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Tuesday, November 29, 1994

Speaker: The Honourable Gilbert Parent

HOUSE OF COMMONS

Tuesday, November 29, 1994

The House met at 10 a.m.

(1005)

Prayers

[*English*]

POINTS OF ORDER

ARTICLE IN OTTAWA *CITIZEN*

Miss Deborah Grey (Beaver River, Ref.): Mr. Speaker, I have a point of order regarding a conversation you and I had yesterday concerning a newspaper article that came out recently in the *Ottawa Citizen*. You had some concern that I was questioning the integrity of the Chair.

I would like to put on the record that I in no way am imputing any motives to you and that I am not questioning the integrity of the Chair or the Speaker.

The Speaker: I take it then there is a complete withdrawal of any statements which were attributed to her in the article?

Miss Grey: Yes, Mr. Speaker.

The Speaker: I thank the hon. member very much for her statement. These things happen from time to time. Quotations are taken out of context and I want the hon. member and the House to know that I accept her statement and I consider the matter closed.

ROUTINE PROCEEDINGS

[*English*]

GOVERNMENT RESPONSE TO PETITIONS

Mr. Peter Milliken (Parliamentary Secretary to Leader of the Government in the House of Commons, Lib.): Mr. Speaker, pursuant to Standing Order 36(8), I have the honour to table, in both official languages, the government's response to 16 petitions.

PETITIONS

ASSISTED SUICIDE

Mr. Ian McClelland (Edmonton Southwest, Ref.): Mr. Speaker, it is a pleasure to rise in the House today to present two petitions. The first petition is on behalf of 40 residents of Edmonton Southwest and was put together by Lynette Ruptash. It asks that physicians not get involved in the taking of lives but to save lives. It brings to our attention the fact that the majority of Canadians are law-abiding citizens who respect the law and the sanctity of human life. The second petition has 30 signatures. It also asks that physicians not be involved in the taking of human life. It is against the whole notion of euthanasia and it is my pleasure to present it to the House.

YOUNG OFFENDERS ACT

Mr. David Chatters (Athabasca, Ref.): Mr. Speaker, in accordance with Standing Order 36 I would like to present a petition on behalf of the residents of Athabasca.

The petition requests an act serious enough to deter young people from committing crimes and tough enough to provide real justice.

I submit the petition and I support the petitioners.

Mr. John Duncan (North Island—Powell River, Ref.): Mr. Speaker, I rise to present a petition signed by 2,318 constituents of North Island—Powell River. They respectfully request the government enact stronger legislation to deal with young offenders of all crimes, to make them more accountable for their actions.

I endorse this petition. It was signed by 11.5 per cent of the people who live in the Powell River region and a higher percentage of the adult population.

HUMAN RIGHTS

Mr. Ian McClelland (Edmonton Southwest, Ref.): Mr. Speaker, I rise to present a further two petitions.

The third petition asks the Parliament of Canada not to change any laws which would have the effect of including sexual orientation in the human rights act or as a prohibited grounds of discrimination.

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ASSISTED SUICIDE

Mr. Ian McClelland (Edmonton Southwest, Ref.): I have a further 30-name petition against euthanasia.

* * *

[Translation]

QUESTIONS ON THE ORDER PAPER

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

[English]

Mr. McClelland: Mr. Speaker, on May 10 I submitted a question to the Minister of Health on the Order Paper. I wonder if the hon. parliamentary secretary to the House leader would respond to it.

Mr. Milliken: Yes, Mr. Speaker, I know that the hon. member has been very patient in waiting for the answer to his question. I assure him I have seen a draft reply to the question. It was unsatisfactory in that it did not provide an answer for the hon. member and it was sent back for further revision.

I am optimistic that a full and complete answer will be forthcoming very shortly. As soon as I receive it I will be more than happy to provide it to the hon. member here in the House.

The Acting Speaker (Mr. Kilger): Shall all questions stand?

Some hon. members: Agreed.

GOVERNMENT ORDERS

[English]

**WORLD TRADE ORGANIZATION AGREEMENT
IMPLEMENTATION ACT**

Hon. Douglas Peters (for the Minister for International Trade) moved that Bill C-57, an act to implement the agreement establishing the World Trade Organization, be read the third time and passed.

Mr. Mac Harb (Parliamentary Secretary to Minister for International Trade, Lib.): Mr. Speaker, the legislation we are considering today at third reading, Bill C-57, an act to implement the agreement establishing the World Trade Organization, will ensure the implementation of the GATT Uruguay round agreement which the Minister for International Trade signed on behalf of Canada in Marrakech on April 15, 1994.

Adoption of this legislation would enable Canada to reap the benefits of the biggest trade deal in history by creating a more open and stable international trading environment. This agreement will generate increased Canadian exports and investment

which are crucial to Canada's continuing prosperity in the achievement of the government's jobs and growth agenda.

(1010)

Since the second world war Canada's trade with other countries has risen by over 70 per cent as a share of the gross domestic product. This is due to trade liberalization, our ability to explore trade opportunities and a reduction of average tariff rates to Canada from over 10 per cent to an average as low as 3 per cent in 1992 figures. While this alone may not be directly responsible for economic growth, one can clearly conclude that trade liberalization and the removal of trade barriers such as tariffs can generate economic gains while at the same time create jobs.

Free trade and trade agreements have to be fair, comprehensive and transparent. Despite some of the unresolved trade issues between Canada and our trading partners, I believe that Canada's trade interests are served today more than ever before. Since the adoption of the first general agreement on tariffs and trade, GATT, in the 1940s, global production has increased over five times and the quality of life has improved for trading countries. Many trade barriers were removed and many third world countries moved up to join the ranks of developed economies. However, there is still room for improvement.

Before assuming office the government made it clear that we would continue to support the GATT as a cornerstone of Canada's trade policy. We undertook to focus our effort on breaking the deadlock in the Uruguay round negotiation and on building a new World Trade Organization. This legislation is the fruit of those efforts. The Uruguay round was the largest, most comprehensive trade negotiation ever undertaken.

The final package contains over 30 agreements, understandings and declarations. These agreements made many important gains for Canada. The following stand out as highlights for us.

First, the market access package includes the largest tariff deal in history with most industrial tariffs being cut by at least one-third. Second, the agricultural sector is brought under the rules based multilateral regime for the first time ever. Third, trade and services and trade related intellectual properties are brought within the framework of multilateral disciplines. Fourth, the agreement thoroughly reforms and strengthens subsidy and trade remedy rules, thus realizing one of Canada's priority objectives going into the round. Fifth, the new integrated dispute settlement system with clearer rules, tighter deadlines, an appeal process and binding effect is a major improvement over the existing GATT system and should effectively preclude unilateral measures responding to trade disputes.

Finally, the crowning achievement of the Uruguay round is the creation of a new World Trade Organization, WTO, that will oversee the preparation of the complex series of agreements resulting from the round. It will put international trade on a firm institutional footing. The World Trade Organization will

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become the third pillar, along with the World Bank and the International Monetary Fund, of the world's commercial and financial structure.

Completion of the Uruguay round will have major implications for the world and for the Canadian economy well into the next century.

[*Translation*]

The GATT secretariat estimates that, in year 2005, global revenues will be at least \$500 billion US higher than what they would have been without the Uruguay Round. Based on a conservative economic assumption, we estimate that quantifiable gains to Canada will amount to at least 0.4 per cent in terms of real income, or \$3 billion per annum, once the agreement is fully in force. This means an income increase of \$400 per year for each Canadian household.

However, these quantifiable gains are only a portion of the real earnings that we are almost sure to enjoy. Clearly, for Canada, the challenge now is to optimize its share of the economic benefits resulting from the Uruguay Round, through increased trade and investments, which in turn will promote job creation, higher income and a higher actual standard of living.

(1015)

There are tremendous opportunities. In several traditionally strong sectors of the Canadian economy, such as forest, chemical and pharmaceutical products, tariffs will be eliminated or substantially reduced world-wide, not to mention that major non-tariff barriers will fall.

Our service sector, which accounts for 20 per cent of our export earnings, will benefit from more open and stable global markets. New agreements on intellectual property rights on exported goods, combined with clearer rules of the game for supporting research and development, will open up new prospects for our technology and knowledge intensive industries.

I especially want to emphasize the export and growth opportunities now open to small and medium sized enterprises to expand onto new niche markets abroad. It is these firms that are now the most important source of job creation in Canada.

[*English*]

Our service sector which accounts for 20 per cent of export earnings would benefit from improved and more secure global opportunities. New agreements on trade related intellectual property rights combined with clearer rules of the game for supporting research and development will open up new prospects for our technology and knowledge intensive industries.

I want to especially emphasize the export and growth opportunities presented to small and medium size enterprises to expand into new niche markets abroad. It is these firms that are now the most important source of job creation across Canada.

There is a saying that if one does not use it one will lose it. If our Canadian small and medium size businesses do not respond to these new opportunities our economy stands to lose a great deal. Here is why. Between 1979 and 1989 small and medium size firms created over 85 per cent of net jobs representing over 2.2 million people. Out of 920,729 firms in 1992 figures, 920,233 or 99.8 per cent of firms were small and medium size with less than 100 employees. Out of 10,736,700 private sector jobs, there are over 6,360,000 or around 59 per cent who are employed by small and medium size enterprise. Therefore, most of the new jobs will be generated by this sector of our economy.

These figures follow a similar trend in most developed countries. If we were to compare the number of Canadian firms involved in trade with other countries we would find that Canadian small and medium size businesses are missing many opportunities. In fact, according to a 1990 study, 100 Canadian companies accounted for more than 60 per cent of the \$141 billion of exports and only 7.6 per cent of all Canadian firms exported at all. However in Korea 42 per cent of their export is done by small and medium enterprise and in Taiwan it is 55.9 per cent. In China, 50 per cent of small and medium size enterprises are involved in export.

To increase the number of small and medium size enterprises involved in trade we must involve our small business sector and different levels of government must respond to their needs and concerns. Of course our competitors are already focusing on these very same opportunities. However, we must be smarter, more persistent and more aggressive in identifying and exploiting the hard won gains in access to both traditional and newly emerging markets around the world.

In response to this challenge the government has recently launched an international business initiative called Access 95. It is designed to translate the complex Uruguay round market opening measures into a strategy that targets the best export prospects among the billions of dollars in newly accessible global opportunities.

(1020)

This initiative will help our business partners to select and develop more efficiently those new markets offering the highest value added returns over the long term. By enhancing industrial competitiveness, Access 95 will contribute to our domestic growth strategy to attract investment in the high tech industries and the jobs of the future.

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Before outlining the Access 95 initiatives, I would like to highlight international trade opportunities that should open up to export industries across the country as a result of legislation before us today.

Agricultural producers across western Canada should benefit from a gradual increase in international prices for grains or oilseeds and special crops over the six year transition period and from expanded export opportunities.

Canadians will compete in a fair environment as European and American export subsidies for agricultural products are cut by 36 per cent. Quantitative import restrictions and variable import levies will be replaced by tariffs that will be cut by 15 per cent over six years, thereby stabilizing the export markets in Europe, Asia and Latin America for wheat, canola, barley, malt and alfalfa.

Our beef and pork producers should also profit from the replacement of foreign import restrictions and levies with a tariff based regime, as well as from improved and more uniform rules on sanitary and phytosanitary measures. These should foster increased export of breeding stock, embryos, plus beef and pork products to Europe, Japan, Korea and Australia.

Agri-food producers across the country can take advantage of greatly improved export prospects, especially for dairy products, seed potatoes, fresh and processed fruits, vegetables, beer, whisky and horticultural products.

Clearer international rules and fairer phytosanitary regulations will further stimulate exports and encourage Canadian processors to invest and plan upgrades and expansions. Our consumers will also benefit from access to a broader range of lower cost food products.

Manufacturers of horticultural, construction and mining machinery in Alberta, Saskatchewan, Manitoba and Ontario will be able to build on the economies of scale which have already resulted from improved access to the U.S. market. The elimination of tariffs on many of these machineries in major offshore markets should spur our exports.

Western Canadian producers of large scale and special crop farming technologies are especially well positioned to take advantage of new market opportunities as our exporters of construction and mining material and handling equipment.

Export oriented chemical producers in Alberta, Saskatchewan, Quebec and Ontario can also capitalize on tariff cuts of over 40 per cent and harmonization of rates between zero and 6 per cent. The prospects are excellent for chemical commodities in major industrial markets and for specialty products in each market.

[Translation]

Computer and instrumentation companies concentrated in Quebec and Ontario should welcome with enthusiasm the elimination or considerable reduction of tariffs in major industrial markets. They will enjoy wider access because of tariff consolidation in newly industrialized countries and tighter implementation of technical standards.

The generalized elimination of non-tariff barriers will open up new markets for manufacturers of computers and computer parts. The new rules on services and investments and better copyright protection will facilitate trade in computer services linked to hardware and software sales.

Manufacturers of electronics and industrial machinery throughout Canada should get ready to exploit new and exceptional export opportunities in key industrial markets where tariffs on electronics, most electrical appliances and industrial machinery will sometimes be cut by 65 per cent. Lower tariffs will also bring down the price of imported machinery, which is good news to Canadian investors thinking of equipping or modernizing their plants.

(1025)

[English]

The fisheries industry in Newfoundland, Prince Edward Island, Nova Scotia and British Columbia can diversify exports of basic fish items and higher value added fish products to Europe, Japan and Korea where tariffs will be cut between 8 per cent and 30 per cent and non-tariff barriers reduced. Canadian tariffs on a wide variety of fish processing inputs and equipment will be reduced or eliminated.

The primary and fabricated metals industries in British Columbia, Saskatchewan, Ontario and Quebec can also take advantage of substantial reductions on tariff and non-tariff barriers by our main trading partners to boost sales of primary and fabricated metals such as aluminum, nickel, zinc and copper. This could well induce new investment over the long term. Tariffs are to be eliminated on a wide range of steel products, creating a more stable investment climate and more secure access to key industrialized markets.

The subsidies and countervail agreement would provide clearer rules on actions that may be taken against our competitors' sales of subsidized iron and steel products that displace Canadian products in foreign markets as well as in the subsidizing country's domestic market.

Pharmaceutical and medical devices exporters across Canada will be major beneficiaries of the agreement as key trading partners eliminate pharmaceutical tariffs and reduce a wide range of non-tariff barriers. This more dynamic trading environment should foster Canadian research and development, investment and expansion of manufacturing. Freer trade with

developing countries should favour the export of specialized drug products. Export prospects for high technology medical devices in Europe and Asia should also improve along with sales of standard devices to Latin America.

For these industries which are driven by major and rapid technological innovation, the new intellectual property agreement will be of particular benefit in ensuring that the many proprietary aspects of drug and medical devices are not copied by offshore competitors.

Our telecommunications industries in Quebec, Ontario, Alberta and British Columbia are also poised for further expansion into major industrial markets as tariffs are eliminated or deeply cut. The binding of tariffs by many advanced developing countries would secure Canadian access to those booming markets. Moreover, our prospects for winning foreign contracts for telecommunications systems are much better given the improved access to foreign markets for service technicians under the agreement on trade in services.

Our transportation industries in Manitoba, Quebec and Ontario will also profit from a more level international playing field as a result of improved disciplines on the use of government subsidies. This will facilitate the export of business aircraft, small engines, avionics, landing gear, simulators plus parts and service contracts.

Tariff cuts reaching 33 per cent will stimulate exports from the automotive, urban transit and rail equipment sectors. As well, substantial Canadian tariff cuts on original automotive parts will reduce costs for original equipment manufacturers.

[*Translation*]

Wood processing companies in New Brunswick, Quebec and British Columbia will be more competitive on foreign markets where they will be subject to fairer regulations on the price and quantity of their products. Tariffs on lumber and wood products will go down by 50 per cent in major industrial markets and will decrease in many developing countries.

Since the implementation of standards such as the European Union's phytosanitary regulations and the development of product standards and building codes in Europe and Japan will be tightened, it will be easier for our businesses to break into these crucial foreign markets.

(1030)

Pulp and paper companies in British Columbia, Ontario, Quebec and the Atlantic provinces will enjoy unprecedented advantages on foreign markets. For the first time in history, most industrialized countries are committed to completely eliminating their tariffs. This decision applies in particular to

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the pulp and paper industry as well as to the book trade and other products printed on paper. Furthermore, many developing countries will reduce and consolidate their tariffs on paper products, thus providing Canadian exporters with excellent opportunities to diversify their value-added exports.

Besides the tariffs, which will be phased out over a ten-year period, some non-tariff barriers will also be abolished, in particular the European Union's requirements for waterproof paper. The agreement on import licensing procedures and the agreement on technical barriers to trade will give Canadian companies more stable access to foreign markets in general and to those of developing countries in particular.

On the whole, freer world trade and more predictable access conditions should encourage our producers to modernize their plants and in the long term promote the re-establishment of pulp and paper companies.

[*English*]

Service industries across Canada are closely tied to the offshore export prospects of the related merchandise sector. It is estimated that every dollar of goods exported contains 39 cents worth of service output. Additionally stand alone exports of service amount to \$25 billion a year and are growing at almost twice the rate of exports.

The general agreement on trade in services of the World Trade Organization provides for the first time a comprehensive framework of rules and discipline on measures affecting services, including banking and investment. Once a country has committed to open its service sectors to a specified degree, it must grant Canadian service firms in the sector the same treatment accorded to domestic companies.

These market openings and safeguard measures will greatly improve the access of Canadian firms to billions of dollars in requirements for computers, construction, specialized engineering, management, telecommunications, as well as environmental, financial and professional services.

Both the magnitude and complexity of these opportunities are reflected in the Uruguay text of 500 pages of trade rules in addition to some 26,000 pages of tariff schedules applicable to 120 countries. The objective of the government's Access 95 initiative is to transform some of these often highly technical and complex provisions into a trade strategy that helps Canadian businesses take advantage of our hard won gains in access to foreign markets.

Access 95 is one of several important government initiatives to respond to the rapidly changing needs of our business community. We are committed to ensuring that our international trade developmental resources are focused on opportunities that offer the highest payoff for industry in the nineties. Given the

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current fiscal situation I should mention that the initiative will be funded from existing resources.

The government is especially determined to strengthen our partnership with small and medium sized enterprises. These businesses often lack the resources and market specific expertise to discover and pursue newly accessible offshore opportunities. The government is tailoring its programs and services to assist small and medium enterprises in developing their particular niches in the new offshore markets.

(1035)

At the direction of the first ministers the Minister for International Trade and his provincial counterparts are working to implement a trade Team Canada approach to better co-ordinate international business development. The advantage of the approach was demonstrated by the signing of contracts worth potentially \$8 billion in China and over \$100 million in Vietnam when the Prime Minister led a team of first ministers and 375 business leaders to Asia earlier this month.

We envisage that cost effective delivery of streamlined business development programs through federal-provincial one-stop shops will improve accessibility for firms while eliminating wasteful duplication. The approach will entail joint enhancement of exporter awareness services to prepare small and medium enterprises to export or to expand beyond the U.S. market. The development of stronger investment and technology linkage will assist small and medium enterprise to find the most suitable production technologies and partners abroad.

The more effective focusing of existing federal resources has greatly improved the delivery capabilities of our international market information and intelligence network. This links posts abroad with industrial analysts and trade officers across Canada in gathering and disseminating to Canadian firms timely and in depth foreign market intelligence that relates directly to their priority interests.

[*Translation*]

The Access 95 initiative was designed on the basis of these priorities. Launched recently by the departments of Foreign Affairs and International Trade, Agriculture and Industry, Access 95 will, first show Canadian exporters where tariffs and non-tariff barriers have been reduced; these reductions will be major gains for them because it will be easier for them to export some 200 key products and 11 types of services in 42 priority markets.

Secondly, it will provide information from our offices abroad on the most promising new markets and the key criteria for being competitive on these markets.

Thirdly, it will send information quickly and directly to interested companies through our market information network.

Fourthly, it will provide our exporters with the services of well-informed specialized consultants who can explain to them the complex provisions of the WTO agreement, in particular the implementation timetables, and indicate to them the best ways to overcome the obstacles they will meet abroad.

By specifically targeting the openings created by the Uruguay Round agreement, Access 95 should encourage our small and medium-size businesses, which are already prepared to export to the United States under the free trade agreement, to penetrate Latin American, Asian and European markets as well.

[*English*]

Before concluding my remarks today I want to thank hon. members on both sides for the constructive approach they have taken in the House and in committee to this most important piece of legislation. I look forward to a similar constructive approach from our colleagues in the upper chamber as Canada makes a special effort, together with our trading partners all over the world, to adopt implementing legislation in time to bring the agreement into force on January 1, 1995.

Let me assure my colleagues who may be concerned by legislative development or the lack thereof in other capitals around the world that we are keeping a close eye on the implementation process of all our major trading partners. I can repeat the assurances already offered by the Minister for International Trade that we will proclaim the legislation only after our principal partners have completed their requisite implementation procedures.

Moreover, Bill C-57 provides that the governor in council shall bring the legislation into force only when he is satisfied that the World Trade Organization agreement is in force.

(1040)

In submitting the bill for approval the government counts on the support of all parties in the House for the fundamental principles of trade policy set out in the preamble of the bill. These are: that the cornerstone of Canadian trade policy is the multilateral system of mutually agreed market access conditions and non-discriminatory trade rules; that free, fair and open trade is essential for the future of the Canadian economy and for securing the competitiveness and long term sustainable development of Canada; and that trade expansion contributes to job creation, achieves a higher standard of living, offers a greater choice to consumers and strengthens the Canadian economic union.

These are the essential objectives the bill seeks to promote. I invite my colleagues to join me in assuring its timely adoption. Once again I thank my colleagues in the opposition for their excellent contributions at the committee level, at second reading stage in the House of Commons and at report stage.

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[*Translation*]

Mr. Stéphane Bergeron (Verchères, BQ): Mr. Speaker, do not think that earlier, when I went to get a glass of water, I did not want to bring you one. Quite the contrary. I intend to eventually offer you something with more flavour, like an apple juice, since Quebec is one of the main apple juice producers.

That being said, we are now at third reading of Bill C-57, an act to implement the agreement establishing the World Trade Organization, signed at Marrakesh on April 15, 1994, by some 125 trade partners. It took over eight years of negotiating to reach this historical compromise, which signing members can be proud of. As we have pointed out throughout the legislative process, the Bloc Québécois and I support Bill C-57, in spite of a number of flaws which I will discuss later.

Why do we support Bill C-57? I have had a few opportunities to point out in this House that Quebec is fundamentally a free trader and is open to the world. Quebec was and still is a strong promoter of free trade between Canada, the United States, Mexico and, eventually, other trading partners. Quebec was and still is a promoter of NAFTA and, as I was saying, it is in favour of expanding this treaty to include other countries from the American continent.

Let me briefly mention the benefits, for Quebec and Canada, related to the signing of the agreement which followed the Uruguay Round of negotiations. First, our companies will have greater access to foreign markets, thanks to tariff reductions, for example on wood, pulp and paper, as well as pharmaceutical products. This will certainly result in increased exports, which is good and which is what we seek of course through this agreement.

Trade rules are also strengthened. In the past, GATT members often took advantage of the vagueness of some definitions to adopt protectionist measures. The new GATT, that is the agreements following the Uruguay Round of negotiations, clarifies a number of trade rules, particularly as regards the definition of a subsidy, the types of subsidies which are allowed, compensable or prohibited, as well as the use of countervailing duties, safeguard measures and anti-dumping duties, etc.

The new GATT also puts in place the foundations of a system based on the rule of law rather than on power plays. We like to hope that member states will make proper use of the rule of law set up in the new GATT. There will also be a new dispute settlement mechanism. The general council of the World Trade Organization will be responsible for this quicker and more efficient dispute settlement mechanism.

Again, with such a system based on the rule of law, smaller trade partners, like Canada for example, will be able to better defend themselves against the protectionism favoured by the economic superpowers, including Europe, Japan and the United

States. It is also important to note that the World Trade Organization will be replacing the GATT secretariat. A new more modern structure will replace the old one, which was a bit outdated and unsuited to the increasingly popular protectionist strategies and to the new industries covered by these agreements, like the intellectual property and service industries. I will come back to these a little later on.

(1045)

Export subsidies for agricultural products have also decreased. After some spirited discussions, the GATT members finally agreed to reduce export subsidies by 36 per cent in terms of total value of the exportations and by 21 per cent in terms of volumes. Of course, we are talking here in percentages and not real values.

The gap between countries that subsidize the least and the most will stay the same. So, there is something wrong here, since the developing countries and those, like Canada, which do not subsidize their industries a lot compared to a number of their trade partners, will continue to be at a disadvantage. This nonetheless constitutes a step forward, which reduces the upward pressure on what I would call less "subsidizing" countries and gives them a new hope.

The Uruguay Round agreements also clarify the rules governing intellectual property. It is the first time this issue is discussed at the GATT level. Creators and businesses benefit from a minimum protection or, as I would say, a bottom protection. These new provisions apply to royalties, trademarks, patents, etc. They limit industrial piracy and trade of counterfeit goods.

The Uruguay Round agreements also provide for an opening of government procurement contracting so that our businesses have an easier access to the competitive bidding system of our partners' government agencies and governments. These provisions are subject to prescribed limits on government procurement of goods and services and on building contracts.

Again, this will open new markets to our businesses, which, in return, will have to be more competitive and aggressive. Indeed, this is the challenge they have to face with free trade.

As I said earlier, service industries are now included in the GATT agreement pursuant to the new provisions, although free trade does not apply to services as much as to goods. It has to be understood that if, for the latter, years of experience and negotiations have brought about freer trade, this is only beginning in the service industries.

I want to point out that service industries represent 20 per cent of the world economy. Canadian and Quebec telecommunication companies, mentioned earlier by the parliamentary secretary, as well as the financial services sector will benefit from this liberalization.

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There is still a long way to go because many differences of opinion remain concerning transportation, telecommunications, audiovisual material and financial services, in particular, among the main trade partners, including the United States, the European Union and Japan.

Finally, the Uruguay Round agreement contains provisions allowing each country to exclude cultural industries and co-production works from the list of subjects covered by GATT. I believe that we owe that exclusion to France. As it did with NAFTA, Canada excluded cultural industries and co-production agreements from its list of concessions.

This ends my enumeration of what could be considered the gains made under the Uruguay Round agreement and, if you allow me, I will now turn to the less positive side of that agreement, and therefore of Bill C-57.

Throughout the negotiation process leading to the agreement and a little later, when Bill C-57 was drafted, the federal government boasted about its desire to consult the provinces. Undoubtedly, there was an effort made in this regard with the preparation of a draft bill which was submitted to the provincial governments. I would add that the federal government did it only because it cannot implement the agreement without the co-operation of the provinces in their particular fields of jurisdiction. Nonetheless, the federal government has not acted on three basic demands of Quebec.

(1050)

For one thing, we wanted to ensure that the bill contained a federal clause providing for consultation with the provinces concerning the application of the agreement in areas under provincial jurisdiction. The provinces, particularly Quebec, have agreed to adapt their respective legislation and regulations to the international agreement signed by Canada.

Quebec was hoping to be better protected by the Canadian government. The federal clause included in the Marrakech agreement is indeed too threatening and too restrictive in that it gives the federal government full responsibility for the implementation of the final agreement. At the very least, Quebec was hoping that this clause would not be changed from what it was in the former agreement. At best, it was hoping that the federal government would better protect the interests of the provinces in negotiating with its GATT partners a federal clause that would better reflect Canada's constitutional reality.

Section 24.12 of the final agreement stipulates that the Government of Canada is fully responsible for compliance with GATT provisions and will take all reasonable measures to ensure that this obligation is fulfilled by local governments. So this means that, according to what is provided for in the

agreement, the federal government will not consult with the provinces, but it will make decisions for them.

Not only is Quebec opposed to this wording, but it would have liked to see in Bill C-57 provisions establishing a federal-provincial consultation process for important decisions and for decisions regarding matters under provincial jurisdiction.

Again, Mr. Speaker, allow me to point out that the federal system has proven its inability to produce agreements that are satisfactory to all the parties concerned.

I will come back to the federal-provincial dispute settlement mechanism later on. Of course, we were also hoping that the bill would provide for a number of adjustment programs for workers and businesses in soft sectors like textile and clothing, which are very important in Quebec. A promise to that effect appeared in the red book, a promise that apparently will not be kept. I will get back to this later on.

As I pointed out earlier, Bill C-57 is deficient in a number of ways, and we have tried to deal with that by proposing a number of amendments in committee and at the report stage. The government decided, on I would say philosophical grounds which are questionable, to say the least, to reject the whole package "en bloc". No pun intended. We hope that the government's failure to give these amendments serious consideration will not prove to be an obstacle to proper implementation of the Uruguay Round agreement.

The government must realize that by rejecting these amendments which, I should point out, had been toned down and modified to make them palatable to the government majority, it went against the wishes of several groups directly concerned by Bill C-57.

Mr. Speaker, perhaps I may recall the various amendments we proposed and our reasons for proposing them, and then comment briefly on the disastrous impact of the government's rejection of these amendments.

First, we had the amendment proposed by the hon. member for Laval-Est, whose purpose was to establish a process for consultation with the provinces. Of course, this process would have applied specifically to matters within provincial jurisdiction. The consultation process could also have been extended to any matter relating to trade dispute resolution and any economic matter of major international significance.

(1055)

I may also recall that this type of consultation process exists in the legislation now before the U.S. Congress, where it concerns both economic matters of major significance, according to section 102, part B of the U.S. bill, and also matters relating to trade dispute resolution, section 102, part C, paragraph 3(i).

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In a context where trade disputes are frequent and increasingly concern matters within provincial jurisdiction, the government could have been expected to provide a mechanism for consultations with the provinces. I think that in a federal state like the one Canada claims to be, a state that claims to respect the jurisdictions of the provinces, it is necessary to provide a mechanism for dispute settlement as well as a mechanism for federal-provincial consultations.

The parliamentary secretary said earlier that the federal government and the provinces were co-operating well on trade issues. He mentioned Team Canada. Nevertheless the Government of Quebec has expressed the wish, and it still does, that a process for consultations be included in the bill. If the government is so anxious to consult the provinces, why does it persist in its refusal to provide specifically for such consultations in the bill? I cannot understand this attitude.

They mentioned Team Canada, but when people work as a team, all players should have a chance to get on the ice. The parliamentary secretary mentioned the glorious trip of Team Canada to Asia. Well, for technical reasons, the federal government steadfastly refused to let one of the players on to the ice. From the very start, Team Canada has not been running very smoothly.

The proposed amendment was also aimed at forcing the federal government to obtain the provinces' agreement before taking important steps which would ultimately have an impact on the provincial jurisdictions, for instance, a change in the allocation mechanisms for tariff quotas. As things now stand, the Minister of International Trade has full discretionary powers regarding the allocation of tariff quotas. It would have been desirable for the provinces to be consulted on the allocation of such quotas, and on the establishment or implementation of policies for selecting trade partners who would have access to the Canadian market.

If you will permit, Mr. Speaker, I will spend a few minutes on the issue of tariff quotas because I believe that it is an area of great concern. The purpose of this amendment was to ensure that the minister, when making decisions in respect of prices and quantities of subsidized exports, considers actions taken in the relevant areas by foreign competitors.

Getting back to the issue of tariff quotas, I just want to say that the federal government will impose nearly no duties on a certain number of agricultural products entering Canada. Beyond established quantities, tariffs will increase significantly, up to 200 or 300 per cent. It is the minister, acting on behalf of the federal government, who will have the authority to decide which importers will be allowed to import under these preferential tariffs.

The federal government, under more or less formal agreements, will determine from which country certain agricultural products will be imported into Canada under these preferential tariffs. We believed that it was essential to ensure that the provinces could voice their opinion regarding the choice of importers who will benefit from these low tariffs.

It is all the more important because the provinces may often have competing interests; therefore, the process should be as open as possible, in order to avoid scheming and conflicts of interest. We know, for example, that the federal government has already entered into agreements with some countries—including New Zealand which was granted a significant butter tariff quota, probably in exchange for a similar quota for Canadian beef exports to New Zealand; under such agreements, the government guarantees a country access to the Canadian market for certain of its products in exchange for access to its market.

(1100)

On the one hand, this kind of agreement can have serious consequences for local producers and can antagonize our other trade partners. On the other hand, developing countries—I think it is important to recognize it—are the big losers with this type of agreement, because they have nothing to offer in exchange for access to our markets. We have to take that into account, Mr. Speaker.

Our amendment was intended to avoid the possibility of haggling over the granting of tariff quotas and the risk of conflicts of interest for the minister. We wanted to avoid putting the minister in a situation where he would have to set tariff quotas while taking into consideration the conflicting interests of the various provinces.

This amendment was also intended to prevent the minister from allowing products imported outside tariff quotas, in case of shortages on the domestic market, to be sold more cheaply than the same goods produced on the domestic market.

I will now move to the amendment to clause 3 proposed by the hon. member for Longueuil. Its goal was to ensure minimal follow-up by Parliament which would have forced the government to make a public evaluation of the implementation of the agreement. This was, in my opinion, the least we could ask as a safety measure. That amendment had been suggested to us by the Union des producteurs agricoles du Québec and the Canadian Federation of Agriculture, when they came before the Standing Committee on Foreign Affairs and International Trade.

There again, the government decided that this amendment was not worthy of consideration, and it was rejected late yesterday.

This amendment would have also required that we examine the implementation of the agreement by our main trading partners, most notably the United States. I might add that the American legislation presently before Congress contains such

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provisions in its section 424. That section of the American bill states that, no later than six months after the day the agreement has come into force, the President shall report on Canada's performance fulfilling its commitments respecting dairy products and poultry.

Such a clause is not overly aggressive. It does not violate the scheme of the Uruguay Round agreements. It simply keeps us on our toes regarding our major trading partners, who may at times be aggressive towards us.

The amendment was also designed to ensure that the government table an annual report on the impact of the agreement on workers and companies, as I said earlier.

The Liberal government made promises in that respect during the election campaign. We know that many workers and companies will be affected by the implementation of the Uruguay Round agreements. There is no doubt that they are prepared to take up the challenge of the Uruguay Round agreements, but they could use a little boost to face this new reality.

I now move on to the amendment to Clause 58 brought forth by the hon. member for Louis-Hébert, to ensure that the protection would apply not only in the present but also in the future. The intention was to make the clause technologically neutral, that is to say not to limit its application to today's or yesterday's technologies, because the clause actually provides for the protection of recordings made on perforated rolls. Imagine that, Mr. Speaker, perforated rolls!

As I indicated in the debate at report stage, I would probably have had less of a problem with this aspect if I had been debating the bill to implement the agreement establishing the World Trade Organization as a member of this House immediately after the Second World War. Then, I would have told myself that the days of the perforated roll, as a recording medium, were not so long gone after all. But in 1994, in the age of the laser and the optic fibre, I think that we should come up with a technologically neutral clause, that is to say a clause that does not apply only to technologies that existed in the old days or exist today, but that also allows for the development of new technologies, new means of fixing information.

(1105)

It was a purely technical amendment, simple but fundamentally important. Today, as noted in the Union des artistes' brief to the Standing Committee on Foreign Affairs and International Trade: "The perforated roll makes us laugh because it is so obsolete as a way to reproduce sounds. Tomorrow it may well be digital tapes or laser disks that make us smile because they will seem like technologies from another age".

The government's approach of limiting comments to the perforated roll appears timorous and hesitant. It does not augur well for the review of the Copyright Act. Just because we proposed only one amendment in this regard does not mean that we agree with the position of the current government, which is

unduly delaying the introduction of a bill to amend the Copyright Act.

As we clearly pointed out last week, the government must not use trade treaties as an excuse to review the Copyright Act in an haphazard and incidental way. Again, as suggested in the report of the Liberal majority on the Special Joint Committee Reviewing Canada's Foreign Policy, the government is taking over areas of shared jurisdiction under the pretext that it is the only one entitled to deal with their extension on the international scene.

The amendment to clause 185, which I had the honour to put forward, was simply aimed at clarifying the guidelines used by the trade tribunal to rule on dumping cases. Clause 185 in Bill C-57 outlines how the Canadian International Trade Tribunal must deal with dumping complaints. Complainants had to prove to the tribunal not only that dumping effectively took place but also that it had caused injury to Canadian industry.

The bill also provides that the tribunal can recognize injury only if the circumstances causing the said injury are clearly planned and imminent. As you can see, Mr. Speaker, this "planned and imminent" provision is much too vague and restrictive. What we wanted to achieve through this amendment was simply to clarify a little bit the circumstances that can cause injury, which are now quite vague.

This bill also provides that the Governor in Council can, on the finance minister's recommendation and if he feels like it, set regulatory guidelines that will give the Canadian International Trade Tribunal more specific directives on acceptable evidence as well as the general interpretation of new dumping conditions.

Canadian steel producers submitted to us that the U.S. legislation was much more precise and, as I just said, gave their courts much clearer and more precise indications as to how these new conditions should be interpreted and what evidence could be presented to a court.

Given this state of affairs, Canadian producers are clearly at a disadvantage compared to their American competitors, since they have absolutely no indication of how they will have to prove that they are victims of dumping by their U.S. counterparts. I mentioned how important the steel industry is for Canada's economy. I will not cover the same ground again, but we should understand how urgent such an amendment to the bill was, not only for the steel industry but also for very many industries and sectors of the Canadian economy.

(1110)

The purpose of the amendment was to require rather than to simply permit the Governor in Council to establish regulations to guide businesses and the court in its decisions; it was also intended to specify the kinds of evidence which should be included in the regulation and also suggested that the Minister of Industry be involved in the operation since obviously he is

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probably the one who is best able to judge how various sectors of the Canadian economy are doing.

At this point, I would like to mention the important contribution of my colleague from The Battlefords—Meadow Lake, who presented some amendments to this House. In most cases, these were similar to amendments proposed by the Bloc Québécois and, unfortunately, were also rejected. In his statements, he too clearly pointed out the difference between U.S. legislation, which provides some defence for American industries, and Canadian legislation, which leaves it up to the good will of the World Trade Organization and the strict application of the rules of law. This is a dangerously narrow approach and with all my heart I hope it will turn out to be a viable strategy that will benefit the Canadian economy.

It is important to say a few words about the progress of legislation in the U.S. Congress. Over the last few days we learned that the situation had changed and that a majority of American senators now intended to support the bill on the Uruguay Round agreements, even though, as Lloyd Bentson, the U.S. Secretary of Treasury, put it, the GATT vote was not a done deal. We have every reason to be very optimistic at this moment.

