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Monday, May 27, 1996

THE HONOURABLE GILDAS L. MOLGAT
SPEAKER

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THE SENATE

Monday, May 27, 1996

The Senate met at 2:00 p.m., the Speaker in the Chair.

Prayers.

CANADIAN ASSOCIATION OF FORMER PARLIAMENTARIANS BILL

MESSAGE FROM COMMONS

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons returning Bill C-275, establishing the Canadian Association of Former Parliamentarians, and acquainting the Senate that the Commons have agreed to the amendments made by the Senate to this bill without amendment.

SENATORS' STATEMENTS

NATIONAL ACCESS AWARENESS WEEK

Hon. Noël A. Kinsella: Honourable senators, this week has been declared National Access Awareness Week. The purpose of this special week is not only to celebrate the progress that has been achieved in Canada in providing equal opportunity for persons with disabilities but also to remind Canadians that citizens with disabilities have not yet achieved full inclusion and participation in Canadian society.

The Vienna Declaration and Programme of Action, adopted at the 1993 World Conference on Human Rights, reaffirmed that:

> ...every person is born equal and has the right to life and welfare, education and work, living independently and active participation in all aspects of society. Persons with disabilities should be guaranteed equal opportunity through the elimination of all socially determined barriers, be they physical, financial, social or psychological, which excludes or restricts full participation in society.

Even though Canada has developed programs and adopted or adjusted legislation to ensure access to these rights, many Canadians with disabilities are still faced with the issues of income security and accessibility and/or availability of services. For persons with disabilities, the right to work, the right to education, the right to found a family, the right to life, liberty and security of the person are often violated. Many times these human rights violations take the form of unconscious discrimination through the creation and maintenance of human-made barriers which prevent persons with disabilities from enjoying full social and economic participation in their communities.

We need to focus our efforts on expanding the understanding of human rights vis-à-vis persons with disabilities. Instead of viewing human rights as only needing to abstain from taking measures which may have an adverse effect on persons with disabilities, the concept must encompass the whole range of civil, political, social, economic and cultural rights. It must be realized that most persons with disabilities need economic, social and cultural rights as a prerequisite for realizing political and civil rights.

The United Nations Standard Rules on Equalization of Opportunities for Persons with Disabilities advocates a human rights concept that is based on an independent living philosophy. This definition can serve as a guideline in developing or adapting legislation aimed at the equalization of opportunities for Canadians with disabilities. Human rights legislation must be adapted to reflect a social model of disability which focuses on the disabling environment and not on the impairments or disabilities of individuals.

The fact that Canadians with disabilities are still facing income security as one of their most significant issues demonstrates the need for proactive government approaches which will ensure equal opportunity in the area of employment.

Honourable senators, in 1991 the Progressive Conservative government undertook a five-year national strategy for persons with disabilities. This multi-departmental strategy, led by the Department of Human Resources and Development, not only developed national standards and regulatory practices for equalizing opportunities for persons with disabilities but also allocated specific resources to carry out and support initiatives designed to enhance this process of equalization.

The Hon. the Speaker: Honourable senators, the honourable senator's three-minute time period has expired. Is leave granted to allow him to continue?

Hon. Senators: Agreed.

Senator Kinsella: On March 31 of this year, this five-year national strategy came to a conclusion. While various government departments are promising to undertake in the future equalizing initiatives for persons with disabilities, they will no longer have any national regulation or resources attached to them. Without a regulatory system in place, further commitment for advancing the equalization of opportunities for persons with disabilities will become voluntary. Experts in the field argue that there is a need for regulations if the human rights of persons with disabilities are to be realized. Also, the absence of a national strategy indicates that resources will no longer be allocated specifically for equal opportunity initiatives. It is imperative, therefore, that there be national standards or regulations and a strong commitment by the government to the equalization of opportunities for persons with disabilities, in order to prevent the erosion of the achievements made in the past and to successfully move those barriers which still violate the human rights of our citizens with disabilities.

What we are discussing is not a matter of promoting special rights but, rather, the realization and actualization of the inherent and inalienable human rights which many of us take for granted.

• (1410)

TRANSPORT OF HAZARDOUS MATERIALS

FURTHER EXTENSION OF U.S. DATABASE
URGED BY FIRE-FIGHTERS

Hon. Erminie J. Cohen: Honourable senators, two weeks ago, amid all the excitement generated by the GST debate, resignations of members of Parliament and the implosion of Preston Manning's party, an unrelated though worthwhile event occurred on the Hill of which we should take note. I am referring to the three-day lobbying conference of the International Association of Fire-Fighters. As they have done every year for the last five, the association arrived in Ottawa with a contingent of fire-fighters numbering about 100, and representing all of the regions of this country. Their objective was to bring to the attention of legislators some of the issues pertinent to people who work in this dangerous field of fire-fighting.

One area of major concern to the group is incidents involving hazardous materials in transit. As they pointed out, fire-fighters in Canada often lack access to on-site information about hazardous materials in transit, and appropriate emergency response techniques to enable them to evacuate communities when accidents involving such materials occur.

Currently, when a hazardous materials incident or accident occurs, Transport Canada relies on the CANUTEC system to relay information by telephone to fire-fighters on the site. The weakness of this current system, honourable senators, is that CANUTEC's staff must depend on the accuracy of a placarding manifest system to identify shipments of hazardous materials. The flaw in such a system is that the placards often do not describe accurately and adequately the contents. Sometimes the placards are destroyed at the time of an incident.

Fire-fighters feel that the Operation Respond system would help remedy this problem by giving fire-fighters instant, on-screen information via laptop computer directly from a database. This system currently operates successfully in locations throughout the United States and Mexico, and has the full support and cooperation of major rail companies and trucking firms. According to the fire-fighters, Operation Respond could be used to augment the CANUTEC system. Presently, plans exist to extend, in 1997, an Operation Respond test site project in Buffalo, New York, to Niagara Falls, Canada, a project which Transport Canada is observing.

In its representation two weeks ago, the International Association of Fire-Fighters urged the Minister of Transport to make the expansion to Operation Respond's Canadian test site a top priority in terms of commitment of staff and resources.

Fire-fighters deserve to know exactly what hazardous materials may be present at any incident. That is a given, and will benefit all. Honourable senators, the experience of fire-fighters has demonstrated that access to reliable information within the first three to four minutes of arrival saves lives by ensuring that fire-fighters use the most effective response techniques at any incident involving hazardous materials.

The Hon. the Speaker: Honourable Senator Cohen, I regret to inform you that your three-minute time period has expired. Is leave granted, honourable senators, to extend that time period?

Hon. Senators: Agreed.

Senator Cohen: Thank you, honourable senators.

In the event of a passenger rail emergency, the IAFF feels that Operation Respond would make it easier for fire-fighters to save lives because they would be more aware of entry points, electrical and mechanical systems, and any existing by-pass advice.

The fire-fighters made a thoughtful and intelligent case for a greater commitment by Transport Canada to this system. For safety's stake, honourable senators, their initiative deserves our support.

THE HONOURABLE JEAN B. FOREST

TRIBUTES ON APPOINTMENT

Hon. Ron Ghitter: Fellow senators, since I was not in the chamber on May 16 when my friend Senator Forest was introduced as our newest senator, I rise today, with your indulgence, to add my comments of congratulations.

Honourable senators, this is a splendid appointment to the chamber. Senator Forest has served her community and her country in many significant ways, but my contacts with her have been in the area of human rights, in which area she has been a major force in my province.

I recall that, in 1973, when I was in government in Alberta, we passed the Individual Rights Protection Act. At that time, Premier Lougheed and I were discussing the composition of the newly recreated Human Rights Commission. The premier stated that he wanted the commission to be the strongest and best represented panel in the province, and we spent considerable time deciding who we would appoint to that commission. Jean Forest was one of the first to be asked to serve, and she immediately agreed.

Since that time, our paths have crossed many times. Her devotion to the causes of those who are under-represented in our society is immense. In Alberta, at a time when our government seems to regard human rights as more of a nuisance than a necessary ingredient for a society to be in harmony with itself, individuals such as Senator Forest have come to the forefront to speak out.

She served voluntarily on a special panel to investigate human rights in the province, which received over 1,700 submissions and filed an excellent report. Unfortunately, however the Government of Alberta refused to follow that report.

When I called her to ask if she would sit as a director of a foundation we were setting up called the Dignity Foundation, to counteract the negative attitudes in Alberta to a human rights agenda, Jean Forest again immediately agreed, and has proven to be a most active and involved director. In fact, the very day I was informed of her appointment to the Senate, there was a letter on my desk from her, enclosing a very generous contribution to the work of that foundation.

Honourable senators, this is a very wise appointment to this chamber. I compliment the Prime Minister for adding Mrs. Forest to our ranks. I find it interesting that those in our province, including our premier, who call for the election of senators just do not understand that individuals of the calibre of Senator Forest will not put their name forward to face the torment of an election, but will step forward to contribute their worldly skills to their country under the present system.

Frankly, as illustrated by the results of the October 1993 election, my province did not exactly send an overly talented group of members of Parliament to Ottawa. I can guarantee that whoever would be elected from my province to the Senate, should such an event ever occur, would not equal, for a moment, the talent and skills of Senator Forest, or for that matter Senator Taylor, who has recently come to our chamber from Alberta.

I regard this appointment to be non-partisan in nature. If Senator Forest is a Liberal, she certainly kept it a secret from me. This is the kind of appointment which enhances the prestige and functions of this chamber.

I look forward once again to working with Senator Forest, and extend my sincere congratulations to her for this well-deserved extension of her already noteworthy career.

THE LATE WILLIAM J. KEMPLING

TRIBUTES

Hon. Lowell Murray: Honourable senators, it is with great sadness that I rise to record the passing in Burlington, Ontario, earlier this week of the former member of Parliament for that constituency, Mr. Bill Kempling.

Bill Kempling had had a very distinguished war record, including service with the RAF, and was a prisoner of war in the Far East. He returned following the war to take up his private career and established a highly successful manufacturing business in his part of the country. He was elected six times to the House of Commons from the constituency of Burlington, beginning in 1972. He did not offer himself for re-election in 1993.

During his time in the House of Commons, he was the chief opposition whip under the leadership of the Right Honourable Joe Clark. He was later a very effective parliamentary secretary, and was especially knowledgeable and effective on issues such as the Canada-U.S. steel trade, where he provided real leadership and sound advice to the Conservative caucus and to the government of the day.

One of my warmest recollections of Bill Kempling has very little to do with contemporary politics but occurred one Saturday morning when I heard him, in the course of a radio interview, discussing his experiences during the war as a prisoner of war, and so forth. Notwithstanding those experiences, he spoke very forgivingly, generously and positively of our former enemies.

I must say that I am, as I was then, proud to have been his friend, and very proud of him as a Canadian.

[*Translation*]

JUSTICE

INVESTIGATION INTO SALE OF AIRBUS AIRCRAFT TO AIR CANADA

Hon. Jean-Maurice Simard: Honourable senators, I would like to read at this point the editorial that appeared in this morning's *La Presse*, entitled "Offensive and petty":

> While it is true that a mistake acknowledged is already partly forgiven, the federal government is not about to be forgiven its monumental botch with respect to former Prime Minister Mulroney in the Airbus affair.
>
> On the contrary, the numerous stalling tactics used to forestall the admission that he was not presumed innocent only underscores the utter bad faith shown to a political opponent. They also undermine the credibility of the police investigation into this alleged scandal.
>
> We have even reached a point where we have lost sight of the essence of this issue and are interested only in the secondary issues: that is, the legal warfare Ottawa has chosen to wage rather than admit its mistake with respect to Mr. Mulroney. A grave and humiliating mistake, to be sure, but one that need not be aggravated through the government's insistence that it never happened. Unless this gross diversion tactic is intended simply to cover up a total inability to prove that Air Canada's purchase of the 34 Airbus planes in 1988 was a scandal.
>
> This libel suit, which should have been resolved in a few weeks, has already dragged on needlessly for six months thanks to the government. It could have been settled amicably with Ottawa admitting its mistake in presuming Brian Mulroney's guilt before the end of the investigation and his possibly being found guilty by the courts and in seriously damaging his reputation through reference to it in an official request of Swiss authorities.

