and have seen since the free trade agreement which came in in the late eighties. At the top of that list is our loss of sovereignty. Faceless bureaucrats sit someplace making decisions that affect us.

In spite of the comments from my friend from Alberta, we have a situation where our youth feel that the only way they can express their opposition to these agreements is by taking to the streets, not as he suggested with violence in mind but simply exercising their democratic right to say this is their country, they live here and they have a right in terms of freedom of expression to say what the country is doing is wrong. What will they be faced with? Barri-

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cedes and what, in effect, will amount to a police state in Quebec City in the latter part of April. This is something I can attest to very strongly. We faced the same thing in my home riding last June.

• (2655)

There is no opportunity in effect within the existing parliamentary system for these people to be heard. We do not get to vote on it. We do not even get to see the text. We are elected officials, elected by our constituents to come here and represent them and to act in their best interest. In fact we are muzzled.

One issue we will have to debate in the coming months and years is the alternatives which are available to us in what would be a much more democratic and useful trading arrangement with the rest of the world.

**Mr. Peter Stoffer (Sackville—Musquodoboit Valley—Eastern Shore, NDP):** Mr. Speaker, I would ask my hon. colleague for Windsor—St. Clair this question. The auto pact, which served Canada extremely well since 1965 if I am not mistaken, is now gone.

Could the member please tell the House exactly what fears those auto plant workers and their families have now that the auto pact is gone?

**Mr. Joe Comartin:** Mr. Speaker, the Windsor-Essex county community was a major beneficiary of the auto pact. The term we always heard about the auto pact was managed trade and fair trade. We did not hear the same for free trade. The auto pact allowed Windsor-Essex county to develop, what was in fact historically a huge development, the auto industry in our area.

As my friend pointed out, we lost that agreement last month, again because of a trading arrangement ruling. Our residents are very concerned about the consequences. We no longer have a fair trading arrangement.

Let me use one example. The Mexican jurisdiction, that economy, is building cars in significant numbers now. To compare the arrangements, on average a worker in Windsor in one of the large auto plants is earning in excess of \$20 an hour. With benefits and all the rest it is roughly \$30 an hour. The same auto worker in Mexico, building the same type of vehicle, is being paid on average \$1 an hour. That is not fair trade. It may be, by some of the other definitions we have heard of trade, free trade. However, it is not fair trade.

The Mexican economy seriously undermines the position of labour in Canada and does little, if anything, to advance the cause of labour in Mexico.

[*Translation*]

**Mr. Yvon Godin (Acadie—Bathurst, NDP):** Mr. Speaker, as some people are saying, right now, at 3 a.m., it may be midnight in British Columbia, but in my riding it is 4 a.m. Miners may be getting out of bed to go to work, and they will see me just before leaving home.

First, in April, Quebec City will be welcoming the heads of state of the 34 countries of the Americas, who will be pursuing negotiations on extending North American free trade to all the nations of the Americas except Cuba.

• (2700)

This meeting, the summit of the Americas, follows on meetings in Prague, Seattle and Washington.

The New Democratic Party is squarely opposed to such an exercise. It believes that civil society should be able to participate in the negotiation of international trade agreements and discuss the adoption of fair trade practices.

Giving the green light to the free trade area of the Americas at this summit will seriously compromise citizen-based democracy and the principle of fair trade practices.

Canada is a country based on trade. International trade is an important part of our economy. Since Canada's approval of the free trade agreement, we have negotiated a series of trade agreements that put the interests of multinational corporations and international investors ahead of the interests of workers, the environment and democracy.

It should be noted that a number of Canada's public policies have fallen victim to international trade agreements. For example, the conservation of fish stocks, support for Canadian publishers, standards for toxic gasoline additives, generic drugs legislation, funding for research and development in Canada's high tech sectors, and the auto pact.

Not so long ago, we had the negotiations of the MAI, where we tried to reproduce the NAFTA rules for investment with industrialized countries, and use the NAFTA as a model for trade agreements with the rest of the world. The New Democratic Party has always been against the MAI negotiations.