However, should the American Senate or Congress reject the GATT agreement, and should the U.S. close its markets, a return to protectionism at the international level would be a distinct possibility and would have disastrous consequences for the economy world-wide. Consequently, the signal which will be sent by our major trading partner is vital. We will follow the proceedings in Congress with great interest. We hope that the Canadian Minister for International Trade will use every available means to convince our trading partner to pass its bill on the Uruguay Round agreements as quickly as possible, and also to make stubborn American legislators aware of what is at stake here.

I want to conclude by making some criticisms regarding the process to which we were subjected over the last few weeks. There is no doubt now, and in fact that was the case from the very beginning, that the Bloc Québécois supports this legislation to implement the Uruguay Round agreements. We know that the Reform Party also supports the bill.

Consequently, why did the government wait for so long before tabling its legislation? It did so at the last minute and then it put all kinds of pressure to rush the bill through every stage of the process, including in committee. The government thus kept us from conducting a thorough review of Bill C-57 which, as you know, includes over 200 clauses.

Given the scope and the volume of this legislation, the government should at least have consulted us, as it did regarding other bills. A draft bill was distributed to various sectors of the

Canadian economy, as well as to the provinces, and that is certainly a good thing.

(1115)

Considering the consensus that prevailed in this House, we would have hoped that the government would at least have had the decency to provide other parliamentarians with a copy of its draft bill, so that we could have looked at it and even made suggestions before the bill was studied in the House and in committee. But now the government is stuck. In an attempt to ensure transparency and to protect its image, it is rejecting every compromise and every amendment to its bill.

The committee heard a limited number of witnesses, who had very little time to get ready. In any case, none of their presentations was taken into account and, with the way the committee's business was organized, it was impossible to take into consideration their requests. Public hearings ended two weeks ago, on a Wednesday, and the following day we were already studying the bill clause by clause.

How could we have taken into account the proposals, comments and suggestions made by the witnesses when right the following day we were asked to railroad the almost 200 clauses of this bill?

To conclude, I just want to say that we will, of course, support this bill to implement the trade agreements reached during the Uruguay Round. I stressed the importance of this bill for Quebec and I mentioned the consensus that prevailed in this House on this issue.

We give our support to this bill in the hope that the government remembers the reservations we have had ever since this bill was introduced, most of which have been expressed by the witnesses before the Standing Committee on Foreign Affairs and International Trade, including the Canadian Federation of Agriculture, the Union des producteurs agricoles, the Union des artistes, and the Canadian Steel Producers Association. I just want to remind members that several concerns and several suggestions came up, but the government chose not to take them into account. We hope that the government will at least take these various reservations into consideration when it prepares the regulations.

Obviously, we hope that these flaws in Bill C-57 will not have regrettable impacts on already frail areas of our economy and that these flaws will not place businesses in Quebec and in Canada at a disadvantage in relation to our major trade partners.

As for the implementation of the Uruguay Round agreements, we hope, since that is all we can do, that the federal government will keep its word and will be so kind as to consult with the provinces before making major decisions on matters of concern to them.

We also hope that the government will do a proper follow-up, that it will monitor the conduct of our major trade partners, and

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that it will keep its promise in the red book with respect to adjustment programs for workers and businesses. In that regard, it is important to quote the following excerpt from the red book: "Governments must assist individuals and firms to deal with the restructuring that is occurring as a result of trade liberalization. Such assistance is critical to building acceptance of structural reforms in the Canadian economy".

We know very well that given the current state of government finances, the Liberal government could be tempted to disregard the promise to set up restructuring programs for those businesses most heavily affected by the Uruguay Round agreements and NAFTA.

Of course, the Bloc Québécois and I readily recognize the need to reduce the monstrous Canadian deficit in an intelligent manner. However, we are also aware of the fact that workers in some sectors of the economy will have to make an extra effort to adjust to new market realities.

While I am absolutely sure that workers and businesses in Quebec and in Canada will be able to show the innovation and energy needed to deal with these new realities, I also know that government intervention is absolutely necessary in some cases.

Before I conclude, I too would like to thank all members who took part in proceedings on Bill C-57 in this House, including my colleagues from Louis-Hébert, Laval East and Longueuil, and my colleagues on the government side and in the Reform Party, and more particularly organizations and individuals who, despite the inconvenience of the process, came to Ottawa at taxpayers' expense to appear before the Standing Committee on Foreign Affairs and International Trade, even if their concerns and suggestions have not been taken into consideration.

(1120)

The parliamentary secretary mentioned the positive approach taken by members on both sides of the House. I have to say that I cannot give the government such high marks, because it did not co-operate as much as we would have liked.

That being said, we will certainly support this bill.

[*English*]

Mr. Charlie Penson (Peace River, Ref.): Mr. Speaker, I am happy to rise today to support Bill C-57, an act to implement the World Trade Organization under GATT.

I think it is a tribute to this House and to Canadians that we have all-party agreement for this to move forward. We recognize there are some problems that have to be worked out as a result of this trade deal as it applies to internal policy in Canada, but Canada needs this deal very badly. We have been a world

leader in trade promotion and trade rules since the second world war.

In 1947 Canada was one of the early leaders in proposing a rules based trade arrangement with the GATT that took place. We have also been working very hard in the last seven years under the Uruguay round to bring about international trade rules that bring sectors such as agriculture and the service sector under international trade rules for the very first time. These sectors have been operating without these international trade rules and we believe they are very important.

We in the Reform Party are very supportive of the implementation of the GATT and the World Trade Organization. We are looking forward to the organization getting organized and up and running quickly.

Canada needs a rules based trading relationship. We will benefit. We have a small population in a big country; we have a lot of resources. About 30 per cent of our GNP is directly related to trade. Unlike some countries for example the United States which is far more self-contained, Canada needs to trade and we are a world leader in terms of trade.

One reason we need this is we have had a trade war going on in agriculture for approximately the last 10 years. We have seen how destructive this can be to the economy of the industry affected. Without the Uruguay round we were in danger of this expanding into other sectors, something Canada could not have had happen. It was very important to us.

We cannot play the game if everybody is playing by different rules. That is what we are saying by trying to get international trade rules. In that way trade is very much like a game. We always hear the term level playing field and there is a reason for that. It means we need to have rules that are equal and every team has the same opportunity under those rules.

To use an analogy, for me it is very much like hockey. Hockey is my favourite sport. It is a sport that Canada invented. We have set the rules for hockey over the years. We are very good nationally. We need to work as a national team when we go abroad. We have to recruit the very best players and we have to train those players. To that degree, it is very much like the Uruguay round. We need international rules in hockey as well as international rules in trade.

We need a neutral referee in hockey and in trade. The World Trade Organization is going to be that neutral referee applying the rules fairly. The Acting Speaker who was in the chair earlier will certainly know something about refereeing. He was in the National Hockey League as a referee for a number of years. The one qualification referees need is good eyesight. They have to be very vigilant and that will be the role of the World Trade Organization.

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Canada is a trading nation and will benefit greatly by trade liberalization. Canada produces a surplus of many goods and services in demand around the world. Yet Canada cannot possibly produce the full range of goods and services that Canadians need. In that way it is to our advantage to export those goods and services we produce best. We do produce a lot of these very well, just as it is to our advantage to import those goods and services that other countries produce best.

(1125)

In 1993 Canada exported \$181 billion in goods and services totalling about 30 per cent of our gross domestic product, very high. For every billion dollars in new exports, over 1,100 new jobs are created. It is very important to Canada that we continue to be good traders.

With more liberalized trade the overall prosperity of Canadians will be enhanced. In Canada trade accounts for one out of every four jobs generated. In my riding of Peace River we are very dependent on trade to provide jobs.

The Peace River area of Alberta is booming right now. The economy is very strong. Agriculture is doing well. The oil and gas sector is booming. The forestry sector is booming as well. It is the good fortune of my riding that all of these industries have healthy export sales and it is no more evident than it is in the Peace River riding of Alberta.

We do have some problems in making this trade deal work. Some of them are right here at home. In that way I compare it with our national team playing hockey. We have to work with our players to make this deal work effectively for Canada, the players in this case being the business community and provinces, and we have to work together.

If I may continue with my analogy for a moment, if we cannot practise together how can we learn to play the game? Young players start by playing locally in the neighbourhood rink. If you are limited to your backyard, however, where do you get your expertise and where do you learn how to make the moves necessary to move on to the next level?

Recently GATT has rebuked Canada for having too many internal trade barriers. I think we have to pay attention. Having minimum compliance and getting Bill C-57 established and getting it into effect is the right approach. We want this agreement to be in effect very quickly. To do that we have minimum compliance. That means amending approximately 31 acts to bring us into minimum compliance.

It shows that we have some serious flaws in our domestic policy that have to be addressed. I hope that the manager of the team, the coach, the federal government, will be working to pay attention to those problems. Some of them are concerns over transportation regulation, transportation subsidies, government

regulations, regional development. All of these things are really slowing us down in terms of competing effectively abroad.

There are many categories of barriers. In agriculture and the food processing industries there are over 100 of these barriers. They include marketing boards, production quotas, quality and packaging standards and transportation and stabilization subsidies.

In the liquor and wine industries we have provincial production requirements, local bottling requirements, differential markups, quotas, packaging requirements and marketing favouritism.

In the transportation industry we have different licensing requirements in different provinces, size and weight requirements, safety regulations, provincial transport board discretionary powers and varying fuel and sales taxes. It has been said that we have more barriers to trade internally than in all of the European Union. That is something we have to work very hard at to overcome.

In the area of government procurement we find explicit and implicit preferences for local suppliers and requirements for locally produced materials. With government procurement expenditures exceeding \$100 billion per year, approximately 20 per cent of our gross domestic product, this is by no means insignificant.

In the area of labour mobility there are different licensing requirements for professionals and tradespersons from province to province. These barriers parade significant impediments to people wishing to move to other provinces since skilled workers have to meet additional licensing requirements.

Then there is the area of capital mobility where industrial incentives, local investment funds and local tax incentives are barriers.

(1130)

Such barriers are often used for regional development and create an inefficient allocation of financial resources. The cost to our nation of these and other internal trade barriers is in the neighbourhood of \$6.5 billion per year, something that simply is not acceptable and which we have to work on.

Interprovincial trade barriers have fragmented the Canadian marketplace and hindered Canada's ability to compete internationally. Furthermore, these barriers give competitive advantages to large firms that can afford to comply with the stringent rules imposed by government. At the same time they hinder small businesses from reaching their market potential. Unless we can improve competition within our own borders we will never be able to reap the rewards of these expanded trade opportunities.

Yesterday an interesting item was reported in the press. Garth Whyte, director of national affairs at the Canadian Federation of

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Independent Business, says that he finds it ironic that Ottawa and the provinces appeared to work so well together in Asia but cannot agree on bringing down interprovincial trade barriers back at home. This is something I have mentioned many times in the past in this House and something that is really tying one arm of our business people behind their backs in their ability to trade internationally.

Mr. Whyte goes on to say that many members of the CFIB, which represents 85,000 small and medium size businesses across Canada, do not even dream of tackling foreign markets because they cannot expand into next door provinces that would allow them to grow big enough to compete abroad. It is one of our Achilles' heels. It has been recognized in our foreign policy review that we need to create a better international business environment at home, giving small and medium size businesses the opportunity to compete.

Most of our international trade is done by about 100 companies in Canada. There is much opportunity for small and medium size businesses to compete but we have to start opening up these trade problems and barriers at home to allow them to get a bigger share of the domestic market so they can use that as a chance to expand into the international field.

Our national team has some problems. We are not working together as a team. That is the job of the coach, the manager of the team on the other side. Team Canada has to work more effectively at home so we can do a better job abroad.

I see some problems coming as well with the implementation of the World Trade Organization and how it will affect us in Canada. It is something we have to work to resolve. There will be some disputes ahead that need to be settled by this government. To get back to my hockey analogy, if we slow down the game too much with too many penalties it does slow the game down. In this case it is tariffs and interprovincial trade barriers.

I believe that some of the problems we are facing are tariff rate quotas, the allocation of them. We have some problems with our supply management sector that have to be worked out. We have some problems under the Western Grain Transportation Act that will have to be resolved as a matter of the implementation of the World Trade Organization, and the export volume caps that are going to be imposed.

I would hope that government would work very closely with industry and the provinces involved to make this a very easy adjustment to be phased in so that eventually we can phase down quotas, subsidies and tariffs all across the country and Canada will be a free trading nation.

I want to quote a couple of examples, one of them being the beef industry. We are getting representation from both sides of that issue, which may be good or may be bad. One group is saying that the tariff rate quotas are high enough and it does not

want them lifted. The other side of the industry is saying that they are much too low and it needs better access. I can see some problems coming. There will even be a market trade in tariff rate quotas which I do not believe is necessarily a good thing.

We heard earlier today from the parliamentary secretary, the critic for the Bloc and us. Everyone is looking at what the other major team, Team U.S.A., is doing. It is trying to change the rules of the game, adding many requirements and regulations as a part of its implementation legislation. It is not the right approach.

(1135)

I believe that the referee, in this case the World Trade Organization, will look at that very closely when considering the disputes brought forward before the World Trade Organization. All of the relevant factors will be taken into account and we will have the weight of 123 member countries behind us when these rulings are made in favour of whatever party.

I would welcome very much that we move quickly to the implementation of the World Trade Organization, allow some of these disputes that have been lingering in Canada for some time such as the wheat dispute in western Canada. We all know about the amount of cases taken to the dispute panel in the United States with regard to steel. Those are two that should be moved quickly to the World Trade Organization to be resolved and have the weight of all of the member countries behind them.

What happens in the United States is of principal interest to Canada because currently it accounts for about 75 per cent of Canada's two way trade. We have a strong relationship with the United States which has allowed Canada to become the seventh largest trading nation in the world, even though we have a population that only ranks 31st in the world.

In conclusion, we in this party support moving quickly to the World Trade Organization, the full implementation of the GATT. We think we can do quite well. We are going to have a neutral referee with good eyesight, I hope. We are going to rely on the things that we do best, skill and agility. We are not going to resort to the tactics of some teams that tend to get the enforcers in place. We think we can do quite well based on skill. We can trade well with any country as long as we have a level playing field.

Let us get on with the game, let us get on with implementing this as quickly as we can and let Canada continue to take a leadership role at the World Trade Organization as it needs to be changed in future reforms. Let us at home continue to work hard, be diligent to resolve some of the problems that we have in terms of trade barriers. Let us be diligent at home with regard to getting our debt and deficit under control because we know that is one of the biggest costs in business. It is one of the reasons that we do not compete well internationally. We have a very high

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tax rate. We think we can win the game if we look after that and do very well in trade.

We believe that Team Canada can hold its own with any team in the world, given the same rules.

The Acting Speaker (Mr. Kilger): Before resuming debate I want to remind the House that pursuant to Standing Order 74, following the first three members this morning, the next five hours of debate will give members the opportunity of 20 minutes maximum for speeches, subject to a 10 minute question or comment period. Sometimes the practice is that members split their time and I would hope that if members are going to be splitting their time they would indicate that to the Chair.

Mr. Harb: Mr. Speaker, on the government side we will be splitting the 20 minutes for the first five hours. There will be two speakers for every 20 minutes.

Mr. Gordon Kirkby (Prince Albert—Churchill River, Lib.): Mr. Speaker, it is an honour for me to speak in support of Bill C-57, a bill to implement the Uruguay round of agreements of the General Agreement on Tariffs and Trade.

In excess of 120 countries are signatories to this agreement and this bill will make Canada party to the most comprehensive trade agreement in history.

This government was elected on the basis of a number of factors. These same factors have kept the government in high regard. We have the leader, we have the team and we have the plan, the red book. The focus of the red book was all about job creation and getting Canadians back to work, to give all Canadians an opportunity to participate in the economy, to allow all people the dignity that comes with having a job, and the pride that comes with the ability to put bread and butter on one's own table.

Since the election of our Prime Minister and the new government over 300,000 new jobs have been created, most of them being full time. In addition, business and consumer confidence is way up. This is because the government has been single minded about its promise to create jobs. The government, together with all Canadians, is succeeding.

(1140)

Whether we are talking about the infrastructure program which has resulted in the construction of roads, sewers, sidewalks, health care facilities and other valuable projects, tens of thousands of Canadians are now back at work as a direct result of this program.

Whether we are talking about the review for science and technology, whether we are talking about the Minister of Human Resources Development and his review of the western diversifi-

cation program or his very important and necessary review of the social safety net, in all of these areas we are looking to see how best we can create a climate of economic growth and jobs in this country.

We look to see how we can make Canada a better competitor on the global marketplace. The success of our Minister for International Trade and our Minister of Agriculture and Agri-Food at the GATT is no exception to the government's direction which is to create jobs and economic growth in Canada.

The Uruguay round of GATT is an international agreement but it has many significant, positive local impacts in Prince Albert, Churchill River and all throughout Saskatchewan.

A significant industry that will be helped in Saskatchewan is the agricultural machinery manufacturing sector. Tariffs on these products will be eliminated internationally over a five-year period. Western Canadians and Saskatchewan based farm machinery manufacturers are particularly well positioned to take advantage of this new economic reality as exports of our large scale dry land farming technology is on the cutting edge worldwide both in terms of environmental protection and encouraging economic efficiency and effective production.

These industries are already very competitive because of a close proximity to the American market and good access at the present time. Therefore we can effectively take advantage of these new market opportunities.

I believe in Saskatchewan farmers because they have been through drought. At the same time they were subjected to low commodity prices brought on by the devastating grain subsidy war waged between the Americans and the European Union.

There is no doubt that Saskatchewan farmers are among the most efficient producers of agricultural products in the world. A reduction in subsidies on the international level is going to be good news for our farmers because they are already so efficient.

One of our most significant changes produced by this agreement is the end to this terribly damaging international grain subsidy war between the Americans and European Union. The volumes of European Union and American wheat exported will be reduced by over 40 per cent over the next six years. This will significantly improve the access and the market prospects for Canadian farmers who grow grains and oilseeds.

This is good news for farmers. As the subsidies are reduced the economic incentive for the growth of industries in the area of processing of agricultural products in western Canada will also increase. For too long we have in western Canada been hewers of wood and drawers of water. For too long we have been shipping our produce outside the province and outside the country to be processed.

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We will see the day when we will achieve a much greater economic diversity in Saskatchewan. We will see the day when our farmers will not have to ship such a large percentage of their agricultural products out of the province or out of the country for processing. Saskatchewan people will do it right at home.

We will soon see secondary processing of agricultural products in our province. We will be less dependent on the uncertainties of international raw commodity prices for our economic stability, diversity of economic activity and diversity of markets. It is a sure formula for economic improvement and stability.

The GATT also provides greater protection for the Canadian farmers in that the United States will no longer be able to use existing repressive trade laws and other regulations against imports of Canadian wheat or other agricultural products.

This agreement is also good news for the red meat sector of the Saskatchewan economy. There will be greater export opportunities and greater likelihood of investment in the meat processing industry. The mining sector will also benefit from having more trade rules which will ensure continued and more certain access to markets with respect to raw products. In addition we will see more secondary processing of metals which are now precluded from economic export opportunities by tariff barriers in other countries.

(1145)

The GATT will also help the pulp sectors of our economies again by the reduction of tariffs. This will enhance the viability of the Canadian industry and enhance the economies of Weyerhaeuser Canada Limited, the owners of an already successful pulp and paper complex in the riding which I represent. The production of wood products and wood will also be enhanced for the same basic reasons.

The GATT is certainly a big help in terms of specific primary production sectors that will benefit from the reduction in tariffs and in terms of secondary or processed products.

One of the largest benefits to Canada from the GATT is the fact that clearer trading rules have been established and more effective measures for settling disputes have been put into place. This is particularly important and beneficial to Canada which has a mid-size economy. This will also ensure that the rule of law determines trade disputes and not simply have trade disputes resolved by who has the biggest economy or who can throw their economic weight around on the international scene.

This is particularly helpful to third world economies that for too long have been controlled by arbitrary economic interests outside their borders and by the economies of industrialized nations. This allows them access to fair treatment. When they can rely on the rule of law as opposed to economic might they

will achieve greater economic self-sufficiency. This will allow the economies of such third world countries to grow. When their economies grow they will have greater economic wherewithal to achieve and to purchase more goods and services from countries like Canada.

This deal is good for all of Canada but it is good for western Canada, Saskatchewan and Prince Albert—Churchill River. Whether we are talking about opportunities of a more substantial nature in the pulp and paper industry, the mining sector, the agricultural sector, the wood products sector or any manufacturing or value added industries or activities associated with primary resource production, all these opportunities will have a very positive impact on the good people of my riding.

The agreement will free up the truly entrepreneurial spirit which already exists in fine measure in my riding and across the country. Over time increased wealth and opportunity will result, which is good for all our people.

Once again I congratulate the Minister for International Trade and the Minister of Agriculture and Agri-Food for their efforts, their vision and their success in doing their part to ensure the government will live up to its commitment contained in the red book to create jobs and bring dignity back to the lives of many Canadians who are out of work through no fault of their own. This is what we promised to do. This is what we are doing. This is what we will continue to do with the help of all Canadians to create jobs and economic opportunity and stability.

The GATT is a good agreement. The bill and consequent amendments supporting the agreement are in the best interests of all of Canada, and I speak in favour of it. Finally, I thank all members from the opposition parties who supported this excellent initiative and agreement.

Mr. Jake E. Hoepfner (Lisgar—Marquette, Ref.): Mr. Speaker, I appreciate the hon. member's comments.

We have been dealing with the backtracking of grain for the last year and we still have not seen any action on it by the minister. How much time does the hon. member think we have to resolve some of these issues? They will be very critical when we come into the World Trade Organization. I would appreciate a few comments on that.

Mr. Kirkby: Mr. Speaker, on the question of the hon. member with respect to backtracking, it has been made clear by the minister of agriculture that this type of wasteful practice must be dealt with.

The minister has already conducted extensive consultations and they are still ongoing. I think there is general agreement among all players across the country who see this type of backtracking presently going on that the practice must stop. The

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consultation process must continue and will continue. Action will be taken once the appropriate legislative changes are made.

(1150)

It is certainly our desire to implement all changes necessary to ensure that Canada complies with the international agreement on tariffs and trade. We will take those steps. The minister of agriculture is working very hard and will be coming up with a solution to the particular issue.

Mr. Darrel Stinson (Okanagan—Shuswap, Ref.): Mr. Speaker, we all realize that Canada is at its best during periods of negotiation agreements outside the country.

The problems that I hear from many business people in Canada seem to be interprovincial trade barriers along with high taxation in Canada. What does the hon. member think about interprovincial trade barriers?

Mr. Kirkby: Mr. Speaker, certainly the existence of interprovincial trade barriers is a very important issue that must be dealt with. As the hon. member will be aware, the Minister of Industry in conjunction with his provincial counterparts has already taken steps to reduce interprovincial trade barriers. This culminated in an agreement which was signed and agreed to some time last summer.

This is also something that has been very important to many other ministers in government, particularly the Minister of Human Resources Development who for many years has advocated much closer economic links among western provinces to reduce interprovincial barriers.

This will take a continued effort to ensure these barriers are removed in a sensible fashion. We have accomplished a lot already; it is a start. We must continue to ensure that the types of barriers which impede economic growth and negatively impact our international competitiveness are reduced to make companies all across this great country more competitive and more able to fight it out on the world scale. This will in turn have a great and positive economic impact all across the country.

Mr. Alex Shepherd (Durham, Lib.): Mr. Speaker, it gives me great pleasure to enter the debate on Bill C-57, an act respecting the World Trade Organization. This is an extension of the Uruguay round agreement.

It is appropriate to consider why we need free trade. As the history of the world has developed different countries have created trade barriers. We have used all sorts of tariffs in our country to protect local industry.

We support and protect quite often inefficient industries all over the world. In other words when somebody can make widgets a bit better in Africa then we can and should allow them to do it. We may well do better some of the things we are strong

at such as the pulp and paper industry. This is why free trade is good.

The important part for Canada is to realize that by freer trade we are making the trading mechanism more efficient. We are also increasing the actual trade in business that goes on in the world. Canada will have a percentage share of a larger pot. We will all be better off. Basically free trade is a win-win situation.

Another aspect in our economy and in the world is that bigness in industry is going out of vogue. Large industries throughout North America, Europe and other industrialized countries are under constant pressure to downsize, to be smaller, to be more effective and to be more efficient to deal with specific niche markets in their own communities. These two factors have a big role to play for Canada.

(1155)

Canada has been very much involved in the resource based sector. I think of iron mining, steel fabrication and forestry products. All these industries, it would appear to me, are somewhat in decline in the sense that we have to put more value into our products. We have to add more value to them to be more efficient and attract world trade. It is no longer good enough to sell raw logs to China, for instance. We have to fabricate them in our country.

Earlier my colleague talked about the grains industry. It is important that we value add in the prairies before they go into the final markets.

In addition Canada has been typified as a country that has very specific trade alliances. Historically it started with the United Kingdom. It has since switched in the last century primarily to the United States. We talk about Canada being a world trader but in reality our major trading partner, the United States, accounts for something like 90 per cent of our trade. We are really not a world trader; we are a North American trader.

It seems this has to stop. We have to look at the world. We have to look at other markets. There are a number of reasons for it. It could well be that the U.S. market will not be expanding as rapidly as some other markets in southeast Asia, possibly Europe or even eastern European countries. These could well be the trading partners that will push Canada and its economy toward prosperity.

The World Trade Organization gives Canada an open door, a chance to do something different, a chance to trade differently. As we approach the 21st century it is a good time to look at our industrial policy and how it can change.

I talked about small and medium sized businesses. These businesses are growing rapidly and can attract world markets. They are the biomedical research industry, software development, telecommunications and geomatic engineering. These are some of the areas our country excels in. One of the problems is

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that Canadians do not realize how good they are. They do not realize that people in other countries think Canada is a world leader in some of these areas.

The smoke stacks are growing idle all across North America. The smoke stack economy is falling into decay. For instance, a recent book by Nuala Beck states that in British Columbia more people are engaged in communications and telecommunications than in forestry. In Nova Scotia more people are engaged in education than fishery, forestry and construction put together. This should turn on a light. It should tell us that things are changing in our own country.

How can the government assist and make Canada a world trader? Small and medium sized business will be the engine of the future fueled by brains. It will be driven by a new set of entrepreneurs. These people will be the new employers. They will be the wealth creators. Statistics Canada recently showed that job growth was almost entirely related to companies with fewer than 50 employees. Those with greater than 50 employees were actually net job losers. When we talk about creating jobs—and indeed our government is committed to it—we must focus on where those jobs are being created. Clearly it is in the small and medium sized business sector. Employment growth in these companies averages 3 per cent to 10 per cent a year.

Canada has been historically a trading country. Thirty per cent of our gross domestic product is related to trade and most of the trade occurs with only a few companies. These are the companies that are downsizing about which I spoke before. Often they are the old industry companies.

We must create a new impetus to move the small and medium sized businesses into the international trading environment. Government can play a big role in this. Indeed the Department of Foreign Affairs and International Trade has some new ventures going with our banking community which are located in most of our international environments.

(1200)

They are studying what it takes for these small and medium sized businesses to effectively access international trade. They have aggressive training sessions and are looking at new, intuitive ways to finance export trade for the small and medium sized business sector. The Export Development Corporation and the Canadian Commercial Corporation will be retooled and redefined to provide funding and capital support for small and medium sized businesses to access international markets.

We need to restructure our foreign missions. I had the advantage of being in Beijing in early May and visiting our embassy there. I was surprised at the attitude of some staff. Their orientation seemed to be to continue on in the international environment. They were going to move from Beijing to Africa and were never coming home. Quite frankly I took offence to

their attitude toward Canada. This has to change. These people have to relate more to how we are going to expand trade for small and medium sized business rather than the IBMs of this world.

As you know, Mr. Speaker, the Prime Minister and others recently came back from the Team Canada mission. I would like to say one more thing about my own mission. Incidentally China is not a signatory of GATT but we feel that it will be in the near future. While I was in Beijing I was able to make a contact for some of the people in my riding. I note that the township of Whitby has entered into an economic alliance with one of the provinces of China. Eighty-five million people live in this province. Some of the small and medium sized businesses in Durham are now trading with these people. This has created employment. This is happening now. This is not an intellectual exercise.

Sometimes governments are the worst enemies of small and medium sized businesses. For instance the small and medium sized business community is assessed high taxation, both commercial and business taxation, meddlesome provincial standards and regulations, the dreaded GST and high levels of personal and corporate taxation.

The deficit has hemmed us in. It has also created a crowding out in the capital markets. The small and medium sized entrepreneurs cannot get the capital they need to establish themselves. Our best commitment to the small and medium sized businesses will be to reduce deficits, to reduce demand on borrowing to allow capital markets to form and be available to small and medium sized businesses.

The government has done some things. They involve the Small Businesses Loans Act, venture capital programs, but there is much more we can do.

I am concerned that the small and medium sized sectors do not have adequate capital markets. We need to create an over the counter small market for small and medium sized businesses, one that is easy to access. It should not be like the TSE which requires five years of financial statements and a fairly substantial track record nor like the Vancouver Stock Exchange of which a lot of the investors of this country are a little afraid.

What we need is a regulatory process that will allow Mrs. Smith at the corner who would rather invest in GICs to invest in those small and medium sized businesses.

In conclusion I would like to reiterate that it is small and medium sized business, together with the GATT negotiations and Bill C-57, that will provide Canada a new future as it moves into the 21st century.

The Acting Speaker (Mr. Kilger): I am not trying to surprise anybody but the Chair cannot recognize anyone unless the member is standing.

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[Translation]

I simply want hon. members to realize that the Chair cannot recognize anyone unless the member is standing in his place.

Perhaps I should explain this in a little more detail. The Chair agrees that the list is a tool that may be useful and it is useful from time to time.

[English]

If someone else was seeking the floor I would not hesitate. As your Speaker, entrusted with the protection of all members' privileges and rights in this Chamber, I would not hesitate to recognize that member who would be rising or standing in his or her place.

(1205)

It is not to surprise anyone. I am not trying to sneak up on anyone or cause anyone any anxiety. But the debate has to follow certain processes, and that one is integral to our business here in the Chamber.

[Translation]

Mr. Maurice Godin (Châteauguay, BQ): Mr. Speaker, I apologize. Put it down to my lack of experience. I thought you were going to call me at the beginning. I promise I will be there next time.

Today it is my privilege to speak in the debate on third reading of the bill to implement the agreement establishing the World Trade Organization or GATT.

This debate follows the defeat of two motions to amend the bill that were presented by two of my Bloc Québécois colleagues, the hon. member for Laval East and the hon. member for Longueuil.

The purpose of the first motion, standing in the name of the hon. member for Laval East, was to establish a process for consultation with the provinces when implementation of the agreement relates to a matter within provincial jurisdiction, any matter relating to trade dispute resolution or any economic matter of major international significance. The motion also intended to make prior agreement of the provinces essential before authorizing any change to the agreement in respect of allocation mechanisms for tariff quotas and before establishing or implementing policies for selecting trade partners to receive access to the Canadian market.

According to the same motion, with respect to subsidized exports, the minister shall have regard at all times to actions taken in the relevant areas by foreign competitors. Finally, in respect of agricultural products imported beyond established tariff quotas at a time of shortage of such product in domestic markets, the minister shall take certain measures to ensure that

such products are not imported at prices lower than those prevailing in domestic markets.

The second motion, presented by the hon. member for Longueuil, reflected the spirit of transparency and accountability by which we should all be guided today. We hoped to amend the bill to make it incumbent on the Minister of International Trade to lay each year before the House of Commons a report taking into account the priorities identified by the committee of the House of Commons that normally considers matters relating to external affairs. Such matters would concern the implementation of the agreement in Canada, trade obligations and commitments undertaken at the international level by trading partners of major importance to Canada, especially the United States, and finally, the impact of the agreement on Canadian workers and companies.

Unfortunately for the provinces, for the public, for taxpayers and for democracy, both motions were rejected by the Liberal government's silent majority. The bill would have been improved as a result of these two amendments. However, we can conclude from this exercise, whether we are talking about these motions or all the others, that the federal government is not at all in the mood for a real debate on the question, a debate in all serenity, a consultation that would enhance the bill before the House today. All the government wants is to see that this agreement, whose bulk is as impressive as its consequences for our economy, is bulldozed through the House at record speed.

(1210)

Some people here have a good memory and will remember that parliamentary indiscretion, that breach of good government practices. We will remember how this very fundamental legislation was passed in dreadful conditions. If this bill seems to be an incidental measure, a legislative adjustment to the agreement signed by Canada in Marrakesh on April 15, 1994, the details of that agreement will have impacts which are yet largely unknown.

Perhaps even specialists in the field are still not aware of those impacts. The simple fact that they will not consult with the people who experience the market economy, that they will not listen to their representatives, that they will not listen to common sense and that they only deal in figures and macroeconomic data shows that the government is intentionally eliminating this information and, in so doing, could very well worsen the financial crisis in this country. The government is not assuming its responsibilities by passing this Bill C-57 so quickly.

My colleagues have explained it clearly. Quebec is in favour of free trade and international trade agreements. As the hon. member for Rosemont so rightly said, this is even a very elegant way of confirming the sovereignty of signatory countries while ensuring their association in this globalization of markets and economies. A sovereign Quebec would easily be recognized by

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the World Trade Organization according to section XVI(5)c) of the GATT. This would lead to a definite trade association with all other member countries, including Canada.

I am not an expert in this very complex area of international trade. However, I do know that it is advantageous for all nations of the world to agree in order to set a level playing field for the relations between their respective markets, in a spirit of mutual respect. As Gilles Vigneault once said, the complexity of international trade is seven times greater than the mystery of the Holy Trinity. Ordinary people have a very hard time understanding the issue. That is why I feel I should explain the impact of the implementation of the agreement establishing the World Trade Organization with a very concrete and down-to-earth example, the marketing of chicken.

Canada signed both the Free Trade Agreement with the United States and the North American Free Trade Agreement, the NAFTA. Article 706 of the Free Trade Agreement says that if Canada maintains or introduces quantitative import restrictions on chicken products, it will have to allow import quotas equivalent to no less than 7.5 per cent of the previous year's domestic production. The provisions of NAFTA are much the same.

For 1994, the import quota for chicken is 46,488,000 kilograms. This is the maximum nationwide, and within this limit an importer can apply for chicken import permits. This quota seems quite sufficient for this year, since import permits granted up to October 25 represented only 76 per cent of the total quota.

Uruguay Round negotiations have replaced the quota system by a tariff system for agricultural products. This was a way to apply Article XI of GATT. Under this agreement, Canada submitted to GATT, on December 15, 1993, the list of tariffs which will replace the present quotas. According to this schedule, imports of chicken over and above the quotas accepted under free trade agreements will be allowed, but subject to duties amounting to 280 per cent of their value, a tariff high enough to protect Canada and Quebec producers for a number of years.

(1215)

According to the agreement these tariffs must come down by at least 15 per cent over the next six years. It is, therefore, a new protection system. The previous quota system which restricted imports to 7.5 per cent of domestic production is now replaced by a tariff system.

This new formula still recognizes the notion of quotas, but any import above the quota will be subject to duties amounting to 280 per cent of the value. It is quite likely that this new tariff quota system will be in place by January.

Chicken will remain on the list of controlled imports established under the Export and Import Permits Act, so that all

imports will require a permit. The way our domestic market protection system is evolving, in a paradoxical free trade context, is causing a certain amount of friction with our great neighbour. The United States claim that, by imposing new tariffs on bilateral trade, Canada directly contravenes its obligations under NAFTA. A strict interpretation of article 302 of this agreement shows that Canada must abolish all tariffs aimed at the United States by the end of 1998, and that no new tariff can be introduced by either partner. If that were the case, chicken production would no longer be protected.

For its part, Canada is of the opinion that GATT must prevail over NAFTA. Indeed, article 309 of NAFTA recognizes Canada's right to cite article XI of the GATT or any measures that might replace it, to protect its agricultural industry. This debate is still to come.

As far as the chicken market is concerned, we must recognize that there is no drastic change. Whereas we only had quotas per se, under this legislation we will now have quotas plus very heavy tariffs. What concerns our parliamentary wing, excuse the pun, are the provisions in case of shortages.

We do know that the demand for chicken products is increasing steadily. Be it live, eviscerated, cut up, boneless or processed chicken, these products are increasingly diversified and in high demand. While the quota may look quite high, certain sectors, such as the restaurant business, require products that can appear to be in short supply. In that regard, Bill C-57 leaves it entirely up to the minister to determine access and set the tariff accordingly for products considered in short supply.

Like the Canadian Federation of Agriculture, the Bloc Québécois would have preferred that the minister be required to take action in case of shortage to ensure that the price of imported products is not lower than the one asked on the national market. Ministerial discretion remains a case-by-case approach that leaves the door open to favouritism, if not to circumventing standard, equal and equitable rules. Not to mention the zoning this bill does, a zoning that confirms all the disparity that exists in this beautiful country. This country is united only in its opposition to Quebec.

This creates some concern. How can we protect adequately our farming industry, all the while ensuring continuous supply by diversifying sufficiently this industry's production? That is the question a good many traders who depend on processed products are asking themselves.

The implementation of this legislation will no doubt give us a chance to get a very good idea of what is at stake over the next few months. As stated in the preamble of the bill, free, fair and open trade is essential for the future of this country's economy and for securing its competitiveness and long-term sustainable development.

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Trade expansion contributes to job creation, achieves higher standards of living, offers greater choices for consumers and strengthens the economic union of nations.

(1220)

A multilateral trading system of mutually agreed upon market access conditions and non-discriminatory trade rules applicable to all, is the cornerstone of any modern trade policy that is open onto the world.

The trade agreements resulting from the multilateral trade talks of the Uruguay Round will create an international trade environment much more open and stable for Canadian agriculture, resources, manufacturing, services, technology and investments. The World Trade Organization (WTO) will pave the way for integrated management of the new strengthened multilateral trade system, particularly with regard to trade dispute settlement.

As GATT's successor, the WTO will be a forum for future trade talks on the continued liberalization of global trade and the establishment of new international trade regulations. In this regard, we must bring Canadian legislation into line. That is why this bill, which amends some 31 laws now in effect, will implement the agreement establishing the World Trade Organization throughout Canada.