I will continue tomorrow, in compliance with the rules of this House.

[*English*]

ROUTINE PROCEEDINGS

FOREIGN AFFAIRS

COMMITTEE AUTHORIZED TO MEET DURING SITTING OF THE SENATE

Hon. John B. Stewart: Honourable senators, with leave of the Senate and notwithstanding rule 58(1)(*a*), I move:

> That the Standing Senate Committee on Foreign Affairs have power to sit at four o'clock tomorrow, Tuesday, May 28, 1996, even though the Senate may then be sitting, and that rule 95(4) be suspended in relation thereto.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Motion agreed to.

QUESTION PERIOD

GOODS AND SERVICES TAX

HARMONIZATION WITH PROVINCIAL SALES TAXES—COST TO NOVA SCOTIAN TAXPAYERS—GOVERNMENT POSITION

Hon. Gérald J. Comeau: Honourable senators, many Nova Scotians feel betrayed by the Liberal government and its provincial friends. The people of Nova Scotia, New Brunswick and Newfoundland have been used as pawns by this government to justify its breaking the election promise to scrap the GST. A provincial finance department report released by the Savage Liberals just minutes before the legislature was to recess for the summer revealed that the blended tax will cost Nova Scotians an additional $84 million. Honourable senators, this is nonsense.

As a minister in the government which enticed Atlantic Canadians with $1 billion to join this scheme, can the minister now tell us how she can justify the payment by Nova Scotians of another $84 million each and every year?

Hon. Joyce Fairbairn (Leader of the Government): Honourable senators, I am aware of the issue raised by my honourable friend, but I would suggest to him that the issue is not finalized. The sales tax harmonization with Nova Scotia and the other two provinces which have agreed to take part in this very forward-looking act will mean lower prices, lower taxes and a new and simpler system for consumers and businesses in Nova Scotia.

Honourable senators, the suggestion that the sales tax harmonization will mean an increase in overall consumer tax burdens in that province simply is not borne out by the facts. I would encourage my honourable friend to read some of the comments made by others in the province of Nova Scotia, including some leading economists and accountants —

Senator Forrestall: Name one!

Senator Fairbairn: — who indicate that the overall implementation of this harmonization program will be a saving for consumers at every level of taxation in that province.

Senator Lynch-Staunton: Well read.

Senator Comeau: Honourable senators, obviously the minister has read the Nova Scotia finance department assessment which indicates that businesses might well pass on the savings that they may receive. However, there are no assurances that such savings would be passed on.

Is the minister now saying that Nova Scotians must rely on Department of Finance assurances that businesses will pass on those savings, or might Nova Scotians expect to pay, each year, as much as $172 dollars over and above what they were paying before harmonization?

Senator Fairbairn: Honourable senators, neither level of government is operating on any vague notion of assurances. They have been operating on factual statistics compiled since the GST was brought in and based on the performance of the market. From those statistics they have determined the degree to which the majority of businesses will be able to pass on savings to the Canadian people. In countries which have taken on a value-added tax, market performances have shown that businesses have passed on savings of more than 50 per cent to their consumers.

Senator Lynch-Staunton: That is a great argument in favour of the GST.

Senator Fairbairn: Honourable senators, in the harmonization process involving the three Atlantic provinces, the hidden or embedded tax element in the provincial sales taxes will be gone. This is a tremendous incentive for businesses, be they in my honourable friend's province or other provinces, to pass on those savings to consumers.

The history of this kind of tax shows that there be can savings in excess of 50 per cent. The words of those who have engaged in the harmonization process are not of the nature of those used by my honourable friend. They are based not on vague assumptions but on actual performance and practice. That is the vision for Nova Scotia and the other two provinces, as well as other provinces in this country, as they come into the harmonization process.

• (1430)

Hon. J. Michael Forrestall: Honourable senators, I would invite the minister to name three of such individuals. I will eat the third one — that is, if she can find him — because such persons do not live in Nova Scotia, I will tell you that.

No one in the private sector has said that this arrangement is a good thing. This is an absolute rip-off! The old tax was 11 per cent and 7 per cent — that is 18 per cent; the harmonized tax is now 18.7 per cent. Check your mathematics and find someone who will speak honestly to you about this matter. If the minister does not believe that this is a tax grab, how does she justify the $84.3 million in additional revenues? What would you call that?

Senator Berntson: Yes, where does it come from? From the trees?

Senator Fairbairn: Honourable senators, I certainly do not regard this process as a tax grab. The harmonized sales tax rate in the province of Nova Scotia will be 15 per cent, which will be three percentage points lower than the combined rate now.

Senator Lynch-Staunton: On books?

Senator Fairbairn: Including the issue of embedded taxes, it will be 4 per cent less; not 3 per cent less.

Senator Lynch-Staunton: What about haircuts and children's clothes?

Senator Fairbairn: There is no hidden issue here. Of course there will be more taxation through the broadening of the base,

but taking into account the other measures that are contained within the harmonization process — including the removal of all the tax upon tax within the provincial sales tax as it now exists — the overall outcome for the consumers in Nova Scotia, New Brunswick and Newfoundland will be less, not more.

HARMONIZATION WITH PROVINCIAL SALES TAXES—ASSURANCE OF SAVINGS TO CANADIAN CONSUMERS—GOVERNMENT POSITION

Hon. J. Michael Forrestall: Honourable senators, is the minister prepared to give assurances to the other provinces who have still not moved in this direction that there will be no last-minute declaration of increased revenues such as we had in Nova Scotia an hour before the legislature was to adjourn? What assurance does she have for Ontario, for example, that any move towards harmonization will not result in a further broadening of the base to include capital equipment, clothing, electricity, gasoline, home heating fuels, shoes, telephone bills, and so on?

I submit to the Honourable Leader of the Government in the Senate that this is a tax grab. Your party did not do things up front. What assurances do you have for the other provinces that the same thing would not happen — or is it only Dr. Savage's Liberals, your counterparts in Atlantic Canada, whom you can trust to pull this kind of "quickie" behind the taxpayers' backs? That is what happened.

Hon. Joyce Fairbairn (Leader of the Government): Honourable senators, it has been clear from the announcement of this tax that the harmonized tax would be on a broadened base. There has been no last-minute secret. That has been very clear throughout negotiations, public statements, and statements from the Minister of Finance, even on the day that it was announced. There is no secret to that.

My honourable friend is not taking into account the benefits that come with the harmonization of those two taxes, and the reduction in prices that will occur as a result of that harmonization. That is what brings down the overall consumer prices and taxation, and gives the benefits to businesses as they operate domestically, and enhances the progress that they will achieve abroad.

Senator Forrestall: Honourable senators, I have a final question. Do I then take it that the minister is giving us the absolute assurances of the government of the day that these savings will be passed along to the consumer, not only in Atlantic Canada but also in any other province which wants to join in harmonization? Is that an undertaking she is holding out for the taxpayers?

While I am at it, I ask the minister to have someone sit down and do the simple multiplication on 7 per cent and 8 per cent, and see what figure they arrive at. It will not be 15 per cent.

Senator Doody: Yes, and add it to the price of home heating and oil.

HARMONIZATION WITH QUEBEC SALES TAX—BENEFITS TO CONSUMERS—GOVERNMENT POSITION

Hon. John Lynch-Staunton (Leader of the Opposition): Honourable senators, I have a supplementary question. Can the minister give us an example of what consumer products in Quebec have benefitted from a reduction in price or in cost to the consumer as a result of harmonization in that province for the last two or three years?

Hon. Joyce Fairbairn (Leader of the Government): Honourable senators, I will endeavour to get that information for my honourable friend.

FIRST MINISTERS CONFERENCE

ITEMS ON AGENDA—REQUEST FOR PARTICULARS

Hon. Gérald-A. Beaudoin: Honourable senators, my question is addressed to the Leader of the Government in the Senate. We know that at the first ministers conference on June 21, some items will deal with the economy, and we all agree with that. What about the issue of national unity and the Constitution? Will the Prime Minister add an item on that very question?

Hon. Joyce Fairbairn (Leader of the Government): Honourable senators, I cannot indicate what the agenda items will be at the first ministers conference. They are under discussion and will be announced undoubtedly by the Prime Minister very soon.

Senator Lynch-Staunton: Before the meeting, hopefully.

JUSTICE

INVESTIGATION INTO SALE OF AIRBUS AIRCRAFT TO AIR CANADA—ADMISSION OF WRONGFUL ACTION ON PART OF INVESTIGATORS—GOVERNMENT POSITION

Hon. Marjory LeBreton: Honourable senators, my question is for the Leader of the Government in the Senate and concerns the Airbus matter.

In the letter sent by the Government of Canada to the Swiss authorities on September 29, 1995, they cite three different cases, as we all know. They cite Airbus, Thiessen Industries and MBB. I quote directly from the original letter sent by our government to the Government of Switzerland, which states:

> The above three cases demonstrate an ongoing scheme by Mr. Mulroney, Mr. Moores and Mr. Schreiber to defraud the Canadian Government of millions of dollars of public funds from the time Mr. Mulroney took office in September, 1984 until he resigned in June, 1993.

The same letter concludes with a very interesting statement. It reads:

> This investigation is of serious concern to the Government of Canada as it involves criminal activity on the part of a former Prime Minister. Further investigation cannot be conducted by the RCMP until the information available in Switzerland is received.

This past Saturday, in *The Toronto Star*, a Montreal bureau-based reporter for *The Toronto Star*, Sandro Contenta, states:

> After interviewing more than 90 people in at least six countries, the RCMP admits it does not yet have proof that former prime minister Brian Mulroney received kickbacks in the purchase of Airbus planes.

This is a direct quote. The article goes on to state:

> "They can't, at this stage in their investigation, say whether these allegations are true or false," lawyers for the Royal Canadian Mounted Police say in documents filed with Quebec Superior Court yesterday.
>
> In an interview, RCMP lawyer Jean Potvin confirmed the RCMP has been unable to find out if Mulroney was part of a conspiracy to defraud the government in the 1988 Airbus deal.

Mr. Potvin went on to state:

> "At this stage we can't conclude if there was fraud or not."

In view of these latest statements, why does the government not admit it was wrong, and that their actions are wrong, and why, in view of Mr. Potvin's revelations in Saturday's *Toronto Star*, did the government state in their letter to the Swiss on September 29, 1995, that this investigation "involves criminal activity on the part of a former Prime Minister"?

Hon. Joyce Fairbairn (Leader of the Government): Honourable senators, with all respect, I am being asked to comment on matters that it is not within my knowledge or my ability to comment upon. I am not able to do so.

The case in the courts in Montreal is proceeding, and there was activity in that procedure last week.

Senator Lynch-Staunton: Too bad, is it not?

Senator Fairbairn: It will proceed, as the course of justice does in this country.

Senator Lynch-Staunton: The very justice which you tried to block!

• (1440)

Senator Fairbairn: The investigation which is under way by the RCMP is continuing, as has been stated. That is where the matter stands. I cannot respond to my friend's question.

Senator Berntson: Will the Leader of the Government undertake to get an answer?

[*Translation*]

INVESTIGATION INTO SALE OF AIRBUS AIRCRAFT TO AIR CANADA—REASON FOR HIRING PUBLIC RELATIONS COUNSEL FOR ROYAL CANADIAN MOUNTED POLICE—GOVERNMENT POSITION

Hon. Pierre Claude Nolin: Honourable senators, a Mr. Potvin, counsel with the firm of Heenan Blaikie — the firm of the former Prime Minister of Canada, Mr. Pierre Elliott Trudeau — has been retained to look after public relations for the RCMP in the matter of the Airbus affair.

Why has your government deemed it appropriate to retain counsel to look after public relations for the RCMP in the Airbus affair?

[*English*]

Hon. Joyce Fairbairn (Leader of the Government): Honourable senators, the government and the RCMP are involved in a particular case. They are the defendants in a particular case before the courts in Montreal. They have undoubtedly hired the appropriate legal assistance for that case. That is all I can say on the matter.