In 1988, public protests managed to put an end to the MAI project. Even France and Australia rejected it as a threat to their democracy, whereas our government, incredibly, was in favour. We were lucky enough to get hold of the documents.

As has been said time and time again in the House this evening, the document was posted on the Internet and people around the world were able to see it, and were able to talk about the changes that were to take place and that would hurt society.

The New Democratic Party is not against trade. Quite the contrary, we support fair trade, managed in a social context of respect for social development, the environment, and the rights of workers.

These negotiations are far from being rooted in this context. The federal government is constantly telling us that these negotiations are being held with all respect for Canadians and in the best interests of Canada. Then why not make the negotiating documents of these trade agreements public?

Unfortunately, the Liberal government has a serious lack of transparency. If we look at the Grand-Mère issue and now the summit of the Americas, this is becoming a daily problem for the Liberal government. The New Democratic Party firmly believes that trade agreements should be tabled in the House of Commons and debated in depth by members of the House and the public before being signed by the government.

What is the government hiding in this agreement? Why hide an agreement from Canadians? Why should we trust cabinet? Why should we trust a head of state? Why should we trust heads of state who are incapable of presenting it to the public? What are they hiding?

When the word democracy is used, one very quickly realizes that in the context of the summit of the Americas this word no longer has the usual meaning. On the contrary, values and interests are reduced to commercial and economic ones, to the advantage of private, selected corporations.

The federal government has a duty to look after the interests of all its citizens, including the public services that make Canada a model country as regards its social policies: health insurance, health care, health protection regulations, public education, social service programs, water programs and environmental services.

• (2705)

Previous negotiations have had a direct impact here in Canada, resulting, for example, in an increase in child poverty. The number of children living in poverty in Canada has risen by 60% since 1990, even though parliament committed itself to eliminating child poverty. In our view this is unjustifiable and unacceptable.

In Quebec alone, there has been a marked increase in social assistance recipients, from 595,000 in 1991 to 793,000 in 1997. It is fine to say that the unemployment rate has fallen, but you have to remember that the welfare rolls have grown.

Moreover, Canadian are working harder to maintain the same wage levels they had 20 years ago, because they work longer hours. It is hard to imagine they will improve their lot in life this way.

Two weeks before the Seattle negotiations in 1999, the Minister for International Trade clearly confirmed that he favoured the

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freeing of health and education services as a priority for the discussions of WTO negotiations. The NDP believes that this approach will lead to a two tier health system, as well as an education system for the poor and another for the rich, which is unacceptable.

On April 20, the NDP and I will be there to protest against the closed negotiations. Activists from all over will state their opposition to the free trade agreement of the Americas loudly and clearly, as well as their opposition to the commercial and economic goals of big business and the attack on democracy.

As the executive vice-president of the Canadian Labour Congress said at a press conference in Ottawa on March 19, 2001:

Canadians expect their government to listen to them. When that doesn't happen, we have to find other ways to get their attention.

This is what the activists will do on April 20 in Quebec City.

Even though summit organizers have arranged for tight security, protests and shows of solidarity will be the order of the day and this will be reflected in our presence.

I will conclude by quoting the head of the CLC who spoke at a seminar on June 3, 2000 in Windsor:

Solidarity will prevail because we want to fulfil our dreams for the sake of our children: our dream of a skilled and able society; our dream of an economy in which there is full employment; our dream of a sustainable environment in which the air is pure and the water clean; our dream of communities in which people care about one another, work together and help one another out; our dream of families and children who look to the future with hope and optimism; our dream of solidarity among families in our respective countries, on this continent and around the world who share the same dreams and who are prepared to fight together to make these dreams a reality.

[English]

**Mr. Larry Bagnell (Yukon, Lib.):** Mr. Speaker, since I told the member for Burnaby—Douglas about the statement of the Minister for International Trade, three members of the New Democratic Party have brought up public education. I will repeat that last week the Minister for International Trade, stated categorically when he was talking about the GATT and FTAA positions, that public education was not at risk.