The future of peoples around the world depends on their economic agreements. That is why we are not worried at all about the inescapable links between the people of Newfoundland and those in Vancouver, between the people of Quebec City and those in Los Angeles, between the people of Halifax and those in Miami. The identity, the authenticity, the necessary differences that expand our horizons are not barriers but bridges between men and women of all ages and cultures.

Recognizing our differences does not mean withdrawing into ourselves but opening up to others. The legendary League of Nations is still an avenue which we must seek without denying others or ourselves. It is in this sense that international trade agreements are a concrete way of recognizing national sovereignty. You can rest assured, Mr. Speaker, that Quebec will be part of this international reality. A sovereign Quebec will be part of the global market.

In summary, the Bloc Québécois will support this bill. Even though our amendments were rejected, even though we have some reservations, we know that the future of a people depends on its reciprocal agreements. We agree with the basic principles behind this bill. The implementation of the agreement establishing the World Trade Organization is necessary and desirable.

[*English*]

Mr. Charlie Penson (Peace River, Ref.): Mr. Speaker, I listened with great interest to the member who just spoke. I

understand his concern for the adjustment that is required for the industries to make the jump to free trade.

The question I have for the member is which would he prefer, the phase down of tariffs over a 10 year period through NAFTA as he talked about earlier, or the system that is currently in place with the GATT where there is a tariff that will be reduced over a period of time? Which would be better for the supply management sector in his province that he is referring to? I would like an answer to that.

[*Translation*]

Mr. Godin: Mr. Speaker, I thank my colleague for this question. I am not a specialist in the field and besides you must understand that the application to this field is fairly recent. It is rather difficult for me to say exactly what is good or what should be subject to quotas or to tariffs.

Last week in my riding, the issue of the chicken trade came up.

(1225)

A businessman came to see me about it. Here again it is rather difficult to say exactly what is good or what might be good in the future, tariffs or quotas. For now, I think that the businessman of course always tries to pay the lowest price for chicken and naturally he does not limit himself to our producers very often. I think that a balance must be found and only time will tell.

[*English*]

Mr. Leon E. Benoit (Vegreville, Ref.): Mr. Speaker, I listened with interest to my colleague's comments, particularly with regard to supply management.

I would like to follow up a bit more. In his presentation the member expressed concern with the implementation of GATT and concerns about which free trade agreement, GATT, NAFTA or CUSTA, really will apply. Canada has one idea in that regard and the United States has another. Certainly these are very important issues.

I would like to ask another question. If Quebec is successful in separating over this next year or so, how would the hon. member rate the harm and damage to the supply managed sector in Quebec because of separation? For example, in dairy they will certainly lose half of their market virtually overnight because right now Quebec has almost 50 per cent of the market with only 25 per cent of the population. Certainly the rest of Canada would not be open to taking this oversupply.

I would like the member to comment on the damage that will be done due to separation as compared to his concerns in regard to the implementation of GATT and the other agreements.

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[Translation]

Mr. Godin: Mr. Speaker, I thank my colleague for his question. When we talk about sovereignty, we must understand that if Canada were completely self-sufficient, maybe it could force its way or dictate to Quebec, but I think that Canada, like Quebec, is a country that needs outside markets and I am sure that Quebec will do very well in this big system of international trade which will be increasingly governed by such treaties.

To give the hon. member a better answer, I might suggest that he refer to what my colleague from Rosemont said in the debate on November 1. Here is an excerpt:

It is largely a matter of international law, the broadening and reinforcement of which the minister praised today. Article XXVI(5)(c) of the GATT agreement provides that a new state carved out of a country which is already a member of GATT automatically becomes a member on becoming a sovereign state, provided it accepts the conditions and requirements applicable to the parent state. It is quite simple and clear. A C.D. Howe Institute study says that most Canadian experts fully recognize that fact.

Quite simply, Canada will respect and work with Quebec just as it works with all other sovereign countries.

[English]

Mr. Benoit: Mr. Speaker, I would like to pursue this matter a little bit further. I think it is very important that Quebec dairy farmers and Quebec farmers involved in supply management really consider this issue. It is extremely important.

(1230)

I would like to ask the member to pursue this a little further. First Quebec is not a signatory to GATT or the free trade agreements. These agreements would not apply if Quebec were to separate. This is the first thing to consider.

Second, international law has never had a precedent set that would be along the line of Quebec voluntary separation. There is no precedent under international law.

I would like this member to explain how he can go straight faced to the Quebec dairy farmers and say we are not going to have a massive problem in terms of having markets available and with regard to prices falling virtually overnight to world prices, not to the artificially high prices set under supply management in Canada.

[Translation]

Mr. Godin: Mr. Speaker, I think I may have been misunderstood earlier. The hon. member should refer to the November 1 issue of *Hansard*. He will see that the member for Rosemont provided a very good answer to that question. This has to do with Article XVI(5)(c) of the GATT, which I could read, but what I said earlier is that a new state carved out of a country which is

already a member of GATT need only apply to automatically become a member.

Also, you have to understand that trade is a matter of give and take. The government should not use scare tactics and have people believe that the milk which we sell to English Canada will suddenly no longer be bought by those provinces.

Let us not forget too that western provinces sell 600 to 800 million dollars worth of beef to Quebec. I do not think that the beef industry in English Canada exists merely to help Quebec. That beef is raised because there are profits to be made. And why do they sell it in Quebec rather than elsewhere? Because they have the advantage of selling it right here in Quebec, where their clientele is located.

It will be a matter of give and take. If you refuse to buy Quebec's milk, you might have to consider selling your beef elsewhere.

[English]

Mr. Benoit: Mr. Speaker, when the hon. member makes a comparison between supply managed industry, which is an industry that has an artificially high price developed, and the beef industry, he is fooling no one. Clearly beef trades at world prices everywhere including inside Canada. Quebec has become a much smaller part of the Canadian beef market. Trying to compare the consequences of supply management with that of beef is totally trying to fool someone and it is not going to work here.

I would like the member to respond to that.

[Translation]

Mr. Godin: Mr. Speaker, we are not trying to fool anybody. This is simply the reality. This is business. When you do business, whether it is milk, beef or other products, it is a matter of give and take. You negotiate and you strike a deal: I buy your product and you buy mine.

As regards Quebec's sovereignty, if it is so bad for Quebecers, then why is English Canada about to spend hundreds of millions? Already, the government is preparing to air 13 television broadcasts in Quebec, to show the benefits related to being part of Canada.

When I was 14, I was apprised of the sale of our neighbour's business. The buyer asked the following questions: "Do you want to sell your business?" "Yes." "Do you have debts?" "No." "Are you incurring a deficit or making a profit?" "I make a profit." "How much do you want?" The scenario will be the same for Canada. If Canada has a debt of \$508 billion and a deficit of \$40 billion, this will have to be taken into account. You can be sure that if it were not good for Canada to keep Quebec, it would let us go much more easily than it is doing now.

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(1235)

[English]

Mr. Leonard Hopkins (Renfrew—Nipissing—Pembroke, Lib.): Mr. Speaker, I want to say a few words on Bill C-57, an act to implement the agreement establishing the World Trade Organization.

The World Trade Organization which Canada is joining will only work if there is a political will on the part of every nation to make it work. The Americans complain about loss of sovereignty through the GATT—tough bananas. We talked about that in this House during the free trade agreement and we did not get very much sympathy for Canada.

Whenever you join a world organization there are certain things to which you have to agree and as a responsible nation you are expected to fulfil. Therefore, every nation that joins the World Trade Organization had better know where it is going.

Just because we are having a debate in this House, just because we pass this bill does not mean that there are not going to be problems. There are also going to be many positive sides to the agreement.

The hon. member for Malpeque delivered an excellent speech on this a few days ago. He talked about the business pressures that are being brought to bear on the American Congress. Today where there is a Republican Congress and a Democratic president, it probably becomes even more underlined than it was a few months ago.

A business paper presented to the American Congress simply stated: "The only way that international bodies such as the World Trade Organization gain strength is to take power from their member countries. This is precisely what the World Trade Organization does. The World Trade Organization is a stealth-like power grab by international bureaucrats of unprecedented proportions. It diminishes U.S. sovereignty. It shifts control to a world trade system from developed nations to small and undeveloped countries. Most significant, it creates an international autocracy that overlaps United States democratic institutions". That is the kind of pressure that is being brought to bear on the American Congress by its business community.

Let us turn for a moment to what the Senate bill and the House of Representatives bill actually says to implement this legislation on the World Trade Organization.

Section 102(a)(1) states the following: "United States law to prevail in conflict. No provision of any of the Uruguay round agreements nor the application of any provision to any person or circumstance that is inconsistent with any law of the United States shall have effect". How can the United States under that

condition sign the World Trade Organization agreement? It is saying it is not going to abide by it before it even accepts it.

Going on to Mickey Kantor who is the trade representative for the United States on the World Trade Organization, he said: "Our sovereignty is more protected under this new agreement than it has been in the 47 years of the old GATT.

(1240)

Section 102 of the implementing legislation is clear that when there is any conflict between either the Uruguay round agreement or any regulation thereunder and U.S. law, the U.S. law applies in every case".

Those words are very familiar. I remember very clearly, as other members will, having heard those same comments in this same House of Commons when we were debating the Canada-U.S. free trade agreement, that U.S. law would prevail.

Those are some of the concerns that we must have in discussing this legislation. I want to come back to my initial statement that the World Trade Organization will not work unless there is a political will on the part of every nation that signs that agreement to make it work.

I have here an example of an American law that was passed in 1930 right after the great recession started. It dealt with products going to the United States. As an example, I will cite Eddy Match Co. If the match pack had the name of a restaurant on it, the made in Canada logo had to come right underneath the restaurant name. If it had the name of another restaurant, suppose it was a chain of restaurants, the made in Canada logo had to come immediately after that in the same size lettering. Everything had to be in the same size lettering.

When this did not happen, the trucks were stopped at the American border. The trucks were stopped at the American border 62 years later in 1992 because the made in Canada logo was not in the proper place on the package of matches to suit American customs. They were looking for irritants, for ways to keep Canadian products out of the United States. If this is the way they are going to operate, then how can the world receive fair treatment under these kinds of policies?

One of the ways for Canada to go in the World Trade Organization is to follow up on the excellent example set by the Prime Minister, by nine premiers and by about 375 business people, to bombard China in a very friendly way based on our relations over many decades. The visit to Hong Kong and to other Asian countries was a phenomenal success. The same process can be used in other areas of the world. We should be targeting those countries that are developing a large middle class. That is what there is in many Asian countries today.

There is a large middle class developing there that is going to be able to do business with other countries of the world. Business people could go there and talk to them and make

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agreements. Selling our technology is a big route. Canada has laid some excellent bases on R and D and technology over the years.

Private industry in Canada has one of the poorest records of the big seven nations in the areas of participating in research and development. In order to make this World Trade Organization a success Canadian businesses are going to have to set more aside for R and D.

(1245)

If they do not, we will be in trouble in competition down the road. If they do, we will be able to compete with anybody at the industrial level. The sale of two Candu reactors to China is one great example of what can be done.

Here is a developing middle class. Here is a country that is moving ahead very rapidly. It is going to need all kinds of energy. There is an opportunity there for us in the future for more sales. Radioisotopes for medical purposes, there is a whole market opening up around the world, particularly in Asian countries.

There will have to be a lot of emphasis put on eastern Europe. The economies there are in very bad shape. It is to the benefit of the rest of the world to try to help those countries get back on their feet so that they too become very worthwhile trading partners.

I want to conclude by repeating an article from the *Globe and Mail* dated January 9, 1992. I quote:

As tariffs continue to fall under the Canada-U.S. free trade agreement, Canadian exporters complain that the United States is increasingly turning to the marking rules as a trade barrier to Canadian goods.

"It's a significant irritant", said Jim Moore, vice-president for policy at the Canadian Exporters' Association. "The U.S. is the only country with comprehensive country-of-origin markings."

Those things have to go if we are going to deal with one another on a fair basis. The supply management system, which is very important to Canadian agriculture, will have to be protected in some way by this government. We have high tariffs now. We had better be ready for some strong negotiations down the road because we want those things to remain in place.

Farming is an industry in this country the same as any other. It has to be managed properly and it has to have the support of the Government of Canada.

Mr. Walt Lastewka (St. Catharines, Lib.): Mr. Speaker, I am pleased to rise today to address the legislation before us, Bill C-57, an act which implements the agreement establishing the World Trade Organization.

As a member of the House of Commons standing committee which studied this bill, I know how important this proposed legislation will be for Canadian business. The government is

very aware of the need to provide a positive environment for business in Canada. We know that it is essential for business to have all the benefits possible to compete domestically and in the global marketplace.

Domestically the government has worked to provide an environment where more jobs will be created and business can excel. We have implemented the infrastructure program with the provinces, directly creating 90,000 jobs over two years. We are also outlining an agenda to create a better environment for small business, including working capital for growth, programs to help small businesses expand and create new jobs, the single business registration number to cut paperwork, Canada business centres for one-stop shopping for government services, and the technology incubator, a very important item.

With the co-operation of the provinces we have reached the first ever federal-provincial agreement on eliminating internal trade barriers, an area where much more work needs to be done. The Canadian economy created over 300,000 jobs in the first nine months of this year, most of them full time.

As an example, an upturn in the domestic and export sales in the automobile industry resulted in an announcement at General Motors that it would be postponing the planned phasedown of the foundry operations previously scheduled for December in my riding. The foundry is a major contributor to the employment in St. Catharines and this was very positive news.

We also know the importance of assisting Canadian business internationally. Canada belongs to a continually expanding international market. Making those markets accessible to Canadian companies is vital.

(1250)

Economically, trade must be one of our top priorities. This is because one in five jobs in Canada is generated by exports. In fact among G-7 countries Canada is second only to Germany in dependence on international trade. Last year during the election this government stated in its red book that trade policy and trade relations are crucially important to the achievement of Canada's economic and social goals.

We noted the importance the GATT has had to Canada in improving access to international markets. We made it clear that we supported a resolution to the stalled Uruguay round talks.

The red book also dealt with the problem of definition of subsidies and dumping and that Canada has been subject to trade harassment due to the lack of definitions in trade agreements.

Dispute resolutions are often lengthy and costly and of no value in enhancing trade or relations between countries. I was a member of the special joint committee reviewing Canadian foreign policy which released its report a few weeks ago. The

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report points out the need for creating and promoting an international orientation for Canadian business. This report also states that the World Trade Organization is crucial to the development of a rules based international trade system and should be targeted as a priority organization for Canadian involvement. There is no doubt in my mind that if the world is able to have a rules based trading system Canadians will be able to succeed on the international scene.

The Uruguay round took some seven years to be completed with some 123 countries involved. The agreement reached includes national commitments to lower tariff and non-tariff barriers, thorough reform of trade rules and the extension of the world trading system to cover the areas in services and intellectual property.

The World Trade Organization will implement the achievements of the Uruguay round. It will be a permanent effective institution to oversee world trade policy and settle disputes between nations on a multilateral basis. This is the beginning of a new trade era.

In his speech in the House on October 27, the Minister for International Trade said that the World Trade Organization will finally put international trade on a firm institutional footing by becoming the third pillar of world commerce and financial structure along with the World Bank and the International Monetary Fund.

The WTO is a major step forward in multilateral trade. It will assist Canadian exporters in obtaining fair access to foreign markets. This in turn creates jobs and provides a higher standard of living for Canadians.

Increased openness in markets is also good news for consumers, resulting in greater choices and decreased costs for quality goods and quality services.

Canada must be a leader in helping global organizations to mature. Last week I had the opportunity to tour a fish farm in my area which wants to export fish to Japan. The Uruguay round achieved tariff reductions with Japan of some 70 per cent. We know that historically the export of fish has been subject to harassment from countervail actions. Under the new deal Canadian exporters can expect more secure access to markets for export of fish and hopefully lumber, pork and magnesium, all of which have been controversial in the past.

Another company in my area would like to sell prefabricated housing units to foreign markets. This agreement provides major gains for Canadian exporters of wood and wood products. Negotiators representing our most important offshore markets agreed to phase in tariff cuts on wood and wood products averaging 45 to 50 per cent over five years. In the area of prefabricated housing, tariffs will fall in the European Union, Korea and in Japan.

Recently, as mentioned many times earlier, the federal government led a group of Canadian business people, provincial

premiers and others on a trade promotion trip which resulted in great success and gives an outstanding example of Team Canada. Canadian business exporters and potential exporters learned that working together pays dividends.

(1255)

I conclude by reinforcing once again that with rules based thinking and rules based agreements Canada will not only be better for it by its exports, but Canada can be a leader in having the WTO be good for large developed countries and also for the smaller, less developed countries as they too try to develop their areas.

The time has come for us to be an example to others by proceeding to implement GATT in the manner it was intended. The WTO is scheduled to supersede GATT in 1995. This is a major step for the international community and Canada is pleased to be part of it. As a member of this government and the committee that studied this bill with my colleagues across the way, I look forward to the implementation of the World Trade Organization in the very near future.

Mr. Charlie Penson (Peace River, Ref.): Mr. Speaker, I enjoyed the comments of the member for St. Catharines. Having worked with the member on the foreign policy review, I know that he supports free trade and the move to the World Trade Organization.

I would like to ask this question: Does he also recognize, and I believe he does, there is considerable work that needs to be done at home to improve our domestic environment for business in terms of our internal trade barriers and how that is limiting our ability to trade and to give our small and medium size businesses an opportunity to develop so they can also become part of the international trade environment?

Mr. Lastewka: Mr. Speaker, I thank my colleague for Peace River. Yes, it was great to be able to work together with all of our colleagues on foreign affairs and trade. The member is absolutely right. We have a lot of work to do in Canada to not only be able to work with our exporters and the new exporters who would like to export. We must be able to provide them with communication networks much faster and much easier.

Likewise, I have had a committee in my area studying the various areas of the U.S. and Canada along the border. There are many free trade zones in the U.S. which export to Canada and other areas of the world.

We will have to look at, and I think the government is proceeding along this way, new ways to make it easier for our manufacturers and our businesses to be on the same level playing field especially with the U.S. as we try to export, not only to the U.S. but to many other countries around the world. It is very important that we work with these organizations immediately.

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Mr. Bob Mills (Red Deer, Ref.): Mr. Speaker, again it gives me pleasure to speak to Bill C-57, the enabling legislation to implement Canada's participation in the WTO. To introduce more or less some of the ideas I would like to put forward, the big thing we all have to remember in the developing world and in a country like Canada is that globalization is an important part of what is happening in the environment in which we now have to do business.

We all have to recognize that the European Union is growing, is becoming more of an entity, more of a functioning trade part of the world. It was interesting this morning in talking to the President of the Czech Republic to hear him saying that they are an associate member of the EU, how they hope to become a member and by the turn of the century how that will be a very important part of their trade in the world.

As well of course we have the Asia-Pacific and the developing tigers with all of the power and strength in trade there. Then we have the Americas as the third major trading unit. As Canadians we are making a terrible mistake if we do not realize that we must become major players in the OAS and in all that means to the developing of Canadian business and Canadian jobs.

We have had a number of people tell us about some of the negatives, some of the concerns that we will not be able to compete, that our big brother to the south will gobble us up. I do not see that as being a fear. In fact I see the WTO as opening up things so that we now are dealing with a much more level playing field, as the hon. member across the way mentioned. That playing field will become even more level and we will do better when competing with the U.S. and with other countries.

(1300)

We must become very aggressive. We have an inferiority complex and have not always been as aggressive as we could be in the world of international trade. We should assure the people who have concerns that there is a review mechanism and that the dispute settlement mechanism will work much better than anything we have had up to this point. It will be an opportunity to review the issues that affect the steel industry, the beef industry and those industries that have some concerns. We should reassure them by telling them they will have the ability to question the areas of their greatest concerns.

According to this legislation and similar legislation being passed by other governments of the world, WTO members agreed to reduce or eliminate tariffs and other trade barriers. This is pretty good stuff and is the kind of thing we need going into the 21st century. It is the kind of forward looking legislation

that is going to create jobs and provide Canadians with a way of life to which we have grown used. It is the only way we are going to maintain that way of life.

Before I get into the main part of my speech, I would like to quote briefly from a chapter on international trade in the Canadian foreign affairs review, of which I and other members were a part. The chapter called for building shared prosperity. I put emphasis on the word prosperity. We are threatened with losing our position, our status and our quality of life and this is a way to turn things around.

I hope the Minister of Foreign Affairs will pay particular attention to this chapter and this section. One of the statements in the chapter reads as follows: "The wealth, prosperity and well-being of all Canadians depend in a decisive fashion on international trade, on foreign investment and on financial arrangements that facilitate or hinder trade and investment". We should hang on that for a minute and think about what it means to us going into the 21st century.

It goes on to state: "In the next century the key to Canada's involvement in the global economy will be its ability to build mutually rewarding trade and investment links with the new trading giants who will be our neighbours to the east, the south and to the west". We must look far beyond our borders for trade. It is one of the most important areas for our economy and therefore legislation that deals with it clearly affects the lives of every citizen.

I am sure it is no surprise to anyone that I am a free trader and that in my previous life, before I was elected to this position, I was a businessman. I believe that the WTO presents us with a singular opportunity to gain access to many new markets.

As already mentioned by several of my esteemed colleagues in the House, some new areas which have been added under the WTO over the old GATT agreement are services, trade related investment and intellectual property. These new areas are vitally important to our future prosperity since trade and services alone account for approximately one-quarter of the total \$4 trillion in global trade. What better country to provide these services around the world, banking services, all kinds of services like that, than a country like Canada.

As we know, services are the largest sector of the economies of the industrialized world and in many countries one of the fastest growing. As a result of these new rules, the OECD has estimated an increase in world trade of at least \$360 billion annually to the world economy. In addition the gains for Canada are estimated at \$3 billion annually when the agreement is fully phased in. This is not chicken feed. Beyond this the extension of a rules based, multilateral system through the creation of the

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WTO will also expand Canada's ability to ensure that the largest world traders do not use their economic power to unilaterally pressure Canada in any trade disputes which develop.

(1305)

This new dispute resolution mechanism will also increase Canada's bargaining power in our trade relationship with the U.S. While this trade relationship is a good one and has allowed Canada to become the seventh largest trading nation even though we are only 31st in population size, it is not without its problems. I am certain the WTO will help us to manage this relationship over the coming decade and will promote prosperity within both countries.

I will now switch to the more general theme of trade and its benefits for Canada. Over 20 per cent of Canadian workers depend on exports for their jobs. That is over two million jobs. In addition over 30 per cent of Canada's gross domestic product comes from exports. Last year this amounted to around \$181 billion in goods and services.

Therefore it is vital that Canada aggressively promote itself throughout the world. If we do not face up to the trend of globalization, then we are all going to be in big trouble. A country like Canada cannot afford to be protectionist in the mid-1990s. Therefore it is essential that the House support Bill C-57. We just do not have the people to do anything but.

The WTO offers Canadian businesses a great opportunity to continue building sales abroad. While we also have to open our markets to others I do not see this as a fundamental problem. While there will be an adjustment period for certain industries Canadian businesses can compete with anyone in the world. Let us not have that inferiority complex that I spoke about earlier.

All we want is a fair and open international system with a level playing field. The WTO goes a long way in accomplishing this. When it comes into effect next year the WTO agreement will commit some 120 countries to gradually reducing trade barriers. This will have the long term effect of increasing world trade dramatically.

As we know any increase in world trade means more exports for Canadian business and more jobs for Canadian workers, over 11,000 for every \$1 billion in new exports. This means greater prosperity for Canadian families.

If we take the figures of the Department of Finance which it claims are conservative—I hate using that word—the WTO will lead to an estimated annual gain of \$3 billion. This would translate into roughly 30,000 new jobs per year for this agreement alone. The WTO will also help us to diversify our trade patterns which are currently dominated by the United States. It buys some 80 per cent of our total exports.

One of the most exciting growth markets for new Canadian trade under the WTO will be the Asia-Pacific region which within five years could represent 40 per cent of the total global consumption of exports. To date we have had some success. Japan for instance is already the second biggest trade partner and purchases more Canadian exports than the U.K., Germany and France combined.

In addition China has the fastest growing economy in the world. With its huge population it is predicted that by early in the next century China could be the second largest economy in the world. At the present time there are still some problems with China's participation in the WTO but it is not a matter of will China join, it is a matter of when will it join.

We would like to see greater trade with Latin America. I have mentioned the OAS and the importance of Canada taking a leadership role there. While we would like to see the expansion of NAFTA which has already given Canada unprecedented and preferential access to Mexico's growing market of 85 million consumers, until such time as the Americas also decide that an expanded NAFTA is in its interest the WTO will certainly be an in for Canadian businesses. This is not to say that it is unimportant for the Canadian government to push for NAFTA accession. It simply means that the WTO will help in the meantime.

(1310)

As I mentioned a few minutes ago, under the WTO a new dispute settlement body will police international trade disputes and ensure that legitimate complaints about unfair trade practices get resolved according to a clearly established schedule. This dispute mechanism will likely be much more effective than the one we have under NAFTA. This should help us considerably and help to allay the fears of some of our industries.

In my work as critic for foreign affairs for the Reform Party, I have heard time and again about the importance of such a rules based multilateral system. While the WTO does not solve all of the problems which exist over international trade, it does take a giant step in the right direction.

Hopefully in the years to come Canada will play a leadership role in promoting the strengthening of this rules based multilateral system by promoting the WTO to effectively deal with the questions of trade remedies and anti-dumping actions.

Another area which the WTO will have to tackle is the whole problem of agricultural export subsidies. While the WTO does good work to promote Canadian interests, clearly a great deal remains to be done to straighten out the mess of agricultural subsidies that have developed over the years. The Reform Party would like to see the government take a constructive and

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aggressive role in this respect and the WTO is a vehicle through which it can happen.

I would now like to speak to the related topic of internal trade barriers. I heard the previous speaker talk about that a little bit. It is incredibly ironic that we are making good progress in eliminating our international barriers and yet we are stuck with the barriers within Canada.

Under the current system Canada's domestic market is seriously split by provincial trade barriers. This not only affects our competitiveness internationally but it reduces our collective prosperity at home. Provincial impediments to free trade add around \$6.5 billion annually to the cost of doing business. This is absolutely unacceptable. It amounts to approximately \$1,000 per family.

While we have taken some steps forward, nobody has really attacked the problem as we feel it should be attacked. We would press the federal government to push harder on the provinces to eliminate these trade barriers because this is going to slow down our ability to take advantage of the WTO.

If we could eliminate barriers to trade at home it would increase the efficiency of Canadian businesses and also expand their ability to trade internationally. What better way is there to improve our position in the international marketplace? This is especially true for small and medium sized businesses which are suffering under the current system.

To conclude, Canada must aggressively promote free trade throughout the world. This means eliminating provincial trade barriers, becoming a leader in the WTO, becoming a leader in the OAS and fulfilling our international commitments.

The first goal can be accomplished by working with the provinces. The second one involves working with other countries to ensure that the new World Trade Organization operates in a way that is genuinely universal and multilateral, with the widest possible membership consistent with generally accepted standards.

It is obvious that support for the WTO and the involvement is there. We can see the prosperity it will bring for all of us. It is just a matter of providing information to people about all of the positives that this new trade agreement will provide for us.

Mr. Walt Lastewka (St. Catharines, Lib.): Mr. Speaker, I want to commend my colleague from Red Deer for his excellent presentation. I was glad that he was able to bring out some of the flaws in NAFTA that have tried to be corrected in the GATT and now the World Trade Organization.

(1315)

There has to be a lot of training and facilitating of people across Canada in various businesses as far as becoming exporters is concerned. They not only have to know the rules but have

to understand what has to be done to export to various areas of the world where the member has travelled, I am sure.

To be able to market these goods, exporters will need to work together perhaps in a Team Canada approach across the country. As far as implementing the WTO is concerned, it needs to be done in a very short term to gain the advantages the hon. member mentioned.

Mr. Mills (Red Deer): Mr. Speaker, I thank the member for his question. As I mentioned, information is the key factor. The big problem has been that it is easy to trade with the U.S. Everybody knows the language there is English and the customs are somewhat the same; it is pretty easy to go down and trade there. When things get tight in U.S. trade we start looking internationally and our companies, particularly the big ones, start dealing internationally. The biggest problem has been that a lot of smaller and middle sized companies, once the U.S. market returns, go right back to the U.S. market and forget about their international interests.

I do not want to encourage government to set up more bureaucracy to try to obtain business out of the country. That is not the answer. The answer is to work with business through seminars and joint ventures to get people out there and get them the contacts. Government provides the contacts, much as Team Canada did. It opens the door and then those guys go for it. We have to get them through the door. That is all government should be doing.

It is a matter of encouragement and of helping with the technical aspects but not direct involvement or government agencies doing the work for business. That will never work. It will just become another drain on society.

Mr. Lastewka: Mr. Speaker, I thank my colleague from Red Deer for his response. Another area I would like the member to comment on is the importance of being able to export in areas where their language is not either of the two languages of our country.

He started to mention that there was work to be done and it takes time. I think he mentioned that it requires training and facilitating to allow exporters to export and that we should not only export south of the border once times get better. He mentioned that areas throughout the world needed to be explored and because of the world being so large we had to take things on a priority basis to facilitate businesses and let them do the work of manufacturing and exporting into those countries.

Mr. Mills (Red Deer): Mr. Speaker, again the member for St. Catharines raises important questions. I am sure we could work very well together in terms of what kinds of things we need to do to get business promoted.

We have a lot of people of various ethnic origins in the country and we must utilize them. In dealing with the Asia-Pacific we have a million people of Asian descent whom we can

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utilize in the process and who can be an important part of what we do.

Again to go back to globalization, the EU has the advantage of being a more sophisticated market. It basically thinks nothing of knowing three or four languages and understanding much more broadly the cultures of other people. English stands one in fairly good stead in most European countries except for the eastern bloc. That will help us deal in that market.

English is pretty important in the Asia-Pacific but Mandarin is more important. That is where we can utilize Canadians of that descent to help us.

(1320)

Let us face it. In the Americas there are 34 countries in the OAS and only one of them uses French. That happens to be Haiti. All the rest use Spanish or English. We must recognize the importance of those languages and the importance of using South American Canadians in that regard. It is extremely important. We need through foreign affairs to put a lot more effort into developing and utilizing Canadian citizens of those origins.

Mr. John Maloney (Erie, Lib.): Mr. Speaker, it is a pleasure to speak this afternoon on the issue of the World Trade Organization.

The Uruguay round of multilateral trade talks under the General Agreement on Tariffs and Trade or GATT was intended to bring world trade law into the 21st century. Negotiators agreed that this could be done by taking three key steps.

First, after painstaking negotiations the means were found to resolve longstanding quarrels over the existing trade of goods including agricultural products.

A second momentous measure decided upon was the creation of a World Trade Organization. The WTO will be a permanent, effective institution to oversee world trade policy and federal disputes between nations on a multilateral basis.

Third, trade services which account for roughly a quarter of \$4 trillion in global trade were brought under the purview of global trade law for the first time.

Along with these three key steps, Uruguay round negotiators agreed on more than 25 separate measures which together amount to the most significant package of new trade rules the world has seen since the GATT was created in 1947. These measures include strengthened trade rules, particularly on subsidies and countervailing duties, and a more effective system of dispute management.

New areas have also been brought into the ambit of world trade rules including intellectual property, trade related investments and services. Most of the 120 countries participating in the round have made significant commitments to lower or eliminate tariffs and other barriers to trade.

Throughout the 26,000 page text of the Final Act of the GATT and all its principles, proposals and provisions there is one key theme: multilateralism. It is because the Uruguay round puts world trade law firmly on a multilateral footing that the global marketplace will never be the same. The WTO will put a brake on the tendency of governments to use unilateral trade actions to harass trade from competing countries. That means Canada will be less vulnerable to efforts by larger competing economies to use their size and power to interfere with Canadian exports. It is difficult to overstate how important an achievement that is for Canada where one in five jobs is created by exports.

I would like to talk about the second step. The World Trade Organization or WTO will implement the achievements of the Uruguay round negotiations. By replacing the GATT secretariat the WTO will co-ordinate the functioning of its three new components: the goods council, the services council and the intellectual property council. Dispute resolutions will be accelerated with a strict time limit established for the conclusion of the process once it is under way. Members also make a commitment to avoid using unilateral retaliation.

It is important to note that the WTO administered dispute settlement process will prevent a single member from blocking the adoption of reports of trade dispute panels or on appeal of appellate bodies. This institutional provision is the cornerstone to ensure that the new multilateralism functions smoothly.

As one of the most trade dependent countries in the world, the Uruguay round of multilateral trade negotiations was vitally important to Canada in terms of expanded access to markets and stronger trade rules and institutions. While the negotiation achievement is of historic proportions, the task remains to translate the outcome into reality.

Momentum must be maintained to complete the negotiations in areas such as financial services, telecommunications and government procurement. Clearly these are areas of growing importance to world economic development. We must all strive to realize the greatest possible degree of rules based liberalization. The potential benefits to both producers and consumers should not be denied.

There is a question of accession of new members to the WTO, particularly and pre-eminently China, Taiwan and Russia. Canada is on the record as supporting in principle their accession to the WTO. Broader membership will be positive for the rules based trading system and will offer significant benefits to the countries concerned.

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(1325)

However accession is not a right. Countries acceding to the GATT WTO must be prepared to commit to a transparent market oriented economy, to embrace the basic principles of the multi-lateral trade system and to provide real improvements in market access. On the other hand we must not impose requirements for acceding countries that are more onerous than those which apply to members.

There is the question of the new trade issues: trade and the environment, labour standards, investment and competition policy. These are questions all trading nations are grappling with. They are complex and do not lend themselves to simple policy prescriptions. However we feel that certain principles must be kept in mind as they are defined, debated and developed.

First, Canada does not support the use of trade sanctions to impose standards of conduct. Quite apart from the question of fairness in a world that is becoming increasingly interdependent where the one common denominator is adherence to a market based system, the costs of authorizing any one country to use its economic muscle to impose its own standards are too high for all.

Second, we must guard against the possibility that new rules can become a vehicle for new protectionism unless they reflect a broad international consensus. In this respect we are sensitive to the concerns of countries, developing and developed alike, that fear the new rules may be aimed at directing barriers to their exports.

Third, Canada wants to ensure that the rules of the multilateral trading system are complementary to and not contrary to the attainment of broader societal objectives. In the case of trade and the environment we are committed to the goal of sustainable development. With respect to trade and labour standards we endorse the need for compliance with internationally recognized labour standards.

There is an ongoing process to determine how labour and environmental issues will be handled by the WTO. At this time Canada is working with its trade partners on these very important matters.

We feel that international bodies such as the Organization for Economic Co-operation and Development and the International Labour Organization should accelerate their studies of these issues and use their findings to help guide discussion in the new WTO. We are concerned that without that kind of background work the World Trade Organization could get bogged down before it has had a chance to establish its institutional footing.

The Uruguay round of negotiations will have a significant impact on Erie riding in such areas as agriculture and steel. The world trade talks under the GATT produced a common set of rules governing world trade in agriculture. Canada's key objec-

tive in talks dealing with trade in agriculture included improved access to markets, increased disciplines on subsidies that distort world trade, more predictable and secure border arrangements to preserve Canada's farm supply management programs, and assurance that health and sanitary regulations will not be used as disguised barriers to trade.

Agricultural trade proved to be one of the most difficult issues tackled in the seven years of negotiation under the round. At the end of the day Canada had met its goals. As a result of the round overall tariffs on agricultural goods will fall by 36 per cent and no less than 15 per cent for any specific product in six equal annual steps between 1995 and 2001.

In addition, all GATT countries will open their markets to imports by specific minimum amounts starting next year in 1995, with the level increasing by 2001. Tariffs in place of quotas will also provide the tools to maintain an effective supply management system for Canada's poultry, egg and dairy producers. Producers of red meat, pork and horticultural products will also benefit from the new market opportunities in Asia and elsewhere.

Lower volumes of subsidized exports are expected to lead over the medium term to higher prices for grains and other agricultural commodities, spurring demand in Canada and other markets for agricultural machinery and equipment.

Canada's manufacturers shipped farm equipment worth some \$865 million in 1992. Exports totalled \$467 million. More than 90 per cent of these exports went to the United States. The United States also accounts for the largest share of Canada's imported farm equipment.

The Canadian industry produces four-wheel drive tractors, combine harvesters, seeding and tillage equipment, hay handling and harvesting equipment, grain handling and storage equipment. This technology is at the leading edge in production of cereal grains from large farms under the dry land prairie farming conditions. Substantial opportunities for export growth exist in Australia, Mexico, Europe, Russia, Ukraine and China. The John Deere plant in my riding, a leading manufacturer of agriculture equipment, I am sure would welcome these increased trade opportunities.

(1330)

In recent years the Canadian industry has been in the forefront of several technological achievements. Among these is the development of a large capacity four-wheel drive and bidirectional tractors and axial flow combines. Such advances will receive worldwide protection for the first time under the new trade related aspects of intellectual property rights under the agreement reached in the round.

Over five years beginning January 1 next year, Canada and its major trading partners including the European Union, Japan and the United States, along with industrialized countries such as

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Finland, Korea, Norway and Sweden, will phase out all tariff and non-tariff barriers for key products in this sector.

Full line firms producing major items such as tractors and combines will benefit as tariffs fall to zero in major markets. Short line firms making a variety of farm implements and attachments such as cultivators, chisel ploughs, seeders and fertilizer distributors will see tariffs fall to zero as well. Both full line and short line manufacturers will enjoy improved access to offshore suppliers of key parts components.

All this levels the playing field for Canadian farm equipment makers. Before the agreement was signed Canada and the United States both extended duty free access to agricultural machinery from all most favoured nation countries under the GATT. Many of these countries maintain tariff and non-tariff barriers against imported farm equipment. Within five years under the Uruguay round agreement these barriers will be history.

Located in my riding is a Stelco plant which is one of the 15 companies operating in six provinces that make up Canada's primary steel industry. My riding also has a productive nickel refinery, Inco, nickel also being a very essential component part in the steel industry.

In 1993 steel industry sales exceeded \$8.6 billion. The industry employs about 33,000 Canadians. Another 18,000 Canadians work in pipe, tube, wire and wire products industries, transforming steel into other finished products.

As a result of the Uruguay round most developed countries including the European Union and Japan, along with Korea, will phase out all tariffs on steel and steel products over 10 years.