[*Translation*]

Senator Nolin: In this regard, why has your government paid for special public relations training for this lawyer?

[*English*]

Senator Fairbairn: Honourable senators, I am sorry, but I cannot comment on the statements of my honourable friend.

Senator Lynch-Staunton: Quite understandable.

[*Translation*]

NATIONAL UNITY

AFTERMATH OF QUEBEC REFERENDUM—EFFICACY OF LEGAL STRATEGY OF FEDERAL GOVERNMENT—GOVERNMENT POSITION

Hon. Jean-Claude Rivest: Honourable senators, as far as the evolving political situation in Quebec is concerned, more and more spokespersons for the Liberal Party of Quebec are drawing the attention of the Right Honourable Prime Minister of Canada to the huge holes in his post-referendum strategy.

In today's issue of the Quebec City daily *Le Soleil*, one of the key spokespersons of the Quebec Liberal Party, Mrs. Margaret Delisle, who represents Jean-Talon in the Quebec National Assembly, along with the president of the Quebec Liberal Party's youth commission, said that there are only two people who have not understood the point of the Quebec referendum.

Mr. Bouchard continues to deny that the majority of Quebecers expressed their desire to remain in Canada, and Mr. Chrétien is doing absolutely nothing to follow up on his commitments for constitutional change, as promised during the referendum campaign.

Can the Leader of the Government in the Senate tell us whether the Government of Canada's referendum strategy consists simply in artificially creating legal barriers and in

believing that those barriers will convince a solid and decisive majority of Quebecers who want to remain Canadians not to let themselves be taken in by Mr. Bouchard's path to sovereignty?

When will the Government of Canada propose true changes to Quebecers and to all Canadians, the real constitutional changes Quebecers and Canadians are all demanding? Must we settle for legal quibbling that does nothing except increase the level of support for sovereignty, which is up to 55 per cent as a result of the present government's inaction in this important matter?

[*English*]

Hon. Joyce Fairbairn (Leader of the Government): Honourable senators, the Prime Minister did make some promises during the referendum, and all of us in this house should know that he has followed through on those commitments. This Parliament has followed through to the extent that it is able to do so under federal jurisdiction.

Since the referendum, the Prime Minister and many others in this country have been pursuing the whole issue of Canadian unity. The Prime Minister has pursued the issue in every part of this country. The June conference of provincial premiers will allow the Prime Minister to fulfil another commitment: to build Canadian unity at all levels of government through economic and social policies which help Canadians. These policies will continue to persuade Canadians, including those in the province of Quebec, that this country, strengthened in union, is, by far, the best alternative for their future, better than anything which has been devised in any question in any referendum.

That is the goal of the Prime Minister and his colleagues. They will strive for that goal by enlisting spokespersons, Canadians at every level, to support and encourage the unity of this nation.

TRANSPORT

NEW BRUNSWICK—RE-ROUTING OF TRANS-CANADA HIGHWAY—ENVIRONMENTAL IMPACT ON WETLANDS—DISPARITY IN REACTION BETWEEN CURRENT AND RETIRED DEFENCE PERSONNEL—GOVERNMENT POSITION

Hon. Brenda M. Robertson: Honourable senators, I have a question for the Leader of the Government concerning the Trans-Canada Highway in New Brunswick and the plans by the government of that province to upgrade and improve this important transportation link.

All New Brunswick senators will know that this construction project is a vital part of the national highway system linking central Canada with the Atlantic provinces. In view of the fact that the project is partially funded by the federal government, can the leader advise this chamber if the Government of Canada has taken note of the very real concerns being expressed by many New Brunswickers over the new route of the southern part of the highway which not only dissects the Canadian Forces Base Gagetown but also is proposed to be located in the middle of the Grand Lake Meadows, one of the large wetland areas of New Brunswick and a major portion of the waterfowl fly-way through the province?

Hon. Joyce Fairbairn (Leader of the Government): Honourable senators, I am not personally aware of that issue. I will take the honourable senator's question, with all of its ramifications, both structural and environmental, to my colleagues.

Senator Robertson: Honourable senators, I have two supplementary questions. Perhaps the leader would, at the same time, determine and advise whether the federal government intends to make any representation to the government of New Brunswick with respect to the environmental aspects of the Trans-Canada Highway construction, as well as the clear alternatives which have been proposed to avoid these environmental problems, again considering that Ottawa is paying part of the construction bill?

Will the leader also make inquiries about why senior officials of the Department of National Defence have reportedly concurred with the construction of the highway through CFB Gagetown and the resultant disruption of the base while retired senior Canadian forces officials are expressing concern and dismay over the project?

Senator Fairbairn: Honourable senators, I will indeed.

[*Translation*]

NATIONAL UNITY

CREDIBILITY IN QUEBEC OF PRIME MINISTER—GOVERNMENT POSITION

Hon. Pierre Claude Nolin: Honourable senators, as regards your government's credibility in Quebec, I listened to your very solid answer, but Quebecers do not share your government's view of the situation.

Quebecers do not find your government, and certainly not your Prime Minister, entirely credible. In all honesty, I think they should have credibility in Quebec. For Quebecers, they do not have that credibility.

What are the concrete measures your government intends to take today and next year to improve its credibility with Quebecers?

[*English*]

• (1450)

Hon. Joyce Fairbairn (Leader of the Government): Honourable senators, the measures which my honourable friend may or may not consider tangible have been put forward, in some cases, through legislation and, in other cases, through the budget. The first ministers will meet in June. One of the major issues on their plates will be good government at all levels in Canada; the most efficient, effective and profitable government for the entire country.

With regard to credibility, the actions of the collectivity of governments in this country will show Quebecers not only that they are respected and desired as part of this country but also that this is the best possible union for their future. That is what will unfold in the weeks and months ahead.

DELAYED ANSWER TO ORAL QUESTION

Hon. B. Alasdair Graham (Deputy Leader of the Government): Honourable senators, I have an answer to a question raised in the Senate on March 20, 1996, by the Honourable Senator Atkins regarding the effect of the Helms-Burton Act on commercial and aid relations with Cuba.

CANADA-UNITED STATES RELATIONS

EFFECT OF HELMS-BURTON ACT ON COMMERCIAL AND AID RELATIONS WITH CUBA—GOVERNMENT POSITION

(*Response to a question raised by Hon. Norman Atkins on March 20, 1996*)

The Canadian government has no intention of changing its Cuba policy as a result of the signing into law of the Helms-Burton bill. Canada shares with the U.S. administration the goals of a peaceful transition in Cuba to a liberal society with genuinely representative political institutions, full respect for human rights and an open economy. However, it believes that the best way of achieving these goals is through a policy of engagement rather than isolation.

Thus, over the past two years Canada has intensified its dialogue with Cuba. As part of this, the government has made Cuba eligible for development assistance and has provided financing to Canadian non-governmental organizations, businesses and academic institutions pursuing development activities in Cuba. The government is also discussing with Cuba the possibility of providing modest technical assistance to support economic policy reform. This will continue.

In terms of Canadian interests, even before Canada established an official relationship with Cuba in 1945, trade and investment were significant. With a two-way trade in 1995 of over $575 million (as compared to $309 million in 1994), Cuba is our second-largest trading partner in the Caribbean and Central American region (after Puerto Rico). Canada is also a significant investor in Cuba. Cuba has fished in Canadian waters for many years, and has strongly supported Canada on international fisheries questions. Over 120,000 Canadians visit Cuba each year. Many other unofficial ties link the two countries, involving universities, research institutions, musicians, town twinning and many individual contacts.

As noted above, Canada's central goal in Cuba has been to encourage peaceful reform. A chaotic transition would undermine our interests in Cuba. Instability could also create chaos elsewhere in the hemisphere and undermine our other regional interests, especially if Cuban migrants left in large numbers.

In the context of the Helms-Burton bill, the government has indicated to Canadian businesses that it continues to support their efforts to seek opportunities in Cuba. The government is also keeping them informed of developments concerning the new U.S. legislation, but details of implementation are not yet clear. Canada has been vocal in its opposition to the legislation, both bilaterally with the U.S. and in multilateral organizations. In the end, of course, businesses must make their own decisions on where they will do business.

Finally, the new legislation has not resulted in any change to the advice the government gives to Canadian travellers to Cuba.

ANSWERS TO ORDER PAPER QUESTIONS TABLED

ATLANTIC CANADA OPPORTUNITIES AGENCY— VEHICLES PURCHASED—REQUEST FOR PARTICULARS

Hon. B. Alasdair Graham (Deputy Leader of the Government) tabled the answer to Question No. 8 on the Order Paper—by Senator Kenny.

VETERANS AFFAIRS—VEHICLES PURCHASED— REQUEST FOR PARTICULARS

Hon. B. Alasdair Graham (Deputy Leader of the Government) tabled the answer to Question No. 30 on the Order Paper—by Senator Kenny.

DEPARTMENT OF FINANCE—VEHICLES PURCHASED— REQUEST FOR PARTICULARS

Hon. B. Alasdair Graham (Deputy Leader of the Government) tabled the answer to Question No. 37 on the Order Paper—by Senator Kenny.

TREASURY BOARD—VEHICLES PURCHASED— REQUEST FOR PARTICULARS

Hon. B. Alasdair Graham (Deputy Leader of the Government) tabled the answer to Question No. 47 on the Order Paper—by Senator Kenny.

ORDERS OF THE DAY

EMPLOYMENT INSURANCE BILL

SECOND READING—DEBATE CONTINUED

On the Order:

Resuming debate on the motion of the Honourable Senator Rompkey, P.C., seconded by the Honourable Senator Forest, for the second reading of Bill C-12, respecting employment insurance in Canada.

Hon. Lowell Murray: Honourable senators, I apologize for having been absent from my seat on Thursday last when our friend Senator Rompkey opened debate on second reading of this bill. I have, however, read his speech in *Hansard*. It was comprehensive and factual, and I thank him for that. His speech was largely non-partisan and I shall not, therefore, take the

occasion of my intervention today to remind him of some of the more partisan comments that he made when he was a member of the opposition in the other place with regard to unemployment insurance reforms brought in by the previous government.

I do, however, intend to say a few words about the political context in which this bill is being presented, because that is relevant to the legitimacy of this legislation and to its acceptability in the country, especially by those people who are directly affected by it. I then intend to say a few words about the economic climate in which this legislation is being brought forward, and to examine the main provisions of the legislation against that background.

With regard to the political context in which this bill is being presented, I must say, using the most charitable construction possible, that the Liberal government which is bringing it forward has what I can only call an insuperable credibility problem. I believe that honourable senators will recognize that the reversal of Liberal policy and the betrayal of Liberal commitments with regard to unemployment insurance is as profound and as complete as the broken promises on the GST, or the flip-flop on free trade.

Honourable senators may have noticed that there appeared before the House of Commons committee which studied this bill, representatives of organizations which a few years ago made common cause with opposition Liberals to fight the Progressive Conservative Bill C-21. Today, these people are accusing their erstwhile Liberal allies of abandonment, of treachery, of sell-out. It can hardly be music to Liberal ears.

The Progressive Conservatives' Bill C-21 increased the previous qualifying period of from 10 to 14 weeks to from 10 to 20 weeks. It reduced the maximum benefits periods, except in those regions of highest unemployment. It imposed a longer waiting period on the so-called "voluntary quits", and it expanded by $350 million the so-called developmental uses of UI for training, relocation, self-employment and re-employment measures.

So outraged were Liberal senators at that time that they used their majority in the Senate to create a special committee, chaired by Senator Hébert, to study the bill and to hear public representations. Bill C-21 arrived in this chamber on November 7, 1989. Liberal senators tied it up here until October 22, 1990. Twice they sent it back to the House of Commons.

Senator Hébert's committee travelled outside Ottawa. They spent $79,000. Of that amount, $52,000 was for professional and special services. To give you some flavour of the deliberations of the committee, and perhaps some indication of the creative uses to which the aforementioned $52,000 in professional and special services was put, the committee quoted with approval a Liberal member of the Newfoundland legislature who came before them and said that Bill C-21 was an act of genocide — genocide! — against rural Newfoundland.