People cannot really complain about not having positions if when there is a position given they complain about that position. People cannot have it both ways. The member for Burnaby—Douglas gave the weak answer that he did not believe this from something that happened quite a while ago, but governments change.

• (2710)

A number of NDP members talk very positively about trade now, which they did not do a few years back. I am not taking issue with that. People change as the world changes. The member's argument was a weak one. I would like to address some of their other admirable points they have on things where the position is not on

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the table and things might be in jeopardy, but it has been made categorically clear that this other one is not the case.

If I heard the point right, it was that we have less disposable income now than we did 20 years ago. Is not at least part of that because of the increased social programs we have now? Health care is much more efficient. More drugs have been invented and we have to pay for them. We have higher levels of international aid than we did 20 years ago. There are a lot more environmental controls than there were. All these have costs, but I think these are all things that the NDP generally agree with. Are they not part of the reason that disposable income is less?

**Mr. Yvon Godin:** Mr. Speaker, it is not because of that. We agreed to fair trade not free trade. The NDP was very clear about that.

Why do we have people with less income? We have them because in 1989, 1990 and 1992, when the Conservatives were cutting the employment insurance, for example, the Liberals promoted the idea that if they were ever to come to power they would not make those cuts but would restore employment insurance.

Instead, they cut employment insurance to the point where only 35% of Canadians who pay into it can collect employment insurance. We now have poor that we have never seen before, with 800,000 people who do not qualify for employment insurance. The Liberals did that. Approximately 1.4 million children are hungry in our country. The Liberals did that during their term from 1993 to now. They should be ashamed of themselves.

I believe the reason they made the cuts was free trade. They had to answer to the Americans and to the Mexican people. That is what they did to free trade. The free trade we were supposed to get was supposed to bring up the standard of living of those people, not bring down the standards for Canadians. That is what the Liberals have done.

That is why we do not trust what the minister says: because what the Liberals say is not what they do. We cannot trust them. If they want us to trust them, they have to give us the document to read. We are not stupid. We have a responsibility as parliamentarians and we should be able to have the document. It does not belong only to the Minister of Industry or the Minister for International Trade. It belongs not to them but to parliamentarians and Canadians.

We should be able to make our decisions, not just put our faith in the Liberals, who have hurt the country very badly. They have very badly hurt the working people in Canada. That is why we do not trust the Liberals.

**Mr. Gurmant Grewal (Surrey Central, Canadian Alliance):** Mr. Speaker, on behalf of the people of Surrey Central I am very pleased to participate in the take note debate on the upcoming

summit of the Americas on this early morning. I will be sharing my time with the hon. member for Edmonton—Strathcona.

For the benefit of those caring and dedicated Canadians who are still watching this debate on TV, on April 21 and 22 Canada will host 34 democratically elected leaders of the Americas in Quebec City, 21 being new leaders. Cuba is the only country not participating in the summit. The FTAA would cover over 800 million people. The Americas have a combined GDP of over \$11 trillion American.

This will be the third summit of the Americas. The first summit highlighted trade and was held in Miami in 1994. The second highlighted education and was held in Santiago, Chile in 1998. This third summit will discuss the proposal to phase out trade barriers from the Arctic to Argentina by 2005. The plan of action for the summit includes 18 different fields, including drug trafficking and money laundering.

● (2715)

Let me give some background facts on the free trade area of the Americas, commonly called the FTAA.

There is a political and economic transformation taking place in this trading bloc. Today there are no military dictatorships, while in 1995 there were 14. In 1950 Canada and Argentina held similar developmental levels but there is a disparity today. Canada has invested \$12 billion in Chile, three times more than we have in Japan. Canada invested \$42 billion in the Americas outside the U.S.A. Over 90% of goods from Latin and Central America and the Caribbean come to Canada duty free these days. Canada exports about 45% of our GDP.