In conclusion, the establishment of the World Trade Organization is an expression of new realities in the economic and political relationships among nations. The trading system no longer operates as the exclusive domain of a few. As the Uruguay round negotiations unfolded over a seven year period we have witnessed an evolution in the roles of key players.

I spoke about the success of the Uruguay round and how it will positively impact on my riding. In a very real way our work has only just begun. With the all important creation of the World Trade Organization we have taken the first step. Now we must begin the effort of investing this institution with the commitment necessary to take us into the 21st century.

[*Translation*]

Mr. Jean-Guy Chrétien (Frontenac, BQ): Mr. Speaker, I listened very carefully to the speech the hon. member for Erie just made and I was surprised to learn that the John Deere tractor I own was probably built in his riding. I would also like to remind my hon. colleague from Erie that, in 1988, Quebecers

showed the most support for international trade, and especially for NAFTA.

In fact, in more than 62 out of 75 ridings, the vast majority of Quebecers elected the Conservative Party which had made NAFTA the cornerstone of its 1988 election campaign. Of course, where agricultural products are concerned, Quebecers are extremely well positioned in supply-managed sectors, like poultry, milk and egg production. To replace supply management, the GATT agreement provides for what is commonly called tariffs that can reach up to 360 per cent in some cases.

(1335)

As the previous speaker pointed out, these tariffs will be in place for the next six years, and this six-year period is crucial if our farmers are to adjust and take their place on the market.

Of course, in case of disputes, we will be able to present our case to the panel. This panel is fine, but among our representatives we need to have good negotiators who can stand tall instead of crawling in front of our opponents and saying: "We have already lost", even before beginning to defend the interests of the people they represent.

I recall three particular incidents where I have not been impressed at all by the way our representatives have stood up for us. First, there was the softwood lumber dispute, then the hog dispute and most recently the Durham wheat business, which especially affected Western Canada.

I am concerned about the guarantee and I would like the previous speaker, my colleague from Erie, to reassure Quebec farmers that the people who will represent them before these panels will be up to our expectations.

[*English*]

Mr. Maloney: Mr. Speaker, I appreciate the comments of my hon. friend. I agree with him there is no question that our negotiators have to be firm and strong. I disagree with him on those issues he has mentioned, the softwood industry, the pork industry and most recently the grain situations.

There were panels, there were challenges. In all those cases it was found that Canada's position was the correct position. Certainly the agriculture minister in negotiating in those situations with the Americans—Americans are tough negotiators—has negotiated well for our country. Looking at those situations as an example, as a precedent, I have no concern that the interests of Quebec, the rest of the country will be well taken care of by our Canadian negotiators. We will negotiate strongly and firmly for the benefit of our agricultural industry.

Mr. John Solomon (Regina—Lumsden, NDP): Mr. Speaker, I was curious to hear the Liberal member for Erie make some comments about the steel industry and the steel producers in his

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constituency in light of the fact that he is supporting Bill C-57 before the House today.

He made the argument that the steel industry is quite important in his constituency and that this trade agreement will benefit it. This flies in the face of what the Canadian Steel Producers Association has told us in this House of Commons. It says this bill requires some significant amendments to ensure protection of the steel producers and the producers association in Canada with trade with the Americans.

The Americans have a very strong legislative arm which protects their steel producers. When Canada produces and sells steel to the American economy and to the American business it is subject to some very rigorous and tight regulations. As a matter of fact, there have been a number of occasions when the Americans have levied anti-dumping charges against Canadian steel producers.

Bill C-57 does not address the concerns of the Canadian Steel Producers Association. Yet the member for Erie and the member from the Bloc stood in this House saying they are going to support this bill. They are saying it is going to be good for the steel industry. To the member for Erie, why is he saying this is a bill he is going to support, that it is good for the steel industry in Canada, when the Canadian Steel Producers Association says that it is not good for Canadian producers of steel? It has asked for a number of amendments which the New Democratic Party has put forward in this House to assist it in having a fair level playing field with the Americans.

(1340)

Mr. Member, why are you supporting this bill? Why are you saying it is going to help Canadians to—

The Acting Speaker (Mr. Kilger): Order. I regret that the question and comment period is relatively short when members are splitting their time. I would remind everyone to direct their interventions through the chair.

Mr. Maloney: Mr. Speaker, as a result of the Uruguay round, most developed countries including the European Union, Japan and Korea will phase out all tariffs on steel and steel products over 10 years.

I have a quote from the Canadian Steel Producers Association that says the Canadian steel industry will gain from the Uruguay round if, as expected, this further liberalization of trade results in improved economic growth and hence improved steel demand.

With respect to the new provisions governing subsidies, the Canadian Steel Producers Association said it was easier to take action against subsidies by one foreign country which caused serious harm to our export interest in a third country.

Canada's steel makers agree. Some benefit will flow from the procedural improvements negotiated respecting the administra-

tion of anti-dumping procedures. According to the Canadian Steel Producers Association the changes will bring U.S. practices slightly more in line with Canada's and reduce slightly the capacity of the United States to use anti-dumping actions for trade harassment.

The Canadian steel makers also welcome the WTO, saying that it will have a greater flexibility in its operations than the old GATT council which required unanimity to act. The assurance of access to markets secured by the elimination of existing trade barriers—

The Acting Speaker (Mr. Kilger): Order. I regret time has clearly lapsed on this round.

Hon. Raymond Chan (Secretary of State (Asia-Pacific), Lib.): Mr. Speaker, Canada's role in the world can be strengthened by developing a secure multilateral context for countries like ours within a framework of international law and the forum of the United Nations.

I would like to congratulate my colleague, the Minister for International Trade, for his work in promoting the implementation of the agreement establishing the World Trade Organization through Bill C-57.

The creation of the WTO is largely the result of a joint initiative by Canada and the European Union. The WTO is a means of securing a common institutional framework for the conduct of international trade relations.

The Uruguay round signed in April is the largest, most comprehensive trade negotiation ever undertaken. Under the Uruguay round agreement, the impact on the world economy is dramatic.

The final package contains over 30 agreements, capped by agreements to create the world trade organization, featuring a much strengthened framework for the settlement of trade disputes.

The Uruguay round will ease bilateral trade tensions and strengthen GATT rules to make the playing field more level, transparent and predictable. The round will pave the way to integrating developing and centrally planned economies such as China, our sixth largest trading partner.

Under the Uruguay round agreement, access to markets for industrial products will be substantially improved, with most tariffs being cut by at least one third. Overall, Canadian gains from trade by the year 2002 are estimated at about \$2.5 billion U.S. The gain in net income directly and indirectly from the round is about \$4 billion U.S.

Canada will benefit enormously from ratification of the Uruguay round deal and by our participation in the World Trade Organization through the passage of Bill C-57.

The WTO provides a trading environment that is more free and more fair. It will benefit our traditional agricultural and

resource sectors and provide more open markets for value added and high technology manufactured goods.

This will not only help Canada adapt to the forces of globalization but will enable us to seize its advantages through the development of a dynamic industrial structure. The Uruguay round will enhance very significantly our export prospects in the Asia Pacific, my area of responsibility and the most dynamic in the world economy.

The round will provide a tremendous boost to Canadian exports to the Pacific in agricultural and resource products. It will also reinforce new opportunities in telecommunications and other major infrastructure areas where the needs in Asia are massive and Canadian ability to compete is strong.

(1345)

Through its supervision of the agreements made and its management, the WTO will be a great equalizer in international trade for smaller, medium sized and developing countries. Countries like Canada will be less vulnerable to the efforts of more powerful economies to interfere with Canadian exports.

Of special interest to Canada in light of recent experience is the speeding up of the process and establishment of time limits, the effort to make it more difficult to block implementation of a panel report and the commitment to avoid unilateral retaliation.

Bill C-57 will increase clarity and discipline in the use of multilateral trade rules. For the first time there will be an appeal process and binding effect which is an improvement over the current GATT system. It is important that Bill C-57 be enacted as soon as possible so as to give full legislative power to the minister as he pursues his important initiatives in the international arena for the benefit of all Canadians.

Canada's economic strength now and in the future will depend on our willingness to stay on the leading edge of freer trade, taking an active role in forging new relationships and building new structures to extend the reach of a rules-based international order.

The Prime Minister said in Hong Kong on our recent very successful trip to Asia: "We will be examples for the world and we will move into the 21st century, proud, competitive and generous". This legislation will ensure the success of the World Trade Organization and will allow Canada to remain one of the best countries in the world.

Mrs. Elsie Wayne (Saint John, PC): Mr. Speaker, I wish to make a few comments to the hon. member.

I am not sure that the hon. member or the members of the government realize that the matter of protecting the viability of the Canadian sugar industry is at stake with this bill. It has been brought to my attention in the past week that if the U.S. actions

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continue to go unchallenged, which are in this bill, by the Canadian government Canadian companies will close many operations of the sugar industry.

In my area there is a possibility the Lantic Sugar Refinery will close January 1, 1995 if this bill goes unchallenged in the manner in which it is presented at this time.

I have been told that little did the government know that the U.S. took the opportunity to severely restrict our already limited ability to export to the American market when it tabled its market access commitments. This deals with the Canadian sugar industry.

Can the hon. member tell me what the minister is going to do about this? We only have about a month to go. It can mean 1,700 jobs in the sugar industry if we allow the bill to be passed in the manner in which it is written.

Mr. Chan: Mr. Speaker, I am not aware of the impact on the sugar industry.

If we look at the overall impact of the bill on Canada there is no doubt in my mind the Uruguay round and the establishment of the world trade organization is a step forward to allow freer access to markets around the world.

I would like to take the question under advisement and ask the trade minister and the department to look at the complaint and arrange for a proper reply for the hon. member.

[*Translation*]

Mr. Jean-Guy Chrétien (Frontenac, BQ): Mr. Speaker, my colleague from the Liberal Party who just spoke presented several arguments to the effect that the WTO is supposed to be very beneficial to Canada's foreign trade.

(1350)

He said that it will benefit farmers, the export of our natural resources, high-tech industries, and also our processing industries. Can it really be beneficial across the board?

He is known to be straightforward, and rightly so. Could he take a few seconds, a few minutes of his time to tell us in which areas it would be less beneficial?

[*English*]

Mr. Chan: Mr. Speaker, there is no doubt in my mind that some industries in Canada are less competitive and some are more competitive.

The most important part of this agreement is that it establishes a level playing field for all countries. There is a well-defined dispute settlement process. No longer can the unilateral actions of strong economies interfere with the exports of medium sized powers in the world. It is a great step forward.

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As Canadians we have to be very competitive in using this opportunity before we can benefit from this agreement. There is no other way out. In order to remain economically strong and in order to keep all of our integrity and all the values we need to be able to compete in the global market. If we can have a free hand to compete in the world, if subsidies are eliminated from most of the other countries, even in the farming industry we should be able to compete proudly and freely.

Mr. Jake E. Hoepfner (Lisgar—Marquette, Ref.): Mr. Speaker, on debate, please.

The Acting Speaker (Mr. Kilger): Before I recognize the member on debate, are there any further questions or comments to the secretary of state?

[*Translation*]

Mr. Nic Leblanc (Longueuil, BQ): Mr. Speaker, as an official member of the joint committee on international trade, I had the opportunity to work at some length on the new direction to give Canada so that Quebec and Canada perform better on the international market. We examined new policies in various sectors, and the way Canada should behave with respect to international matters.

Today, we are focusing on Bill C-57 which confirms the World Trade Organization. As a member of this committee and as a member of this House for more than ten years now, I must say first off that I agree with the bill as a whole. This is why I am going to talk instead about the role lawmakers should play in Quebec and Canada with respect to this opening of markets we will have to face in the years to come.

It is the responsibility of lawmakers to co-operate in order to create and maintain a just and fair society. To create a just and fair society, we must ensure that individual Quebecers and Canadians have reasons to be hopeful, at least those who are willing to take the chance to be creative, to invest, and to be successful in this society. While being fair, we must make sure that people can hope to succeed without having to give before they receive.

Obviously, we must deal with the economy, which is in a sorry state right now. Almost 12 per cent of the population is unemployed, another 12 per cent is on welfare, which means that, depending on the region, 22, 23 or 24 per cent of the people who are fit to work cannot find a job. It is a great pity. We must deal with this appalling economic problem.

We must also see to it that the appropriate legislation is passed to improve the economic situation.

(1355)

The economic problem, as I just said, is high unemployment, a skilled labour force unable to find jobs, a labour force which does not have the qualifications that the available jobs require, a low job-creation rate and deficiencies in manpower training. We can see that every day. There are major problems.

Productivity is stagnating. We know that it is not improving and we must find ways to increase productivity if we want to be competitive on international markets. Investments are also stagnating. We need a formula which will bring investors and for that, as I said earlier, we need a business environment favourable to investment.

For the last several years, investors have been reluctant to come here for several reasons, but in particular because of the debt and inadequate manpower. Then, there are the markets. This is a plus for investors, but we have to find new ways to stimulate investment.

At the present time, we depend on other countries for a large number of manufactured goods. For example, much manufacturing is done here but by American companies and we also import many products. We are dependent on imports and on manufactured goods that are produced here but not under our control.

We have to find intelligent solutions to promote job creation and to improve manpower training. We are still struggling with this question of co-operation, or absence of, between the governments of Canada and Quebec regarding manpower training. This is a terrible handicap for Quebec not to be able to control training and to prepare its labour force to serve adequately its businesses, and therefore improve productivity.

This stubbornness on the part of the federal government, which insists on national standards for manpower training, is not only regrettable, it is a disgrace. We know full well that several countries which are doing well, most notably Germany and Japan, have had regionalized manpower training for several years, something which is geared to local industry and also extends to scientific training.

Regions should be able to set their own standards to train people in areas where a given region has the most economic activity. Mr. Speaker, it is now time for Question Period. I shall continue afterwards. Thank you.

The Speaker: Dear colleague, you can resume after Question Period.

[*English*]

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

STATEMENTS BY MEMBERS

[*English*]

THE ENVIRONMENT

Mrs. Sue Barnes (London West, Lib.): Mr. Speaker, the Deputy Prime Minister and Minister of the Environment recently announced a five-part action plan that will help to accelerate

Environment Canada's greening initiatives and save money.

One of the most significant changes resulting from this plan is the introduction of the green procurement policy to help ensure environmentally responsible purchasing. The procurement policy directs employees to use ecologo products or those that exceed the environmental choice program and to use products that have been recycled or can be recycled.

This policy also calls for the avoidance of products containing resources from environmentally sensitive areas. Personnel will also avoid acquiring over-packaged products and, wherever feasible, require suppliers to take back excess packaging for reuse and recycling.

In addition to saving the environment and money, the initiative helps to develop Canadian environmental industries, thereby creating jobs, stimulating the economy and improving our international competitiveness.

Many departments have already taken impressive steps in this direction.

* * *

[Translation]

UNEMPLOYMENT INSURANCE

Mr. Jean H. Leroux (Shefford, BQ): Mr. Speaker, the Liberal government refuses to consider requests from the business community and citizens' groups for a reduction in unemployment insurance premiums. High premium rates slow down job creation in addition to putting an additional burden on the taxpayer, who is always paying more for fewer services.

How can the government keep turning a deaf ear to taxpayers' demands, when it knows that the current rate, according to the Minister of Finance, is killing jobs?

The minister should establish a genuine job creation strategy instead of trotting out the pretty speeches the Liberal government uses to impress the public.

The Liberal government should find a more imaginative solution than squeezing Quebec and Canadian taxpayers to service the debt.

* * *

[English]

REPRODUCTIVE TECHNOLOGY

Ms. Margaret Bridgman (Surrey North, Ref.): Mr. Speaker, in 1989 a royal commission was formed to inquire into the area of new reproductive technology. This commission spent four years on public hearings, research, opinion surveys, and consultation with a wide variety of groups.

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In 1993 the commission published its two volume, 1,300 page report, making 293 recommendations. While it has been over a year since the release of this report, the government's belated response has been a promise for further discussion.

What is required now is action, not more discussion. That is why with the assistance from six of the commission's recommendations I have submitted a private member's motion on the issue of foetal sex testing for non-medical reasons.

I urge this government to follow my example and act upon the recommendations of the committee in order to prevent further commercialization of reproductive technology.

* * *

ALEXA MCDONOUGH

Mr. Bill Blaikie (Winnipeg Transcona, NDP): Mr. Speaker, I rise today on behalf of the NDP caucus to pay tribute to Alexa McDonough who last week stepped down as leader of the Nova Scotia New Democratic Party. Alexa's many achievements in Nova Scotia remind us of the way our party has been a path breaking party in welcoming women to positions of leadership.

In 1932 Agnes Macphail, who in 1921 was the first woman to be elected to Parliament, joined the CCF. In 1951, Thérèse Casgrain was elected to lead the CCF in Quebec and even though she did not win a seat she became the first woman to lead a provincial party in Canada.

One year after her election as party leader in 1980, Alexa herself became the first woman to lead a party in a legislative assembly. My colleague, the leader of the NDP, the hon. member for Yukon, presently completed this string of firsts by becoming the first woman to win the leadership of a federal party in 1989.

We thank Alexa for 14 years of dedication to fighting the good fight for social justice in Canada, a fight that needs to be fought the world over in this era of unrestrained globalization. We acknowledge the debt we all owe to the distinguished and committed Canadian women who have given leadership to our movement and made Canadian history at the same time.

* * *

[Translation]

QUEBEC PREMIER

Mr. Robert Bertrand (Pontiac—Gatineau—Labelle, Lib.): Mr. Speaker, last week, the Premier of Quebec spoke to members of the Canadian Club in Toronto.

In his speech, the indépendantiste leader warned his audience against the consequences of a win for the "no" side in the next referendum. He said that if Quebecers voted no to his plan for Quebec's independence, they would continue to be dissatisfied with their status in Canada, and for English Canadians, this

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would be as bad as an endless session in the dentist's chair, according to the a daily newspaper *Le Droit*.

He stated that a win for the "no" side in the referendum would be useless and that all Canada's constitutional problems would remain, while a win for the "yes" side would rid Canada of the Quebec problem for good.

I think that this week, the Premier of Quebec missed a golden opportunity to explain what his sovereignty plan is all about. Scare tactics are certainly not the way to sell his plan to the rest of Canada. It is important for Quebecers to know exactly—

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[*English*]**WINNIPEG WESMEN WOMEN'S BASKETBALL TEAM**

Mr. Ronald J. Duhamel (St. Boniface, Lib.) Mr. Speaker, did you know that the University of Winnipeg Wesmen Women's basketball team is making history?

Last Friday evening the team equalled the North American record for the longest winning streak in collegiate sports with its 88th consecutive victory. The team has equalled the record set by the 1970-74 University of California-Los Angeles Bruins men's team.

(1405)

These young women are truly unstoppable. This Friday evening they may well break the North American record when they face the University of Manitoba Bisons.

I ask my colleagues to join me in wishing all of the players the best of luck on the court on Friday night. To everyone, the players and the coach, Tom Kendall, we wish a new North American record.

* * *

PARIS SUMMIT ON AIDS

Ms. Hedy Fry (Vancouver Centre, Lib.): Mr. Speaker, our Prime Minister will be attending the Paris Summit on AIDS on December 1. This summit is a French initiative in co-operation with the WHO. Forty-two countries representing 70 per cent of the world population will make a joint affirmation of their commitment to fight HIV/AIDS.

The Paris declaration will reflect the principles and values already adopted by the United Nations for HIV/AIDS and will add a new component for nations to respond to urgent needs with practical and lasting measures. This declaration would be operational by January 1996.

AIDS is a public health issue and political world leaders have made the fight against this disease a priority. Special attention will be given to reducing the vulnerability of women to AIDS to

the important role of associations of persons living with AIDS and to strengthening national and international mechanisms for human rights and ethics as they relate to AIDS.

I am proud to say that Canada has gained an international reputation as a leader in all three areas.

* * *

[*Translation*]**SEVERANCE PAY**

Mr. Yvan Bernier (Gaspé, BQ): Mr. Speaker, after all of four months of work, Mr. Gary Anstey, the former executive assistant to the Minister of Fisheries and Oceans, received \$31,000 in severance pay. Mr. Anstey was rehired last month at an annual salary of \$93,000, but was not required to pay back his allowance, despite the fact he had voluntarily left his job.

By way of explanation, the Minister of Fisheries and Oceans is trying to mollify the public's legitimate outrage by arguing that such practice is not inconsistent with Treasury Board guidelines.

So, what does the Minister of Fisheries and Oceans think of the rules established by the Minister of Human Resources Development, which deny benefits to unemployed workers who have voluntarily quit their jobs? This double standard policy is only good for undermining the credibility of the Minister of Fisheries and Oceans and this government as a whole, for perpetuating such a practice, which is even more unacceptable in the context of a public finances crisis.

* * *

[*English*]**SILVER STAR MOUNTAIN RESORT**

Mr. Darrel Stinson (Okanagan—Shuswap, Ref.): Mr. Speaker, today I congratulate one of the stars in my riding of Okanagan—Shuswap. That star is Silver Star mountain resort, recently ranked as the best family ski resort by *Fodor's Insider Guide to Ski Resorts*.

Silver Star mountain resort, a 45-minute drive from the growing north Okanagan city of Vernon, also was honoured by *Ski Canada Magazine* in November as having the best on-mountain village in western Canada, ahead of Whistler Mountain village, ranked number two.

In 1993 some 263,000 people came to ski Silver Star, generating an estimated \$50 million boost to the area's economy. The mountain has an annual snowfall of over 18 feet, providing consistent snow for its 72 ski runs served by 8 lifts. From water skiing in summer to snow skiing in winter, the beautiful riding of Okanagan—Shuswap truly is becoming a mecca for outdoor sports enthusiasts.

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[Translation]

JAMES BAY CREE

Mr. Raymond Lavigne (Verdun—Saint-Paul, Lib.): Mr. Speaker, I am pleased to inform this House that the Government of Canada has recently signed with the James Bay Cree and the Province of Quebec a significant tripartite agreement regarding policing services. It provides for current resources to double, thereby enabling the police service to better protect the members of the nine Cree communities covered by this agreement.

This First Nation administered police service will be better suited and more sensitive to the culture and the needs of the Cree people. This three-year agreement faithfully reflects the major thrusts of the First Nations Policing Policy. This policy provides for costs to be shared by the Government of Canada and the provincial government on a 52-48 basis.

I am sure, hon. colleagues, that you will want to join me in congratulating the Solicitor General of Canada, the Government of Quebec and the James Bay Cree on the signing of such a major agreement.

* * *

(1410)

[English]

REFORM PARTY

Mrs. Marlene Cowling (Dauphin—Swan River, Lib.): Mr. Speaker, it did not take very long to find out how deep Reform Party thinking goes.

For over a year we have been listening to the Reform Party rant about cuts to government spending. Ranting is exactly what it has been because yesterday its finance critic admitted it has absolutely no idea what affect its \$25 billion in cuts will have on Canadians or on the economy. Is this what the Reform Party considers responsible finance policy?

Presto, it is gone and who cares what happens? Who cares if it sends the economy spiralling into a depression?

The Reform Party may not care, but I am pleased that this Liberal government cares about Canadians and cares about the economy. The Reform Party has had over a year to look at government spending and this is the best it can do. Shame.

* * *

TEAM CANADA

Mr. Gurbax Singh Malhi (Bramalea—Gore—Malton, Lib.): Mr. Speaker, the Prime Minister and Team Canada have shown the way to Canada's success.

The recent signing of billions of dollars worth of trade with China and Indonesia will ensure growth for Canada's economy.

Business in the years to come will depend on gaining access to the ever increasing markets of the Pacific rim.

I ask my government to initiate a Team Canada approach to establish new economic ties with other nations. I encourage the organization of a trade mission in the Team Canada style to open up these tremendously important new markets to the goods and services that we produce in Bramalea—Gore—Malton and indeed in every riding in Canada.

* * *

[Translation]

ETHICS

Mr. Michel Bellehumeur (Berthier—Montcalm, BQ): Mr. Speaker, after a year in power, the Liberal government has soon made a name for itself with the many cases of patronage and political appointments based on favoritism. Everyone remembers that the Liberals promised in the red book to reform the parliamentary system on a non-partisan basis once they were in power.

Instead of initiating such a reform, the Liberal government has just continued the same abuses as the previous government. This flagrant lack of ethics and of openness, despite the Liberals' own commitments, is fraught with consequences. It shows beyond any doubt that the Liberal Party of Canada, far from renewing the Canadian parliamentary system, is shamelessly immersed in the same arrogant attitude and even beating the records for patronage which they strongly condemned when they were in opposition.

Since the Canadian system cannot be reformed, that is another reason for Quebec to break away from it as soon as possible.

* * *

[English]

FIREARMS REGISTRATION

Mr. Lee Morrison (Swift Current—Maple Creek—Assiniboia, Ref.): Mr. Speaker, a 20-year man in the RCMP recently made the following statement to me: "In my experience the use of firearms to commit assaults or murders pale by comparison to the use of knives or blunt objects. Restricting the lawful use of firearms by other citizens is an unnecessary intrusion.

If the government goes ahead with plans to register long arms we will be so bogged down by paper work and enforcement that criminals will be much better off. We might as well put our uniforms and revolvers in the closet because we will be busy filling out forms".

In my experience, the most vocal opponents of firearms registration are RCMP officers and especially retired officers,

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including former Assistant Commissioner Robert Head and a couple of fellows right here on the Hill.

L.H. Nicholson, the most respected commissioner in the history of the force was adamantly opposed to registration. Of course the Liberals are not interested in the views of people who actually know what they are talking about.

* * *

TRADE

Mrs. Elsie Wayne (Saint John, PC): Mr. Speaker, for many years we have seen our access to the U.S. markets systematically reduced by the U.S. government. When Canada signed the Uruguay round agreement on April 15, 1994, the Canadian sugar industry applauded the conclusion of these negotiations.

Little did it know that the U.S. took the opportunity to severely restrict our already limited ability to export to the American market when it tabled its market access commitments. The result is that its market access stands to be virtually erased on January 1, 1995 when the U.S. implements its GATT schedule.

During the 1980s the U.S. government took action to ensure that Canadian cane refiners could not export to the U.S. Now it is the beet farmers who are going to be affected. There are 1,700 Canadian jobs that will be affected unless the government makes some changes.

(1415)

I am urging this federal government to find a resolution to this problem. With less than one month to go time is running out.

* * *

OSTEOPOROSIS

Ms. Paddy Torsney (Burlington, Lib.): Mr. Speaker, November is Osteoporosis Month.

Osteoporosis is a debilitating disease which causes bones to become brittle and break easily. More than one million Canadian women over the age of 50 have osteoporosis and another two million are at risk of developing the disease. Further, there are 400,000 Canadian men who are suffering.

Through education and awareness this disease can be prevented and treated. For this reason Health Canada provides financial assistance to the Osteoporosis Society of Canada and its "build better bones" campaign which encourages Canadians to assess their diet, ensure adequate calcium intake and make healthier lifestyle choices.

The Canada prenatal nutrition program gives mothers to be counselling and proper nutrition so they can increase their calcium intake. Educating women on how to stay healthy before and after pregnancy improves the lives of the next generation of Canadians.

I am pleased that these initiatives have the well-being of every generation in mind and suggest that perhaps MPs should audit their own lifestyles and take action now.

* * *

GREY CUP

Mr. Harbance Singh Dhaliwal (Vancouver South, Lib.): Mr. Speaker, I rise in the House today to congratulate the B.C. Lions on an absolutely outstanding season, a brilliant win in the Grey Cup and keeping our treasured cup in Canada.

The B.C. Lions exceeded our expectations and defended Canada's honour by ensuring that a no-name team returned home as it arrived, empty handed. The Lions have made all Vancouverites, British Columbians and Canadians proud.

On behalf of all members of Parliament and all constituents of Vancouver South, I congratulate a fantastic victory by our football team, the B.C. Lions.

Some hon. members: Hear, hear.

ORAL QUESTION PERIOD*[Translation]***BOSNIA**

Mr. Michel Gauthier (Roberval, BQ): Mr. Speaker, we have learned that Bosnian Serb forces have stepped up their offensive against the Muslim enclave of Bihac, where 70,000 people are literally under siege along with 1,200 powerless peacekeepers. Meanwhile, the noose is tightening considerably around the peacekeepers in Visoko, whom the Bosnian Serb army is threatening to bomb within 48 hours.

Does the Prime Minister confirm the information that the Bosnian Serb army is about to bomb the Canadian peacekeepers' base in Visoko?

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, we have no indication that the Serbs are about to resume their attack on the base in Visoko. We hope that everyone will stay calm, that the fighting will end and that a ceasefire will be declared as soon as possible.

The Canadian troops are there not to wage war but for humanitarian reasons, to distribute food and medicine to the population. They have done a great job so far, and neither the Serbs nor the Muslims have any reason to attack our brave soldiers.

Mr. Michel Gauthier (Roberval, BQ): Mr. Speaker, has the Prime Minister ascertained that the UN resolutions allow the peacekeepers to retaliate and assure their own safety in case the Serb forces carry out their bombing threats?

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Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, the United Nations issued very specific rules of engagement to every group operating under its authority. They can retaliate against any real attack, but I hope that they will not have to use their right of self-defence.

Mr. Michel Gauthier (Roberval, BQ): Mr. Speaker, can the Prime Minister tell us if Canada intends to use its influence so that the contact group composed of France, the United Kingdom, Russia, Germany and the United States will adopt a uniform position on how the peace process in Bosnia should be put in place?

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, our Minister of Foreign Affairs is now in Moscow. He talked with his Russian colleagues a little earlier today. Everyone agrees that we must try to find a negotiated solution and that a ceasefire must be declared as soon as possible.

* * *

(1420)

MIL DAVIE SHIPYARD

Mr. Gilles Duceppe (Laurier—Sainte-Marie, BQ): Mr. Speaker, my question is for the Prime Minister. The Canada-Newfoundland Offshore Petroleum Board just made its ruling regarding the award, without call for tenders, of a construction contract to Saint John Shipbuilding, as part of the Hibernia megaproject. The Board ruled unequivocally that the MIL Davie shipyard, in Quebec, had suffered a prejudice, since it had bidden on this contract, unlike Saint John Shipbuilding. This important contract involves several hundred jobs.

How can the Prime Minister justify the decision made by the Hibernia consortium, of which he is a shareholder, to directly award the contract to Saint John Shipbuilding, rather than to MIL Davie, which is a blatant violation of the applicable rules?

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, I was informed of this regrettable incident yesterday. I agree with the hon. member that the contract should not have been awarded directly to Saint John Shipbuilding. I have asked the Minister of Natural Resources to immediately contact the chairman of the consortium and ask him to review the decision. Some claim that there was legal authority to act as they did, but they certainly violated the spirit of the agreement, to the effect that everyone should have a fair opportunity. We hope that they will review the decision and allow MIL Davie to bid, like other interested parties.

Mr. Gilles Duceppe (Laurier—Sainte-Marie, BQ): Mr. Speaker, will the Prime Minister pledge to give clear instructions to the representative who sits on Hibernia's board of directors, so that he will make a plea in favour of awarding the contract to MIL Davie?

[English]

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, we have been in touch with the consortium to the effect that it should review its decision. We made it very clear. There is one representative, not directly of the federal government but of a corporation connected with the federal government, and we will give him instructions to vote in favour of changing the decision.

* * *

THE ECONOMY

Mr. Preston Manning (Calgary Southwest, Ref.): Mr. Speaker, today a confidential document produced by the International Monetary Fund states that the government's goal of reducing the deficit to 3 per cent of GDP is woefully inadequate and will permit the addition of another \$155 billion to the federal debt over the next few years.

The problem here is that the minister's deficit reduction target is essentially political, geared to appeasing proponents of high spending rather than a real fiscal target aimed at balancing the budget.

My question to the finance minister is will he follow the IMF's advice and introduce more ambitious deficit reduction targets now?

Hon. Paul Martin (Minister of Finance and Minister responsible for the Federal Office of Regional Development—Quebec, Lib.): Mr. Speaker, the 3 per cent target is a very important target. It really does mark that point in the evolution of the nation's economy where once again the growth in the economy becomes superior to the growth in the debt.

The 3 per cent target as well is a very ambitious target. It means having the deficit as a percentage of GDP in under three years. It is a target that has not been hit by any government in over 20 years, and it is going to require a very ambitious program.

I would say that not only are we prepared to follow the IMF's advice but in conversations we have had in Madrid along with all the other countries in the IMF Canada was singled out for its economic performance.

Mr. Preston Manning (Calgary Southwest, Ref.): Mr. Speaker, the minister beats around the bush. Is not the real reason that the finance minister will not commit to firmer deficit reduction targets that he cannot convince enough of his ministerial colleagues to take the necessary measures to reduce government spending?

Over the last month we have seen minister after minister and heads of agencies show up at committees pleading for increasing or maintaining high levels of spending, not putting forward major reductions. For example, the minister of heritage last week is said to have promised his resignation if the CBC were to be partially privatized.

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Is the Minister of Finance prepared to make the spending cuts, the level of cuts advocated by the IMF and others, even at the expense of the resignation of some of his ministerial colleagues?

(1425)

Hon. Paul Martin (Minister of Finance and Minister responsible for the Federal Office of Regional Development—Quebec, Lib.): Mr. Speaker, this cabinet and this government are united behind our goal to achieve the 3 per cent deficit.

There are no splits on this side of the House contrary to the splits which existed in the Reform Party when the leader of the Reform Party's hand was forced when his own members said finally after a year maybe they should get constructive and start saying what that party would do in terms of the deficit.

Mr. Preston Manning (Calgary Southwest, Ref.): Mr. Speaker, the fiscal reality is the international money markets have already factored in the government's deficit target, the Canadian dollar is weak, interest rates are rising and unemployment is still at the 10 per cent level.

Unless the government adopts a more courageous stance on deficit reduction during the present recovery it will make exactly the same mistake the Mulroney government made in 1984–85.

I ask the Prime Minister why does he not expend some of his present political capital on eliminating the deficit rather than allowing ministers to fritter it away on half baked measures?

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, we have a program that is very clear. We have cut expenditures and we will keep cutting expenditures. We are making sure at the same time that we have growth in the economy.

If tomorrow we were to eliminate the deficit from \$42 billion to zero there would be a huge recession in Canada. The wise thing is to do it in a progressive way. We are doing that.

There are a lot of people complaining because we have too many cuts but we will achieve our target of 3 per cent of GDP by the third year of our administration.

* * *

*[Translation]***HIBERNIA PROJECT**

Mr. Louis Plamondon (Richelieu, BQ): Mr. Speaker, my question is for the Minister of Natural Resources.

The federal government has been pouring billions of dollars into the Hibernia project. It has one of the six seats on the board of directors, which allows it to influence administrative decisions such as the one resulting in awarding a contract without tender to Saint John Shipbuilding.

Can the minister explain why she has consistently refused to answer the questions put to her by the opposition for several months now with respect to the lack of supervision of the day-to-day management of the company, which has led to the current problems with respect to the way contracts were awarded to Saint John Shipbuilding?

[English]

Hon. Anne McLellan (Minister of Natural Resources, Lib.): Mr. Speaker, let me reiterate that which I have said before and perhaps correct the hon. member in one small way.

We are one of five on the Hibernia management company. That company is seized with the responsibility of the day to day management of the Hibernia project.

I will reiterate here today, as I have before, it is not this government's intention to micro-manage on a day to day basis that project.

However, as the Prime Minister has indicated, in relation to the situation involving MIL Davie there is a clear report from the Canada–Newfoundland Offshore Board indicating MIL Davie and other Canadian companies were not given full and fair opportunity to bid for the work in question. The Prime Minister's answer has been clear today that we are as concerned about that as the hon. member and we will take action.

[Translation]

Mr. Louis Plamondon (Richelieu, BQ): Mr. Speaker, my question is for the same minister.

In view of the minister's answer not to interfere with the day-to-day management of the project, am I to understand that the federal government's refusal to intervene is part of its strategy to close down the last major shipyard in Quebec, while Quebec has supported 90 per cent of the efforts made to streamline the shipbuilding industry?

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, I want to repeat what I said earlier. I was informed yesterday that this contract might have been awarded without tender. We intervened immediately. We asked the chairman of the consortium to review the decision and to allow other Canadian shipbuilders to bid on the contract.

We acted immediately. The member's accusations are unjustified.

* * *

(1430)

*[English]***BOSNIA**

Mr. Jim Hart (Okanagan—Similkameen—Merritt, Ref.): Mr. Speaker, the Bosnian Serbs have announced that they will shell the Canadian base at Visoko. Canadian personnel are

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hunkered down in bunkers at this moment. The Sarajevo airport is closed. There is no humanitarian aid getting through.

Does the Prime Minister still insist that Canadian troops have a purpose in Bosnia?

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, Canadian troops have played a very useful role there. When we look at the deployment of the Canadian soldiers to Bosnia, they have been called upon in very difficult circumstances to hold some very responsible posts.

They have been delivering food and medication and are still trying to mediate a possible peace. They are not there to make peace; they are there to supervise peace. There is no peace at the moment.

Yesterday I was very clear that everyone wants a ceasefire. We want the activities on both sides to stop so that Canadian troops, as part of the United Nations group, can play their role. I think they will serve to the end of their mandate because when Canadians say they will do something they stick to their word.

Mr. Jim Hart (Okanagan—Similkameen—Merritt, Ref.): Mr. Speaker, the Prime Minister wants something the Prime Minister cannot get because the situation has escalated. There is no humanitarian aid being conducted in Bosnia.

General Rose said this morning that the situation was beyond the capabilities of a peacekeeping mission. If the troops needed to control the situation were brought in, Canadian peacekeepers would be forced into a combat situation when they have no mandate to participate in war.

Is the Prime Minister suggesting that Canadians should go to war in Bosnia or is the Prime Minister suggesting that Canadian troops should come out? What is the Canadian government's position?

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, the Canadian position is a very clear one. It is to stay there and try to bring about peace. This is why they have been able to help a lot in the last three years. There was a debate in the House of Commons. Everybody was consulted. The majority of the House wanted the Canadian group to stay there and fulfil its mandate.

We will be negotiating with our allies, but we have decided that the best course is to be with the others to try to install peace there. It is not Canada's role to engage in war. They are not there to make war; they are there to bring about peace.

* * *

[Translation]

AIDS

Mr. Michel Daviault (Ahuntsic, BQ): Mr. Speaker, my question is directed to the Prime Minister, who will be leaving

shortly for the Paris Summit on AIDS. Yesterday, the Prime Minister showed his complete ignorance of the subject. Unfortunately, but true. Let us hope he will be better informed today. The Prime Minister answered in the House yesterday that the amounts allocated for the fight against AIDS would be reviewed, as would all other government programs.