This felicitous turn of phrase so captivated Senator Hébert and his Liberal colleagues that in their report they quoted it twice. Perhaps the explanation is that the professional and special services contractors were getting paid by the word. It needs to be said, in any case, that these accusations of genocide and other, almost equally offensive terms were applied to a bill that was aimed at reducing unemployment insurance benefits in Newfoundland by $31 million a year.

Honourable senators, the bill before us today will reduce unemployment insurance benefits in Newfoundland by $105 million per year.

• (1500)

Senator Lynch-Staunton: Shame! A hollow cause.

Senator Murray: As Sheila herself might have said, "That was then; this is now."

I wonder whether this is what they meant in the Red Book when they said that "Liberals will work towards a greater equality of social conditions among Canadians." No doubt this is why they are using tear gas to disperse Doug Young's constituents when they come to protest his policies.

"We want to distribute opportunity more broadly," said the Red Book, "so that many more people have a decent standard of living and can build good lives for themselves and their families, allowing them to live with dignity and respect in a peaceable country."

Mr. Paul Martin was a co-author of the Red Book. As Minister of Finance, he has proceeded to implement the Liberal Red Book commitment to a greater equality of social conditions among Canadians by taking $2.4 billion out of unemployment insurance in the budget of 1994, $700 million out of unemployment insurance in the budget of 1995, and $2.1 billion in Bill C-12. On top of that, he has taken $7 billion out of the federal-provincial transfers for health, welfare and post-secondary education.

I do not hear many people describing these reversals of Liberal policy as "honest mistakes." Still less do I hear them attributed to "acts of God." Much harsher language is being used, and with good reason, to describe this abandonment of Liberal principles by a Liberal government.

Honourable senators, let me turn to the economic context in which this legislation is coming forward. Economic growth is flat. It was flat last year, it is flat this year and, according to Mr. Martin's budget, it will be flat next year. There are 1.4 million people unemployed in this country. The official unemployment rate is 9.4 per cent.

A few weeks ago, on May 9 to be exact, the Bank of Nova Scotia issued a report in which they said that the underlying rate of unemployment nationally is 13 per cent. The 13 per cent takes into account the thousands of discouraged Canadians who have given up looking for work. The 13 per cent is based on a labour force participation rate this year that should be at least the same as it was at the beginning of the 1990s.

What is more important, I think, for the purposes of our debate today is the fact that none of the forecasters, whether in the public or private sectors, is forecasting any early return to more normal rates of growth. As far ahead as these people think they can see, which is well around the turn of the century, there will be no improvement in the unemployment rate, and no return to more normal rates of growth. One of the private sector forecasters, Informetrica, says that on the basis of the present policy mix, the present high unemployment rate will be with us until the year 2025.

Most of the new jobs that are being created are part-time jobs. There was testimony before the House of Commons committee to the effect that 90 per cent of the net new job growth in 1995 was in part-time jobs. There was also testimony to the effect that fully one-third of the work force today is engaged in non-standard jobs with non-standard hours. More often than not, those jobs pay low wages, and have no benefits and no security.

Speaking of security, in 1996 only 46 per cent of the people who are currently unemployed in this country are actually drawing unemployment insurance, versus 88 per cent in 1990, and 68 per cent in 1993. In Ontario, 32 per cent of the unemployed people are actually drawing unemployment insurance, and believe me, Bill C-12 will make it worse. However, I will come to that in a few minutes.

The Canadian economy is in a rut of underachievement. We have not yet recovered from the recession of 1990-91, and before we do so, chances are that there will be another recession. With that in mind, we should consider Bill C-12 in light of the historic role of unemployment insurance as a macroeconomic stabilizer in this country. Last year, the Department of Human Resources Development issued a report entitled *The UI System as an Automatic Stabilizer in Canada*. That report was written by two people from the University of Toronto, Peter Dungan and Steve Murphy. Those two gentlemen examined the recessions of 1981-82 and 1990-91, and in both cases found that the unemployment insurance system acted as a very effective stabilizing force. Their study shows that in the 1981-82 recession, UI reduced GDP loss by 13 per cent in 1982 and by 14 per cent in 1983. They found also that the UI system prevented a loss in employment of about the same order of magnitude. They had similar findings for the 1990-91 recession. As a matter of fact, in one of those years they said that the UI system, because of its stimulative effect — its effect as a stabilizer — saved 100,000 jobs.

This report says that the UI system is a very powerful stabilizer — more powerful than the sum of all the non-UI federal transfers to persons. Their study finds that it is a more powerful stabilizer than the sum of all the provincial and local government transfers to persons, and that would include the whole welfare system. That is pretty powerful.

We must ask ourselves what damage Bill C-12 does to the most effective, automatic stabilizer we have.

• (1510)

This bill, after all, will take $2.1 billion a year out of the UI system by the year 2001 on top of the $2.4 billion they took out in the 1994 budget and the $700 million in the 1995 budget. Spokesmen for the government will reply that of this $2.1 billion, $800 million is really being redirected to so-called "employment measures."

At the Commons committee hearings, the Canadian Labour Congress presented a brief which states that as a result of this so-called "redirection" of funds, fully 90 per cent of the labour market and training programs of the federal government will now be financed through the UI fund. To that extent, we are moving money around from one account to the other. The supposedly redirected $800 million is displacing money that would have been spent by the Department of Human Resources Development.

Further, these so-called "employment benefits" in Part II of the bill include such old bromides as wage subsidies, earnings supplements, and even that last refuge of Liberal politicians, infrastructure, all of which are shown to have quite a dubious net economic benefit. In fact, representatives of the Canadian Labour Force Development Board appeared on March 19 at the Commons committee to caution MPs on exactly that point.

Whether the reduction is closer to $2.1 billion or to $1.2 billion, the fact is that Bill C-12 will make the country more vulnerable at the time of the next recession. Coming on top of a recovery from the 1990-91 recession, which is a feeble recovery by historical standards, UI will be a weaker force for stabilization.

When you cut through all the political rhetoric that ministers and their supporters have offered with regard to this bill, what you find is that fewer people will be covered and will be working longer hours for smaller benefits paid out over a shorter period. That is the purpose and effect of this bill. Honourable senators, this proposal was not in the Red Book. It is not even in the rhetoric of government members.

The government discussion paper that preceded this bill was long on talk about structural changes to the economy which needed to be addressed in the unemployment insurance system, long on talk about the need to include part-time and non-standard workers, and long on talk about the special needs of people who have been dislocated from long-term unemployment and who need assistance other than income support to become re-employed and re-employable.

Honourable senators, one is tempted to remark that the greatest gift we could give most, if not all, of these people would be to restore Canadian economic growth to somewhere near its potential and to bring the unemployment rate down even a couple of percentage points. Many people who are stuck in part-time, insecure jobs are there because they cannot find full-time work. Most, if not all, of those who have been dislocated from long-term unemployment, people who are unemployed perhaps for the first time in their lives, do not lack skills. They do not lack valuable work experience; goodness knows they do not lack motivation. If they have lost their jobs because they are victims of globalization and structural factors in the economy, their inability to find a new job is because they are victims of an economy that is not growing nearly fast enough and not creating nearly as many new jobs.

That being said, honourable senators, and the present government having confessed its impotence on this matter, let us examine for a minute how the bill addresses the needs of part-time workers and victims of structural unemployment. At present, the entrance requirement is 12 to 20 weeks' work, depending on the regional unemployment rate. For new entrants to the labour force, it is 20 weeks of at least 15 hours per week. The entrance requirements of Bill C-12 are, in principle, an improvement because, as Senator Rompkey remarked in his speech, eligibility will now be based on hours of employment instead of weeks, and every hour and all earnings will count, up to a maximum of $39,000 per year.

The government boasts that in converting the system from weeks worked to hours worked, 500,000 part-time workers will be included, but most of these people will not be eligible for UI benefits under Bill C-12. Instead, 380,000 of them will have their premiums returned because they earn less than $2,000. Premiums paid by their employer, however, will not be returned. Many of those who work between 15 and 34 hours per week will be losers because, whereas they now qualify for UI benefits after 12 to 20 weeks' work, the conversion to hours means they will have to work more weeks to qualify, if they can get the work. The bill will raise the threshold from 15 hours per week to 35 for some claimants. People working 20 to 25 hours a week will have to work 30 to 50 per cent more time in order to qualify. Many part-time workers, retail workers, including many women, will not be able to qualify, given the nature of that employment and the state of the economy. New entrants and re-entrants to the labour force will have to find 910 hours of work, which is equivalent to 26 weeks of 35 hours per week.

Honourable senators, the method of calculating benefits has been changed to result in reduced benefits for many part-time and seasonal workers. Starting next year, the reductions will be in the order of $210 million in the construction industry, $61 million in retail trade, $44 million in accommodation, food and beverage, $30 million in logging and forestry and $29 million in agriculture. Benefits will be cut back in other respects as well. The benefit rate has been reduced to 55 per cent of the average eligible earnings and the length of claim reduced from 50 weeks to 45 weeks.

Honourable senators, those who work a lot of overtime will be the clear winners. For most part-time workers it will be harder, not easier, to qualify. As many as three-quarters of recipients of UI will have their benefits reduced by one or other of the provisions of this bill. It is hard to see, especially in the present and projected state of the Canadian economy, how all this will provide more incentives to work and improve attachment to long-term employment, which is what the government claims for this bill. It is rather easy to see how this legislation will penalize victims and expand the underground economy while improving the government's bottom-line deficit numbers in the very short term.

• (1520)

Part II of the bill, dealing with so-called employment benefits, creates a whole host of new problems. I acknowledge that developmental uses of UI go back to the 1970s. I concede also that my former cabinet colleague Barbara McDougall, in her Labour Force Development Strategy, expanded the concept considerably, including the use of premiums for this purpose. However, the government is proposing such qualitative changes in this bill that several witnesses before the Commons committee argued that, in its proposed use of the UI fund, the government is exceeding the constitutional authority that it was granted when jurisdiction over unemployment insurance was transferred to the federal government in 1940.

However this may be, there is no doubt that the changes now proposed by the government in the so-called employment benefits and in the use of the fund will encompass people who are not even part of the system. Until now, to qualify under developmental uses you had to be currently eligible for UI. Under Part II of this bill, people who were perhaps ineligible three years ago or five years ago, will become eligible for these employment benefits. The employment benefits under the old act consisted of paying unemployment insurance benefits to people for carrying on training or self-employment. Now we are opening the way to grants and loans and loan guarantees and a whole gamut of assistance to individuals and small business people. What is happening here is that the unemployment insurance fund, which is financed 100 per cent by the premiums of employers and employees, is to become a pool, a slush fund, to be accessed by the Department of Human Resources Development and their mentors in the Department of Finance. That is what they are doing with the UI fund.

Senator Simard: Shame!

Senator Murray: It is little wonder that there is concern and dismay among people who want to see a focused, effective unemployment insurance program maintained in this country.

As I indicated, the type of employment benefits that they are talking about in this bill include wage subsidies, earning supplements, self-employment, direct job creation and, subject to negotiation with the provinces, training.

As Professor Tom Courchesne remarks:

> The result will be massive jurisdictional entanglement. Active labour market policies on the part of the provinces will now run into enormous complications since a special group of provincial citizens will be eligible for select treatment by the feds.

A similar mix-up is being created by the new family income supplement under UI. As matters now stand, if you are a UI claimant with dependents and a low income, you can receive 60 per cent of your average weekly earnings rather than 55 per cent. Bill C-12 would replace that provision with a new supplement for UI claimants who have family incomes under $26,000.

Almost nobody outside of the Liberal caucus has a good word to say about this matter, for obvious reasons. Improving the income of low-income families should be effected through the child tax benefit, which is available to all poor families, and not through unemployment insurance payments which go, of course, only to UI claimants.

One of the social policy advocacy groups pointed out to the Commons committee that, for a child whose family earns less than $20,000, there will now be three different levels of financial support depending on whether the income is from employment, from social assistance or from UI. This perhaps is the

government's peculiar way of putting some money directly into welfare, while they take $7 billion out of the transfer payments that used to cover, among other things, the old Canada Assistance Plan.