I will go over the enormous benefits of free trade. It will broaden our trading rights. It is mutually beneficial to participating countries. It gives consumers better choice of goods and services, and at a cheaper price too, as compared to tariff protected economies. It helps us get value added products. It brings about prosperity, development, job creation and economic developments. It enhances freedom of enterprise, democracy and good governance as well as the voluntary exchange of goods, services and money. It protects intellectual property rights.

Chapter 11 of NAFTA gives protection to Canadian investors.

The Canadian Alliance supports free trade and, in principle, we support FTAA initiatives. The liberal Prime Minister of the U.K., Tony Blair, emphasized in this House the importance of free trade. I will politely remind our NDP colleagues of that.

We must also remember that it was the Liberal Party of Canada that fought hard against free trade between Canada and the U.S. The Liberals lost the 1988 election based on that policy plank. The Right Hon. John Turner led the members opposite to a crushing defeat because he opposed expanding trade with our largest trading partner. At that time the Liberals said that Canada would cease to

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exist as a country and we would lose our sovereignty if the FTA was passed. Canadians did not fall for that.

The Liberals have made a 180 degree turn. We all know what we call that in politics. Today we are wary of the Liberal government's trade policy. We have seen failed team Canada missions. In the majority of them, our exports to those countries dropped significantly and our trade declined after the team Canada visit. That is a matter of record. The facts and figures speak for themselves.

There are some people who say that Canada should be investigating this kind of summit with western Europe. East-west trade may also be beneficial to Canada in the future.

It is also notable that trade barriers within Canada remain in place. There are more barriers to trade between British Columbia and New Brunswick or other provinces than there are between B.C. and Washington state. That issue is not on the thin soup agenda of the House because the Liberals are not serious about it. There has never been a serious dialogue for federal and provincial co-operation. The government has always had a confrontational approach with the provinces.

Canadians have a number of questions to which the government has failed to provide clear answers. What exactly would be Canada's role in the FTAA? How exactly does Canada benefit from the summit? I am afraid Canada will go to the summit with poorly done homework and with its usual weak position. It is difficult to debate the issue because so little has been made public by the government. What criteria should the government be using to promote trade relations in the FTAA? Will the Liberal government expand its aid for trade policy? That scenario plays out with the Liberal government using Canada's foreign aid like a carrot and then invoking trade policies with a stick on underdeveloped and disadvantaged nations.

• (2720)

Will the Liberals measure the benefits of the FTAA against the cost of dealing with countries that do not follow good governance practices? Will the government hold those nations accountable for their human rights records? What about democratic values and how will they be defined? What about trade sanctions? The government is all over the map when it comes to applying trade sanctions against rogue states.

We could say that there is a double standard, but it may be a triple standard or even worse. There is no method to the madness that the government uses when deciding about trade sanctions.

The government does not listen to Canadians. The Standing Committee on Foreign Affairs and International Trade recommended separating into two categories the sanctions we have

against Iraq. The committee recommended that military and humanitarian sanctions be separated and that humanitarian sanctions be discontinued. What has happened since that unanimous 1999 committee report? Absolutely nothing has been done.

The weak, arrogant Liberal government negotiated the MAI in secrecy for over a year before Canadians found out. If the Liberal government had been listening to Canadians, there would have been no need for the people's summit that is running parallel to the Quebec summit.

What about Canada's disputes with other nations when it comes to agriculture, softwood lumber or fisheries? Are any of these issues in the briefcase that our government is bringing to the summit? Canadians do not know because the Liberals are not telling us.

What are the Liberals doing about the low Canadian dollar and high taxes? These issues are barriers to Canada's abilities to negotiate free trade agreements and attract investors. The Liberals have to drag our low value dollar with them around the world, which does not help us in negotiations with other nations. Are trade subsidies on the table? Is our dispute with Brazil on the table?

Most notably, Canadians are wondering about international crime and organized crime. Will we be expanding our trade with nations that are affecting our country as a result of the drug trade, human smuggling, money laundering or bank and computer fraud?

We must also carefully assess whether all countries participating in the summit are abiding by existing international trade agreements. Unfortunately, parliament has had no role in helping to set the parameters of Canada's negotiation position in the talks.