Will the Prime Minister confirm, as he is about to leave for Paris, that his government is preparing to cut funding for the fight against AIDS, contrary to the position he took when he was in the opposition?

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, I gave no indication that we intended to cut funding. We all know people would like to see us spend more on medical research, not just for AIDS but for other causes as well. The government has committed \$203.5 million over a five-year period, and we intend to meet our commitments.

If we had more resources, we would be able to spend more. We still have \$1.5 million which has not yet been allocated. The minister has several options, including the summit on this issue to be held in Vancouver in 1996. Part of the money will be used to prepare the summit, which will bring experts to Canada and help us make some progress in this area.

Yesterday, I was not aware of what was happening to the \$1.5 million, but that does not mean I am not aware of what is happening in this area. In this particular instance, I did not know, I made inquiries and I have the answer today. I am sufficiently humble to realize I cannot know everything.

(1435)

Mr. Michel Daviault (Ahuntsic, BQ): Mr. Speaker, this does not make things any clearer. The Prime Minister referred to a commitment over five years. If the government is unable to give a clear answer for this year, does that mean it has decided to cut funding for AIDS?

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, we have a budget that will be brought down in February. All items are now being reviewed. None are exempt, but there is no indication at this time that this particular item will be affected to a greater extent than other items. Personally, I hope funding will remain at the level we promised in the past.

* * *

[English]

CRTC

Mrs. Jan Brown (Calgary Southeast, Ref.): Mr. Speaker, my question is for the Minister of Canadian Heritage.

On Friday the government announced its decision to override the CRTC by holding a review of our direct to home satellite policies. This review is being held in house and behind closed doors. Even though there will be public interventions in the

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process, the decision will be made by a committee appointed by the minister.

The minister should prove that he is not trying to play favourites in the industry. Will he not allow the CRTC, his arm's length, independent organization, to give this issue its due consideration?

Hon. John Manley (Minister of Industry, Lib.): Mr. Speaker, the Minister of Canadian Heritage and myself today announced the panel that will be reviewing the submissions from the public in our reference under the Canada *Gazette* on the direct to home policy.

I want the hon. member to understand very clearly a couple of things. First, this is in no way an overruling or a setting aside of the CRTC decision with respect to the exemption order that was issued. That order stands and the CRTC has enunciated its views on how it would issue such orders in the future.

Let me also make clear this point. We are dealing with the articulation of government policy. That is the responsibility of the government and not of a regulatory body. That is what this party was elected to do last October. That is the responsibility we bear and that is the responsibility we will carry forward when this policy is announced.

Mrs. Jan Brown (Calgary Southeast, Ref.): Mr. Speaker, is it indeed articulation of government policy that two of the three members of the government's so-called non-partisan committee have strong links to Power Corp, strong links to the Prime Minister and his associates or both?

The review process has not even begun and the fix is in. Will the Minister of Canadian Heritage restore the public's confidence in the process by dismissing the proposed committee and referring the matter to a joint heritage-industry subcommittee?

Hon. John Manley (Minister of Industry, Lib.): Mr. Speaker, the member has made a very strong statement concerning three people, all of whom are former deputy ministers in the Government of Canada who have demonstrated their good judgment, their integrity and their intelligence over many years.

I want to assure her that I have endeavoured to the best of my ability to determine whether there was any possible conflict of interest for any of these individuals. It is my view that there is no such conflict of interest. If the hon. member is aware of a conflict of interest, I would like her to make specific allegations as to the nature of that conflict and make them in a forum where she is accountable for those allegations.

In the meantime I suggest to her that it is improper to impugn the integrity of people who are operating on the basis of a request from the Government of Canada.

[Translation]

FIGHT AGAINST AIDS

Mr. Réal Ménard (Hochelaga—Maisonneuve, BQ): Mr. Speaker, my question is for the Prime Minister.

Yesterday, the Prime Minister did not know how Canadian programs regarding clinical research on AIDS worked. Yet, in 24 hours, he is supposed to discuss them in Paris.

Could the Prime Minister tell us whether his government has concurred with the joint proposal of the Canadian AIDS Society, the Canadian Hemophilia Society and the Canadian Public Health Association asking that the \$1.1 million remaining in the discretionary fund be allocated to clinical and basic research to offset the acute lack of funds in this area?

(1440)

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, I will try to explain the situation regarding this \$1.5 million fund. I have said that part of it has already been allocated for the Vancouver Summit and that the minister will carry out her duty and allocate the remaining funds to areas where they can do the most.

Mr. Réal Ménard (Hochelaga—Maisonneuve, BQ): Mr. Speaker, how can the Prime Minister justify that a mere four months before the end of the fiscal year we still do not know the intended use of this discretionary \$1.1 million? I remind the Prime Minister that last year \$800,000 lapsed. They were not spent because the minister failed to allocate them to community organisations.

Hon. Diane Marleau (Minister of Health, Lib.): Mr. Speaker, this kind of questioning is rather ridiculous. To allocate the \$1.5 million we have set up a committee which has drafted guidelines for the selection of projects.

We are currently considering a few applications; they have yet to be approved. We have earmarked \$400,000 for the Vancouver conference in 1996.

* * *

[English]

CHILD SUPPORT

Mrs. Beryl Gaffney (Nepean, Lib.): Mr. Speaker, my question is for the Minister of Justice.

I applaud the minister's statement of last week that he would overhaul the laws governing child support in divorce cases. My question for the minister is how? How does he ensure the needs of children are met? How will his plans ensure fairness and equity between parents and, most important, when?

Oral Questions

Hon. Allan Rock (Minister of Justice and Attorney General of Canada, Lib.): Mr. Speaker, I have been working with colleagues in cabinet on the questions my hon. colleague has put this afternoon to prepare improvements to the legal system concerning the payment and taxation of child support.

I can tell my hon. colleague that the proposals on which we are working will deal with three matters: first, the method by which the amounts of child support are determined; second, the method by which they are taxed; and, third, the creation of a national strategy to enforce these orders once they are made.

In connection with the first and the third of them, we have also been working closely with provincial and territorial counterparts to ensure that the process is integrated.

The ministers of finance, human resources development, revenue and my colleague, the Secretary of State for the Status of Women, will be bringing forward specific proposals including, as necessary, changes to statutes when our preparations are complete.

* * *

HEALTH

Mr. Grant Hill (Macleod, Ref.): Mr. Speaker, the health minister wants to disrupt private clinics in Alberta that charge facility fees. This will disrupt private clinics in every province: chiropractors, physiotherapists, abortion clinics, executive health clinics. Shall I dispense?

Will the minister treat every private clinic in Canada in exactly the same way?

Hon. Diane Marleau (Minister of Health, Lib.): Mr. Speaker, it is very difficult when you are facing a bunch of clowns to be responsive.

Some hon. members: Oh, oh.

(1445)

The Speaker: I know we all want to hear the response. I ask the hon. minister to please complete her answer.

Ms. Marleau: Mr. Speaker, private clinics charging facility fees for medically necessary services are a concern to all ministers of health across the country.

Last September when we met in Halifax, all ministers of health present, except Alberta's, agreed to work together to resolve this problem and regulate these clinics.

My message to Alberta is join the rest of us and help protect medicare, our finest social program.

Mr. Grant Hill (Macleod, Ref.): Mr. Speaker, Alberta did not join this task force because she has her own task force and will report directly to the minister. She knows this.

Let me describe two clinics. One deals with cataracts; a facility fee of \$1,275, a doctor's fee \$526. Another clinic deals with fertility; facility fee, \$2,750 and a doctor's fee of \$1,235.

One is in Calgary and the other one is in Toronto. If she shuts down the Calgary clinic will she shut down the one in Toronto?

Hon. Diane Marleau (Minister of Health, Lib.): Mr. Speaker, we know where the Reform Party stands on medicare now. For a party that prided itself on its integrity, it is a pity its members did not come clean during the election and tell the people of Canada they wanted user fees. They want cash register medicine. We do not. We want people to be treated because they need treatment, not because they have more cash than somebody else.

* * *

[Translation]

UNEMPLOYMENT INSURANCE

Mr. Yvan Loubier (Saint-Hyacinthe—Bagot, BQ): Mr. Speaker, my question is for the Minister of Finance.

Yesterday, the federal government rejected a plea from the business community to lower UI contributions. While the Minister of Finance stated in his last budget that, according to his own figures, a reduction of seven cents would create 40,000 jobs, his colleague, the Minister of Human Resources Development, said that an unexpected surplus would allow further reductions.

How can the Minister of Finance justify his persistency in ignoring the representations made by the business community for further reductions of UI contributions, given that he claims he wants to create jobs and that the UI program has a \$2.7 billion surplus?

Hon. Paul Martin (Minister of Finance and Minister responsible for the Federal Office of Regional Development—Quebec, Lib.): Mr. Speaker, I find it somewhat ironical that the hon. member would ask me today to heed the advice of the business community when he usually asks me to do just the opposite.

That being said, the hon. member must realize that I, and certainly the Minister of Human Resources Development also, want to lower UI contributions. In fact, we lowered these contributions from \$3.07 to \$3.00. It is very important to ensure stability. This means that we do not want to find ourselves in a position where we would be forced to increase UI contributions during a recession and lower them in a period of growth. We want to avoid a yo-yo effect. We want stability. We will lower UI contributions when it is appropriate to do so.

Mr. Yvan Loubier (Saint-Hyacinthe—Bagot, BQ): Mr. Speaker, unless I am mistaken, the Minister of Finance is accusing me of using discretion regarding the proposals made, when he should be the one doing so when it comes to solving these issues.

Does the minister realize that, by refusing to lower UI contributions to the level suggested by the business community, he merrily contradicts his colleague, the Minister of Human Resources Development, he deliberately sacrifices 100,000 jobs, this according to his own figures, and he confirms the

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comments made by the vice-president of the Canadian Chamber of Commerce, who said that the Minister of Finance could not care less about job creation?

(1450)

[English]

Hon. Paul Martin (Minister of Finance and Minister responsible for the Federal Office of Regional Development—Quebec, Lib.): Mr. Speaker, I welcome the member's conversion to the opinions expressed by the business community and the Chamber of Commerce.

I am sure that the other communities he represents will be delighted to hear of this conversion on the road to Damascus. I would suggest however that the member might want to listen to what the Minister of Human Resources Development and I have said. It is crucial once the unemployment insurance rates go down that they stay down. The business community and workers should not be subject to some kind of a yo-yo effect where every time there is a downturn in the economy we are forced counter-productively to raise those rates.

What we have said is that the rates are certainly going to come down. But when they come down under this government they are going to stay down.

* * *

GUN CONTROL

Mr. Jack Ramsay (Crowfoot, Ref.): Mr. Speaker, on September 22 of this year the justice minister said in response to a question I asked him: "We read the report recently about the defects in the present registration system for restricted firearms and the need to improve the registration".

Was the Minister of Justice referring to the justice department report covering the review of the present handgun registration system submitted by Mr. Terence Wade or is there more than one report outlining the defects of Canada's registration system for handguns?

Hon. Allan Rock (Minister of Justice and Attorney General of Canada, Lib.): Mr. Speaker, that is the report to which I referred.

Mr. Jack Ramsay (Crowfoot, Ref.): Mr. Speaker, the Minister of Justice has not tabled the Terence Wade report with the Standing Committee on Justice. He has not made it available to the public and his departmental officials have refused to release the report to members of Parliament.

Is the reason the report is being concealed the fact that it contains a devastating condemnation of the current handgun registration system, reveals its failure to reduce the criminal use of handguns and also exposes the uselessness of the minister's

plan to expand this failed registration system to rifles and shotguns?

Hon. Allan Rock (Minister of Justice and Attorney General of Canada, Lib.): Mr. Speaker, none of the above.

The fact is that I see no reason why the report should not be made available to members of Parliament. Had I known of the member's interest, I would have provided him with a copy.

I can tell the hon. member that the report evaluates the system for the registration of handguns and finds weaknesses and areas for improvement. It has been very valuable as we have looked at ways to design, should we decide to do such a thing, a registration system for the people.

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CANADA POST

Mrs. Brenda Chamberlain (Guelph—Wellington, Lib.): Mr. Speaker, my question is for the parliamentary secretary responsible for Canada Post.

Canadians from coast to coast are astonished to learn that last year Canadian postage stamps were printed in Australia instead of in Canada. What has the minister done about this issue?

Mr. Ronald J. Duhamel (Parliamentary Secretary to Minister of Public Works and Government Services, Lib.): Mr. Speaker, it was in February that the minister indicated that Canada Post was anxious to have stamp production back in Canada as soon as economically feasible. In November contracts were signed with MBC Corporation and the Canadian Bank Note Company to return stamp production to Canada.

Members will be happy to know that beginning mid-December Canadian stamp production will be in Canada. It means more jobs for more Canadians.

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[Translation]

GUN CONTROL

Mrs. Pierrette Venne (Saint-Hubert, BQ): Mr. Speaker, my question is for the Minister of Justice. Less than three weeks before the House adjourns for the holiday season, the Minister of Justice has still not tabled a gun control bill, despite his and the Prime Minister's repeated promises in this House.

Does the minister intend to table his bill before Christmas, yes or no?

[English]

Hon. Allan Rock (Minister of Justice and Attorney General of Canada, Lib.): Mr. Speaker, well before Christmas the government will announce its decisions in relation to the firearms control program of the government.

*Oral Questions**[Translation]*

Mrs. Pierrette Venne (Saint-Hubert, BQ): Mr. Speaker, the minister already told us on September 22 that he would table a bill, and not proposals, in November.

Since he seems to be retracting, is this how the minister intends to keep his word?

(1455)

[English]

Hon. Allan Rock (Minister of Justice and Attorney General of Canada, Lib.): Mr. Speaker, my I first observe that it is November until the end of tomorrow, at least it is on this side of the House.

Second, my commitment has been clear from the outset. It has been that at the instruction of the Prime Minister I would prepare specific proposals so the government could decide and announce its position in relation to the control of firearms in Canada.

That is exactly what we are going to do in keeping with my commitment.

* * *

WEST COAST FISHERY

Mr. John Cummins (Delta, Ref.): Mr. Speaker, earlier this month fishery officers presented the minister of oceans with a report showing that a lack of enforcement was a significant cause of this year's salmon disaster on the west coast. However the report presented by DFO to the minister's review panel did not give any significance to the reduced enforcement effort.

Why would the minister withhold this critical information from his review board?

Hon. Brian Tobin (Minister of Fisheries and Oceans, Lib.): Mr. Speaker, I want to assure the member, because I know of his interest in the matter, that no information has been withheld from the Fraser review panel.

If there is information that ought to be presented to it by any member of the commercial industry, any stakeholder or by any professional group within the enforcement community, they are quite free to make those recommendations.

I have had a very constructive meeting with enforcement officers in Vancouver. I am studying the information that has been given to me. As a consequence of listening to people in the field, on the front lines and on the rivers I hope to do a better job in 1995 than we are able to do in 1994.

Mr. John Cummins (Delta, Ref.): Mr. Speaker, the fact is that information contained in the fishery officer's presentation was not presented to the review board. That presentation confirmed that habitat and poaching investigations were not done.

Undercover investigations had come to an abrupt end and enforcement reports were not received at the highest levels.

Why did the minister not bring this and other critical information contained in the fishery officer's report to the review board's attention?

Hon. Brian Tobin (Minister of Fisheries and Oceans, Lib.): Mr. Speaker, I did not clearly understand the question when it was asked the first time.

I have no intention of in any way, shape or form, directly or indirectly, trying to influence the flow of information or the outcome of the review being done by an independent review panel headed by the former Speaker of the House of Commons, John Fraser.

I agree that all of the information available ought to be presented to the panel so that a solid conclusion is arrived at. Any and all information provided to me, even in a confidential meeting by enforcement officers who seek to take me through an apprenticeship, is available and will be available to the full review panel.

* * *

HEALTH CARE

Hon. Audrey McLaughlin (Yukon, NDP): Mr. Speaker, my question is for the Prime Minister.

The question of private health care clinics in Alberta has been discussed in the House for over a year. Clearly these clinics, which charge both the patient and the government, are part of a two-tier system. The Prime Minister has said he would not allow this.

As the Prime Minister was a part of the government that formulated the Canada Health Act when it came into being, could he say, because apparently the department can still not decide, whether these clinics contravene the Canada Health Act, as he understands it?

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, we are completely committed to the Canada Health Act and it has to be respected.

In terms of the interpretation, that question is being evaluated at this time. Everyone knows that not every aspect of health care is covered by the Canada Health Act.

We are looking into it. If it is against the Canada Health Act we will apply the act and withdraw the money.

Hon. Audrey McLaughlin (Yukon, NDP): Mr. Speaker, I have a supplementary question for the Prime Minister.

(1500)

With respect, Mr. Speaker, this has been under study for some time. It has been obvious to everyone that these clinics have been operating for some time. I would ask the Prime Minister

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the date by which he believes the department can make this decision.

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, the minister indicated that this problem exists in the interpretation. It is being debated between nine provinces and the federal government in order to clarify what is covered by the National Health Act of Canada.

We are looking at this with the provinces. When this is concluded we will draw the line. If these clinics are not within the act we will withdraw the compensation as is mentioned in the act.

* * *

CHILD TAX BENEFIT

Mr. Gar Knutson (Elgin—Norfolk, Lib.): Mr. Speaker, my question is for the Minister of Human Resources Development.

Last week Campaign 2000 released statistics indicating that there were 331,000 more poor children in Canada than there were five years ago. Given this deplorable situation, can the minister tell this House about his commitment to the goal of an enhanced child tax benefit?

Hon. Lloyd Axworthy (Minister of Human Resources Development and Minister of Western Economic Diversification, Lib.): Mr. Speaker, I thank the hon. member for addressing what is probably the most important social issue in this country, the plight of many of our poor children.

As members know, we have tried to address this directly by putting it forward to Canadians as part of the green book. We want to mobilize full efforts behind opportunities for better work for parents of poor children, better support for child care, and certainly enrichment or increasing of child benefits.

The key question is can we mobilize the support of members of this House, the provinces, and Canadians throughout the country behind a major national effort to deal with the question of child poverty. I am still confident that we can and with the help of the hon. member and others I think we will.

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[*Translation*]

WORLD TRADE ORGANIZATION AGREEMENT IMPLEMENTATION ACT

The House resumed consideration of the motion that Bill C-57, an act to implement the agreement establishing the World Trade Organization, be read the third time and passed.

Mr. Nic Leblanc (Longueuil, BQ): Mr. Speaker, it is with pleasure that, after being interrupted by oral question period, I take the floor again to say that I support Bill C-57 because

Quebec is very open to international trade. We have always been very open to the world, particularly as regards trade.

I was in the process of explaining that rational solutions must be found, solutions such as encouraging economic growth within Quebec and Canada by providing our businesses with an effective trading environment. There are serious problems for businesses, because they have to deal with two governments which, in terms of taxation for example, use two different systems.

These two levels of government have environmental regulations and legislations that are completely different, which makes life extremely difficult for businesses dealing with them. For example, they have to conduct some environmental studies under Quebec legislation and others under federal legislation.

(1505)

So it really hinders big projects that affect the environment. Everything is duplicated, like the manpower office, so that business does not have the environment it needs to develop. To act quickly on environmental issues, we must restrict the obligations that companies must meet in this regard.

One solution is international trade. It is not the only one, of course, but it is a very important way to promote our companies. Again, I must mention here that I tabled a motion in this House which was defeated last night. Its purpose was to provide the steel industry, among others, with sufficiently strict regulations here in Canada, or at least regulations that are as strict as those in the United States for import-export and especially for dumping.

This motion was defeated and, again, I did not understand why the government still did not accept this motion. On many occasions, representatives of the steel industry asked us to revise the regulations in Bill C-57. The government refused to support my motion and I am very sorry that this part of the law could not be amended.

I want to say to people in the steel industry, who are surely listening to me today, because they care about what is going on here, that we in the Bloc Québécois did all that was necessary to meet their requests. Unfortunately, the government did not consider our demands or those from the steel industry.

To face this international competition, we must also encourage creativity. We also tabled a motion. The bill says, for example, that present products must be protected. We tabled a motion that would also have protected future products. We think it is very important, if you want to encourage creativity, our business people and small businesses, to protect future products in the same way as existing products are protected by law.

Once again the government refused to accept this motion, a motion we felt was entirely normal and fair in its attempt to help our creators, SMEs and researchers improve their prospects of succeeding in these increasingly globalized markets.

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We must take an intelligent and structured approach. We must avoid wasting energy and resources on taking on all markets indiscriminately, without considering factors such as transportation, specialization and economies of scale. We need good strategic planning that considers our strengths and weaknesses, the benefits and drawbacks, while monitoring the development of attractive and promising markets.

In Quebec, we must consolidate our positions on the North American market, now and in the future. In Quebec especially, we supported the North American Free Trade Agreement, and we also supported the first free trade agreement with the United States, which, as I remember, was a very controversial issue. I was a member of the government at the time, and in 1988, when I ran for Parliament, I did so mainly to help adopt the free trade agreement with the United States.

(1510)

I was supported in this endeavour by the vast majority of Quebecers. We were practically unanimous in our approval of free trade between Canada and the United States. For us in Quebec, it was crucial.

For many years and many decades, we have been involved in trade with the United States. About 80 per cent of our exports go to the United States. It should come as no surprise that we want to go on consolidating our efforts to continue our exports to this very important market.

To give you some idea of the size of the U.S. market, I will look at the number of people living within a certain radius. For instance, if we look at the number of people living within a radius of 1,000 kilometres from Montreal, including the United States and Toronto, there are 100 million people. Imagine, 100 million consumers, among the richest in the world! That is why it is so important for us in Quebec to continue to develop our exports and to do business with the northeastern United States.

This is not to say we should neglect other markets, such as Asia and the Pacific Rim. We know that in this region, markets are developing and the standard of living is going up, especially in Japan and China. Last year, China's economic growth was between 12 and 15 per cent. There are 1.2 billion people living in China. We should position ourselves so that we can take advantage of the future opportunities in those countries, especially in China.

We are somewhat apprehensive about letting the federal government be responsible for helping Quebec promote its economy. We have heard—it is not official, but there are indications—that the Canadian government intends to reduce the number of employees in charge of international trade in the United States, and increase the number deployed in Asia and the Pacific Rim.

This is cause for some concern as, for obvious reasons, and I mentioned this earlier, we want to continue doing business with

the United States, and increase our trade connections with them. First of all, it is a great market, where trading is made easier by the fact that the Americans speak a familiar language, namely English, and that our cultures—economic cultures and social cultures—are similar. We live in a space that is almost the same, but it is quite another story when you talk about the Asia-Pacific area, with the linguistic difficulties being bigger, the distances longer and the efforts required to promote our products take longer and cost more to produce results.

In a context of staggering deficit and debt, I think that we must look at the easiest opportunities to increase the profitability of our businesses, so that our economy becomes healthier and that the governments can get afloat as soon as possible.

That is why I think and we, in Quebec in particular, think that continued efforts are necessary to try and maintain and increase our market opportunities in the United States.

(1515)

Of course, this will require a high level of cohesion between our industries, the unions, the government, our universities, and so on. Without this co-operative effort, I think that we will find it increasingly difficult in the future to be efficient and productive.

This is why we, in Quebec, are looking forward taking our future in our own hands in order to act together and eliminate duplication of all kind that gets in the way of united action and efficiency. In that sense, we are looking forward to gaining control over our taxes, to spend this money according to our priorities and ensure that we succeed more rapidly in this global context.

Mr. Philippe Paré (Louis-Hébert, BQ): Mr. Speaker, first I want to congratulate my colleague from Longueuil on his speech, which is practical and sticks to reality. It is not a theoretical speech. We see that the member for Longueuil has experience.

I also thank him for reminding us that Quebec is open to free trade and foreign trade. Quebec is not a society that is turned in on itself, quite the opposite. I also thank him for recalling the importance of trade with the United States for Canada and Quebec; 80 per cent of our trade is with our big southern neighbour.

I would like to ask him this question: Does he believe that the agreements reached following the Uruguay Round negotiations will help the poorest countries progress? Under these agreements, will it also be possible to protect the environment and better protect the rights of workers in countries that are less well organized than western countries?

Mr. Leblanc (Longueuil): Mr. Speaker, I thank the hon. member for Louis-Hébert for his kind words.

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I think that we must be very careful in helping the poorest countries, because we tend to think in the short term and to pay more attention to trade than to the poorest in the world. I think it is obvious that if we increase our productivity, our trade, our ability to pay, we will be in better position to help the poorest countries.

In many ways, we must be very careful not to work only with the countries from which we stand to gain the most. We must also develop markets with the poorest countries, thus helping them ensure their own development.

I made several trips to developing countries with External Affairs officials. The ambassadors I met told us that one way to help developing countries was to trade with them.

Since Bill C-57 is aimed at opening up trade, I think that if we do it with dignity, we can increase trade with these developing countries, thus helping them become better traders. There is nothing better than practice to learn how to do business.

If we can show developing countries how to borrow, how to lend, how to do business, how to make goods, I think it would be one of the best ways to help them.

(1520)

This does not mean that we should not help those in need, those who must be fed every day, those who need help to become better farmers, and so on.

In this regard, I think that opening up markets to the entire world will give developing countries better opportunities to trade and to learn from successful trading countries. I am convinced that this will help them a great deal in the future.

[*English*]

The Acting Speaker (Mr. Kilger): I understand the hon. member for Winnipeg Transcona and hon. the member for The Battlefords—Meadow Lake will be splitting this next block of interventions, so ten and five each.

Mr. Bill Blaikie (Winnipeg Transcona, NDP): Mr. Speaker, it gives me great pleasure to be able to participate in this debate this afternoon. The NDP finds itself in the position of being the only party in this House to oppose the legislation we have before us, the legislation that would bring into being the World Trade Organization.

It appears that unlike the government, the official opposition and the Reform Party we are the only party willing to develop and maintain a sustained critique of the way the world is going according to GATT, according to NAFTA, according to FTA.

Some would say this places us in the position of being defenders of things past and in some sense that is true. We would like to defend the notion of fair trade and markets adjusted to

meet social and human need rather than accede to the demands of the multinational corporations that the world be arranged for their pleasure, which is the way we view the WTO and the legislation to implement it.

The WTO is in effect a new constitution for the globalized economy that is written by and for multinational corporations. One of the ways this could have been offset would have been if some effort had been made during the negotiations or even after to introduce the notion of a social clause that would ensure multinational corporations and others recognize basic labour and environmental standards for instance, to prevent the race to the bottom or what is also called social dumping.

This was not done during the negotiations, although I understand that some countries did bring the idea forward, not Canada unfortunately. It was not able to be done during the debate on this legislation despite the amendments that the New Democratic Party brought forward because the government rejected our amendments suggesting it ought to work on a social clause and report back to the House of Commons on a regular basis as to what it had done in respect to developing such a clause.

Another concern we had during this debate, which we expressed at report stage and we express now, is that this new WTO, even though it supposedly offers a new rules based trading regime that will bring relief from trade harassment, in spite of this, American behaviour under NAFTA rules and the evasive measures the Americans put into their implementing legislation make it very unlikely that the Americans will play by the rules.

That is why we offered through our amendments to put into our legislation that which the Americans had in their legislation. We thought what is fair for the Americans is fair for Canadians. What is good for the goose is good for the gander, or however the expression goes. No deal, the government defeated our amendments, argued against them as did others.

One has to ask the question of globalization through the WTO, but on whose terms? It would seem to be on the terms of the multinational corporations and in a secondary way on terms that are more favourable to the Americans than to Canadians and to others. Americans always make sure they have these riders, these qualifiers, these caveats in their legislation to make sure the rest of us will play by these rules. When push comes to shove if their interests are at stake they do not have to play by the rules.

The WTO as it now stands without a social clause would be a constitution for a new world order in which the multinationals would preserve their position as what we would like to call outlaws. They would be free to pursue their own interests outside the power of the law of any one land whereas the constitution for the new world order of the global marketplace, the WTO agreement as it stands is remarkably one sided in our

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view in its defence of the rights of investors and its silence on the rights of workers.

(1525)

It pretends that labour, social security and the environment are not trade issues and that attempts to regulate in these areas will be considered barriers to trade. It is eloquent about the multinationals' right to be free of any public policy that would affect their rights to intellectual property or to the free movement of capital but it refuses to allow similar protection for workers' rights to form trade unions or to have a safe workplace.

In the developed economies of Europe and North America globalization has contributed to the chronically high levels of unemployment, falling real wages and workers facing the stress of longer work hours. Most important, wages and salaries are dramatically falling as a percentage of GNP. That is, workers are getting a smaller and smaller piece of the pie.

When robust rates of growth such as we are now experiencing in Canada continue to be accompanied by depression like rates of unemployment and falling real wages, it is clear that benefits from growth in the new globalized economy are going to a very select group of people at the expense of most Canadians.

Some developing countries in Asia have experienced phenomenal rates of growth in the new order but in the most successful countries like Indonesia, South Korea, Singapore and China such growth has occurred in societies without basic human rights, without independent trade unions and with economies in which child labour, prison labour, conscript army labour are widely practised. This is sometimes referred to as the Asian miracle, the new miracle. I call it just an old form of exploitation revisited and does not deserve the word miracle at all.

The WTO as it stands puts its seal of approval on a world economy in which the benefits of growth flow more and more to the shareholders of the multinationals and less and less to their employees and to communities. What we should be seeking is a WTO that concerns itself not only with the classic trade disputes between nations but also the problem of what has become known as social dumping, which I referred to earlier; that is, a nation's competitive advantage that results from unregulated labour markets and lack of environmental protection regulations and other ways in which nation states are being asked by this new order to play this sort of beggar thy neighbour game by reducing the quality of their social standards in order to create what is euphemistically called a good investment climate.

A social clause needs to be added to strike a balance between the market efficiencies of liberal trade and investment practices and the social solidarity of all communities that want basic human rights and decent employment practices enforced everywhere where capital is free to come and go.

In debate on report stage, as I mentioned, we proposed an amendment to Bill C-57 that would have had the government report to Parliament regularly on progress made in WTO negotiations toward a social clause. In a related amendment seconded and supported by the Bloc Québécois we also proposed prohibiting the importation of goods made by children in contravention of International Labour Organization conventions.

The idea of a social clause is one that enjoys wide support around the world as a necessary counter weight to the liberalization of investment. A social clause for the WTO is supported by the International Labour Organization's secretariat which earlier this month recommended to the governing body of the ILO that there should be a social clause to the WTO.

The majority report of the joint committee that recently reviewed Canadian foreign policy also included a recommendation that there should be a co-ordination of international labour and social standards. We were disappointed therefore but not surprised that the Liberals who wrote that report did not support our amendment that would have been a step toward the goal that they share.

In debate on our amendment on child labour, the Parliamentary Secretary to the Minister for International Trade said that he agreed with the spirit of our motion and that the government was working with the OECD and the ILO on the question. He did not say, however, that at a recent UN meeting on the upcoming UN conference on social development Canada came down firmly against any attempt to link trade with labour or environmental standards. Shame on the government.

This confirms the dramatic drift of the Liberal Party to the right on trade issues.

(1530)

The Liberals opposed NAFTA during the election on the grounds that there was no definition of subsidies and that the labour and environmental side agreements were not strong enough. They then proceeded to ratify NAFTA without a definition of subsidy and with the existing weak side agreements.

The Minister for International Trade then talked about the deepening and broadening of NAFTA, even comparing NAFTA to the early days of the European community. Now the Liberals say they are opposed to any linking of labour standards and environmental standards to trade in the WTO. The metamorphosis is complete.

On his recent visit to China and Indonesia, the Prime Minister claimed that the best way to improve the human rights situation in certain developing countries was to engage with them in trade. However, the WTO as it stands without a social clause will allow existing human rights abuses to flourish. There is nothing in the WTO that prevents countries from allowing child

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labour, from using prison labour and conscript labour or from denying workers' rights to form independent trade unions.

China could join the WTO, as it is likely to do, and expect to enjoy the protection of the WTO free trade rules while it continues to allow 10-year old children to work in unsafe factories for virtually nothing. Indonesia could continue to operate an economy where over two million children work in contravention of ILO standards. For the government to deny any link between trade and labour standards makes a mockery of its claim to support human rights through trade.

Furthermore, and in conclusion, the advocates of the liberalization of world markets assumes that as developing countries become more prosperous internal social pressures will be generated from a maturing and self-confident workforce to insist on higher wages and better working conditions as happened in the past. This assumption fails to recognize that the vast pool of unemployed workers in rural sectors in the economies of east and south Asia, for example, not to mention in the former Soviet Union, creates a huge drag on the ability of wages to rise at a reasonable rate.

Mr. Len Taylor (The Battlefords—Meadow Lake, NDP): Mr. Speaker, I rise today to speak on third reading debate of Bill C-57, the act that implements the agreement establishing the World Trade Organization and ties Canada conclusively to the GATT agreement.

Canadians know very little about the 26,000 page agreement that their government signed on their behalf at the special GATT meeting in Marrakech on April 15, 1994. The agreement was reached after eight years of negotiations. It is a huge deal that takes Canada even beyond where the Canada-U.S. Free Trade Agreement and the North American Free Trade Agreement dared to go.

Now, with very little debate, the federal Liberal government is going to accept the new world economic order dictated by the multinational corporations and reduce Canada's ability to determine its own economic destiny even further.

After yesterday's vote in which the Reform Party and the Bloc Quebecois joined with the Liberals in supporting this bill at report stage, it is easy to see who Canada's real opposition is here in Parliament. Only New Democrats, who have taken the time to examine not only the previous trade deals but this one as well, are standing up for the interests of ordinary Canadians in the face of economic globalization and the dominance—no, Mr. Speaker, the tyranny of the multinational corporations.

Make no mistake, the implementation of the agreement and the establishment of the World Trade Organization is the creation of a new world government which has the power to tell countries what they can or cannot do within their own borders. This will not be a democratic government. This is a new government dominated by the unelected and self-appointed multinationals that replace the possibility of a democratic response to the problems of the world.

This was the deal that was negotiated by the Mulroney team, but it was signed and is now being implemented by the Liberal government without opposition from anyone but the New Democrats. This is quite extraordinary.

The agreement through this legislation sells out farmers and working people alike and jeopardizes the future economic prospects for all of Canada's youth and particularly the youth who live in the regions of this country.

At this time in our history and at this time in our economic development, we should be doing everything in our power to stand up for Canadians in all walks of life.

(1535)

The World Trade Organization is in effect the new constitution for the globalized economy that is written by and for the multinationals. The Liberal government has rejected a policy of developing a social clause to the WTO that would ensure that multinationals recognize basic labour and environmental standards to prevent the race to the bottom. I made comments about this and about child labour at report stage the other day.

Let me take a moment to try to tie together a couple of what would appear to be unrelated events. Only a short time ago the Prime Minister and all of the provincial and territorial leaders, except the premier from Quebec, toured China on a major business trip. They talked trade and they made a lot of deals. Every one of those deals was paraded in the pages of the newspapers around this country. What the Prime Minister and the premiers were telling us is that the economy in China is booming, or is expected to boom in the very near future, and that Canada must be a part of that.

Meanwhile, back home in response to their interpretation of the GATT agreement clauses, the Ministers of Transport and Agriculture were telling Canadian farmers that our domestic transport support program known as the Crow benefit will have to be changed. It would seem that the net result will over a few years reduce the money available to the Canadian grain to port for export, reduce the dollars available to farmers at the farm gate and likely as a result reduce the grain grown for export across the prairies.

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Let us go back and have a look at China again for a minute. I just finished reading an article done for the Worldwatch Institute called "Who will feed China"? I certainly recommend the article by Worldwatch president Lester R. Brown to everyone.

Mr. Brown acknowledges the growing affluence of the Chinese. He acknowledges the growing population, the growing demand for food, the growing demand for meat in particular. More important, he points out China's shrinking capacity to produce food.

We know from circumstances around the world that as income rises, one of the first things that low income people do with their money is diversify their diets, shifting primarily to more meat, milk and eggs. In China as in Japan, South Korea and Taiwan before it, this is beginning to happen. Of course with the rising demand for a diversified diet also comes the demand for additional grain.

China has been encouraging the production of laying hens and therefore the production of eggs. The official goal of the country for egg consumption has been set at 200 eggs per person per year by the year 2000, double the quantity consumed in 1990. By the way, that is about the equivalent of what residents of the United States consume in a year.

With the Chinese population expected to reach 1.3 billion people by the year 2000, annual egg consumption would be expected to rise to 26 billion. Interestingly enough, Chinese hens lay about 200 eggs per year each so China will require a flock of about 1.3 billion hens to meet its needs.

The point to be taken here is that to reach this goal China will require at a minimum an additional 24 million tonnes of grain to feed those birds to produce those eggs and 24 million tonnes of grain just happens to be the equivalent of the entire grain export from Canada.

If the per capita grain consumption climbs even modestly in China from under 300 kilograms per person at present to 350 kilograms in the year 2030, demand will also climb to 568 million tonnes of grain. With a total production of only 263 million tonnes by 2030, the deficit will be made up by imports which will have to rise to a staggering 305 million tonnes of grain. We must recognize that in 1993 the entire export of grain from all countries around the world was just 200 million tonnes. In other words, by the year 2030 China could eat up almost two thirds what the world is producing today for export grains.

We know that China is not the only country that is growing and likely to experience a grain deficit. India, Iran, Ethiopia, Nigeria and others fall into this category.

(1540)

We need our federal government more than ever to stand up for strengthened orderly marketing, single desk selling and

internal transportation support so that as the world needs our grain we are not only producing it but we are also able to deliver it quickly and efficiently as required.

I see that my time is running out. Although there are many more things that I would like to say to contribute to this debate, in conclusion let me say to my colleagues in the House that not only am I opposing this legislation in front of us today but I am encouraging all members to oppose it and give Canada and Canadians a fighting chance to make it in the world today.

Trade can spread wealth and knowledge or it can accelerate the destructive trends now under way. Sadly, I see this legislation and through it this government taking us down a very destructive path.

Mr. Ian McClelland (Edmonton Southwest, Ref.): Mr. Speaker, I have a question for the hon. member. I will preface it with a truism. The truism is that if you do not compete you cannot be competitive.