In any case, the family income supplement, along with other provisions of Bill C-12, demonstrate how badly we need and how sorely we lack a program that integrates unemployment insurance, education, training and social assistance.

I can just see the eyes rolling in the Department of Finance and some even in the Senate at the very mention of this ideal of an integrated system. However, I think the government has been on the wrong track on this issue since the day in January, 1994, when Mr. Axworthy announced his federal review of social policy. It was to encompass six or seven areas of which only one — unemployment insurance — is completely within our jurisdiction. All the others — education, training, placement, labour standards and so forth — are either wholly or primarily in the provincial jurisdiction. The Axworthy review was overtaken by Mr. Martin's first budget three weeks later. This bill, together with measures touching social policy and programs and Mr. Martin's various budgets keep us moving backward, away, rather than towards, the kind of integration that is needed.

Talk about overlap and duplication. This bill will create new overlap and duplication with the provinces. It is also creating overlap and duplication among federal departments and federal programs.

Honourable senators, the bottom line of this bill is Paul Martin's bottom line: to cut $2 billion from unemployment insurance over the next few years, as he would say, "come hell or high water." All the talk by the Minister of Human Resources and his predecessor, Mr. Axworthy, about a fundamental restructuring of UI, about an integrated system, is empty rhetoric. Much of the so-called reinvestment and so-called re-employment measures is a vain attempt to give an appearance of compassion and coherence to what is, essentially, a $2 billion hit — part of a $5 billion hit — by this government on unemployment insurance benefits. That is the bottom line. Bill C-12 threatens to inflict real hardship on some of the most vulnerable people and on some of the most vulnerable communities in the land at a time of prolonged uncertainty and insecurity in our economy.

I should also note, and flag for the benefit of honourable senators who will be giving further attention to this bill, that the bill gives far too much discretionary power to the minister and the cabinet to make changes in the system without seeking the approval of Parliament or of the employers and employees who pay the premiums. This bill is a mishmash of policy and confused objectives, and will result in a confused outcome.

• (1530)

I understand that our friend Senator DeWare, and the Standing Senate Committee on Social Affairs, Science and Technology is preparing to study this bill. I look forward to that exercise, but I must say, honourable senators, that we would be doing a real service to public policy in this country if we killed the bill at second reading and sent the government back to the drawing board.

On motion of Senator Berntson, debate adjourned.

PEARSON INTERNATIONAL AIRPORT AGREEMENTS BILL

SECOND READING—MOTION IN AMENDMENT—DEBATE ADJOURNED

On the Order:

> Resuming debate on the motion of the Honourable Senator Kirby, seconded by the Honourable Senator Davey, for the second reading of Bill C-28, An Act respecting certain agreements concerning the redevelopment and operation of Terminals 1 and 2 at Lester B. Pearson International Airport.

Hon. John Lynch-Staunton (Leader of the Opposition): In beginning these remarks, I would remind honourable senators that the decision to cancel the Pearson agreements was taken by the Liberal government immediately after it made public the Nixon report on December 3, 1993.

Mr. Chrétien and the former Minister of Transport used the report as their justification for the introduction of Bill C-22. Their confidence in the conclusions of this report was to be repeated *ad nauseam* in and out of Parliament, particularly by those who thrive on blackening the record of the Mulroney government through innuendo, unfounded allegations and out-and-out falsehoods. The government has since applied this sordid pattern of behaviour to Mr. Mulroney himself.

Bill C-22 was approved without amendment twice in the House of Commons. The majority of its members obviously accepted Mr. Nixon's findings, which the government had made its own, to support the bill. This is confirmed by a reading of the *House of Commons Debates* on the matter, as well as those of this place.

As Senator Kirby said himself on June 16, 1994:

> As a result of looking at the process, and the substance of the contract, Mr. Nixon recommended to the government that the contract be cancelled. The government accepted his recommendation.

The justification for Bill C-22 could not be clearer. Bill C-28 contains, word for word, what was in Bill C-22 yet, this time, Senator Kirby totally ignores any reference to the Nixon report. It is as if the 14 pages of this report never existed. In fact, the government now, no doubt, wishes that this were so. The Nixon report has since been exposed as nothing more than a sloppy, incomplete, misleading and biased political tract containing, as the Senate Pearson inquiry report states, an imposing number of errors of fact, deficiencies of argument and questionable judgments.

The Senate Pearson report analyzes in detail the many flaws in Mr. Nixon's process, his selective choice of those he consulted, his not taking notes, his porous memory, and the questionable guidance of his main advisers. The Senate committee wonders what objectivity he brought to his work when conclusions similar to those of his final report were in draft form two weeks before they were submitted to the government.

In their dissenting opinion, Liberal members relied a great deal on the Nixon report to support their dissent from the majority. Senator Finlay MacDonald detailed a point-by-point rebuttal to the Liberals' fanciful interpretation of the inquiry's findings, which can be found in the March, 1996 Senate *Hansard*. There has yet to be a response from anyone opposite, and understandably so.

Even more revealing, however, is the fact that Mr. Nixon himself has not publicly commented on the devastating debunking of his report. He obviously does not want to remind anyone, including himself no doubt, of his days as a witness before Senator MacDonald's committee when he and his advisers were embarrassingly inept at supporting their own conclusions.

By themselves, these conclusions are unworthy of serious consideration. If they have become so, it is because they are the major, if not sole, justification for the introduction of an unprecedented piece of legislation by which Parliament is asked to remove a constitutional guarantee from a number of Canadian citizens — that of access to Canadian courts.

But why should one be surprised by this? The government which brought us Bill C-22, then Bill C-28, is the same one which feigns ignorance even when a senior official in the Department of Justice is informing a foreign government that Canadians have engaged in criminal activity in their own country, although no charges to that effect have ever been laid; the same government which allows an Assistant Deputy in the Department of Justice to hold a private meeting with the Chief Justice of the Federal Court of Canada in order to complain about the progress of a case in which the government is a partner; the same government which invokes the rule of law only when it serves partisan purposes, as has repeatedly been invoked in the *Bertrand* case before the Superior Court in Quebec. "No one is above the law," is what the government's lawyer said on that occasion, forgetting to add, "except when it interferes with the Liberal Party's campaign against those whose reputations can be sullied mercilessly to serve partisan ends."

I would now deal briefly with some of Senator Kirby's arguments which he continues to put forward, although they have long ago been put to rest.

First, he laments the fact that there is no cancellation clause in the Pearson contracts. He conveniently ignores expert testimony from senior government officials, amongst others, that cancellation clauses are not included in long-term lease arrangements. Necessary financing is extremely difficult to secure if a lender is asked to commit funds for any but a definite and fixed period of time. The lease is confirmation of that limit.

Second, Senator Kirby once again repeats the canard that the Pearson contracts were signed 21 days before the election. This is patently wrong, as anyone who is familiar with the process well knows. Who better to explain the procedure than former Prime Minister Campbell herself, who wrote about her involvement in her recent books as follows:

> The terms of the various agreements had been approved by Treasury Board at the end of August, and by the time of Chrétien's attack, the documents had been signed by Jean Corbeil, the minister of transport. All that was left for me to do was approve taking them out of escrow on October 7, the date agreed upon early in the summer for the exchange of documents. Senator Lowell Murray, the only one of my ministers who did not need to seek election, was holding the fort in Ottawa. He was assured by senior public officials that the deal was "clean" and that, moreover, a failure to complete it at this stage would leave the government liable for significant damages. In fact, on August 27, I had received a memorandum from Clerk of the Privy Council Glen Shortliffe saying, "The selection of the developer followed a competitive process which is entirely transparent." And further, "We can assure you that officials have reviewed the file and can confirm that due process has been followed at every stage."

Prime Minister Campbell then refers to Jodi White, and she states the following:

> When Jodi asked Glen in October if it would be possible to delay the final steps of the project, his horrified response was, "Do you understand what you would be doing?" Although some would claim, much later, that I exceeded my constitutional authority in authorizing the release of documents during an election, I am sure that if there had been such a constitutional restraint, alarm bells would have gone off all through the Privy Council Office. Moreover, we would have welcomed a fair reason to take this issue off the table during the election. Not a whisper of such advice was given, and in fact, court decisions support the view that the government could not use an election as an excuse to fail to complete a transaction when it had already indicated a clear intention to contract.

Third, Senator Kirby wants us to believe that cancellation was, in his words, "a commitment made to the Canadian public" during the last election. He has said that what Bill C-28 does is enable the government to fulfil its election commitment. In fact, there was no such election commitment. As a former Minister of Transport himself said in the House in September, 1994:

• (1540)

> The Leader of the Official Opposition, now the Prime Minister, indicated clearly before the election and while the deal was being consummated that the deal would be reviewed.

The end result is that while Mr. Chrétien did not promise cancellation, he made sure that any review would recommend it. Perhaps Senator Kirby and the former Minister of Transport will invoke the government's peculiar definition of "harmonization" to justify yet another contradiction.

At this point, I again congratulate Senator MacDonald and his colleagues who served on the Special Senate Committee on the Pearson Airport Agreements for their outstanding work, particularly when one realizes under what handicaps they were operating. Important documents were released at the last minute and only after unilateral screening by an outside firm of lawyers and the Department of Justice. Treasury Board submissions, on which many conclusions of the Nixon report were said by its authors to be based, were never made available to committee members. How confidential Treasury Board documents, however, could be made available to a group preparing a hatchet

job in private and not to a parliamentary committee holding hearings in public is something the government has yet to explain.

On another at least two occasions, Liberal members had complete documents, while copies provided to Conservatives had large chunks whited out. Inadvertence was the excuse in certain cases, I suppose because the term "act of God" had yet to be invoked.

In fact, these are but a sampling of the government's many attempts to deliberately hinder, frustrate, and confuse Conservative committee members' efforts. That is why my colleagues are to be commended for having produced, despite the government's intransigence and systematic obstruction, a report, the findings of which have only been challenged by those few still clinging to the completely discredited Nixon report as an argument in favour of Bill C-22 and now Bill C-28.

Bill C-28, as did Bill C-22, would deny claims for lost profits based on the repeated charge that one of the flaws in the agreements is that, as Mr. Nixon put it, the rate of return to the partnership could be viewed as excessive.

In their minority opinion, Liberal senators argued that the pre-tax rate of return of 23.6 per cent, or 12 to 13 per cent after tax, was, to use their words, "a rate well in excess of any return the investors could have expected in the market, considerably higher than was necessary or appropriate, and very generous." So went the smear campaign, prompted by a Nixon report conclusion which contradicted expert opinion readily available to Mr. Nixon during his so-called "inquiry," as demonstrated during the MacDonald hearings.

Mr. Nixon was hard pressed to defend his statement, claiming that he relied on the advice of a hastily drawn up report prepared by one advisor who admitted to the committee that he not only did not have enough time to complete his work — "our review by necessity was limited in nature" are his exact words — but he had no expertise in the field of airport development. Despite this, he was to maintain that the government had lost between $157 million and $340 million by not insisting on a more appropriate after-tax rate of return of between 8.25 per cent to 11 per cent.

Were the story to end here, the argument would be an academic one as the contracts will not be executed, and many Canadians, at least until now, continue to believe that the Mulroney government, despite denials from government and non-government parties alike, tailored a deal that would give excessive profits to private enterprise at a cost of hundreds of millions of dollars to the Canadian taxpayer. So spoke Mr. Nixon; so spoke his financial consultant; so spoke the former Minister of Transport when referring to the biggest rip-off in Canadian history; so spoke Liberal members of the MacDonald committee during the hearings, and so they wrote in their opinion dated December, 1995. Such has been this government's position since the beginning, invoked at the time and ever since Bill C-22 was introduced, and again with Bill C-28, to justify its opposition to paying certain damages notably arising from lost profits.

To the government's shame, however, the story does not end here. At the same time that it was promoting and fostering the Nixon conclusions on financial aspects of the agreements, including rates of return, the government was retaining numerous outside experts to do a thorough analysis of the project to support its defence in the lawsuit initiated by the Pearson group before the General Division of the Ontario Court. These outside experts have produced 19 reports, consisting of over two dozen volumes, in which every feature of the contracts is analyzed, from passenger flows to construction plans, and, yes, including rates of return and profit potential. All these independent consultants have been retained by the Minister of Justice.