In conclusion, we in our party believe that it is essential to allow parliamentarians in on the process, including a full debate and a free vote on any agreement. We believe it is important to foster a healthy economic environment for the benefit of consumers by pursuing free and open trade at home and abroad. We support securing access to international markets through the negotiation of trade agreements, but we must proceed carefully.

**Mr. Peter Stoffer (Sackville—Musquodoboit Valley—Eastern Shore, NDP):** Mr. Speaker, my question for the hon. member from British Columbia is simply this: does he or does he not believe that subjects like health care, education, and water and sewer systems in major centres should be part of the negotiation process in the FTAA? A yes or no answer would suffice.

**Mr. Gurmant Grewal:** Mr. Speaker, the short answer is yes. In the second summit, the main theme was education. It would be very healthy to promote other social services agendas as well, for

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example, health care or other services that are offered to the 800 million people in this trade bloc. It would be a very good idea.

**Mr. Larry Bagnell (Yukon, Lib.):** Mr. Speaker, I have a couple of comments. The hon. member talked about the provinces. One of the things I could never countenance in the Alliance platform is the weakening of the federation of Canada through the powers it wants to pass on to the provinces. That would make the state very ineffective.

• (2725)

There have been numerous federal-provincial agreements this year. There was a major agreement on health care. It is not fair to say that the provinces and the federal government do not work together.

Talking about the high tax regime, the largest tax cut in Canadian history has just come into effect.

My question is related to the hon. member's comment on the level of the dollar. What would the hon. member do about that? What would he do about the jobs that would be lost in the Canadian export industries if the dollar was artificially raised?

**Mr. Gurmant Grewal:** Mr. Speaker, I appreciate the hon. member's interest in this issue.

He talked about the provinces. The Canadian Alliance strongly believes that there should be a co-operative approach in dealing with the provinces, not the confrontational approach which his party is practising at this time.

The Liberal government has an absolutely confrontational approach with the provinces. That is why many issues are not being resolved, particularly the trade barriers which continue. That is why the confederation is not working. It could work better if the provinces and the federal government shared responsibilities and if they had dialogue and co-operation on various issues.

Regarding high taxes, he alleges that the highest tax cuts in Canadian history have recently taken place. That is nonsense. It is not true. The highest tax hike since the Liberals took power in 1993, was in the CPP. I remember it was the first bill we debated in the House. It implemented a 73% tax increase. That was the largest tax increase in Canadian history and it took place under this regime.

The member spoke about lost jobs. When the Canadian dollar is strong we do not lose jobs. It helps to restore credibility and trust in our economy. I would appreciate it if the hon. member would go over these issues in detail. I probably answered his questions contrary to his opinion.

**Mr. Rahim Jaffer (Edmonton—Strathcona, Canadian Alliance):** Mr. Speaker, it is a pleasure to rise in the House to speak

on this particular issue. It is maybe on account of the hour of the day but there is an incredible level of peace in this place, peace that I am not used to on a normal basis. It makes it somewhat exciting to be able to speak under those conditions.

Speaking in this particular debate is like déjà vu when I reflect on the last parliament and the issue of the MAI. The official opposition, by way of a motion on opposition day, raised the issue of being able to debate what the government's position was going into the negotiations on the MAI. Here we are again having somewhat of an emergency debate to try to find out what the government's position will be in this particular round of negotiations on the FTAA.

With respect to the MAI, the official opposition put its cards on the table. We said we were in favour of free trade, as we had always been, however we wanted to know exactly what the government's position would be going into the negotiations. We did not get the type of transparency we would have liked at that point in time. Ironically enough we are not getting it now as we enter into this particular round of negotiations on the FTAA.

The other ironic thing is that this particular government, prior to 1993, was adamantly against free trade. Now it is a great defender of it. However, once again it is under the table and is not as transparent as Canadians would like.

Looking at the agenda planned for the Quebec round of meetings, the three areas of discussion are very honourable. We have strengthening democracy, creating prosperity and realizing human potential. All those topics are of great interest to Canadians and to the different countries involved in the negotiations.