Accepting that truism, I wonder if the hon. member would comment on whether or not in his opinion various protected industries in Canada have been made more competitive, which has resulted in lower costs and better product to the consumer as a result of restrictive trade processes in the past within Canada, trade barriers within Canada, and whether there is a parallel between interprovincial trade barriers which raise prices and decrease competition and national trade barriers.

Mr. Taylor: Mr. Speaker, I am happy to answer that question and actually another one that came to my mind as the member from Edmonton was speaking.

Essentially, as I view the world I see the words competitive and efficiencies working hand in hand. A competitive economy or an efficient economy are one and the same thing.

To me, and more importantly as I look at the whole country, when the country or the world looks at an efficient economy it sees an economy that will produce wealth that can be redistributed to ensure that all members of that particular area will be able to benefit from that increased wealth.

An efficient economy produces jobs. The world economy today is not increasing jobs. The OECD countries are all exhibiting unemployment rates from 7 per cent to 30 per cent. Those sorts of numbers tell us that we are not a very efficient economy.

One of the things that I had hoped to indicate in my remarks while I had the floor but was unable to because of time dealt with the matter of trade and the environment. I wanted to indicate in answer to this question that I believe that trade and the environment are also very much linked. When we look to the future of the world and the carrying capacity of the earth it is very easy to see that our task as leaders on this earth is to ensure that we plan far enough ahead to ensure that our grandchildren will be able to

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survive on this planet without eating foods made from artificial substances.

Currently when we look at GATT planning documents we see that these leaders are predicting declines in employment for many sectors of the existing economy. High on that list scheduled for future unemployment are our farmers, agricultural workers, textile workers and office clerks. From that list it would appear that the GATT planners seem to be expecting us to go hungry with no clothes on our backs, without any information from people who are supposed to collect it for us.

With world populations increasing the way they are, surely this is absolute nonsense. Canada's leaders should be looking at building an efficient economy that produces wealth to ensure that Canadians have the jobs to be able to compete with those in the rest of the world.

Mr. Jake E. Hoepfner (Lisgar—Marquette, Ref.): Mr. Speaker, I did not have a list of speakers so I have been rising pretty regularly. I finally made it and I appreciate your indulgence.

It is always a pleasure to rise in this House and speak on the issues. Today it is the World Trade Organization bill. It is a pleasure as a farmer and now as a politician to address some of these problems.

(1545)

I have heard so much today about trading with different partners. I would like to remind some of the hon. members in this House that when we talk about trade with the United States we have a trade surplus of roughly \$35 billion right now as far as goods are concerned. We can imagine increasing our trade with the U.S. but I think we will also have to be realistic and realize that we import more from the U.S. at that time.

The problem as I see it is that we lose this huge trade surplus with the U.S., with negative trade balances with a lot of other countries that could really afford to pay for more products that we have to sell. Japan has a \$2 billion trade surplus with us. Germany has the same amount, more or less. The British Isles have over a \$2 billion trade surplus. Even Mexico has a \$2 billion trade surplus with us.

When we look at those points there has to be something wrong that we cannot penetrate these markets. I have a big feeling that some of it goes back to the inefficiencies of our manufacturing and exporting companies. We have heard over the last couple of weeks in testimony before the Standing Committee on Agriculture and Agri-Food that we could probably donate raw products that our farmers produce to the manufacturing companies and they still would not be able to compete. It does not really seem that the problem of competition is in the primary producers' field.

Therefore I have to address one of the big problems that I see and that is in the transportation policy. If members watched the CBC last night they would have seen the CBC addressing the issue of backtracking grain from Thunder Bay to Winnipeg and into the U.S. We have heard so much that this Liberal government is trying to correct some of the problems that are there. I point out that the western grain transportation policy was passed by the previous Liberal government. It had a very nice provision in it where non-performance could be thrown against transportation companies like the railways and they could be charged if they failed to deliver the products that were guaranteeing under the Western Grain Transportation Act.

Backtracking is simply a breaking of that agreement. It is disrupting the transportation system. It is making it inefficient. It is not allowing us to compete with other countries. It is also putting an extra tax burden on our taxpayers. The one backtracking issue is costing taxpayers today anywhere from \$15 million to \$40 million a year. We cannot afford that in this country with the debt load we have.

We also have to realize that the railways probably are in a pinch in some areas. When we look at the over taxation on fuel compared with the United States and some other countries, if we look at the extra taxes that our corporations are paying compared with the Americans, they also are in a bind and are trying to somehow make ends meet.

Some other problems are in the management of the crown corporations. When we see a management person getting \$300,000 as just a little benefit of interest free money, this is added into the cost of shipping our products. Those are issues that we have to address.

(1550)

We say we need more value added. This has been the theme that I have heard on the farm for the last 10 years now. We need more value added but in the next breath we hear that we have lost 100 food processing plants and abattoirs.

Why has this happened? It has happened very simply because we were not competitive in the world's finished products. We are very competitive in raw products. However when it comes to the processing end and we see markups of 200 per cent from the time it leaves the farm gate until the time it hits the retailer, this is not efficiency.

These are things that have to be addressed before we will become competitive in the World Trade Organization. It makes one wonder sometimes why we would stress the point to become more efficient always at the primary producer to produce more. If we look back at statistics we see that we have increased production in grains and oilseeds. We have increased production in all other products far ahead of the efficiencies that have been built into our manufacturing plants.

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We have to start realizing that something has to happen because if we are going to compete, we have to be competitive. It is imperative that the western grain transportation subsidies be revamped. Somehow under GATT it is going to be forced on us and the sooner we do it the better off we will be.

During the election the Reform Party promoted very strongly its plan of a trade distortion program that would take over the transportation subsidies. It seems to me that maybe that is the direction we will have to go to make our transportation system more efficient.

If I look at what is happening under the World Trade Organization rules and subsidies today, it means that we will be shipping a fraction of our grain under these subsidies and still be qualified as green. All of a sudden one day in the middle of a month we will find out that we have shipped an amount that we were qualified to ship under these subsidies and we will have a totally different freight rate.

This is going to cause a lot of stress in marketing especially when farmers are realizing that products like canola have a very small quantity allocated to them under this grain subsidies program because the quantities have been set according to the production that we had in the 1985 to 1990 period.

This means that canola production increased drastically from 1990 to 1993. Our limits on subsidized transportation on canola will be very small so that the producers who may be selling into that market in the first month will qualify for the subsidized freight and then the rest of the canola production will have to go under full freight rate costs.

This will also pertain to wheat and I can see this being very disruptive and argued among farmers trying to push their product on to the market, trying to get a little advantage, get a little better price, and it is going to create a lot of hardship and a lot of heard feelings in the farming community.

That is why I would suggest very strongly to this government that it quickly restructure the western grain transportation subsidies into another program so that we do not have these disputes arising even among farmers. We do not need any more disputes. We need more co-operation.

If we do not get more co-operation between farmers, manufacturers and transportation we will not compete in this World Trade Organization globe. It is very important that we do enter this World Trade Organization and play fair ball with it.

Mr. Speaker, it was mentioned before that you had some experience in refereeing. I think you will also agree that the linesmen were very important in that game, that they did have to help in keeping the game under control.

(1555)

I think this is where the hon. member from the NDP failed to realize that we will have referees and linesmen who are not from the multinational food processing corporations. These are going to be set and enforced by countries. It is only with the will and determination of countries like Canada supporting this trade organization, making sure that the laws are kept and abided by that we will have a very successful entry into this trade organization.

I would appreciate it if the hon. members on the other side of the House would take it to heart and make us competitive by becoming competitive inside the country, doing away with trade barriers, doing away with overtaxation and doing away with some of the disruptions in the grain handling system by strikes. We need co-operation. We need this country to get more exports to improve our balance of trade and to make this country productive and rich again.

Mr. Ted McWhinney (Vancouver Quadra, Lib.): Mr. Speaker, this is an historic occasion.

The Acting Speaker (Mr. Kilger): On a point of order, the hon. member for Vegreville.

Mr. Benoit: Mr. Speaker, actually I was standing for debate. We had shared time, the member for Lisgar—Marquette and I.

The Acting Speaker (Mr. Kilger): Certainly in reviewing and consulting with the table it would confirm that the member for Lisgar—Marquette only used 10 minutes. Regrettably, the Chair was not apprised that the member would be sharing his time, but having only used up 10 minutes I will recognize the member for Vegreville for a 10-minute intervention followed by five minutes question and comment. My apologies to the member for Vancouver Quadra.

Mr. Leon E. Benoit (Vegreville, Ref.): Mr. Speaker, I am pleased today to take part in this debate on the implementation of the GATT agreement and the World Trade Organization.

This is the first time since GATT negotiations have taken place that agriculture is a substantial part in the agreement which is very encouraging. As we can see from the general support for this legislation which will implement GATT and put in place the World Trade Organization, there is widespread support in this House as well. I think it is very encouraging to see that.

There are however some problems with this bill. I would like to speak about some of the concerns I have with the bill, although again I want to reiterate that Reform does support this bill strongly and I support this bill. However, there are still some concern mainly with regard to implementing GATT and the workings of the World Trade Organization.

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I know farmers are ready for this trade organization. I have seen this over the past years as the GATT negotiations have proceeded. I certainly hear it now from individual farmers and farm groups that they do support this deal. Clearly farmers are ready for this deal to be in place and to have the World Trade Organization in place as a referee, to use the analogy of my colleague. Is government ready?

I am going to ask a lot of questions today about whether this government is ready for the implementation of this GATT deal and for the World Trade Organization to be put in place.

My questions fall into two areas. The first question is in the area of interprovincial trade barriers and the lack of this government's dealing with that area, especially in agriculture.

(1600)

Agriculture is a major part of the GATT negotiations. Yet in the negotiations on reducing interprovincial trade barriers held by the government with the provinces over the past summer, there was virtually no substantial agreement or deal made between the provinces and the federal government in the area of agriculture. This important part of trade in the world situation and in the GATT has not been dealt with in this country. That is the first area.

The second area is with regard to government agencies. I have questions about whether the government is ready for the deal when we look at how it is taking part and refusing to change certain government agencies.

I would like to briefly talk about interprovincial trade barriers. Agriculture is an important part of the overall GATT deal, but it has not been dealt with as a serious issue in terms of freeing up the barriers between provinces in the area of the trade in agricultural commodities. It is important that there be some action on the part of the agriculture minister and other cabinet ministers in the area of lowering and removing interprovincial trade barriers.

The third area is government agencies and how the government has dealt with them. The agencies I am talking about particularly are the Canadian Wheat Board, the supply management system and the Western Grain Transportation Act. I will keep my comments on the Western Grain Transportation Act very brief because the member for Lisgar—Marquette has already dealt with the issue to some extent. I will talk about the Canadian Wheat Board and some of the questions I have with regard to changes that will be required to the Canadian Wheat Board to make the GATT deal work.

In the agreement there are two changes to the Canadian Wheat Board Act. They are laid out in clauses 48 and 49 of the bill. Clause 48 deals with changes to section 45 of the Canadian Wheat Board Act. Under these changes the Canadian Wheat

Board will control only exports and no longer control imports of wheat and barley.

I want members to think about that a bit. Right now the Canadian Wheat Board controls imports and exports of wheat and barley. Under the change the Canadian Wheat Board will only control exports of wheat and barley. I ask if it makes much sense for our government to control exports when we have just negotiated a trade agreement which is meant to allow for freer trade of goods in and out of the country. It makes no sense.

Clause 49 changes section 46 of the Canadian Wheat Board Act. It says that the Canadian Wheat Board no longer controls licences for imports into Canada. It gives up the restriction on imports of grain and gives up the control of licensing imports. At the same time it maintains under the Canadian Wheat Board Act restrictions on exports. It seems absolutely ridiculous that imports are no longer restricted under the act and exports continue to be restricted under the Canadian Wheat Board Act.

What does that mean in terms of what will happen in the grain industry? I think it means a lot of things. It means that American farmers will now be able to sell directly to Canadian millers while Canadian farmers may not. Does that sound incredibly ridiculous? It is. We need further changes to the Canadian Wheat Board Act to allow Canadian farmers to sell directly to Canadian millers. American farmers will have this right after the bill is passed, as it surely will be.

(1605)

I would like to tell a story about a Canadian entrepreneur that I heard at the wheat board rally in Regina three or four weeks ago. To diversify his operations a farmer built a flour mill on his farm. He employed people from off farm to run the mill. It was the type of operation we all want to see.

What was his concern and why was he one of the speakers at the wheat board rally in Regina? The reasons are really quite simple. For him to use his own wheat in his flour mill, it was necessary for the farmer to sell his grain through the Canadian Wheat Board to be strictly operating under the law. He needed his own flour because he was making specialty flour products and selling them across western Canada. Yet to do that, to use the wheat that he was growing to produce flour, he had to go through the Canadian Wheat Board. That sounds almost unbelievable when we are talking about opening up the trade environment.

The farmer also wanted to expand into the American market with his specialty flour. What was restricting him from doing that? The Canadian Wheat Board was restricting him from doing that. He would have to get a permit under the Canadian Wheat Board Act to sell his flour into the American market, a restriction that he did not want to live with.

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If we look at the particular situation of the farmer and carry it a little further and if the bill passes as it almost certainly will, the farmer may go to an American farmer across the border, buy his flour without going through the Canadian Wheat Board, buy wheat for his mill without going through the Canadian Wheat Board. He will not be able to do that under the changes. The sellers will not need a licence to import the wheat to be used in his mill. Yet he cannot use his own flour in his own mill. He cannot use his neighbour's flour in his own mill because of the restrictions of the Canadian Wheat Board. It sounds absurd and it is absurd.

I would like to ask the minister a series of questions. First, does it seem reasonable to allow Canadian farmers the same freedom American farmers enjoy? Does that seem reasonable? Should not Canadian farmers at least have the same freedom in marketing their wheat and their barley as American farmers have, especially when we are talking about marketing into the Canadian market? They do not now have the same freedom.

The second question is in regard to giving farmers control of the Canadian Wheat Board which, after all, is their organization. Farmers pay the bills to operate the Canadian Wheat Board. The Canadian Wheat Board supposedly exists for the benefit of farmers. That being the case, how could the minister or any other minister possibly refuse to give farmers control over this organization?

I have asked the minister this question several times over the past few months and the answer has been that they have to study the matter or the answer went in some other direction entirely.

When I am talking about giving farmers control over their own organization, I am only talking about farmers electing a board of directors to replace the present appointed board. That would make the Canadian Wheat Board accountable to farmers who really pay for the operation of the organization. Why on earth would the minister or anyone else have to do a study to decide to give farmers control over their organization by electing a board of directors? I cannot think of an answer.

I would just like to ask a couple more questions in the time I have left. Has anyone asked farmers whether they want the wheat board maintained as a monopoly operation? I know other Reform members and I have. The minister certainly has not and it is time that he did. The minister has an obligation to ask farmers whether they want this monopoly maintained. Has anyone asked farmers whether they want appointed commissioners replaced with an elected board of directors?

(1610)

The Acting Speaker (Mr. Kilger): Order, please. I know 10 minutes can sometimes go by rather rapidly, with the greatest respect.

[Translation]

Mr. Nic Leblanc (Longueuil, BQ): Mr. Speaker, I have a short question for the hon. member from western Canada. I would like to know what he has to say about the fact that we are still paying the cost of shipping western grain, in other words, Canadians have to subsidize the transportation of western grain. I always thought we should subsidize the transportation of grain in proportion to the distance involved. The fact is that although we subsidize the transportation of western grain, there are no subsidies for the transportation of grain from the East. I always thought that was unfair. I would appreciate some explanations from the hon. member from western Canada.

[English]

Mr. Benoit: Mr. Speaker, the question was with regard to subsidies and whether subsidies should be distance related. A further comment by the member that there were no subsidies to grain from central Canada was untrue. The seaway is a very expensive system to keep open and operating. A lot of government money has gone into and continues to go into it. Certainly there are subsidies to central Canadian farmers in terms of shipments as well as to western farmers.

The second point was why the Crow benefit, as it used to be called, came into being in the first place. It came into being early in this century to get raw product to central Canada for processing. That was the reason that the Crow benefit was paid in the first place. It was not because western farmers needed a subsidy. It was because central Canadian processors wanted western farmers to be hewers of wood and drawers of water. This is no longer acceptable. The Crow benefit payment has prevented western farmers from developing a processing industry in western Canada.

We can no longer talk about whether or not the subsidy should be distance related. The question is whether we should have a subsidy. The answer is no. There should be no subsidy connected directly with distance or to be paid out in any other way.

The money now paid out under the Western Grain Transportation Act, the Reform Party has said, should be put into a trade distortion adjustment measure which would compensate farmers directly for damage done due to unfair trade practices in other countries. The compensation could be for damage in any commodity; it would be commodity neutral.

The way things work, probably the compensation would be for grain at first. Certainly over time the compensation would be for other commodities as well.

[Translation]

Mr. Jean Landry (Lotbinière, BQ): Mr. Speaker, I have a question for the hon. member about grain transportation. Today, to be eligible for the subsidy, western grain is first shipped to Thunder Bay, and we are talking about grain that is going to be shipped to Europe. Then, they ship it back to Vancouver, and from Vancouver the grain is sent by ship through the Panama

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Canal to Europe. I would like to know whether the hon. member has some alternatives, when we are talking about saving money. I wish he could suggest some ways to save money in this particular instance.

[English]

Mr. Benoit: Mr. Speaker, I believe the question refers to the backtracking that has been occurring for several years and was pointed out to the minister very clearly a year ago. Backtracking involves grain being shipped under the subsidized rate to Thunder Bay and then going back at the full market rate. It makes no sense.

As my colleague mentioned before, it costs Canadian taxpayers between \$15 million and \$40 million a year. It is absurd. It should not be happening. Why could the minister of agriculture not say it will not happen any more within a month of when he found out it was happening? Why? There is no good answer for it. It should have happened.

The minister himself is backtracking. Originally he said that the backtracking would cease to exist on January 1. Now he has put it off until the end of July, to the new crop year.

(1615)

Certainly there are some problems with contracts that were made before this problem was widely recognized but those should be dealt with directly and backtracking should have ceased long ago.

Mr. Ted McWhinney (Vancouver Quadra, Lib.): Mr. Speaker, it is an historic occasion to enter this debate because it does mark the end of half a century of specialized experience in world trade, what we would think to be flawed experience, and the moving into the 21st century.

I am reminded of the vision of the great wartime leader President Franklin Roosevelt whose plans for the post war period included not merely a United Nations organization but a parallel international trade organization that would promote principles of liberalism, free trade and that would remove trade tariff barriers around the world.

President Roosevelt did not live to see his vision implemented or to see it fail. The reasons for the failure are a matter for historians. Some wrongly blame it on the cold war but we would have to say it was the persistence of protectionist feelings in the United States associated with that tragically ill-advised attempt retroactively to cure the world depression, the Smoot-Hawley high tariff wall approach.

Mr. Roosevelt and his heirs, Mr. Truman and others, had to fight against that. They also had to fight against the neo-isolationist American thinking that one found bound up with the Bricker amendment controversy seeking to limit an affirmative

American role in western Europe's political and economic recovery.

The failure of the International Trade Organization, the failure of the high hopes of Bretton Woods toward the end of the war led to the creation of this strange institution. Some have said, borrowing from *Guys and Dolls*: "The oldest permanent floating crap game in the world," but in fact it is a periodic, recurring international diplomatic conference, GATT.

GATT had many things to offer in terms of history, but if one looks back on it it was a concentration of particular problem solving operations, each bringing in its own set of specialists, each producing an arcane set of diplomatic negotiations that were never open to larger public debate.

GATT had a function to fulfil but the quest for overarching principles or an overarching vision of a world economy was simply not there. This is the significance of the revival half a century later of the concept of a World Trade Organization. It will finally balance in the economic sense what the United Nations is intended to do in a governmental sense.

With the World Bank and the International Monetary Fund, it completes a triad of international economic organizations. That is all to the good and we might say that it is about time. It is a federalizing process. It is a constitutional process. It will mean that the large issues of world trade are no longer debated in secret in those holiday resorts visited off season because that is really where the GATT conferences were held.

They got cut rate rates. One visits Uruguay in winter instead of the beach in summer. GATT had its function but it did not really answer up to the problems of the emerging 21st century. This WTO initiative comes with a period when the walls are falling down all around the world, all the walls. The Berlin wall falls politically. You cannot shut out the economic ideas when you open the way to political ideas.

It has been said, and it is true, that you can achieve a market economy without having a liberal democratic society but you cannot maintain the one without the other. The English historical experience was that certainly free trade principles emerged before the political liberalization but the political liberalization marches hand in hand with that.

In very many respects this is an historic occasion for us. The debate has been constructive and helpful. I noted in particular the interventions of my colleagues, my friends of the Bloc with their concerns about federalism. I can assure them that on this side of the House we share the desire for a more flexible, co-operative federalism in which there is, not merely as a matter of political common sense but also of a genuine sense of goodwill, co-operation and liaison between the federal government and provincial authorities. So much of the achievement of

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free trade depends on the working co-operation at all levels of government.

(1620)

Those interventions have been helpful and have been taken note of. You may be assured that in the implementation of the government's structural reform programs they will be operated on so that we move from a period in which Canadian economic policy has been governed by bilateralism plus multilateralism through this periodic international diplomatic conference that is called GATT into what has been called a mondialist, one world type of conception, a parliamentary constitutional organization where the debates are open, where the delegates can make thrust and counter thrust but where everything is into the open. That I think accords with the spirit of our times.

It is not a closed organization, although it is important to stress—and I think we have borne this in mind—that you cannot in our debate on an act to implement the World Trade Organization and in the guise of making amendments to national legislation insert unilateral reservations to an international treaty. If we are to be in at the beginning as a charter member of the World Trade Organization, we must do so without reservations and with the full confidence of our ability to make the system work.

We have disengaged more easily and more elegantly than some other countries, certainly more easily than our neighbour, the United States, from the old order. The swords are being turned into ploughshares. Economic forces guide the next century. The old order on which the cold war was based is over. As a charter member of the World Trade Organization we are in a position to make very concrete suggestions on the accession of new members. We can help the entry of China into this organization. We can look at the special case of Taiwan because I do not think Taiwan can be ignored. We can look at a place for Russia with its new liberalizing phase still to be completed.

There is an enormous challenge in this transition from a cold war, politically and militarily based world order to one based on free trade and the free commerce in intellectual ideas that goes with this.

This is something of a challenge to Canada because we have led in foreign policy in so many areas. We invented peacekeeping. In very many senses if you look at the substantive principles of the United Nations they are our ideas for a democratizing of a world organization that perhaps too easily fell into the concept of a permanent members' club. We are in the fight there.

This is the challenge of the new bill and in some sense the happiness that we find such a consensus around the House from

virtually all the members of the House in support of this principle and this idea.

In moving the new system into the 21st century there is no derogation from our special relations with the United States and Mexico under NAFTA. These agreements subsist but they are seen in the larger context of one world with its own principles in which a pluralism of decision making occurs. This has been the Canadian way from the beginning. I return to my original point. It is a moment in history. Half a century, in a certain sense, of the carryover of the old, pre-World War II economic order comes to an end with new hopes and new visions. It is a privilege to have been part of it.

Mr. Vic Althouse (Mackenzie, NDP): Mr. Speaker, I was pleased to hear the hon. member for Vancouver Quadra put an historical sense to what is being proposed at third reading of the World Trade Organization, something that was attempted after the second world war and was always, by my reading of history, blocked by the United States.

(1625)

It was interesting to note the hon. member mentioned that in his opinion and apparently in the opinion of the government as well because they did stop all attempts to insert unilateral reservations into international agreements.

I think he was referring to the amendments that NDP members had put before the House at report stage. Essentially we were attempting and continue to make the argument for a level playing field between ourselves and the Americans. Their law which we copied and we are hoping to insert into our law effectively says that where a dispute or problem arises on trade matters, U.S. law shall prevail. That is something the United States has adhered to ever since it became a country. Its constitution gives its Congress that right. I understand that.

However, I have greater difficulty understanding the action it has taken with its proposed law which effectively says the U.S. considers that consensus is still the rule in mediating disputes. That is not what all people conclude the international agreement says. It says where there is a dispute, the disagreement shall be resolved by a vote with the majority carrying. The U.S. persistence in saying that consensus is required means that in any dispute we might have with one of the largest economies and certainly a country with one of the largest armies in the world will only be resolved by consensus. This means if the U.S. does not agree to it, we do not get an agreement.

Since this is an historic occasion and we have gone to a true World Trade Organization where a majority rules and where the same rules will apply to all parties, does the member not have a bit of a suspicion in the back of his mind that as far as our relations with the United States are concerned, it is still going to

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be its rules and the World Trade Organization will take a couple of more decades before it arrives between Canada and our major trading partner.

Mr. McWhinney: Mr. Speaker, I thank the hon. member for his very thoughtful question. We believe in the rule of law. The World Trade Organization has its constitution, its charter and its rules, including the rules as to how decisions are made. We will try to apply that to other countries, including if necessary our neighbours the United States.

The charter will evolve of course. I would hope that we will be submitting amendments in the future that will strengthen the dispute settlement procedures and submit, in the ultimate, issues to the compulsory jurisdiction of the World Court. We are not afraid of that. For a number of reasons the United States is. But we can perhaps bring them along to our point of view.

* * *

BUSINESS OF THE HOUSE

Mr. Peter Milliken (Parliamentary Secretary to Leader of the Government in the House of Commons, Lib.): Mr. Speaker, a point of order.

I am sorry to interrupt. I will be just a second. I think you will find there is unanimous consent in the House for the following motion:

I move:

That if during Private Members' Hour a recorded division be demanded on Thursday, December 1, 1994, the same shall stand deferred until the conclusion of time allotted for the consideration of Government Orders on Tuesday, December 6, 1994.

(Motion agreed to.)

* * *

**WORLD TRADE ORGANIZATION AGREEMENT
IMPLEMENTATION ACT**

The House resumed consideration of the motion that Bill C-57, an act to implement the agreement establishing the World Trade Organization, be read the third time and passed.

Mr. Roger Gallaway (Sarnia—Lambton, Lib.): Mr. Speaker, it is my pleasure to rise today and speak in support of Bill C-57. I am not going to discuss agricultural issues today. I want to discuss the implications of this bill with respect to a major segment of Canadian industry, the petrochemical industry.

I am speaking in one sense out of self-interest because the petrochemical industry happens to be the largest industry in my riding. It came about as a result of chance when oil was first discovered about 20 miles outside the city of Sarnia in the mid-1850s. Oil was brought into the city by truck and train and later by pipeline to the point that Sarnia became an oil town. Out

of that evolved the petrochemical industry which now plays a major role in the economy.

(1630)

The demand for oil and oil related products particularly following the second world war led to an expansion of petrochemical companies throughout Canada but in particular in my riding.

We saw during the post-war period, after the second world war through to the eighties, massive expansion, massive demand for petrochemical related products. We saw that the income of those who worked in this particular segment of the economy was probably the highest per capita income of Canadians.

However, in the eighties, in the downturn, the petrochemical industry suffered a number of economic set backs. There has been a decrease in demand since 1988 due to the recession. There has been an increase in competition in particular in the Asian rim. Changes in government regulations have had a negative impact on an industry that remains very vital to our Canadian economy.

I would point out that in the province of Ontario the provincial government has imposed a number of environmental regulations which are driving business out of this part of the economy. In my riding alone there have been more than 5,000 jobs lost since 1988. Still, it is a vital part of the economy employing something like 17,000 people.

There are 17 petrochemical facilities in my riding. There are the Imperial Oils, the Shell Oils, the Duponts, the list goes on and on. There are 10,000 people directly employed in it and another 7,000 people working in related fields. It is interesting to note that employees in the petrochemical industry earn two and one-half times the annual salary of the average Canadian worker.

We realize that trade liberalization is a key to continued development in this industry. That is why passage of Bill C-57 is essential for the economic well-being of a large number of my constituents. To understand why that is the case, we only need to consider the chemical industry or the petrochemical industry in Canada.

Canada's chemical manufacturing sector has annual sales of over \$10 billion and employs some 30,000 Canadians. It provides the basis for a broader chemical and chemical product sector which employs another 90,000 Canadians. This industry is Canada's third largest manufacturing sector and is also third in terms of value added. The chemical industry depends on international markets for its survival. Exports account for well over 50 per cent of annual production in Canada. In some facilities, especially in southern Ontario in my riding, it is well over 80 per cent that is exported.

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That is why the normalization of tariffs achieved by the WTO is so important. If we consider for one moment the size of world trade in this industry, we will know that in 1993 total exports of chemicals worldwide were some \$313 billion U.S., or 9.2 per cent of total world exports. For the same year total world production was over \$1.25 trillion in U.S. funds.

Bill C-57 represents a significant step forward for the chemical manufacturing industry in my riding, throughout Canada and particularly in Alberta. By joining the World Trade Organization Canada and its major trading partners, including the European Union, Japan and the U.S. as well as other industrialized nations have agreed to harmonize a broad range of chemical tariffs at low rates of duty. Any Canadian tariff that is currently below the harmonization levels will remain unchanged.

Also included in the agreement are new global rules for the protection of intellectual property rights, including a set of standards in the area of copyrights and trademarks which commit each government to protect and enforce intellectual property rights. That is very important for Canadians where we have invented a number of procedures of a chemical nature that have been given protection as intellectual property.

This agreement will also result in several benefits for Canada in general. Once again I speak in favour of my riding which will benefit from it.

(1635)

The reduction and harmonization of most favoured nation tariffs will improve market access for Canadian exports of chemicals and chemical products and plastics to niche markets. This improved access will be particularly beneficial for the export oriented petrochemical and synthetic resin industries located in Canada.

For Canada the strength of the World Trade Organization and the GATT lies in their broad country participation. The disciplines that will apply to developing countries will improve our access to these markets. By providing more open international markets the World Trade Organization agreement will assist the Canadian industry to become better oriented to global markets.

The traditional Canadian branch plant structure is giving way to one that is increasingly world competitive. International manufacturing mandates and research development mandates for Canada will be facilitated by this agreement. The World Trade Organization will also provide an improved dispute settlement regime for a more effective alternative to trade wars.

I would like to talk briefly about the future. Market access for petrochemical products is essential to the continued growth of the industry. It is vital for economic renewal, notwithstanding in whose riding it may be. To be globally competitive means to have real access to global markets. In ratifying this agreement

we as a country are taking an important first step. We must continue our efforts if we are to ensure continued growth in this very vital sector of our economy.

Canada's trade negotiations are, in my opinion, to be commended for their accomplishments during the Uruguay round. They were successful in getting the key target markets of Korea, Singapore and Hong Kong to agree to most of the tariff lines. These markets are of particular interest to the petrochemical sector in Canada.

However, other countries—there is no question this is something that must be worked on—must be encouraged to join in harmonizing their chemical tariffs in the future. In particular I am thinking of China, because China has a chemical industry that is two and a half times the size of Canada's in terms of production. The Chinese industry is growing at the rate of 15 per cent a year and we must convince the Chinese to harmonize their chemical tariffs and discipline restrictive border measures for chemicals so that their borders are also open to our products.

Briefly in conclusion, we have to realize that we are living in a world in which economies of scale are the determining factors. At the present time in Ontario and most Canadian manufacturers of petrochemicals are sized for the national and regional markets but they are not of international scope in size. To be truly competitive these facilities must be world scale in size. To be world scale in size they must be able to freely enter world markets without barriers in place. The larger our market the more efficient and competitive Canadian industry can be. That is obviously a truism.

Our world scale plants in the manufacturing of petrochemicals such as ethylene located in Joffre, Alberta and in my riding of Sarnia, add substantially to our balance of trade with other countries, especially the United States.

As Pacific rim countries attempt to break into the marketplace we are still in a position of strength. Recent studies clearly show that the workforce required to operate these petrochemical facilities is the second most educated and trained workforce today in Canada, second only to the software industry but in many respects virtually identical.

To ensure that there is a place for our technical graduates we as a country must constantly strive to ensure open markets for our goods. Quite simply many of our Asian competitors do not have the skilled employees needed to operate such facilities effectively or efficiently.

We must also remember that the production of petrochemicals ranks highest in Canadian manufacturing in adding value to raw materials. We have the raw feed stock in abundance, one need only visit the gasfields of Alberta to realize the volume of the gas stocks have. We have gas stocks in Ontario also. We must now ensure that we pass this bill in order to ensure that we have

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the markets to which we can ship Canadian products. We can use these raw stocks and we can add great value to them in the end.

(1640)

Finally, without the passage of this bill we will slowly but surely strangle this important segment of our industry in our economy.

Mr. Leon E. Benoit (Vegreville, Ref.): Mr. Speaker, the hon. member started by saying that today he was not going to speak about agriculture. He did not but I have a question with regard to agriculture.

The member knows that in Ontario the Ontario Wheat Board has an elected board of directors. This elected board of directors controls the operations of the Ontario Wheat Board. In the west the Canadian Wheat Board is controlled by an appointed group of commissioners.

I am looking for an open and honest opinion. Does it make sense that a marketing group, the Canadian Wheat Board, which is paid for by western Canadian farmers, be controlled by a group of appointed commissioners rather than by an elected board of directors as is in place in Ontario?

If the member does agree this should happen, can he offer any suggestions for making it happen quickly? If the hon. member feels that it should not happen, that farmers should not take control of their organization which they pay for, why not?

Mr. Gallaway: Mr. Speaker, what so often happens with members opposite is they give true meaning to the Latin term *non sequitur*. In any event, I would have to confirm first what he has had to say before I could really offer any comment.

Mr. Alex Shepherd (Durham, Lib.): Mr. Speaker, I would like to thank the member for his every interesting speech on the petrochemical industry, something that I really do not know very much about. I do not have that industry in my riding.

He mentioned the education of people working in that industry. Does he feel that our institutions are keeping up with that? Are they able to graduate the talent we need to be effective in the international marketplace?

Mr. Gallaway: Mr. Speaker, I do not think there is any doubt that we are able to graduate the kind of talent necessary to operate. As I have mentioned, we have led the way in many respects in terms of gas technology and other facets of the refining industry which is part and parcel related to the petrochemical industry. We have led the way in that in terms of technology and in terms of costs of unit production.

We are having problems with an aging workforce. The technology has changed so rapidly that it is sometimes difficult

for that workforce to appreciate or to have a full understanding of what the science applied is at that particular given point.

That is an industry-wide problem. It does not apply just to Canada. It is happening in the United States, especially in the gulf coast region where the industry must constantly upgrade its workforce, not because it is a poorly trained workforce but because the science and technology is changing to the point that these people cannot appreciate the complexities of the theoretical level of what is happening.

The Acting Speaker (Mr. Kilger): It is my duty pursuant to Standing Order 38 to inform the House that the questions to be raised tonight at the time of adjournment are as follows: the hon. member for Regina—Lumsden—Taxation; the hon. member for The Battlefords—Meadow Lake—Government Appointments.

Mr. Elwin Hermanson (Kindersley—Lloydminster, Ref.): Mr. Speaker, it is a privilege to speak to Bill C-57, a bill to enact the World Trade Organization agreement.

Canada has been, is and I presume will be a trading nation. The part of the country that I come from, the west, was opened to European civilization through the act of trading; the traders from the Hudson's Bay Company and the Northwest Company. Their main purpose for exploring the west was on a trade mission. It has been a healthy environment for Canada whenever we have been able to trade freely and unhindered.

I wish to speak today with regard to the issue of farm safety nets. They are also impacted by the legislation that we are dealing with today.

(1645)

We have to understand that agricultural safety nets are really risk management policies. They are mechanisms to help the farmer manage risks associated with producing a valuable commodity, food. We all need it.

The production and selling of goods such as food has a characteristic in addition to its value as a physical sustenance that makes it unique. That characteristic is perishability. There are unique risks associated with the provision to the world of a perishable commodity, that food that sustains us all.

It is these characteristics of food and the accompanying risks that lead us to develop risk management programs or our farm safety nets. The basic responsibility for managing the risk falls to the farmer just as it does for any other businessman. Farmers accept the fact that there are unique risks in producing food. They try to make wise decisions and carefully manage the product through its life cycle.

The other basic risk in farming in addition to this aspect of perishability is the highly fluctuating or uncertain income caused by forces over which farmers such as myself have no

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control. Those forces are natural hazards, market cycles and trade distorting influences.

Therefore the risk management tools that farmers basically need are threefold: a crop or livestock insurance program to deal with the natural hazards, an income stabilization program to deal with market cycles and a trade distortion adjustment program to deal with trade distorting influences.

My party, and I was pleased to be involved with that, was able to consult widely across Canada prior to the 1993 election with farmers to develop their thoughts on these matters. We are happy to see that the Liberals who did not campaign on a post-GATT platform begin now to recognize that the old farm safety nets are going to have to change.

It seems rather odd that the Liberal Party, one of the oldest parties in Canada, did not start consulting with farmers earlier. In fact we are finding in this House that the Liberals are doing all their consulting after the election. I am proud to belong to a party that did its consulting before the election. I consider that to be one of the reasons why so many of us were elected. It also gives us great authority to speak on most of the issues that we address in the House, including this bill.

What are some of the concepts that have led to the rules and conditions and definitions of what now have to be internationally accepted farm safety net programs? There has been much talk about improving agriculture policy related to farm safety net support in recent years.

While the GATT talks have brought reform, there is still much to be achieved in practice. The organization known as the OECD, the Organization for Economic Co-operation and Development, consists of Australia, Austria, Canada, the European community, Finland, Japan, New Zealand, Norway, Sweden, Switzerland and the United States.

In the OECD overall support from government budgets and consumers to agriculture production still accounts for well over 40 per cent of the value of that agricultural production. In spite of some progress in tackling domestic farm programs, trade barriers remain stubbornly resistant to liberalization. Many of the alternative measures being put in place, including direct income support to farmers to replace subsidies, are still linked in some way to the production of agricultural commodities.

With respect to rules based trade, the feeling is commonly held by a lot of farmers that lawyers and bureaucrats are going to spend huge amounts of time and money trying to figure out how to beat the GATT rules. We already know, for example, that the EEC has kept its sum total payment policy in exchange for the U.S. keeping its nationalistic farm policy.

In other words, we are going to see a lot of wheeling and dealing and shifting and fudging of numbers in trade and support account columns. I suppose that such is the give and take of

international negotiations but unfortunately farmers are the ones who are usually caught in the economic cross-fire.