Two of these experts, George Quirin, Professor Emeritus, Management, at the University of Toronto and a leading authority on company evaluation, and Martyn Booth, a partner in the Portland Group of London, England, an international business consultancy group specializing in airports, were charged with assessing the contracts with particular reference to the rate of return. Both were retained in early 1995; both have come to the same conclusions independent of each other. Their reports run to hundreds of pages and took months to prepare. Both conclude, independent of each other, that the high level of risk associated with the redevelopment and operation of Terminals 1 and 2 justified an after-tax rate of return of 20.5 per cent, according to Dr. Quirin, and 21 per cent, according to Mr. Booth. Both conclude — again, independent of each other — that the consortium would have lost in the area of $180 million during the life of the contracts.

My raising these conclusions today is not to support or condemn them, but to stress how constant the government continues to be in its spiteful, mean-spirited approach to the Pearson agreements, as it has from the very beginning. It embraced the Nixon report whole-heartedly, and in particular that part which refers to excessive profits. The former Minister of Transport had a field day spewing his vitriol on those who questioned the constitutionality of Bill C-22. He gleefully cast doubt on their motives and spoke of a last trip to the trough, one last snatch at the public purse, a money grab, the biggest rip-off in Canadian history, and a cesspool of intrigue. He spoke of Conservatives lining friends' pockets with money. This theme was picked up and repeated over and over again by members of both houses and by the media. It made for titillating yellow-journalism type reading, leading one and all to conclude that the Mulroney government was nothing but a generous contributor of public funds to its greedy supporters.

This scenario was especially prevalent during last summer's inquiry. Mr. Nixon's financial analyst in particular defended his assessment with great energy, egged on by Liberal committee members who, in their minority opinion of December 1995, reconfirmed their support of Mr. Nixon's view on the rate of return, a view which the government has propagated repeatedly for two years. While defending Mr. Nixon's conclusions during the MacDonald inquiry, the same government, at the same time, was receiving expert advice from two independent experts who, in separate opinions, agreed that, far from being the windfall that Mr. Nixon had argued, the agreements would actually result in significant losses to the partnership.

I will not elaborate on my feelings regarding the government's conduct, as I fear that some of my language, while justified, would be considered unparliamentary, but I will ask colleagues to reflect on the degree of immorality of a government which publicly continues to endorse conclusions arrived at in a most amateurish and biased manner for strictly partisan purposes while, at the same time, privately endorsing diametrically opposed conclusions arrived at by respected specialists, conclusions which it has filed in its defense of the lawsuit in Toronto.

No wonder the government did not want these reports to be made public. Its conduct here is just the most recent example of its contempt for the most fundamental responsibility of any government: that of being open and honest in its advocacy and explanation of public policy.

If there is any sleaze to be attached to the Pearson affair, it dates from the moment Mr. Nixon was engaged to submit a report supporting the government's predetermined decision to cancel the agreements. Moreover, it wanted to do so at the lowest cost possible and on its own terms. Mr. Nixon was charged with the responsibility of lending legitimacy to this decision by coming to a number of conclusions based not on objective and independent analysis but on biased and partisan arguments, for the most part unsubstantiated. The Nixon report was accepted with little question except by those directly affected by it.

• (1550)

The introduction of Bill C-22 was greeted with enthusiasm as an appropriate punishment to those who dared rob the public purse, but then something most unexpected happened: the government, still celebrating its election victory and in particular the apparent demise of the Conservative Party, and thriving on its success in portraying the Mulroney government in the most devastating terms, naturally felt that the then Conservative majority in the Senate would let Bill C-22 go by as expeditiously as possible in order not to be perceived as being part of the biggest rip-off in Canadian history. What a shock it must have been to those rubbing their hands with undisguised glee over the cleverness of Bill C-22 to find Conservative senators being the first to question the constitutionality of legislation which would deprive Canadians of rights guaranteed by the Charter. They did so with the full knowledge that they would be subjected to the most vicious and vulgar accusations and insinuations, and they were, sadly, proven right, in particular by the former Minister of Transport.

The issues of denying Canadian citizens access to the courts and violating the rule of law, however, go far beyond the value of a contract. There is no sleaziness in defending a basic right; there is in denying it.

Now we see that the Nixon report, having not served its purpose, is treated by the government as if it never existed. Senator Kirby himself does not mention it, for, to use the words in Bill C-28, the government would no doubt like it declared "null and void."

To add insult to injury, Mr. Nixon's financial adviser is conspicuously absent as an expert in the Crown's defence. He who proved so valuable to Mr. Nixon and to the government in justifying Bill C-22, and again before the MacDonald inquiry, is no longer useful. He has served his purpose: to prop up a report with arguments aimed at justifying cancellation of the Pearson agreements. He has served and he has failed, as the Nixon report is now completely discredited and all those involved in its preparation have become expendable.

The government was not prepared for a court action seeking damages. It argued repeatedly against one and it lost, and suddenly realized that it had to provide a defence, one somewhat more professional and convincing than the sort of diatribe offered by Mr. Nixon. The result: official endorsement of two independent appraisals made last year, over a period of months, which conclude separately that, contrary to the government's official position in public that potential profits were excessive, the private advice it sought and accepted from recognized experts in the field is that the partnership would have lost in the area of $180 million.

No wonder the government did not want these studies to be made public. Not only do they contradict a contrary position taken for more than two years, they reveal that the government had been arguing two diametrically opposed positions at the same time. If this is not sleaziness, what is? If this is not a cesspool of sorts, what is? If this is not ripping off the confidence that Canadians like to put in their government, what is?

What strikes me regarding Senator Kirby's remarks while introducing Bill C-28 at second reading is not only the inconsistency of his argumentation and the weakness running through it but the sharp contrast between what he said when Bill C-22 was at the same stage two years ago.

When we objected to this debate taking place at this time, it was argued that the circumstances surrounding Bill C-28 are significantly different from those which existed when Bill C-22 was introduced and that the House of Commons should have given Bill C-28 standard committee consideration for these and other reasons before sending it to the Senate. These arguments were rejected. I certainly do not intend to advance them again, although after hearing Senator Kirby's remarks, I am delighted to know that he has reinforced them by, in effect, telling us that while Bill C-28 is word for word identical to Bill C-22, this is strictly pro forma as the government intends to propose amendments which Senator Kirby tells us will address the concerns of senators opposite him.

This is welcome, certainly, but until we see the exact wording of the amendments — and again I urge Senator Kirby and the Leader of the Government in the Senate to make them available during second reading — we will not debate what is not before us.

Senator Kirby's attempts at assurances raise more questions than they answer. For instance, concerns over Bill C-22 have been stated for nearly two years. Why wait until now to satisfy them? Suddenly the same objections which had been suspect for so long have become legitimate concerns which the government is anxious to address. Why this about-face? Let me suggest some answers.

The government knows very well that Bill C-28, if passed as worded, will be declared unconstitutional. The government lost in its attempts to avoid an action in damages. The government has admitted a breach of contract, thereby admitting the existence of the agreements. In fact, much of what it wanted to

undo with Bill C-22, it now feels constitutionally and legally obliged to confirm elsewhere — that is, in Bill C-28, amended.

I should like to think that it agrees with former Supreme Court of Canada Chief Justice Brian Dickson, who wrote:

> Historically, the generally accepted core of the principle of judicial independence has been the complete liberty of individual judges to hear and decide the cases that come before them: no outsider — be it government, pressure group, individual or even another judge — should interfere in fact, or attempt to interfere, with the way in which a judge conducts his or her case and makes his or her decision. This core continues to be central to the principle of judicial independence.

Far be it from me to suggest that Chief Justice Dickson had Bill C-22 in mind when he wrote that but, at the same time, its pertinency to the events since Bill C-22 was introduced, and surrounding Bill C-28, must be obvious to everyone. The quotation is but one of many eloquent statements on the importance of total respect and support for the independence of the judiciary and non-intervention from elsewhere, including Parliament and the government.

Now that the government maintains that the consortium's claim for profits is unfounded because, according to its own experts — whose opinions are accepted as its own — it stood to lose around $180 million, one can only ask: Why introduce Bill C-28 at all? Why not a bill simply confirming legally what in effect has already taken place and is not being challenged — that is, a cancellation of the agreements? The government has already agreed that they exist by admitting to their breach. The government did not ask the Supreme Court to disallow two lower court decisions to allow an action in damages, thereby accepting to be party to the one which began last February. Why bring in amendments to a bill when all they appear to be doing is confirming the obvious as well as removing the government from the embarrassment of a successful constitutional challenge? It is all very nice to hear that senators' concerns prompted this change of heart, but I sense that events which have transpired over the last two years, as well as judicial caution, are the real reasons for it.

In any event, all we have before us is Bill C-28, an exact replica of Bill C-22. The purpose of second reading is to approve or disapprove of the principle of a bill. We are disapproving of Bill C-28, even more than we were of Bill C-22, because of all that has transpired and become known since Bill C-22 was introduced.

It is obvious that the government is behaving in a most irregular and inconsistent manner with this bill. It argues its merits in the House of Commons by resurrecting Bill C-22 as Bill C-28 and sending it without change, effectively for the third time, to the Senate. No sooner does second reading on Bill C-28 begin here than Senator Kirby restates the government's position that Bill C-22 — therefore by implication Bill C-28 — was legal and constitutional, but to meet constitutional concerns expressed here and elsewhere, the government was willing to satisfy them through a series of amendments.

Should the amendments reflect exactly what Senator Kirby has told us, they will gut the bill, and, if approved, result in legislation having only a modicum of similarity to the content and purpose of Bill C-28 as it is before us today. This is unheard of. Legislation passed three times at the government's initiative by the elected house is being debated by the appointed house where it is the intention of the same government to amend it to such a point that it will bear little, if any, resemblance to what the House of Commons endorsed, not once, not twice, but three times.

• (1600)

It is natural for the opposition in the Senate to be accused of not respecting the will of the elected representatives — this happens repeatedly — but Senator Kirby is telling us that the government itself will ignore the wishes of the elected representatives, particularly those expressed by its own supporters on three occasions, by trying to convince senators that Bill C-28 is, for all intents and purposes, null and void and amendments will be presented to confirm this.

We have already argued that the circumstances surrounding Bill C-28 being so different from those which existed at the time of Bill C-22, the House should have been allowed to debate Bill C-28 before sending it here. This argument is now reinforced by Senator Kirby's remarks on behalf of the government that, as circumstances are so different now than they were two years ago, even the government finds it necessary to, in effect, introduce new legislation to respond to them. I will leave it to the government to explain why its intention to alter legislation approved three times by the House was not announced and debated in the House before being sent here. It is not unusual for government legislation to be introduced in the Senate first, but this is not the case here. What Parliament is faced with is an unprecedented dismissal of the elected house's three-times expressed decision at the behest of the government without any announcement or explanation being given by the same government. Surely, if this is not the most flagrant or a most flagrant disregard of the will of the elected representatives, what is?

Honourable senators, Senator Kirby has severely criticized the opposition for delaying a decision on Bill C-22 by using its then majority on the Standing Senate Committee on Legal and Constitutional Affairs. I have already admitted to this with reference to Bill C-22 and Bill C-69, arguing, nonetheless, that keeping a bill alive in committee indefinitely is obviously more respectful of the House of Commons than killing it outright, which we could easily have done on many occasions but resisted doing so in order to allow the necessary amendments to be adopted. Senator Kirby, however, now wishes to go even further. He has told us that the government is willing to address all of our concerns by drafting a new bill in committee and, in effect, killing Bill C-28 at the same time — so much for the will of the elected representatives!

Quite obviously, the government prefers to try to resolve the many contradictions it has created for itself and to limit further embarrassment over its handling of this fiasco — for that is what it has become — by bypassing the House of Commons and using the Senate, where there are no television cameras and media attention is negligible, to salvage what it can from this sordid affair.