• (2730)

The official opposition is, as I say, in favour of free trade, but clearly we are concerned about issues of sovereignty that pertain to all topics on the agenda. If the government were forthcoming about its negotiating position and allowed public consultation and debate, we would not have the unfortunate violent demonstrations we have seen in the past. Instead it could encourage a constructive agenda for managed globalization that is consistent with the rule of international law.

With a large part of the global economy at stake, the FTAA agenda and issues are enormous. The meetings are a tremendous opportunity to further the interests of Canadian consumers and of our agriculture, manufacturing and service sectors. They are also an ideal forum for promoting human rights.

Clearly the world's political and business leaders have a responsibility to take seriously issues of democratic freedom, sustainable use and development of the environment, and the preservation of national and cultural identities within a global economy.

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However as Canadians we also must take seriously the challenge to be provocative, rather than reactive, agents of change within the global economy. I am convinced that is the greatest thing we can do to protect and advance our unique national interests.

I would especially like to say a few words to younger Canadians. Young people know the forces of change at work today. We are being ushered into a revolutionary digital age. Information technology has already begun to transform the way we live, work, do business and communicate. During our lifetimes we will witness another revolution yet unknown to humankind. The challenge is to take our place within the revolution of change and globalization, not to resist it.

The future for innovators in business, job creation and policy making will be a delicate dance of balancing interests. We must seek to balance economic interests with the environment and to balance national interests, identities and cultures with international ones.

As Canadians we have much to protect but just as much, if not more, to offer the rest of the world. Not only do we have goods and services to trade, we can offer energy and hope. We are a young country brimming with potential.

We can offer a quality of leadership formed from centuries of pioneering a new frontier in the face of adversity. At meetings like the FTAA, Canada has a much better chance of creating a level trading field globally and ensuring member rights are protected and national interests are balanced.

Without such meetings there is much less hope for balance and for just societies within the emerging global economy. We should seek to use our position of influence as a world leader to set the agenda at the FTAA and future WTO meetings. We must find our voice among the nations of the world and demonstrate leadership and courage as we embrace globalization.

Global change is inevitable. We can only determine how we will respond to it and where and how, as leaders, we can make globalization something to be celebrated rather than feared.

That is why we cannot emphasize enough the importance of a transparent and open process. We need to engage Canadians and make them feel they are part of the democratic process. That is why many of my colleagues, and I think many Canadians, continue to insist we have a full and open debate on the issue and even, to some extent, public consultation. Hopefully we can move it to a free vote in the House of Commons so that Canadians truly feel the government has their interests at hand before it signs any form of international trade agreements.

• (2735)

**Mr. Peter Stoffer (Sackville—Musquodoboit Valley—Eastern Shore, NDP):** Mr. Speaker, I asked the hon. member for Surrey Central if he believed health, education, water and sewer and public services should be part of an FTAA agreement, and his answer was yes.

I wonder if the hon. member for Edmonton—Strathcona would agree that health, education and public services such as water and sewer should be on the FTAA negotiating table.

**Mr. Rahim Jaffer:** Mr. Speaker, I would like to answer that question with a yes or no. However to qualify my answer it is important to note that, yes, those things should be discussed, but only in the context of protecting our sovereignty.

As I said in my speech, it is important that we not cover our eyes on issues that I think are of great concern to Canadians. I think many countries have an interest in what we have to offer on these issues. However we need to put it in the context of the negotiations. We need to have the attitude that we can protect those things Canadians feel are so important. In the process of trying to make them better we need to make sure that we do not lose the balance we have been able to create in protecting those public institutions that are so sacred.

**Mr. Peter Stoffer (Sackville—Musquodoboit Valley—Eastern Shore, NDP):** Mr. Speaker, you have been very patient with me so far today and I appreciate it. I will say, as probably the last speaker in the House today, that we in the NDP and many others throughout the country and around the world, believe democracy itself is threatened by the FTAA. We need go no further than the Metalclad decision, the one that should be coming up in the appeals, or the UPS decision.