Currently in the OECD, there are different types of safety nets and support programs for agriculture. First, of the total support that comes from consumers and government budgets to the OECD agriculture, around 71 per cent is transferred by policy measures that raise market prices received by farmers for their produce and are paid by consumers for their food beyond those existing in the world market. These are commonly known as commodity price support systems.

In Canada's case, the supply management system falls within this category. There are a lot of positive things that could be said about supply management but there are certainly a lot of negative things that have to be said about it as well.

One of the great negatives of the supply management system is the interprovincial trade barriers that we have within our own country. It is rather ironic that today we are discussing legislation that breaks down international trade when we are such a poor example to our international trading partners with our domestic policy.

(1650)

Whatever form our support takes, the real problem for farmers, as my hon. colleague opposite from Malpeque has often stated, is low, real net market income for food. Farmers simply deserve a fair return on their investment. They want to get paid what their product is worth just like anyone else. They do not particularly want to have a lot of subsidies and government support.

I would suggest to hon. members opposite that the way to get more market income is to relax these types of price support policies that restrict the market forces. We need to trust a free and fair marketplace to bring the returns that we all want. I am happy to see that our rules based trading arrangements are addressing these type of subsidies and moving toward their elimination.

Second, only 13 per cent of farm support given is in the form of direct payments to farmers from government budgets. Much of this is transferred to the farming sector by policies that raise prices received by farmers through subsidies based on output or production. Although such subsidies do not directly affect the market prices paid by consumers, most of these measures are production related. They take the form of deficiency payments which are payments that make up the difference between a guaranteed price per unit of commodity and the actual market price. Headage payments are payments paid on the amount per head of cattle or sheep, et cetera.

The third type of support represents 16 per cent of the total and is largely made up of government's budgetary finance measures that are not targeted to specific farmers or commodities but to the agricultural sector as a whole. These include

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publicly financed infrastructure, research, inspection, information or education and training.

We must note that the amount of support provided by these three different types of policy measures is very uneven across the OECD countries. Some countries give more weight and emphasis to the support of market prices, others to direct payments and yet others to non-targeted general support. Therein lies the problem of negotiation for rules based and equal treatment trade.

Therein also lies the potential for a harmonized movement away from market distorting programs to a free and fair international marketplace where farmers can make a living providing one of the most important products to humanity, the food we eat.

The pricing support programs and other subsidies I have referred to apparently cost consumers and taxpayers in OECD countries over \$350 billion a year in higher food bills and in taxes. These policies distort trade patterns and heighten tensions between countries.

At the OECD ministerial meeting in 1987 their governments therefore committed themselves to reducing total support and to moving away from production and output related subsidies to other policy measures. One of the programs considered by GATT to be green is direct income payment to farmers which comes under the second type of safety net or support that I have referred to, direct payments.

I want to talk about the matter of direct income payments for farmers. We refer to it as an income stabilization program or ISP and that addresses the risk of market cycles. Direct income payments are literally that, explicitly budget financed income transfers made directly to individual farmers. Thus, they are distinct from the other policy mechanisms that transfer income to farmers indirectly either through commodity price supports which raise consumer prices or through lower input costs or through money spent on the farm sector as a whole.

The main advantage of direct income payments is that they can be targeted to the specific farmers whose situations are deemed to warrant such payments. This is in sharp contrast with price supports that are targeted at commodities which thereby give most benefit to the largest producers who may not warrant such support.

A commodity price support system such as our supply management also creates a prohibitive expense in its tool of production, the quota. It restricts farmer entrepreneurship because new entrants can only get in with large capital outlay through means such as large debt or a fortunate inheritance.

As a regulated marketing mechanism it does not transmit the signals of the market back to the producers quickly enough and reduces the innovative abilities of the industry. Therefore, the supply managed system must speed up its adjustment to liberal-

ized trade as it will be in its own best interest. I know some of the members opposite are beginning to agree with this certainty even if they do it with reluctance.

Moreover, support to the income of farmers is more efficient than support to the prices of products. Price supports easily leak into the sectors upstream or downstream from the intended recipients or are wasted in competitive price subsidization between countries illustrating a phenomenon known as transfer inefficiency.

Well targeted direct income payments have a high degree of transfer efficiency because nearly all of the transfer ends up where it is intended, supporting farmers' incomes.

(1655)

Moreover, in case members opposite are still not convinced of a better way, let me offer another advantage of farmer income support as opposed to commodity price support. Since income supports are financed from national budgets, they are more transparent and can thus be scrutinized more easily than price supports which are hidden in high consumer prices.

In all fairness and objectivity, we must admit that all measures of support including direct income payments will produce distortions to some degree. I am saying that those supports linked to pricing or production of specific commodities are the most distorting. Price supports are guilty, as I have mentioned above.

Production support systems are faulty because they give incentives to over or underproduce certain commodities, thus creating a moral hazard or a situation called farming the system, or they encourage unfriendly environmental practices. All in all it should be obvious that moving away from price and production support and toward income support is the wave of the future. All would be well-advised to get on board.

Direct income payments must satisfy two conditions in order to allow farmers to become more market reliant. First, the amount of payment should be generally fixed to a particular period of time and thus remain immunized from moral hazard. We do not want an income support program that would give an incentive to alter behaviour for monetary gain at the expense of environmental stewardship or fair business practices.

Second, the amount of payment should not be determined by the volume of current or future production of specific commodities or inputs to avoid biasing farmers' choices between specific commodities or those production techniques.

We must also continue to carefully define the objective of each type of direct income payment, whether it is income payment to help farmers adjust to alternative activities, a scheme to establish a minimum income, a measure to encourage environmental activities or a program to stabilize income

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because of market cycles. All these appear to be eligible under GATT. The situations for which direct income payments could be made available have to be very carefully specified to ensure there is the least distortion to the use of resources and to avoid back door channels of support to agriculture commodities, which would undermine the current reforms taking place.

How do we decide the amount of direct income payment? Basically there are two ways. First, we can assess the costs incurred by the farmer in undertaking activities for which payments are targeted. The second way is to evaluate income foregone by not undertaking an activity or measured against a predetermined base line such as loss of income due to market cycles compared to a recent income trend.

The duration of direct income payment programs depends on the duration of the problem being addressed. As far as possible, market-based solutions should be encouraged because they are longer term and are likely to emerge as reform evolves.

As I opened my comments I talked about the west being explored and developed because of free traders, because of people who wanted to go out, take some risks and try to make a few dollars. I suspect that as Canada moves into the global economy we can again expect to have some adventures, perhaps in a different situation, perhaps in the high tech civilization and society that we now live. It will be exciting for agriculture as well. There are great opportunities and this Bill C-57 is in a small way opening the door of opportunity.

While this bill will not solve all problems facing world trade, certainly not all of the problems facing agriculture, it is a step in the right direction. Therefore we offer our support for the GATT agreement, for the World Trade Organization Implementation Act and we hope this is one move toward reducing government funding for not only agriculture, but many commodities. It will give an opportunity for the market to sustain our industries, including the agricultural industry, so that not only farmers but all Canadians will enjoy lower taxes, a strong economy, and have a bright outlook on the future.

Mr. Vic Althouse (Mackenzie, NDP): Mr. Speaker, the hon. member gave us a nice theoretical review of what would be nice if everybody agreed with the same kind of rules. We are debating though this world trade office which is international. It is not something we can control within the confines of one country.

As an aside I would point out that this country has had provinces ever since its inception and those provinces have certain powers which the hon. member has chosen in his theoretical discussion to ignore. They have control over produc-

tion within the province which is why the marketing boards operate the way they do.

(1700)

However my question concerns the international aspects of the bill. I would urge the member to turn his mind to our relations vis-à-vis other countries, particularly as they apply to assistance to agriculture since that was the main theme of his speech.

Since the negotiations began in 1986 I note that all countries made a verbal undertaking to start reducing subsidies and assistance to agriculture. I note that in the OECD countries he mentioned the aid to the agricultural sector has actually increased by 7 per cent in the past year over previous years. The trend is definitely not reducing assistance to farmers in OECD countries, with the exception of Canada which shows a decline of 12 per cent in the last year over the previous year in assistance to agriculture.

We hear a lot of talk about level playing fields. As a former hockey referee, Mr. Speaker, I know you understand the importance of having the two teams relatively well matched in terms of equipment and so on. It seems to me that what we have achieved to date with the verbal agreements is perhaps a field that will be more level than it was. However players on the Canadian team have hardly any equipment and players on the other teams we are competing against are very heavily padded and ready to go with the full support of their fans, their local national governments.

I read the documentation our country put together. I got it under freedom of information because it was not made available otherwise. I find it is the intention of the country under the Liberal government, and apparently supported by the Reform Party and others, to reduce the assistance to agriculture at an even faster pace than we have done to this point in time, even though the other countries are still a long way from catching up and taking off their special protections.

It is to the point that by the end of the decade when the six-year implementation stage comes and we start on the seventh, which is supposed to be the achievement of the new world order, Canada will be paying its agricultural sector \$1.5 billion less than the agreement requires. We will be nice and squeaky clean. We will be out there playing hockey in our civvies while everybody else will have the same level of support they have now, with perhaps a few minor reductions.

I am wondering how he could describe that as fair or something he would advocate in terms of our relations with all other countries. How could this approach be something that he would support?

Mr. Hermanson: Mr. Speaker, I appreciate the comments of the hon. member for Mackenzie. I know he has a sincere interest in agriculture and a strong commitment to the industry.

He spoke just in passing about marketing boards and the fact that the provinces have been given some jurisdictional powers in that area. The actual act is a federal act and there have been some real discrepancies as a result of it.

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For instance, I wonder if the hon. member for Mackenzie supports the fact that the province of Quebec has a leg up on the rest of Canada as far as the industrial milk quota is concerned. Provinces such as our province of Saskatchewan do not have fair access to the industrial milk market because of the inequities of the interprovincial trade barriers within Canada. It is certainly an area we need to rectify. It is an intolerable situation. It has certainly hurt the agricultural industry in our province.

(1705)

With regard to his comments about the level playing field and being equipped to play in the game, I share some of the same concerns the hon. member has expressed but I mentioned in my speech that we were comparing apples and oranges.

I want to make very clear probably one of the most dastardly attempts at taking away the equipment we as Canadian producers need to play the game. It was the action undertaken by the minister of agriculture when he agreed to cut the export sales of durum to the United States by half. Certainly I would agree with the hon. member that actions such as that one when we have the trade agreements on our side are unacceptable.

Export sales of Canadian durum to the United States were steadily increasing. In fact they were on an ascending rate, an accelerated rate. Just because Uncle Sam south of the border put a little pressure on the Canadian minister of agriculture he forgot about the rules. He forgot about the equipment. He threw it away.

If we are talking about being out on the ice and playing the game, I do not think our agriculture minister has gone out on the ice yet. If he has he certainly has not gone across his own blue line. Perhaps he needs a penalty for not getting in the game. I do not know, Mr. Speaker, if you have ever called one of those but I think the agriculture minister needs one.

We have the NAFTA. We have the GATT. If we are to voluntarily give up just because somebody puts a little pressure on us when the rules are on our side and the judgments are on our side, it is wrong and a disgrace to Canadian farmers. I would call upon the minister of agriculture—and I am sure the hon. member for Mackenzie would as well—not to strip us of the equipment that helps us to play the game.

I am convinced that Canadian farmers, given a level playing field, will compete with any team. Just as we were able to compete with the Russians back in 1976, I am sure as agriculture producers and free traders we will be able to take on any competitor in the world and play an excellent game. I suspect when the final whistle blows and when the light comes on at the end of the third period we will win if the government does not

get in the road and if our minister of agriculture pulls up his socks, grabs a stick and gets in the game.

The Acting Speaker (Mr. Kilger): Just to make sure the House is clear, the member for Regina—Lumsden will speak for approximately 15 minutes and the member for Regina—Qu'Appelle for 5 minutes, which will make a full complement of 20 minutes.

Mr. John Solomon (Regina—Lumsden, NDP): Mr. Speaker, it is my duty and my pleasure to speak in opposition to Bill C-57, the bill to enact the World Trade Organization legislation.

There are many reasons we oppose the bill as New Democrats. Before getting into the reasons I want to make a comment or observation. When we have a bill that is supported and put forward by the Liberal government of about 250 pages dealing with an agenda the large multinational corporations want to see completed, that is supported by Bloc members in the House and is supported by the Reform Party, it seems to me Canadians should pay particular attention to the implications of the bill. When a bill is supported by the Liberals, the Bloc Quebecois and the Reform Party there has to be something peculiar, mysterious, suspicious and probably disadvantageous to Canadians.

I challenge any member in the House to stand to say they have read the bill because I do not think they have. I do not think they understand the implications of the bill. However I have had occasion to read most of it. I have not read it all, but what I have read is unbelievable with respect to what the bill does to Canadian producers, agriculture producers, steel producers, sugar producers and other manufacturers.

The reason I say that is that the bill does not stand up for Canadians. Members of the New Democratic Party, the member for Winnipeg Transcona, the member for The Battlefords—Meadow Lake, the member for Mackenzie and others, have stood in the House of Commons to say that they have major concerns about the bill. We have heard the concerns in agriculture. We have heard the concerns about child labour and important social equities with respect to Bill C-57.

When I look at a bill I look at certain criteria the bill has to meet in order for me to support it. It has to be fair. It has to be equitable to those it affects. It has to be responsible. The government has to account for its actions with respect to the bill.

(1710)

In my observations of the bill I can only conclude that if the legislation does not meet the criteria I have set out as being acceptable to Canadians and to the people of Regina—Lumsden whom I represent, it cannot possibly go forward without comprehensive debate and amendment.

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As a result the New Democratic Party put forward amendments in the House to address issues of equity, fairness, responsibility and accountability. They were defeated by the government, by members of the Reform Party and by members of the Bloc Quebecois. This is very disconcerting to the people of Canada as well as to our caucus because we tried to inject some fairness.

I want to make a couple of points with respect to the bill. For example, the WTO is a new constitution for the globalized economy written by and for multinationals, the transnationals of the world. The government has rejected a policy of developing a social clause to the WTO that would ensure multinationals recognize basic labour and environmental standards to prevent the race to the bottom.

Even though the WTO supposedly offers a new rules based trading regime that will bring relief from trade harassment, American behaviour under NAFTA rules and evasive measures put into the American implementing legislation make it very unlikely that the Americans will play by the rules.

In my remarks today I want to focus on the American legislation and how it protects American producers and American businessmen. The Canadian legislation we see before the House today does not protect Canadians in the same way.

The biggest claim of WTO advocates is that it will inaugurate a new era of a rules based trading regime with enforceable rules regarding dumping and subsidies. The only problem is that the biggest single player, the United States, clearly has no intention of obeying the rules. We have already seen how under NAFTA rules the harassment of our trade in lumber and wheat has gone on unabated.

The results of the recent congressional elections do not give Canadians much cause for hope that this behaviour will change. More important, the Americans have written into their implementing legislation a long list of provisions that effectively guarantee that no WTO will ever overturn an American federal or state measure. The Americans have given notice that they will treat WTO rules as they have treated NAFTA rules: to ignore if they go against perceived American interests.

We in the New Democratic Party have proposed amendments that would have written into Canadian law exactly the same protection from WTO rulings the Americans have given to themselves. The government with typical gullibility about American goodwill chose to defeat our amendments. That reminds me: it is the same gullibility of the former Conservative Government of Canada. It bent over backward for the Americans and now we see the Liberals who were supposed to be different are not different. They are the same. They did exactly what the Conservative government did in the last Parliament of Canada. Liberal, Tory, same old story, I presume.

In one sense we can look forward to the American sabotage of the new WTO rules in the way that they have sabotaged the NAFTA dispute settlement mechanism. To get these rules we have sacrificed a tremendous amount of sovereignty over investment policy and social security standards. With a rules based system imposed on American protectionism we can begin to rebuild a new constitution for the global economy that represents the interests of the communities.

I share with members an incident that occurred involving myself and other members of the House of Commons last May. We are a member of the steel caucus. The steel caucus is composed of all parties with steel production in their constituencies. I am proud to say I have IPSCO, the Interprovincial Pipe and Steel Company in my district. It employs about 1,100 people. It is a very conscientious and environmentally sound corporation. It produces a significant amount of steel and pipe for the Canadian and American economies and for economies outside North America.

We visited with American congressmen and senators on the issue of steel production. The reason we were there was that Canadian steel producers had been injured by anti-dumping claims of the American steel industry. We went there to talk to the legislators because they have legislation in effect which ignores NAFTA and which ignores the WTO that we have before the House today to protect their own producers.

(1715)

If they believe, if it is perceived—it does not have to be proven—to injure their own industry, they can use whatever ability they have under the legislation in effect to deflect or stop trading nations from selling that product in their country.

We have asked as a caucus to have this legislation amended to reflect the concerns of Canadian steel producers, our agricultural producers and others, including sugar, so that we are protected in the event that the WTO is injurious to Canadian producers. The government has defeated that. It ignored our requests and we are very concerned that as are the people in these industries.

The Liberal member for Vancouver Quadra gave a historical perspective as to what he thought Franklin Delano Roosevelt intended in his trade negotiations. I want to throw a quote back to the member for Vancouver Quadra from Franklin Delano Roosevelt when he was president: "The true test of progress in society is not whether we add to the abundance of those who have much but whether we provide enough for those who have too little". That is a very important message that was relevant then, relevant now with respect to governments protecting the people in their countries from injurious economic initiatives from other countries regardless of world trade regulations.

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They are set up to set some standard and regulations to govern and trade by, to have economic interchange, but in the end the bottom line is that if it is injurious to your country a government is elected by the people for the people to protect the people.

However, if you pass a law that does not provide that protection, you are giving up your obligation and right to govern the people you have been elected to govern. What the heck is going on here? I cannot understand this. I do not think anybody else in the country understands this either.

What we have to do is point out to the Canadian population that Bill C-57 is injurious to the steel producers of Canada. It is injurious to the agricultural producers of Canada. It is injurious to the sugar producers of Canada and that means it must be injurious to much of Canada.

If that is the case, why are they injuring our own people? We have enough competitors out there who are taking advantage of our country and our economy. We do not have to let the walls fall down and let our mechanisms of defence collapse and encourage outside countries to rape and plunder our economy further.

The government is making a serious mistake with respect to passing Bill C-57 unamended. As a matter of fact, we have support from many people. I have a letter here from the sugar refineries. My former deskmate, a Conservative member, the member for Saint John, the former mayor of Saint John, has written to the Minister of Finance, pointing out what impact Bill C-57 will have on the sugar industry.

I can get into that in a few minutes but I want to provide some evidence from the steel producers of Canada. They have made representations to the government, to the Standing Committee on Foreign Affairs and International Trade as late as November 16 and they have indicated that Bill C-57 as proposed is going to be injurious to the steel producers of Canada. They document it in numbers.

They say that because of the anti-dumping situations and charges, they have been victims of the American steel industry. It is costing them millions of dollars. They are saying that this type of anti-dumping initiative is injurious to their exporting and steel production.

We are not dumping steel in the United States. We produce steel here and we sell it directly on a contract basis after winning a tender like any other producer would do in North America. Yet they single us out as being unproductive and as being overly competitive because they feel it is hurting their industry.

The facts show and the truth is that is not the case. The steel producers of Canada want the government to make a couple of amendments on the following points. They suggested and we have put forward this proposal in the House that the Special Import Measures Act should be amended and should provide the

Canadian international trade tribunal with some authority with respect to injury on the steel exports in Canada.

(1720)

Unlike the American implementing legislation, Bill C-57 provides no guidelines as to what would be acceptable evidence. Without guidelines it would be very difficult for a Canadian company to know how to demonstrate a foreseen and imminent threat of injury. American companies will have an easier task under the legislation even though the same principle of the WTO is being implemented.

The U.S. implementing legislation also provides that if dumping diminishes in reaction to the filing of a complaint, the ITC may discount evidence after the filing of its assessment of injury. This makes it easier for an injury charge to stick. There is no comparable provision in C-57.

They go on and talk about a number of other issues. Bill C-57 does not say anything about how the threat of injury should be interpreted at the time of review of an anti-dumping action. The American legislation does provide for these things.

I could go on in detail about what the steel producers feel is injurious. The point is that every time they win a contract, export the steel to the States, even though NAFTA is in existence, even though the WTO is preparing to be in existence, the Americans can say because they have lost the contracts in the open tendering process: "We are not going to let them take this contract because we are going to ask them for more information". If they ask for all sorts of information it costs Canadian steel producers literally millions of dollars to gather this information which then makes their original bid more expensive and unprofitable. It also delays and is more or less a discouraging act on the part of the Americans. They have this in the legislation.

If the Americans harass Canadian steel producers they have their law on their side and the Congress to provide them with that lever. Canadians and the Government of Canada are saying: "We are not going to be like the Americans. We do not want to provide protection to Canadians because we will be just like the Americans then".

Some things the Americans do are pretty smart. That is why they are the most successful business people in the world. That is why they have the most successful economy. They always undertake economic initiatives to the benefit of their country.

New Democrats oppose Bill C-57 on the basis that it is injurious to the economy of Canada.

Mr. Simon de Jong (Regina—Qu'Appelle, NDP): Mr. Speaker, in the time remaining I also wish to speak on Bill C-57. I wish to point out that as New Democrats we are not against free trade per se. We are in favour of a genuinely free trade on a level

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playing field. NAFTA, the free trade agreement and Bill C-57 do not lend themselves to a level playing field.

The example the Europeans have with the European community is more to our liking as an example of where there is genuine free trade. The Europeans not only recognize that to bring down the customs barriers and allow the freer trade it is not just economics that are involved but also the social, environmental and labour standards.

They have made certain that countries like Spain, Portugal and Greece that have traditionally low social, environmental and labour programs have implemented policies to raise them up so that there is a level playing field. All the industries from Holland, France and Germany do not go down into cheap labour countries such as Spain, Portugal and Greece. In other words, care and attention was given to implementing their free trade agreements. That is basically what we seek as well, a genuine playing field, to raise the bottom up rather than to bring the top down to the bottom.

Canadian workers will suffer and government revenues will suffer. What we are entering into is a global trading pattern in which industries will find and locate where labour is cheapest. They will be able to get the resources at the cheapest possible price and locate their head offices where they pay the least amount of tax. It is smart business. If you were in business that is how you would set up your business arrangements. You would make certain that your natural resources were going to cost the least, that your labour would cost the least and that you would pay the least amount of tax. That is logical.

These agreements are allowing them to escape any social responsibility, any economic responsibility to nation states.

(1725)

Here we are living in a period in the evolution of the human race when through technological changes we can produce an abundance such as the human race has never seen before. Yet countries like Canada and the United States are declining further and further into poverty, into nations where there are fewer resources and less wealth to share and for their citizens to enjoy.

We are seeing decreases in our standard of living in the midst of plenty. Is it not because of the way our economy is structured? The wealth that is produced is not being distributed. Large corporations are escaping their social responsibilities by locating their head offices offshore, which is allowed under these agreements, and so government revenues are declining. The nation states and the sovereignty and the sovereign power of the nation state are slowly eroding.

That is why I am amazed to see the Bloc supporting this. By supporting this, even if Quebec—I hope it will not, and I suspect it will not—succeeds in establishing itself as a nation, by the time it gets there it will find that the nation will not have any

power left at all. It will all have been given away through these trade agreements.

We are talking about, this little corner of this House, the only voice of opposition to this massive change, is how we as a country and how our economy operates and how we regulate ourselves in the sources of revenue and jobs and wealth. What we are objecting to is the unfairness of it, how these trade agreements will benefit the few at the expense of the many, how as a country and as a sovereign nation we will suffer and we will decline.

I implore the government, which paid lip service when it was in opposition and opposed NAFTA and the free trade agreement, which now seems to embrace these agreements, to maintain some social conscience, to demand that this government moves to implement into these free trade agreements social, environmental and labour components; to make certain that there is a genuine level playing field, to make certain that the progressive and historic gains that we have made in this country in our economy, in our wealth, are maintained and protected rather than being drawn down to the lowest common denominator.

I appeal to the genuine Liberals to exert the influence in their caucus and on their government to make certain that the Government of Canada stands up for the workers and the ordinary people of Canada, not to sell them down the river like the previous Tory governments have done.

Mr. Milliken: On a point of order, Mr. Speaker. It is almost 5.30 but I think you might find a disposition on the part of the House to complete the debate on this important piece of legislation this afternoon. I believe you will find that there are two remaining speakers and if each were to be allotted 10 minutes, both being members from this side of the House, without questions or comments, we could conclude the debate at 5.50. At that time I think you would find also there would be consent to have the question put on the bill and the vote called at that stage.

The Acting Speaker (Mr. Kilger): Is there unanimous consent?

Some hon. members: Agreed.

Mr. Gurbax Singh Malhi (Bramalea—Gore—Malton, Lib.): Mr. Speaker, I am pleased to participate in the debate on Bill C-57, an act to implement the agreement establishing the World Trade Organization.

I would like to reflect today on how important the adoption of this legislation is to the economy of Canada in general and to the economy of my riding of Bramalea—Gore—Malton in particular.

In order for this government to meet its objective of creating jobs and improving the economy of Canada, it must enhance the ability of the nation to export to the rest of the world. The legislation before us will play an essential role in improving Canada's access to the ever-growing international markets. By

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creating a more open and stable international trading environment, the agreement establishing the World Trade Organization will generate and increase Canadian exports and investments.

(1730)

Canadian governments have long recognized the importance of efforts to liberalize trade. Canada ranks among the top trading countries in the world.

Over the past two decades Canadian exports have grown faster than exports from Europe and at about the same pace as U.S. exports. The free trade agreement signed with the U.S. in 1989 has resulted in an annual gain in real income in the range of 2.5 per cent.

Every region and every sector of the Canadian economy has benefited from the liberalization of Canada's trade with its most important trading partner.

A recent study by the C.D. Howe Institute on the effects of the FTA concluded that Canada's exports to the United States over the first three years of the agreement performed the strongest in those sectors that were liberalized by the agreement, particularly non-resources based manufacturing.

Bramalea—Gore—Malton is in a region of the country that depends most significantly on non-resource based manufacturing. Provisions of this bill dealing with agriculture are extremely significant in that for the first time the agriculture sector will be brought under the rules-based multilateral regime.

The significance of these changes will be reflected in my riding in the improvement of market opportunities for processed foods. We must support this legislation to ensure that Canadians will be able to take advantage of improved access to markets.

In the industrial products sector, for example, the Uruguay round agreement provides for reductions in the tariffs by one-third and tariffs in 10 sectors have been eliminated entirely.

In terms of improving trade opportunities, Canadian exports to the European Union will benefit from tariff reductions of almost 60 per cent. Tariffs on Canadian exports to Japan will be reduced by 70 per cent.

These tariff reductions will have a significant impact on companies in Bramalea—Gore—Malton that export to either Europe or the emerging markets of the Pacific rim.

Better access, reduced tariffs and a competitive attitude recognizing the worldwide opportunities presented will be the cornerstone of growth in the future.

This bill is also significant to my riding because for the first time trade in services and trade related intellectual property are brought within the framework of multilateral rules. These rules will provide a stronger basis for the development and transfer of technology.

The agreement promotes continued liberalization of trade in services and intellectual property in an area estimated to be worth some \$2 trillion annually. Increased growth in this sector is anticipated and in fact corporations within my riding are well placed to benefit from expanding opportunities in these sectors.

It is significant that the negotiations leading to the establishment of a World Trade Organization benefited greatly from the process of consultation that has taken place.

The business and agricultural communities, as well as the provinces, were closely consulted throughout the course of the negotiations. The fact that prior consultation was designed into this process means that the results reflect the realities of doing business in all regions of the nation.

(1735)

The legislation before us is extremely important as the World Trade Organization will replace the existing GATT. The World Trade Organization along with the World Bank and the International Monetary Fund will now operate in concert as the foundation of a worldwide financial and commercial structure. The significance of this should not be underestimated as the development of new global trade rules and negotiations aimed at furthering liberalization of trade worldwide will now be provided with a forum.

My support of this bill reflects not only the benefits that will accrue to my riding, but the benefits that Canada as a nation will no doubt enjoy. I urge my fellow members to support Bill C-57 and swiftly move to the establishment of the World Trade Organization.

Mrs. Rose—Marie Ur (Lambton—Middlesex, Lib.): Mr. Speaker, I am pleased to take part in today's debate on the third reading of Bill C-57, an act to implement the agreement establishing the World Trade Organization. The main aim of this legislation is to establish the new World Trade Organization which will administer the recently concluded general agreements on tariffs and trade signed by 123 governments in Morocco in April of this year.

This bill will set the stage for a new era in international trade, making Canada a full participant in the most comprehensive trade agreement in history. Bill C-57, the implementation legislation, will modify existing legislation and contains only those changes required to meet Canada's obligations under the international agreement.

Government Orders

Canada and a host of other nations went through seven and one-half years of difficult, often very frustrating, multilateral negotiations with the Uruguay round of GATT. Throughout the negotiations, Canada aggressively pursued an agreement to pave the way for expanded trade and investment worldwide. We certainly did not get everything we wanted, but that is the nature of most negotiated settlements.

I intend to offer my support to this bill, although I must admit my support is tempered by cautious optimism. There are so many unanswered questions associated with what can or should be achieved in this new era of global trade. Until we become familiar with the ways and means of this new trading framework, uncertainty is bound to linger.

The Uruguay round covered 15 different trade areas including services, government procurement and a new set of trade dispute rules. We all know how close we came to not having an agreement at all. Had Canada and other nations not signed this trade deal it is open to question where we would have stood. It is possible that business would have continued as usual, but very unlikely.

Several very serious trade disputes had been piling up between the United States, the European community and Japan and were put on hold pending the outcome of the Uruguay round. As a middle economic power, Canada often found itself in the crossfire between these formidable trading blocks and our interests suffered as a result. To that end Canada was forced, after standing completely alone, to abandon its primary aim, the strengthening and clarification of article XI, and instead was compelled to protect its supply managed products by an initial level of high tariffication rather than quotas.

I should state that as member for Lambton—Middlesex the primary industry in my riding is agriculture. Statistics show that nearly three-quarters of a billion dollars worth of farm products are produced each year in the counties of Lambton and Middlesex. More than one-half billion dollars worth of farm supplies and equipment are purchased.

To say that my constituents are concerned about what lies ahead of them would be an understatement. Frankly, I do not blame them for being concerned as we embark on a brand new era in global trade, where to a certain extent a large degree of blind faith is required. As parliamentarians I believe our main challenge, given the kind of financial straits in which we find ourselves and given the international obligations under which we are now operating, is to search for a proper balance between the rigours and the power of the marketplace and the establishment of a greater degree of fairness to farmers in the farming community. A farming community is worth preserving and I cannot overstate the need to use and develop our talents in doing so.

(1740)

It would be a serious mistake for Canada to become complacent now that 10 years of trade negotiations, starting with the Canada-U.S. free trade agreement, have finally ended. The globalization of large corporations means there is a whole host of problems around which we have to get our minds.

International trade is no longer among nations but among highly organized transnational corporations which have operations around the world. That means there must be international rules on such things as government regulations, competition laws, industrial standards and even rules governing labour markets. The World Trade Organization represents just a beginning in this process.

For example, members of the House should know that only a handful of companies control the processing of Canada's agricultural products. If we do not address this reality, then I am truly afraid for the future of Canada's farmers. If there is no incentive to farming then our sons and daughters will choose not to carry on. If a country cannot feed itself then it becomes a beggar in the world economy.

There are things we do right in Canada, that are the envy of the world. Internationally Canada has a reputation as a reliable supplier of some of the safest and highest quality, most diversified and unique agri-food products of any country in the world. Canada's agri-food industry accounts for 8 per cent of the GDP, over \$15 billion in annual export sales, 40 per cent of Canada's positive balance of trade, two million jobs or 15 per cent of all jobs and \$70 billion worth of goods produced each year.

We are told that the World Trade Organization will remedy such things as export enhancement subsidies and unilateral trade sanctions, that it will command sufficient confidence in its impartiality and efficiency, that it will uphold multilateral rules in the face of powerful protectionist interest groups and national governments.

I am gratified that there is a growing consensus in Canada that we have to develop our own strategies in dealing with the new realities that confront us. For example, I am very impressed with the work being done over the last six months by the Standing Committee on Agriculture and Agri-Food.

Since May the committee has embarked on an ambitious study on the future of agriculture in order to evaluate present agri-food objectives and modify them for the year 2000 and beyond. Using the criteria of fairness, sustainability and efficiency, the committee is examining the agri-food sector role in rural life and in the Canadian economy and is involving producers, processors, consumers and other interested parties in developing a long term national strategy for agriculture.

Taken together, these components will constitute an overall farm policy that will take the Canadian agri-food sector into the

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next century. It is precisely grassroot efforts like these that will prepare Canadian agriculture for the challenges before us.

I would like to take this opportunity to salute the agriculture committee and its efforts and I have every confidence that it will be successful in its endeavours. Hopefully, the Uruguay round will be the last marathon bargaining session.

I believe there will be a preference instead for more limited and focused negotiations on a variety of sectors and that is as it should be. Canada has in the past invested significantly in agricultural research and has achieved one of the highest international annual growth rates of agricultural production over the past two decades.

Here is a case in point. Canola, developed in Canada by the federal government researchers, grew from a zero dollar per year industry in 1974 to an estimated \$9.35 billion per year industry in 1994.

Tragically Canadian investment in growth enhancing measures such as research and market development in the agri-food sector has steadily declined in recent years. We must reverse this trend precisely because we will find ourselves in an even more competitive marketplace under the auspices of the WTO.

Let me say in conclusion that we must develop a strategy for agriculture between the various levels of government and the private sector, including the various farm organizations. This need is even more acute within the highly competitive global marketplace and it involves three inter-related components.

We must remain committed to agriculture and agri-food and other natural resource sectors which are the cornerstone of Canada's economy.

We must strengthen our investment in agri-food research. We must ensure that the farmers of this country who produce \$70 billion worth of goods each year get a fair share of the agricultural dollar.

Using these criteria once we have recommitted ourselves to building a solid domestic foundation in Canada's agricultural sector, I truly believe that we will be able to compete with anyone in the world.

The Acting Speaker (Mr. Kilger): Is the House ready for the question?

Some hon. members: Question.

The Acting Speaker (Mr. Kilger): Is it the pleasure of the House to adopt the motion?

Some hon. members: Agreed.

Some hon. members: No.

The Acting Speaker (Mr. Kilger): All those in favour of motion will please say yea.

Some hon. members: Yea.

The Acting Speaker (Mr. Kilger): All those opposed will please say nay.

Some hon. members: Nay.

The Acting Speaker (Mr. Kilger): In my opinion the yeas have it.

And more than five members having risen:

Call in the members.

And the bells having rung:

The Acting Speaker (Mr. Kilger): Pursuant to Standing Order 45(5)(a), I have been requested by the chief deputy whip to defer the division until a later time. Accordingly, pursuant to Standing Order 45(5)(a), the division on the question now before the House stands deferred until tomorrow at 5.30 p.m. at which time the bells to call in the members will be sounded for not more than 15 minutes.

Ms. Catterall: Mr. Speaker, on a point of order. There is another vote already scheduled tomorrow. I think you would also find the House is disposed by unanimous consent to agree to have that vote at the end of the normal time allotted for government business.

The Acting Speaker (Mr. Kilger): Is it agreed?

Some hon. members: Agreed.

The Acting Speaker (Mr. Kilger): It being 5.45 p.m., the House will now proceed to the consideration of Private Members' Business as listed on today's Order Paper.

PRIVATE MEMBERS' BUSINESS

[English]

MEMBERS OF PARLIAMENT OFFICE INVENTORIES

Mr. John Duncan (North Island—Powell River, Ref.) moved:

That, in the opinion of this House,

1) during an election period but before the date of the election, every Member of Parliament should be required to certify the location and presence of their furnishings, supplies and equipment:

(a) in the constituency office, which list should be attested to by the Deputy Returning Officer, and

(b) in the House of Commons office, which list should be attested to by House of Commons staff;

2) after an election, the smooth storage and/or transfer of furnishings, supplies and equipment to the new Member of Parliament should be arranged:

(a) in the constituency office, by the Deputy Returning Officer and

(b) in the House of Commons office, by House of Commons staff;

3) if an outgoing Member of Parliament fails to deliver all furnishings, supplies and equipment, the shortfall value should be deducted from the Member's pay and/or pension, or compensation should be sought and, in extreme cases, criminal charges should be initiated.

He said: Mr. Speaker, it is a pleasure to have the opportunity to debate my private member's motion M-290 which seeks to address the current inadequacies and shortcomings surrounding the turnover of assets and inventory by defeated MPs to their successors.

Currently volume 2 of the member's manual of allowances and services, chapter G-3, is the only reference to the turnover of constituency assets of the House of Commons. The closest and most direct statement referencing the turnover is as follows:

A member who stands for re-election but is not re-elected is required to vacate the constituency office within 30 days of the date of the election. Thus the essential costs of maintaining the office for the 30-day winding up period, (e.g. office supplies, telephone rental, telephone answering service, utility bills, furniture and equipment rental) may be charged against the members' office budget.

This is the only reference to a time line, a 30-day winding up period, and it is not specific as to transfer of assets.

(1750)

Mr. Speaker, I think it is important to read into the record the text of my motion. However, you have just done that.

I welcome debate, input and suggestions during this allotted hour and following on how to improve the transition for incoming MPs, particularly as this motion directs office inventory and assets.

The public has high expectations of its new MPs after an election. The goodwill component which is now the driving philosophy behind the orderly and timely turnover of assets can and has led to political abuse and interruption of the political and constituency response process.

I know this first hand. I know I am not alone, particularly after the last election which saw over 200 new MPs elected, 200 eager MPs who wanted to get down to business at the constituency level and in Ottawa but were precluded by outright refusal by some losing candidates who procrastinated in turning over government assets or in extreme cases could not be contacted at all or refused to return calls. Such was my case. Ultimately my entire office inventory was not in place until January. If it had been one day later it would have been February, more than three months after election day.

The House of Commons materiel management group could not account for the inventory and was unable to locate the inventory because of its inability to locate the outgoing MP, because it was unaware of two of the four constituency office locations which he utilized, and because the MP had placed assets in storage facilities without notifying materiel management—totally stealthy and irresponsible behaviour on the part of an outgoing MP who refused to show goodwill, inconvenienc-

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ing not only me but the constituents of North Island—Powell River.