In addition, honourable senators, government support from a restless Liberal caucus is becoming less reliable. The PMO strategists must certainly feel that they can limit further political damage by sending the house a finished package which can be put on its Order Paper, say, two or three days before the summer recess.

Whatever our misunderstandings with the House of Commons, it is only basic courtesy that its intentions on significant legislation be known first before it is debated here. Senator Kirby's position is completely at odds with this fundamental principle, and we on this side along with, I suspect, many colleagues opposite would feel very uncomfortable, if not disrespectful, in proceeding as Senator Kirby suggests.

MOTION IN AMENDMENT

Hon. John Lynch-Staunton (Leader of the Opposition): Honourable senators, I move, seconded by the Honourable Senator Robertson:

> That Bill C-28 be not now read a second time but that it be referred back to the House of Commons for proper consideration.

The Hon. the Acting Speaker: Honourable senators, it is moved by the Honourable Senator Lynch-Staunton, seconded by the Honourable Senator Robertson, that Bill C-28 be not now read a second time but that it be referred back to the House of Commons for proper consideration.

Is it your pleasure, honourable senators, to adopt the motion?

Some Hon. Senators: Agreed.

Some Hon. Senators: No.

Hon. Alasdair B. Graham (Deputy Leader of the Government): Honourable senators, I move that the debate on the motion in amendment be adjourned to the next sitting of the Senate.

The Hon. the Acting Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

Motion agreed to.

SPEECH FROM THE THRONE

ADDRESS IN REPLY—DEBATE CONTINUED

On the Order:

> Resuming debate on the motion of the Honourable Senator Bacon, seconded by the Honourable Senator Rompkey, P.C., for an Address to His Excellency the Governor General in reply to his speech at the Opening of the Second Session of the Thirty-fifth Parliament.—(*7th day of resuming debate*)

Hon. William M. Kelly: Honourable senators, as we all expected, the Speech from the Throne focused, among other things, on national unity and the government's commitment to some adjustments in the distribution of powers and consultation and cooperation in federal-provincial relations.

I do not for a moment doubt the Prime Minister's or this government's commitment to the cause of national unity. The Prime Minister's credentials in that regard are beyond question. Nor do I suggest that the course of action the government has taken and intends to continue will necessarily be unsuccessful. In matters such as this, I acknowledge the Prime Minister's experience. However, my instincts tell me that the circumstances in which we now find ourselves call for a radical departure from the status quo and a major rethinking of our political and economic union. I have some ideas in that direction and how we might get there.

Before talking about those ideas, allow me to make a few philosophical points, lest what I have to say be misinterpreted.

In the first place, I believe that Quebec is better off as part of Canada than it would be as an independent country. To me, common sense dictates that the French language and culture have a far better chance of surviving in a country of 30 million rather than in a continent of 500 million.

Honourable senators, I believe history has demonstrated this to be so. It was not Canada that imposed upon Quebec the culture and linguistic introversion that characterized that province prior to the Quiet Revolution. It was not Canada that imposed upon Quebec an introspective, secular and archaic education system that persisted until the early 1960s and that was so resolutely dissected by Jean-Paul Desbiens. Furthermore, the Quiet Revolution did occur in a Quebec that was part of Canada, as did the election of three overtly separatist governments.

To me — and this view is doubtless unpopular with some of my colleagues from Quebec — the mere fact that some Quebecers now feel strong enough to go it alone is, in itself, evidence that the Canadian federation has neither stifled nor oppressed the French culture and language.

We must remember that Quebec — or "Canada East" — joined Confederation in 1867 fearing encroachment by the U.S. It is ironic indeed that, 129 years later, many in Quebec now feel strong and secure enough to withstand the American monolith while claiming in the same breath that the development of the French language and culture has been constrained within Canada.

I might note parenthetically, honourable senators, that the federal government in the fiscal year 1993-94 — the last year for which Statistics Canada generated figures — transferred over $837 million to non-government organizations in Quebec to support language and cultural pursuits.

Furthermore, I believe that being part of the Canadian federation has also been to the net economic benefit of Quebec and Quebecers. Not only has Quebec been a leading partner in a Canadian economic union, but year over year, Quebec has received more in federal fiscal transfers than they have paid in federal taxes.

Honourable senators, while these, I believe, are logical and rational arguments for staying in Canada, I have reluctantly concluded that we are now beyond logical and rational debate, and that we no longer have a reasonable prospect of meeting the

demands of the current Quebec elite to encourage them to remain happily within the Canadian federation, at least as it is currently constituted.

While I personally favour recognition of Quebec as a distinct society — to my way of thinking merely a recognition of reality — Mr. Bouchard has indicated that constitutional recognition of Quebec as a distinct society is no longer enough. He has indicated that neither the Meech formula nor the Charlottetown formula is enough any longer. He has indicated that administrative decentralization to Quebec of federal powers relating to language and culture is no longer enough. In fact, according to Mr. Bouchard, no administrative decentralization is enough because Quebec would still be relying upon the goodwill of English Canada to keep those administrative arrangements in place.

Were one to be uncharitable and inclined to think Mr. Bouchard is acting in bad faith, this would be a clever stratagem indeed. Administrative arrangements such as the Cullen-Couture Agreement that delegated wide powers to Quebec in the immigration field are the only way around the strait-jacket of our formal Constitution.

• (1610)

Administrative arrangements are what transform a formal Constitution into an effective Constitution. These arrangements allow us to adapt our formal Constitution to present-day circumstances and requirements. By closing that door and thus forcing us to rely exclusively on amending the formal Constitution, Mr. Bouchard has taken away the single, most effective method that Canada — in fact all nations — use to make their formal constitutions work.

Mr. Bouchard has said that a Quebec veto is no longer enough, no matter how difficult, perhaps impossible, it would have been to obtain consent for such a veto power from all 10 provinces as required by our Constitution.

Aside from Mr. Bouchard's evident reluctance to consider any constitutional rapprochement with Canada, we must recognize that the forces of decentralization and devolution are in the ascendency world-wide, not just in Canada. I was pleased that the Speech from the Throne and the Prime Minister's remarks in the other place alluded to that fact. What we are experiencing in Canada is not just a domestic phenomenon. It is a manifestation of a global phenomenon and must be addressed as such.

On one hand, we have a complexity of multilateral and bilateral trade agreements which tend to move economic and political powers from national governments up to supra-national authorities. We also have the forces of technology, particularly telecommunications and information technologies, that erase the distinctions amongst countries and cultures and connect us to a truly global civilization and economy. On the other hand, we have the movement of economic and political levers down to provincial and local governments as the fiscal prowess of national governments declines.

Existing in an almost equal and opposite reaction to the forces of globalization are those forces which try to retain or re-establish a localized or regionalized culture. The phenomenon that Czech President Vaclav Havel refers to as "every valley crying out for freedom and independence."

Caught in the middle, national governments as we know them are becoming increasingly impotent, redundant and irrelevant. As but one example of this phenomenon, during the Reconstruction Period immediately after World War II, the federal government retained 70 per cent of all the taxes it collected. The rest went to the provinces by way of transfer payments. Today, the federal government retains only 33 per cent of taxes it collects for application to federal programs and projects. The rest goes to the provinces. If I may note parenthetically, Joe Clark was right when he said that the highly centralized Canada from which René Lévesque and his confrères wanted to separate no longer exists.

The ratio of federal taxes collected to those transferred to other levels of government is the lowest for any country in the OECD and indicates the astonishing de facto decentralization of fiscal policy. In effect, since the Reconstruction Period, we have repositioned the federal government as the bad guy, the tax collector, while the burden of the money collected and the political credit for it is expended through provincial and municipal programs and projects. It is no wonder the people perceive a diminishing need for the federal government in their everyday lives.

At all levels of government, the trend to deregulation, privatization and regulatory forbearance moves economic levers away from the government into the marketplace. There is, therefore, in Canada and the world, a clear tide toward decentralization and devolution. If we persist in swimming against that tide — and by "we," I mean the federal government — and if we fail to take the initiative, we will lose control of events in Canada, and Canada will die a long and painful death of a thousand cuts: cuts caused by emotionally draining referenda in Quebec until separatist forces win; cuts caused by economic uncertainty and the lack of business and investor confidence as government after government is detoured from addressing serious fiscal monetary and economic issues in favour of a constant stirring of the constitutional pot; cuts caused by the rancour in the body politic generated by a never-ending debate on a never-ending uncertainty about Quebec and national unity; and cuts caused by individual provinces picking away at the constitutional carcass of the federal government.

Honourable senators, it is not just Quebec that wants a new constitutional deal; British Columbia does, too. Alberta, long the cradle of prairie radicalism, is looking for a new deal. I point out that it was Alberta in the early 1970s that threatened to cut off oil supplies to Eastern Canada. That hardly fits into the image of, "All for one and one for all." That is the way we are.

The maritime provinces are also contemplating their own constitutional reorganization. The desire for change from other regions should not be lost or ignored through our preoccupation with Quebec. There is a real possibility that, in our single-minded pursuit of a solution for Quebec, we will manage to exacerbate constitutional frictions in the rest of the country.

I propose that the federal government recognize these realities. The reality is that the forces of decentralization and devolution within and outside Canada are past the point of no return. In fact, the Quebec referendum was nothing more than a manifestation, a wake-up call, so to speak, of this irreversible trend. However, if we recognize reality, if we get ahead of events and manage the transition properly, we can speed our return to economic and political stability and, I hope, our return to a secure and prosperous future for all Canadians. I propose that we give serious consideration to a major devolution of formal constitutional political powers to the provinces while retaining an effective economic union including Quebec.

Massive decentralization does not mean the end of Canada. In fact, it may well be the only way to save Canada. Look at Switzerland, a remarkably stable and prosperous nation for over 700 years since it severed its association with Austria. Switzerland has a population density twice that of China, yet it supports the highest per capita income in the industrialized world. Switzerland has not two but four official languages. What is the key to Switzerland's success and permanence? Many attribute it to a truly federal Constitution whereby most powers reside with 26 cantons and not with the central government.

Is Switzerland less of a nation because of this decentralization? I think not. Does the decentralization that I have in mind mean that Quebec becomes a separate country? I do not know, but I doubt it. If we act quickly and resolutely enough to control events, I see Quebec continuing to be a part of not just a Canadian free trade zone but a customs union. That would mean that there would be no tariffs or other trade barriers between any part of Canada and Quebec. I expect Quebec would use the Canadian dollar and continue to rely on international trade and economic agreements to which Canada is currently a party. It would continue to respect Canadian commercial laws except in the instance of conflict with specific Quebec laws. It would continue free and open trade within Canada.

Does that mean that Canada must embark on a system of asymmetrical federalism where each province is treated differently? I believe it does, but it is not necessarily a bad thing. In fact, it may provide the flexibility required to keep Canada together as a political entity.

We come now to a practical question: How will we reach an agreement with Quebec? I do not believe we can wait until 1997 to make a proposal to Quebec and the other provinces in the context of section 49 of the Constitution Act. There is too much opportunity for the separatist forces in Quebec to snatch the initiative away from us and push the course of events back under their agenda. Delaying until 1997 also prolongs the agony of political and economic instability. The leverage of the federal government in any negotiations will decrease in direct proportion with its fiscal debilitation. We must act quickly by tabling a proposal for a major, managed constitutional devolution of Canada at the meeting of first ministers referred to in the Throne Speech.

I regret that whatever the proposal, no matter how sincere or constructive, it is not likely to be negotiated with Mr. Bouchard and his confrères, for whom outright secession is the only objective. Mr. Bouchard will simply continue to move the goalposts.

When I was a small boy, I remember my father saying that interest rates would never rise above 3 per cent and, if they did, the results would be cataclysmic. Like every member of this chamber, I have lived through interest rates of 22 per cent and we are still here. To me this demonstrates that nothing is impossible. We must think the unthinkable if we are to get ahead of and thus manage events. Some say the separation of Quebec is unthinkable. I say we must canvass and plan for all reasonable eventualities. I point out that, in the past two centuries of national devolution and dismemberment, only two instances of constitutional secession have been achieved without bloodshed: the separation of Norway from Sweden in 1905 and the separation of the Czechs and the Slovaks in 1993.