UPS is now suing Canada Post because Canada Post had the audacity to have a courier system, which, by the way, supplements other postal services in the country. UPS, an American firm, is saying Canada Post cannot do that and that it will sue.

The government of British Columbia is being sued because it had the audacity to try to protect its bulk water. Across the country, we believe, environmental concerns such as water, lumber and everything else are at stake.

It was absolutely shocking in the House to hear, once and for all, a member of the Alliance Party tell it like it is and say that, yes indeed, health, education and other public services should be on the table when we negotiate the FTAA.

We knew all along that was the Alliance's position. We knew all along it was the Conservative position. We had a sneaking suspicion all along that it was the government's position. It is amazing what happens at this hour of the morning. The truth eventually does come out. It is shocking.

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I wonder if the hon. member for Surrey Central has told the people in his riding that health, education and other public services should be on the table. I do not think he would represent the riding for long if he were forthright enough to tell them that.

When the Conservatives negotiated free trade they forgot to include a shipbuilding policy. The United States protected itself with what is called the Jones Act, which says a ship carrying freight between New York and Miami must be American built, American crewed, American registered, everything American. Canada forgot to protect its own shipbuilding industry, and it will now be virtually impossible to institute a shipbuilding policy in this country.

We would encourage the Minister of Industry to include one and to do everything in his power to rebuild the industry so that thousands of people can go back to work in shipyards in Saint John, Marystown or Halifax. However, I suspect that with talks continuing the way they are it will be virtually impossible for him to do so unless he takes a stand and says no.

We have heard the member from Calgary say in the House that there will be Molotov cocktails, violence and everything else like that. No one in the NDP has said that. We have said only that we have the democratic right to attend a people's conference, a citizens' initiative from a broad section of society in Canada and around the world, to register our protest to people on the other side of the fence.

• (2740)

To suggest we would disrupt the proceedings in the buildings behind the fence is to suggest we would be going over the fence. That is simple nonsense. More than 5,000 police officers will be there to make sure we do not. I was planning to wear a scarf in case it got cold, but I understand there will be a bylaw in Quebec that if people wear scarves they could be arrested. Imagine that. The member wants to know why we are nervous about the talks going on behind the fence when the municipal government enacts a bylaw to prevent people from wearing scarves. It is simply incredible.

The Alliance, the Liberals, the Conservatives and the Bloc are concerned about the NDP attending the people's conference. I attended a civil disobedience event in my own riding. A few years ago the Volvo plant was to leave Halifax and move to Mexico. It was to leave without looking after the workers. What did the workers do? They occupied the plant, but in a very peaceful way. That was civil disobedience. They occupied a private piece of property and just sat there.

Who attended the rally to support them? That great dissident of all time, the current premier of Nova Scotia, John Hamm, was there to support the workers of the Volvo plant. Guess who else was there? Another great dissident of democracy, former Halifax mayor Walter Fitzgerald, was there to support the workers.

**Mr. Joe Comartin:** Anarchists, that is what they are.

**Mr. Peter Stoffer:** Yes, anarchists. How dare they, a Conservative premier of Nova Scotia and a self-professed Liberal mayor of Halifax, support working people in the country?

Guess who else was there? Lo and behold, yours truly. Imagine that. We had a Conservative, a Liberal and a New Democrat standing together outside the plant to listen to speeches in support of the workers and to support their quest for fair compensation for the years of service they had dedicated to Volvo.

Guess what? Not one light bulb was broken. The plant was cleaner after the protest than when we went in. The workers got what they deserved. They did not maintain their jobs, but they kept their dignity and respect and received better pensions. That is civil disobedience 101. That is how it is done.

Lo and behold, the premier of Nova Scotia was there, the mayor of Halifax was there, and I was there: the great anarchists of our society. Imagine a member of parliament, the premier of Nova Scotia and the mayor of Halifax, great dissidents of democracy. It is absolutely incredible that those three anarchists could be there supporting working people.