Allow me to elaborate on the saga of my misfortune by quoting from my constituency assistant, my second employee at the constituency: "On my first day of work, December 1, 1993, I walked into an office that was sparsely appointed with borrowed furniture. Not one piece of equipment belonged to the Government of Canada. I brought my own computer from home so that we could reply to correspondence".

My staff frustration grew daily. My staff paid a visit to the office of my predecessor. It was locked and no staff was around. A call to Ottawa to materiel management proved fruitless. It also had no idea where the assets were and was spending considerable effort tracking down the MP without success.

Essentially, the problem could be summed up by the House of Commons materiel management official who stated that there were two MP phone numbers, each with an answering machine referring the caller to the other telephone and no returned phone calls. At this point I purchased a photocopier. I knew that an effective MP had to possess some investigatory skills. This was ridiculous.

Materiel management representatives indicated they were getting nowhere with the former MP and their hands were tied because they lacked power by statute or by decree to do anything. They floated the scenario at this time of trying to access the MP and influence his behaviour through the party constituency association or his party leader.

On December 8, 1993 my constituency office received a call from the House of Commons to say that the furniture and office possessions were located. Delivery was promised to my main office. On December 13 some basic furniture arrived. On December 17 more furniture arrived, but no sign of computers or photocopiers as listed on the inventory list. My office continued to supply the personally owned computer and borrowed a fax machine.

At that point considerable correspondence and filing had accumulated, not a good beginning on response turn around time.

(1755)

On December 20 the House of Commons called to say it had no idea where the computers were. I decided at that time to purchase two computers from my member's office budget. The former member had four constituency offices, so possessions belonging to the government were scattered. We located some more inventory in storage with over a month owing on their storage because the former MP had paid for two weeks storage and indicated the House of Commons would pick up the remainder of the tab without further instruction and without informing the House. Again, not all the computers were present at this storage site.

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Also I quickly found that the fax machine we located was in poor repair, forcing me to purchase a new one. I received further inventory on December 24, 1993. On January 5, 1994, I received delivery of a new fax machine. On the same day I took possession of two new computers, more than two months after the election.

On January 7, I found the inventory from the previous member's Sechelt office, far from complete after reconciling the inventory list. Computers again were missing. Included was a 386 and a lap top. With rent still owing to the storage facility of the Sechelt inventory, I personally paid the amount to solve the operator's frustration with the position he had been placed in.

On January 22, I received information that more inventory had been located in a Campbell River storage facility. The missing computers with the exception of the lap top were in the room. They were of the older 286 variety. On January 31, I did a formal reconciliation, the 286 lap top never did show. In May I was informed that it had been returned to Ottawa damaged and unusable and materiel management informed me that the former MP had been requested to pay and had paid for the lap top.

The sleuthing around by me, my staff and House of Commons staff was bad enough in order to locate government inventory. Because Parliament had not been in session for about seven months previous to the election, there was a large pent up demand for service and reasonable expectations by deserving constituents for attention to their needs.

The fact that I was without assets was a major distraction for me in fulfilling my duties as an MP. The previous member had been in office for 14 years. As a green MP and with the residual effects of a contested campaign still fresh in my memory, I did not want to go public with the inexcusable behaviour of the previous MP because I had taken the high road consistently when others had not and I did not want to appear somehow affected by my win.

The events I have described should not be allowed to reoccur. These assets had been bought and paid for by the taxpayers of Canada and we need better ground rules than currently exist. Materiel management did all it could do at long distance within its mandate. Even with that my staff was instrumental in its sleuthing and finding where some of the inventory was stored. Members can appreciate that my staff could not view the items once located in storage without authorization from the House of Commons. Even this was awkward and so was not done, adding further to our delay in reconciling our inventory.

We would all be much better off with clear lines of authority and responsibility to effect the transfer of assets. In my view the withholding of the entire office inventory was punitive and

retributive and I should have had some recourse beyond good will to pursue the matter. I was the last member of Parliament in Canada to receive my assets. I know I was not alone in my grief and frustration and that is why I feel so strongly about my motion.

(1800)

Similar activities as perpetrated by my predecessor would be tantamount to theft in the private sector. We must untie the hands of the materiel management people of the House of Commons and allow new MPs to do their job effectively. Good will is not enough. Accountability must be introduced. We must put teeth into the rules and procedures for the turnover of assets and initiate ramifications for those who do not prescribe to the rules.

My motion calls for the involvement by the deputy returning officers at the constituency level. They would be charged with the responsibility of reconciling inventory of the former member and co-ordinating the transfer.

In Ottawa the materiel management staff shall ensure storage and/or transfer in an orderly fashion. If the outgoing MP should fail to deliver, the shortfall value would be deducted from that former MP's pay or pension or compensation sought and, in extreme cases, criminal charges should be initiated.

During my trial surrounding this debacle and the senseless behaviour exhibited by the former MP, various strategies emerged including, as I previously mentioned, contacting the former MP's riding association and party leader. The other option was to pursue the issue through the Speaker which was complicated because this was also a time of transition for that office.

In the final analysis, materiel management of the House of Commons has no power to initiate the transfer of assets and in the final analysis again must rely on the good will of the former MP who in this case had none.

My situation may be a dramatic example, but as my colleagues who will speak later will attest, I am not alone. If we do not do something about it now it will get worse. I will tell members why. Currently we are dealing with stable and existing ridings. We all know we are considering the adoption of a bill which would see ridings actually change their boundaries every five to ten years. Therefore, the frequency in which members inherit intact ridings is going to reduce and the frequency when they inherit changed ridings is going to exacerbate the problem. The new MP will not know which former MP or constituency office he or she will be inheriting because the boundaries will have been shifted.

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Clearly it is incumbent upon the House to take a look at the current turnover of assets procedure. We cannot have a situation where the legislators of Canada are found incompetent due to a lack of legislative authority governing their own activities in areas so common sense as transferring MP furniture, supplies and equipment. If the House allows this injustice and waste of taxpayers' dollars to continue it is not serving its function.

I would like to submit one further option to make my case. While I have not spoken to the chief electoral officer, it may be that this individual through some amendment or addition to the Elections Act can be empowered by statute to initiate and ensure the turnover of these government assets in an orderly and timely manner.

This is a serious issue and one I would implore the House to deal with even if I had not experienced this frustrating, time consuming delay. As it is now, the House is powerless, materiel management is powerless and sheer good will is not enough.

I thank the House for the opportunity to debate my motion.

Mr. Peter Milliken (Parliamentary Secretary to Leader of the Government in the House of Commons, Lib.): Mr. Speaker, I am pleased to have an opportunity to participate in this debate today because the hon. member's motion is a serious one.

I want to point out that while I think he has raised a subject that is one we ought to discuss, I am not sure the solution he has proposed to the subject, laying criminal charges and getting the returning officers and elections involved, is a particularly helpful set of suggestions.

I would like to deal first with those. Then I will try to say something constructive about what the hon. member has put forward because I know he has done it in all seriousness.

(1805)

I also want to say that I do not think the experience he had is one that was shared by all members of this House. Most of us when we took over in the House after having been elected—mine of course was not in 1993; it was in 1988, but I took over from a sitting MP at that time—did not find the situation quite as bad as the hon. member has described.

The outgoing members in most cases were very civil in their treatment of the newly elected members in that they handed over the office supplies that were there. I think also the hon. member might have sought greater assistance. It might have been available in a way that perhaps he did not appreciate at the time. He was seeking that assistance having found that most of the equipment apparently had disappeared.

The difficulty that the hon. member's motion indicates in my view are twofold. First, he has suggested that the proper solution

for this is to have, I think he says, the deputy returning officer look after this. I assume that he means the returning officer in the constituency and not one of the deputy returning officers in one of the polls.

If he means the returning officer in the constituency, he suggests this person go in and do an inventory as soon as the writ is issued. With all respect, the returning officer in the constituency has to get his own office set up within hours of the writ being issued. He has to hire all his staff to get the election machinery going. The time when that person is at his or her busiest moment is in the few days following the issue of a writ. To suggest that person ought to take time out of that schedule and drop around to the MP's office to have a look at the furniture is patently silly.

If the hon. member thinks about that, he will realize it is not the place of the returning officer in an election to go around and see the MP's office equipment and conduct his own inventory. There are other reasons it is not a good idea that I will elaborate on in a moment.

The second criticism I would make is that I am not sure the hon. member needs to have the deputy returning officer be the person that does it. There are dozens of deputy returning officers appointed in every constituency, one for every poll. In my constituency there are something like 240 polls. In other ridings there are more. Surely we do not have to wait until those people are appointed, which takes some weeks into the election period in the first place, then choose one that will be the person that runs about to the MP's office to inspect the equipment. I do not see that as necessary.

I want to deal with the current arrangements that affect members' office equipment and how they are covered in fact by provisions currently existing in the Member's Manual of Allowances and Services. I am sure the hon. member has read the manual on allowances and services. It is entirely possible that when he got to the pages on materiel management he fell asleep. I have had this experience reading this manual. It is tough going. I do not suggest for a minute that the hon. member is negligent in his duties, but this manual is heavy duty stuff.

In it there are all kinds of things that deal with members' equipment, budgets and so on. If the hon. member turns to section 7(1) of the bylaws—I think the bylaws are at the back or the front of the manual; there is a separate book that has them but they are also in the manual—it says:

Where an MP contravenes the bylaws of the House and the situation is not resolved to the satisfaction of the Board—

This means the Board of Internal Economy.

—the Board may order any amount of money required to rectify the situation to be withheld from any budget, allowance or other payment that may be made available to the Member—and

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c) —if the Board considers it necessary—the Board may order that any budget, allowance or other payment that may be made available to the Member be frozen for such time and on such other conditions as the Board considers necessary.

In addition to that the board has powers of enforcement using civil remedies. It can sue members of the House who have breached the provisions of the bylaws of the board. I want to make it clear that inventory of members' assets is not something that is done just before election time.

The hon. member will discover there is an annual inventory carried out of the assets that are in his constituency office. My experience has been that the list is sent to my staff and I am asked to verify and sign a document that those items are in my constituency office. If the hon. member has a real problem with the conditions of the assets, that is if they were being destroyed and damaged by an outgoing member, which I heard by rumour may have happened in one instance but I do not know, the member can be asked when the inventory is done to comment in the inventory on the state of the assets over which he has control.

(1810)

I frankly cannot understand why it would be a particular problem in almost every case for members to review this list of assets on an annual basis and pass their comments to the House officers in charge of this, materiel management, and have those reports made available. As the hon. member knows, they are made available on the election of a new member. This list is given to the new member and the new member is then told he can go to the constituency office and reasonably expect that the items on the list from materiel management will be available to him or her, as the case may be. I am of course referring to the hon. member who opened the debate with his motion in this particular case.

I am not sure that we can do a great deal to prevent former members from making off with assets. It happens in various places around this country. As I have said, I think virtually all members have been quite honestly dealt with in this regard and they have received the things they ought reasonably to have received from the former member.

I know the hon. member for North Island—Powell River has had his problems. I see from the scowls on the faces of hon. members opposite that some of them may have had a shared experience. But that has not been the experience of the vast majority of members in this House.

I think to go on a witch hunt or come in with some draconian rules that are extremely cumbersome, awkward and expensive to administer for the sake of saving a few thousand dollars here and there on missing equipment is hardly worth the trouble that I think the hon. member for North Island—Powell River is suggesting we ought to engage in by this motion.

I sympathize with the plight he described. I recognize that there can be cases of dishonesty and we all deplore that. But the law affords sufficient remedies. Where there has been dishonesty charges can be laid. We do not need a motion in the House to lay charges. That can be done where fraud has been established.

On the basis of the annual review of assets that is conducted by materiel management and officers of this House and are signed for by members of this House when the review is complete, and is done on a regular basis, there is no reason in my view why that list cannot be accurate and up to date when the new member takes over.

If that is the case, it seems to me it is unnecessary for us to get into a lengthy procedural arrangement whereby we have all kinds of people coming into MPs offices and inspecting this equipment day after day. It is a nuisance, it is expensive and unnecessary. I know the hon. member, being a member of the Reform Party, like us is much opposed to government waste.

I suggest that some of the things he has put in his motion would lead to increased government waste.

[*Translation*]

Mr. Gaston Leroux (Richmond—Wolfe, BQ): Mr. Speaker, I am pleased to speak on this motion and to give the viewpoint of the Official Opposition on the motion of the member for North Island—Powell River.

I want to say right away that we do support this motion. We support it because it involves taxpayers' money and also the proper management of the equipment made available to elected members.

The motion presented by the member for North Island—Powell River refers to sound management, to transfer when an election is held and recovery if any furniture, supplies and equipment for which the member is responsible while in office and which belong to the House disappear. Remember that if it belongs to the House, it belongs to all taxpayers.

(1815)

This motion reminds us of how difficult it is to draw up a permanent list of property for an institution such as the House of Commons where the political staff changes very regularly, every four or five years.

Although an inventory for all office equipment belonging to the House has existed since 1977, according to information obtained from Materiel Management, more than 90 of the 205 new members elected last fall reported significant discrepancies between the inventory report of what they should have received and what they actually received. It is disturbing that 90 of the 205 newcomers do not have the equipment exactly as it is listed on the inventory. We are entitled to ask questions and the member for North Island—Powell River, who tabled the motion, is right to raise the issue.

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As early as April, several Canadian newspapers reported that equipment like video systems, televisions, faxes and furniture had disappeared from the House since the last election in October 1993. For example, *La Presse* for April 13 reported that Commons staff were trying to find television sets, VCRs, computers, cellular telephones, faxes and furniture belonging to the government, on the basis of information obtained directly from Materiel Management. We know that this includes equipment which is not easy to put in one's coat pocket.

Nevertheless, we must not conclude too hastily that theft or fraud is involved, as some people might be inclined to do. According to our information, it is very difficult to prove that former members really intended to steal. As proof, almost all the missing items were recovered, the member will be glad to know, by the staff of Materiel Management and the non-recovered items were charged to the members who were responsible for them.

There are many difficulties in drawing up a reliable inventory of House property and they have nothing to do with the honesty of members. For one, Materiel Management is not always informed promptly of changes to members' inventory during their term and also it is often difficult to transfer property from the riding office of a defeated member to the new member's office, given the rivalry between them.

Also, some items from the riding office, including laptop computers, cellular telephones and video systems, are left in the defeated member's Ottawa office, no doubt in the belief that the newly elected member will occupy the same premises on the Hill, which is not necessarily the case.

The honour system of assigning responsibility for inventory to members has its advantages but also disadvantages, let us admit. The Bloc Quebecois is fully aware of the importance of protecting all property, both in members' riding offices and in their Ottawa offices, since it belongs to the House of Commons and is paid for with taxpayers' money.

With this in mind, we can only support Private Member's Motion 290, which suggests strengthening—do you agree?—the measures for auditing equipment inventories. I do not hear the member say that he agrees. Is something wrong? I was saying that the member's motion suggests strengthening the measures for auditing equipment inventories, furniture and so on, and the responsibilities of every member for this property—and it is important because we manage the taxpayers' money—in order to protect public property. We agree.

Nevertheless, several of the measures suggested in the motion already exist, we must admit. For several years, a physical audit of all the premises occupied by members of Parliament in Ottawa has been done annually.

(1820)

And an electronic inventory, which uses bar codes, makes it easier to control and protect this property. Until quite recently, always according to Materiel Management, there was a major problem, which has now been identified. It was the issue of furnishings in riding offices.

We have to realize exactly where the problem is, and it seems it is particularly serious in riding offices. In fact, because of a lack of staff, Materiel Management was unable to check its inventories of furnishings in riding offices. I support the hon. member's motion, and I can inform government members that the problem has been identified. The problem was in the ridings, and there was not enough staff to keep track.

Now that there is more staff, there is a more effective relationship based on trust and co-operation between Materiel Management and the riding offices. This is a definite improvement, and we appreciate the efforts of those concerned.

A materiel policy is about to be put in place. It was in fact discussed on the Standing Committee on Procedure and House Affairs. The policy is almost ready to be implemented, and we are talking about the beginning of the next session. We hope it will be put in place by the Committee on Procedure and House Affairs, which discussed and approved the implementation of this policy.

This policy on furnishings basically contains the main elements of the hon. member's motion, Motion 290, which asks us to be efficient, effective and responsible managers, because the furnishings and equipment we have are, in the final instance, provided by the taxpayers.

[English]

Mr. Randy White (Fraser Valley West, Ref.): Mr. Speaker, it is a pleasure to talk to a motion like this since I was one of those people personally involved in some of the bad dealings that happened after the election.

Of course, the hon. member for Kingston and the Islands says these are only isolated cases so why bother. That is not what this is about. This whole issue is about accountability.

I know that some members on the other side may have a problem with that issue. We do not have a problem talking about this in the House of Commons. Accountability is something everybody in this land has to live with, particularly members of the House of Commons.

I wonder if the government members are going to listen to this. After all they do have a majority government. We found out today that the Bloc will support our member's motion, and I am sure the vast majority of colleagues, all of the Reform colleagues, will support it as well.

Private Members' Business

In talking about accountability and assets belonging to the taxpayer the question is: When it comes to a vote next week on Wednesday or Thursday, how will the government members vote on this issue? Will they find a very small technicality? Will they find as the member for Kingston and the Islands says, that perhaps this is not really as bad as we think? Will they say that since it is not that bad they will vote it down? Or, will they say that perhaps there is an issue of accountability and perhaps therefore they should vote for it? That remains to be seen.

Mr. Milliken: It is not votable.

Mr. White (Fraser Valley West): That is right. There, they half shot my whole argument down. It is not votable, but will they support it?

An hon. member: We will support it, but it is not votable.

Mr. White (Fraser Valley West): There you go.

The question is: Who owns government property? The fact is that the taxpayers own it. Regardless of which incumbent comes into the job, the facts are the equipment is only on loan. Although we purchase it doing our time or we may take some from a member who preceded us, it always belongs to the taxpayer. It is much like leasing property; it has to be given back in some shape or form.

(1825)

In my case after I was elected I went with my predecessor to look at the inventory in the cold storage. I did not know whether it was the right or wrong inventory but I went through the facility. I said we would ship it out to my new office. It came a couple of weeks later. There was no problem at all. I opened the door to my new office. The fellows on the delivery truck came and I actually sent some of the equipment back. I said: "This stuff is in terrible shape. Take it back and I am going to have to deal with it some other way, but bring in the television and the VCR. They look a little old but bring them in anyway. Bring in the old cellular phone and we will make use of that".

A while later I thought we should check off the inventory. As the member for Kingston and the Islands has said, an inventory sheet is given to us. I checked the VCR off, no problem at all. What bothered me was that the inventory list indicated that these were recent purchases and they were high dollar items. The amounts were in the several thousands of dollars, even for the television and the VCR but I would not have given very much for what I received. The value of those items I received might have been \$200 or \$300 in total.

I thought that perhaps there was something wrong. Digging into it we did find that yes, all this new equipment was bought but it was not sitting in my office; it was somewhere else.

Mr. Milliken: Shame.

Mr. White (Fraser Valley West): The Liberal member is saying "shame". Yes it is a shame. It is a shame they do not understand what accountability is and what the issue is.

What happened was that the member had purchased the new equipment and kept it at his home and replaced that equipment with old stuff.

Mr. Wappel: Shame.

Mr. White (Fraser Valley West): It took me quite a while to fight this. We finally did get it all back.

The fact is there should be something in place to assure there is accountability.

I understand the concern of these Liberals across here. It is all too often that we hear: "Shame, shame, shame". It is all too often that we hear: "Yes, we should do something about it". It is all too often that we know nothing is done. That is unfortunate.

This is not an isolated case. This has happened time and time again. All we are asking in the House of Commons is that it stop, that something gets in place and we take care of it. That is not too difficult a thing to ask.

It is not about trouble. This issue is not trouble. One member said just recently that the Reform Party was looking for a witchhunt in this motion, again my friend from Kingston and the Islands. I am not sure what the reference was to the witchhunt but again they have to get beyond witchhunts. They have to get beyond all of this lack of credibility in their statements and get on to what the issue is all about.

I tell you what I would not do with the member for Kingston and the Islands. I would never let the hon. member run my store. The way it is described here is: "Well, somebody is walking off with the equipment; somebody is walking off with my inventory but that it is okay. It is only a couple of people, so let us not bother with it". It could be your whole profits going down in the store.

We resolve this situation by taking a motion like this and saying that is the way to deal with it. Let us put it on the books. Let us dig in here and say even one instance like this is unacceptable because where there is one there are others. Indeed we have heard two of them today and there are more in line.

Mr. McClelland: If you can't deal with the little things how can you deal with the big things?

Mr. White (Fraser Valley West): Mr. Speaker, we are having fun in here today because those people over there do not understand what we are talking about.

(1830)

The motion my colleague put before the House is a solid motion on accountability. It is really unfortunate that members over there do not understand about this stuff. We are trying hard.

Private Members' Business

Perhaps in the next three years we will teach them how to spell the word accountability, will teach them how to think the word accountability and will even teach them how to act the word accountability because they really do not know what it is about today.

Mr. John O'Reilly (Victoria—Haliburton, Lib.): Mr. Speaker, although I am not scheduled, I keep hearing the word accountability from the member for Fraser Valley West. I wish it was question and answer period. Last summer I had the pleasure of attending the public accounts committee conference in Charlottetown. The total cost of my ticket was probably \$700. I would like to ask the member for Fraser Valley West who flew from Vancouver with his wife—

Mr. White (Fraser Valley West): Who paid her way.

Mr. O'Reilly: —to Charlottetown, then on to New Brunswick and then on to St. John's how much his ticket was. Where was his accountability? Talk about the pork barrel.

Mr. Thompson: It came out of his pocket.

Mr. O'Reilly: I cannot believe this member could stand and talk about accountability.

Mr. White (Fraser Valley West): Mr. Speaker, I rise on a point of order. I would like the record to show that there is a cheque, not in the mail but deposited with the government, for my wife's portion of anything that was personal on that public accounts conference.

By the way I take great exception to the accusation—

The Acting Speaker (Mr. Kilger): Order. Resuming debate with the hon. member for Athabasca.

Mr. David Chatters (Athabasca, Ref.): Mr. Speaker, I am pleased to rise on this issue because I have had the same experience as has been related by the other two members of my caucus. I take real exception to the cavalier attitude that has been expressed across the floor on the whole issue because even if only one member had this experience it is sufficient to warrant close examination and some real change.

Before I was elected I visited the offices of the former member. They were very well appointed offices with good furniture. There were computers in both offices and were very well equipped. After I was elected and the inventory was transferred to my office I was surprised to find that some very meagre furnishings were transferred. My filing cabinets, two of which I received, were locked and appeared to have been rolled down the stairs. When I had a locksmith open them because the keys were not there, the hanging filing rails were not there. It took some time and expense. The computer that was inventoried and I was to receive was not there. Some old obsolete equipment, some home-built computers with no serial numbers and such, replaced the ones I was to receive.

The member across the way says that an inventory is regularly sent out to every member. We are to examine our office equipment and verify with our signatures that the material is there. An inventory dated September 13, 1993 was received, reviewed and I presume signed by the former member. However immediately after the election the same former member came into materiel management and stroked off any number of pieces that he had a number of excuses for not being there. That is only one month and a little after he originally verified the contents.

(1835)

Even if the rules are there they are certainly not being enforced. In my case it was very obvious. I really could not understand why. Immediately after my election when the material was transferred and all this equipment was missing, I approached materiel management people and talked to them. I sensed a real hesitancy to do anything about it.

I could not get anybody to get excited. They told me: "It is going to take months to straighten this out. You better go out and refurbish your office because you are not going to get this back in time". I had all kinds of excuses.

The member says that if there is fraud, the rules are there. It will be punished. It will be followed up. How can fraud be established if nobody will do an investigation of the whole issue in the first place?

I pursued with great vigour the material that was missing and did eventually receive some of it back from the former member's home in undamaged crates. However when I uncrated them a laser printer, for example, was badly damaged. It cost the taxpayers of Canada some \$800 to repair and to put back into working order.

I could go on and on. It made me very angry and overall it ended up costing me personally some \$500 in legal costs to defend myself against the former member's legal action for slander. I approached again the House of Commons to provide some assistance and some support in that area and was turned down.

Clearly if the rules are there they are not being enforced. I could not understand it. The longer I am here, the more and more I begin to understand it. It is an attitude around this place.

When I recently entered my building on Wellington Street and inquired of the security person standing there if I might do something—it was something to do with some guests who were arriving—he said: "You can do anything, sir. You are God around here". That is the problem around here. There is not any accountability. That is the attitude that caused the materiel management people to hesitate to investigate the charges I was making.

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It is an attitude that has members of the House pass rules and regulations around here that are never enforced. Members can walk through any building on the Hill and, in spite of the fact a rule was passed by this organization that smoking is not allowed in the buildings on the Hill, there is blue smoke wafting out of the offices because we are God around here. I find that unacceptable.

What I did find encouraging, however, from this whole mess and when I was finished was that the person in charge of members' services, Mrs. Edna MacKenzie, when we discussed the whole situation approached me and asked if I might help her to develop some kind of a system—

Some hon. members: Oh, oh.

The Acting Speaker (Mr. Kilger): Order. I am having some difficulty hearing the member who has the floor. I wonder if I might ask for the co-operation of members on both sides.

Sometimes the mood of the House can change very quickly. It can be very good humoured one minute, even one second, and be something quite different shortly thereafter.

I just caution us on making sure that we conclude the proceedings today in good humour but in as vigorous a debate as any member may wish. Ultimately we should maintain and respect the decorum of this place and each and every member.

(1840)

Mr. Chatters: Mr. Speaker, as I was saying, in the process of trying to solve the mystery of the missing office equipment, I had a discussion with the newly appointed head of member services, Mrs. Edna MacKenzie, who asked if I would help and get involved to try and develop changes to the system that might prevent this very thing from happening again. I was pleased to hear that.

This may not be perfect but it is certainly an attempt to address some of those concerns. I see a willingness on this side of the House and I heard a willingness on the part of the staff that runs this organization. I think the only thing missing is a serious willingness on the part of the government to take the initiative and do something to stop that. I think it is an extremely serious matter. I do not care if it was something as little as the lack of a transfer of a flag and pole which every MP's office in Canada has standing in it, which I did not receive.

All the consumable items that I did not get when added together are a considerable amount of money. I think it is very serious and I would hope the government will also take it seriously and that we might do something to remedy this situation so it will not happen again.

Mr. Duncan: Mr. Speaker, in terms of the debate we have heard, I think we are in general agreement on this motion with the exception of some of the debate from across the floor.

I think you will find unanimous consent for the following motion:

That the question of furnishings, supplies and equipment in the constituency office and in the House of Commons office of every member of Parliament be referred to the Standing Committee on Procedure and House Affairs for consideration.

Mr. Milliken: Mr. Speaker, the member has spoken to me about this and we are certainly happy to have the standing committee undertake a review of this matter.

I hope that hon. members who indicated they had a problem will come to the committee and tell the committee about their problems because the committee will be interested to hear them. If there is something that can be done to rectify the problem, I am sure the committee will make the appropriate recommendations.

Motion agreed to

The Acting Speaker (Mr. Kilger): The time provided for consideration of Private Members' Business has now expired. Pursuant to Standing Order 96(1) the order is dropped from the Order Paper.

ADJOURNMENT PROCEEDINGS

[English]

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

TAXATION

Mr. John Solomon (Regina—Lumsden, NDP): Mr. Speaker, the Auditor General reports that corporations owe \$2.9 billion in unpaid taxes to Revenue Canada for 1993.

He also states: "Clearly, reducing deficits through more effective tax collection is preferable to raising taxes. Taxes receivable are an important national asset and leaving them uncollected has a serious impact on the deficit".

The burden on the deficit of unpaid taxes and tax expenditures is overly represented by corporations and large businesses. I raise concern to the fact that \$2.9 billion in unpaid tax is owing to this government. The federal government has a responsibility to ensure that money is paid back to the treasury it is due. Corporations owe 32 per cent of the unpaid taxes. Another 12 per cent of unpaid taxes are from employers, that is business, who have not paid their payroll taxes. According to the Auditor General, the vast majority of accounts in arrears are less than one year old.

The federal government must work toward recovering these delinquent accounts. This is only the first step. The government has a responsibility to close the present tax breaks and the tax

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loopholes provided to corporations and higher income Canadians. Why is it that a Canadian with an income of \$286,000 can reduce their tax rate to less than 10 per cent, while middle and lower income Canadians experience tax rates of close to one-third of their income? The tax system gives corporations and the wealthy big tax breaks and some are still not paying what they owe. This must be corrected.

(1845)

The government must stand up to tax cheats and close tax loopholes. It must also undertake tax reform during their budget deliberations, not just cut social programs.

Our economy has just been through some difficult times but not all corporations were in financial trouble. Many have turned healthy profits but do not pay their fair share of taxes.

In his reply the Minister of National Revenue stated that companies and individuals are "having a tough time after the recession". This sympathy was not extended to unemployed Canadians who saw their unemployment insurance benefits slashed. Unemployed Canadians were also victims of the recession, yet they did not seem to have the government's sympathy.

The government needs to place a tax on profits so that profitable corporations pay their fair share of taxes at a time when they are able to pay. The Auditor General identifies \$37 billion in tax expenditures, of which only \$15 billion is RRSP related. The majority of Canadians with RRSPs are average Canadians who are preparing for their retirements and are, in effect, deferring income that will be taxable in the future. The rest of the tax expenditures are corporate write-offs.

Why is the government not looking at ways to increase its revenue by eliminating some of the corporate tax expenditures and putting a cap on RRSP contributions from higher incomes?

The tax system is in desperate need of reform. Corporations are not paying their fair share of taxes. The Liberal government has made it clear that cutting the deficit is a priority, yet it has not taken a serious look at increasing revenue from profitable corporations.

The government has instead chosen to cut back on social programs. It is raising university students' tuitions, cutting money to seniors and cutting UI payments before it even considers making profitable corporations and the wealthy pay their fair share of taxes.

The government also continues to give away money to profitable corporations. As a former businessman I respect the company wanting to make a profit, but why are corporations such as Royal Oak Mines, Rolls-Royce Canada and Bombardier also receiving millions of dollars in grants? The Chamber of Commerce receives \$2.1 million.

I am asking the government to get serious with the deficit by collecting the money owed by corporations and to reform the tax system to make it fair.

Ms. Susan Whelan (Parliamentary Secretary to Minister of National Revenue, Lib.): Mr. Speaker, the hon. member for Regina—Lumsden has asked when Revenue Canada is going to start paying more attention to collecting the approximately \$3 billion of unpaid corporate tax. He will be happy to hear that we are paying attention and taxes owing are being collected.

I would like to clarify the amount owing by corporations. The hon. member indicated that approximately \$3 billion is owed by corporations. In fact, the amount as reported by the Auditor General was \$2.1 billion. Another \$.8 billion was owed by employers who are not always corporations.

The hon. member should know that at any given time some proportion of taxes assessed by Revenue Canada is outstanding. These taxes are not lost revenue. They represent taxes that have been assessed but not yet collected. In many cases they are owed by honest taxpayers who intend to pay and by businesses who are trying to recover from the recession. They do not represent an untapped source of funds for the government to apply against the deficit.

These are accounts receivable which are already part of the government's fiscal plan. These moneys will be collected with interest, except where there are legitimate reasons to adjust the assessment. Less than 1 per cent of total gross revenues will be uncollectable as a result of insolvencies and bankruptcies.

I would like to add that corporations are not given special privileges. In fact, unlike most taxpayers, large corporations are subject to an accelerated collection procedure. The Income Tax Act prohibits the immediate use of enforced collection measures for most categories of debt for 90 days from the notice of assessment date, with the exception of large corporations who must immediately pay one-half of the amount assessed.

Revenue Canada's enforcement programs are based on a comprehensive strategy to encourage voluntary compliance to maximize the efficient and effective use of our enforcement resources.

All members of the House, including my hon. friend from Regina—Lumsden, will recognize that the results of this strategy are impressive: 95 per cent of taxes owing are paid voluntarily and Revenue Canada's mandate is to preserve the tax base. The department has always been and continues to be absolutely committed to the highest level of compliance possible.

GOVERNMENT APPOINTMENTS

Mr. Len Taylor (The Battlefords—Meadow Lake, NDP): Mr. Speaker, on Thursday of last week I rose to ask the Deputy Prime Minister about two recent appointments to the Senate and

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to offer a suggestion about what she, the Prime Minister and the Liberal government might do about the Senate in the future.

(1850)

My remarks and the focus of my question were prompted by the government appointments earlier in the week of long-time Liberals, Ottawa's Jean-Robert Gauthier and New Brunswick's John Bryden. While I indicated that both may very well be very worthy appointments, I wanted to suggest that there is much more to this issue than the worthiness of the candidates.

Canadians are looking for a change in the Senate itself. Canadians are looking for the government to take the necessary steps to either abolish the Senate or elect its members so that Parliament's second Chamber is accountable to the people of the country and not just to the Prime Minister who made the individual appointments.

As long as the Prime Minister continues to appoint senators, the same old charge of patronage can be made. For Canadians the government of the day is seen to be just like all those who have gone before it. Once again the Prime Minister has seen fit to ignore the calls for Senate reform and instead has done as Mulroney did before him. He appointed his friends and supporters to the upper house.

The Prime Minister is missing a great opportunity to correct years of abuse. Something different must be done as quickly as possible and only the Prime Minister is in a position to act today.

About two years ago I attended a constitutional conference in Calgary at which ordinary individuals as well as experts from across western Canada participated in a discussion about the Senate and the future of democracy. I listened to a lot of debate about an elected Senate and even about proportional representation as the basis for the election, not only of the Senate but of the House of Commons as well.

I say this to indicate that I am already aware that there is a great wealth of knowledge around the country that can be called on by any Prime Minister who really wants to do something to address Canadians' mounting distrust of governments, patronage and the Senate.

The existing appointed and unaccountable Senate must be abolished. I can add that I also support replacing it with an elected Senate which is given more specific responsibilities and is accountable primarily to the regions. I realize that any reform of the Senate as we know it would require a constitutional change, accepted not only by this House and the provinces, but also by members of the Senate. We saw in the Charlottetown accord how difficult this is going to be. Therefore, there must be more than one way to abolish the Senate. I call on the Liberals across the way to take a bold, new initiative.

In addition, Canadians are concerned about the country's mounting deficit and the federal government's desire to cut the deficit by cutting spending. It seems unfortunate the Liberals are telling Canadians that our nation can no longer afford social programs, but we can afford to continue to fill the Senate with political hacks.

Many jobs will be lost in the public service this year because of cutbacks. Many ordinary Canadians will lose their jobs and others will not find jobs because existing ones in the public service will not be filled when they become vacant. The Liberals should do to the Senate what it is doing to the public service. When a vacancy occurs in the Senate, the Prime Minister should resist the political temptation to fill it and instead leave the position vacant. Over time, by attrition, the Senate will slowly abolish itself. It is certainly a better idea than continuing to appoint the party faithful who have no mandate or commitment to reforming the system.

I ask the Liberal government to be bold and reform the Senate through attrition of its members.

Mr. Peter Milliken (Parliamentary Secretary to Leader of the Government in the House of Commons, Lib.): Mr. Speaker, it is interesting to hear the member change his tune on the Senate. I can recall in the last Parliament when the GST was being debated his party moved a motion urging the Senate to defeat the GST bill. He voted for that motion. Unless he was absent that day, I am sure he did. His whole party supported it. It supported the Senate. It abandoned its longstanding policy of abolition of the Senate. Now I hear two of the members from that party squawking and complaining that really is not their policy. I wish the New Democratic Party would make up its mind.

I would like to deal on a more serious note with the issues raised by the hon. member. What he is asking the Prime Minister to do is frankly silly. He is asking the Prime Minister to ignore one of the constituent parts of Parliament. He knows that Parliament is composed of three elements: the Crown, the House and the Senate. He wants the Prime Minister to ignore the Senate and not fill it so the Senate is left as a sort of floating group of people that are there that were there before. Gradually it will diminish and become less effective simply because its members are not appointed any more and there are a whole bunch of vacancies.

Those left are still able to carry out all the functions of the Senate. One of the functions the Senate has is the right to review bills that are passed by this House. Indeed its concurrence is required on all bills passed by the House. The hon. member seems to have conveniently forgotten that. He is asking the Prime Minister to let a Tory rump in the Senate tell the House what it can do with its bills. I do not think any responsible Prime Minister could agree with such a thing.

The Conservative Party in the House of Commons, as he knows, was almost wiped out in the last election. It has but two members who are rarely here because they have other responsibilities apparently to try to rebuild the party. We are left trying

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to run the Government of Canada dealing with a Conservative majority in the Senate.

Mr. Solomon: Let us abolish it.

Mr. Milliken: The hon. member says abolish it. He knows perfectly well that requires the unanimous consent of the provinces. He also knows perfectly well that some of the provinces, particularly in his part of Canada, are opposed to abolition of the Senate.

Mr. Solomon: Not Saskatchewan.

Mr. Milliken: I am glad to hear that. I am told that is not the case in Alberta nor is it the case in British Columbia. If one province blocks it that is the end of the initiative.

The Prime Minister made the very wise promise when he was running in the election campaign in 1993 that he would not tinker with the Constitution of Canada. Canadians were sick and tired of constitutional tinkering. It cost us. It has almost broken our country up because of the tinkering of the former Prime Minister and his bumbling in that field. This Prime Minister has promised that he will deliver to Canadians what they want and that is anything but constitutional reform.

We will not get into Senate reform because it requires a constitutional change. To suggest that we should make the Senate a weak link in the parliamentary chain by refusing to fill the vacancies is silly nonsense.

The candidates that were put in the Senate this week are excellent candidates. They have excellent qualifications. The hon. member does a disservice when he refers to them as political hacks.

The former member for Ottawa—Vanier served a distinguished career as a member of a school board. He has been a chiropractor for many years, having received his doctorate in the chiropractic in 1953. He worked as a chiropractor for many years before he was elected to Parliament and did some during the time he was here. He has been an excellent MP and a leader in his community. Surely someone with those qualifications is a worthy appointee to the Senate of Canada.

[*Translation*]

The Acting Speaker (Mr. Kilger): Pursuant to Standing Order 38(5), the motion to adjourn the House is now deemed to have been moved. Accordingly, the House stands adjourned until tomorrow at 2 p.m., pursuant to Standing Order 24.

(The House adjourned at 6.57 p.m.)

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