Why would the Alliance, the Liberals, the Bloc and the Conservatives be so nervous about the NDP going there? I think there is an underlying tone to what they are saying. I believe that in their heart of hearts they know the FTAA will be a very frightening proposition for Canada. Municipal, provincial and federal governments in the future will lose the ability to enact laws or bylaws to protect the citizens of Canada.

What will happen? All of a sudden we will hear that they cannot do something because of the trade agreements, or that they cannot enact protective laws because of the trade agreements.

• (2745)

Since NAFTA and free trade have come in never in the history of this country have seniors found life harder. If we really want to see the inadequacies of this trade deal, we can look at what it has done to our seniors, one of the most vulnerable groups of people in the country. Ask the seniors in my riding and across the country. The choices they have to make now are among food, home heating fuel and prescription drugs.

We put them in that position. These people worked hard their entire lives, but because of these trade deals we cannot do anything about energy prices. Because of these trade deals we cannot do anything about drug prices. Because of these trade deals we cannot support and protect our farmers. Our seniors are saying that they elected us to do something about it and are asking us why we have not done anything. However, we hide behind the cloak of the trade deals.

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We in the NDP have never been against trade. We are a trading nation. All we are asking for is fair trade, fair trade that benefits all working people and the environment of this planet.

**Mr. Larry Bagnell (Yukon, Lib.):** Mr. Speaker, to close this debate at 10 minutes to 4 o'clock in the morning, I would like to make one point related to loss of freedom. Loss of sovereignty has recently been mentioned by a few members.

When people join a family they give up some freedom, some sovereignty. For example, they cannot choose the same holidays. However, there is a larger benefit. When I chose to live in a subdivision I could not drive as fast as I wanted. I had to give up some freedoms, some sovereignty, but it was for something better in my life. When I decided to live in the city of Whitehorse, one of the great cities of Canada, I was not allowed to light firecrackers indiscriminately and I could not make noise late at night. However, it is a great city to live in and what I have gained is more than what I gave up. It is all part of the great social contract.

When I chose to be part of the Yukon territory I gave up certain things. I cannot drive at certain speeds. I cannot take my boat to go fishing down Teslin Lake from Yukon territory into B.C. without another fishing licence. However, the Yukon territory is a great place to live and there is a great co-operation among Yukoners. They are wonderful people. What I have gained is greater than what I gave up.

When I decided to live in Canada, I accepted laws and rules that I have to follow as part of the great social contract. For example, I must have a passport to leave Canada and to get back in. However, I chose that because what I have given up is less than what I have achieved.

When countries joined the United Nations after the second world war, they gave up some of their sovereignty so that such horrific

things as the two world wars would never happen again. They gave up sovereignty for something better.

The same applies to world treaties on landmines and to anti-nuclear treaties. With the FTA we gave up tariffs between Canada and the United States so that companies could not hide behind tariff barriers, stay uncompetitive and not create as many jobs as they could otherwise. They could have high prices because of the tariff barriers, thus affecting poor people in both countries. We gave something up, but I believe it was for the better. As the member from Esquimalt—Juan de Fuca said earlier tonight, we gave up some international control so we could have better social programs and a better environment in some of the countries abusing these things.

From my perspective, we gave up our sovereignty to join the United Nations and rid ourselves of the dictatorships in the world and rid ourselves of the autocratic governments that were abusing people, as well as to prevent the possibility of such things happening in the future. To me, it was worth it to give up that sovereignty and join the larger sovereignty of humanity, the greatest democracy of all humankind. To me, that was worth it.

**Mr. Peter Stoffer:** Mr. Speaker, I have no question, just a comment. I would like to thank you and the staff of the House of Commons for participating in this debate and helping us to get the message out. Thank you, Mr. Speaker, and my best to all the pages and the clerks and to everyone who helped make this evening a success. I thank them.

**The Deputy Speaker:** Good night and good morning. There being no further members rising, pursuant to order made Wednesday, March 21, the House stands adjourned until later this day at 2 p.m. pursuant to Standing Order 24.

(The House adjourned at 3.50 a.m.)





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