Throughout its history, Canada has shown a remarkable ability to change and adapt without bloodshed and with relatively little rancour. Our federal system, twinned with our British parliamentary system and combined with the inherent resilience and tolerance of Canadians, have allowed us to do so.

We now face an unprecedented challenge to our future. I believe we cannot afford to dither or delay, nor can we cling to the past or the ways of the past. We have an opportunity to break out of the mould and to design an innovative Constitution that responds to the forces of decentralization and devolution which will see Canada well into the 21st century. We have an opportunity to once again be a model for federal states world-wide.

Honourable senators, we have an opportunity to stop the constitutional pain by recognizing reality and taking the initiative.

On motion of Senator Bolduc, debate adjourned.

• (1620)

CRIMINAL CODE

BILL TO AMEND—SECOND READING—DEBATE CONTINUED

On the Order:

> Resuming debate on the motion of the Honourable Senator Cools, seconded by the Honourable Senator St. Germain, P.C., for the second reading of Bill S-6, to amend the Criminal Code (period of ineligibility for parole)—(*Honourable Senator St. Germain, P.C.*).

Hon. Dalia Wood: Honourable senators, I have spoken with Senator St. Germain, and he has kindly allowed me to speak on this order today.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

Senator Wood: I rise today to speak to Bill S-6, to amend the Criminal Code, and, more specifically, the period of ineligibility for parole. The issues before us today are very clear. They deal with the protection of victims' rights and the expression of society's views regarding the punishment of first- and second-degree murderers and those found guilty of high treason.

Honourable senators, when we abolished capital punishment in 1976, we assured the public that those responsible for the most

heinous of crimes, murder and high treason, would be held imprisoned for at least 25 years without eligibility for parole. This compromise permitted abolition, as the public could rest assured that proper punishment would be handed down and that the safety of society and the expression of its displeasure would be maintained. What most are not aware of is that section 745 of the Criminal Code was to be part of that package.

Let us examine this provision more closely. Section 745 provides for a review of the period of parole ineligibility of certain life sentences. The reviewable sentences include those for first degree murder and high treason where the inmate must serve 25 years or more before becoming eligible for parole. Sentences for second degree murder are also reviewable where the parole ineligibility period is set for 15 years or more. The inmates in question may make application to the chief justice of the province in which they were convicted and sentenced to have their period of ineligibility for parole reviewable after having served at least 15 years of their sentence.

Honourable senators, no distinction is made between a serial murderer of the Clifford Olson variety, those who rape, torture and murder many innocent children and young people alike, and someone who has murdered once. Under section 745, anyone can submit an application, irrespective of the brutality of the crime, at public expense and at the emotional expense of the victim's families, who suffer untold grief every day of their lives and must endure further heartache when murderers apply for early parole. We continue to punish those who are victims of crime and allow the perpetrators to go free. The discussion of the brutality of the crime and the suffering that the victims have endured does not even form part of the section 745 review process.

The process is as follows: The inmate makes application to the chief justice as mentioned above. The chief justice then assigns a judge and a jury to hear the application, and I quote from section 745(2), to —

> ...determine whether the applicant's number of years of imprisonment without eligibility for parole ought to be reduced having regard to the character of the applicant, his conduct while serving the sentence, the nature of the offence for which he was convicted and such other matters as the judge deems relevant to the circumstances...

The annotations of Martin's 1996 Criminal Code inform us that the purpose of a section 745 review is to re-examine the inmate's situation while taking new information or factors into consideration, information that was not known at the time of the initial sentencing. The jury must consider whether or not these factors justify the imposition of a lighter sentence. It seems to me, honourable senators, that this section should have been nicknamed the "good behaviour clause" instead of the "faint hope clause."

The annotation further summarizes a 1994 Supreme Court judgment in *R. v. Swietlinski*. In part, annotation reads as follows:

> It was improper for Crown counsel in questioning witnesses and in his closing address to attempt to discredit the review process by calling attention to the fact that the victim had no opportunity as the applicant did to have her suffering reduced and because the 25 years ineligibility period was a bargain compared with the death penalty. The possible reduction of the ineligibility period after 15 years is a choice made by Parliament which the jury must accept. It is not open to the prosecution to call this choice into question by suggesting to the jury that it is an abnormal procedure, excessively indulgent and contrary to what it argues was Parliament's intent.... The jury must consider only the applicant's case and must not try the cases of other inmates or determine whether the existing system of parole is effective.

Honourable senators, I emphasize that the possible reduction of the ineligibility period after 15 years, which the jury must accept, is made by Parliament. I would imagine that Parliament, when it introduced section 745, felt that after a person had spent 15 years in prison, he might be rehabilitated. Perhaps Parliament felt that a person who had committed such a horrific crime could change. All I know, honourable senators, is that this possible reduction in parole ineligibility is no longer, if it ever was, consonant with the wishes of the Canadian public. Canadians today agree that section 745 must be removed from the Criminal Code in order to re-establish faith in the justice system, a system that preserves the safety of its citizens, a system that upholds the right to security of the person which was included in the Canadian Charter of Rights and Freedoms.

The government has tried to give victims' families a place in the section 745 review by including provisions allowing victim impact statements to be read at the hearing. However, even such an inclusion does not guarantee that society's abhorrence of the crime committed will be taken into consideration at that time. The Supreme Court of Canada ruled in *Swietlinski* that the courts must be cautious in admitting these statements, as they tend to focus the jury on the victims and their experiences some 15 years ago and invite the jury to assess the appropriateness of the original sentence in terms of retribution, denunciation, and punishment goals, which are not what section 745 hearings are about.

In my opinion, honourable senators, section 745 is "resentencing." In making application, the inmate is seeking to set aside an otherwise valid judicial order. The option to have the sentence revisited after the appeal process has been exhausted is available for no other crime — only murder and high treason. The people who are entitled to section 745 reviews are the offenders who have committed the most violent and repugnant crimes. Should these individuals benefit from such a provision? In deciding whether to reduce the parole ineligibility period in a section 745 hearing, only two-thirds of the jury need agree. Should these inmates, people like Paul Bernardo, Allen Leger, Clifford Olson, Larry Sheldon, Norman Clairmont, Charles Simard and Gerald Chase, benefit from this more flexible and lenient jury requirement? I personally do not think so.

As well, the parole eligibility reports are prepared by Correctional Services Canada personnel, which fact has created concern about the impartiality of this agency. It can be argued that these judicial reviews are a measure of their own success.

Honourable senators, two senior Crown counsel describe the judicial reviews as follows:

> Applications for review of parole eligibility are time consuming, lengthy, non-legal philosophical and social in nature. There are no rules, or if rules, they are foreign, there is hearsay, facts are questionable, the filing of documentation is allowed, the proceedings can be lopsided and totally frustrating.

The opponents of this bill argue that this provision should remain because it does not determine whether or not the inmate will actually be released on parole. The jury only decides whether or not the parole ineligibility date will be reduced. However, according to Martin Devenport of Correctional Services Canada, since 1976, there have been 1,494 applications for full parole from both the first-degree and second-degree murder categories. Out of these, 464 applicants have been granted full parole. This seems to indicate that life sentences are not the 25 year minimum that the public was promised they would be.

• (1630)

Should a life sentence be considered 15 years because of good behaviour? The Canadian public believes the sentence for murder should be 25 years, and not 15 years on demand. When a murderer is sentenced to life, surely we mean exactly that and not a lesser sentence. A first-degree or second-degree murderer in Canada should be required by law to serve a minimum of 25 years in prison and should be allowed out not one day sooner.

I urge honourable senators to support the repeal of section 745 by adopting this bill.

On motion of Senator Wood, for Senator St. Germain, debate adjourned.

CANADA ELECTIONS ACT

BILL TO AMEND—SECOND READING—DEBATE ADJOURNED

Hon. Nicholas W. Taylor moved second reading of Bill C-243, to amend the Canada Elections Act (reimbursement of election expenses).

He said: Honourable senators, I have an unusual privilege today in that I am sponsoring a bill that was introduced in the other place by a Reform member. I think this is the first time this has happened in the history of this august body. On May 15, this bill, sponsored by the member for Edmonton Southwest, received the unanimous support of the honourable members in the other place. The bill is one of only four bills sponsored by private members that have passed so far in the 35th Parliament. Two of the four bills were sponsored by Liberal members, the third by a member of the New Democratic Party, and this one was introduced by Mr. Ian McClelland of the Reform Party.

Under the bill, registered political parties will no longer be reimbursed for election expenses irrespective of their voter support. Prior to the passage of this legislative amendment, a political party was reimbursed based on its spending at least 10 per cent of its allowable expense limit. Now, political parties will be reimbursed based on the popular support of the electorate rather than exclusively on their ability to spend, which was an anomaly in the old legislation.

The amendment to the Canada Elections Act does not affect expense reimbursements for individual candidates. That situation will remain the same. They are already subject to the restriction that they must receive at least 15 per cent of the valid votes cast to be eligible for rebate.

The legislation would appear to be quite timely in view of the prospect of a federal election within the next 12 or 18 months. In the 1993 general election, in the absence of the voter thresholds proposed by Bill C-243, two political parties with negligible voter support received expense reimbursements. According to the information provided by Elections Canada, the Natural Law Party, which advocated yogic flying as an essential component of its election campaign, received $712,722 — that is nearly three quarters of a million dollars — in reimbursement of election expenses even though they received only 0.6 per cent of the popular vote. The National Party of Canada, which was dissolved approximately one year after the 1993 election, received $470,855 — close to half a million dollars — in expense reimbursements while receiving 1.4 per cent of the popular vote.

Since individual candidates must receive at least 15 per cent of the popular vote in order to be eligible for reimbursement, it seems reasonable that some minimum of voter support should be required for the party itself.

The National Party of Canada appeared to have a political platform that did not meet with a great degree of voter acceptance. It was nonetheless a political platform. I am sure that members opposite can understand that. The Natural Law Party, on the other hand, caused concerns to many candidates of other parties in that their political platform, such as it was, appeared to be closely tied to courses of transcendental meditation. There is nothing wrong in offering such courses to the public, of course, but the public should not be funding promotional activities for such courses during an election campaign. If the public considered this to be a worthy electoral objective, I am sure that such a sentiment would have translated into something more than 0.6 per cent of the vote.

I agree with the honourable member for Edmonton Southwest, who stated in his September 1995 submission to the Standing Committee on Procedure and House Affairs in the other place, which reviewed this bill:

> In my view, the Canadian taxpayer ended up subsidizing the advertising campaign for a contemplative lifestyle associated with fee-based courses in meditation techniques, rather than the activities of a political party providing economic and social alternatives.

My own long-standing support for the political perspectives of the Liberal Party is well known. I note with pride the degree of Liberal support for the legislative initiative of the honourable member for Edmonton Southwest. Such support provides an illustration of how the other place can function in the best interests of all Canadians, rather than degenerating, as is often the case, into heated, partisan debates where the best interests of Canadians quite often are forgotten.

Liberals in the other place supported this initiative for three main reasons: consideration of fiscal restraint, considerations of

fairness in the electoral system, and considerations of the comprehensive manner in which this legislation was developed during the course of passage in that House.

Honourable senators, the Conservatives in the other place, in their awesome battle array, came forward and unanimously supported the motion.

With respect to considerations of fiscal restraint, members in the other place recognize the need to ensure that scarce dollars are not directed to electoral activities that receive marginal or trivial support. Nearly $1.2 million in election expense reimbursements would not have been paid subsequent to the 1993 election if this legislation had been in place at that time.

With respect to fairness in the electoral system, there is a need to ensure that the system for financing electoral campaigns does not unduly restrict the electoral choices of Canadians. It is for this reason that the voter support thresholds for election expense reimbursements at the party level are set at comparatively low levels. A regional party without broad-based national support will be entitled to election expense reimbursement if in a particular riding it receives 5 per cent of the popular vote.

Honourable senators, I might mention that even in the worst of times in Alberta, when I was protected by little more than the game laws, the party I was leading still managed to get 5 per cent support. The same registered political party must field candidates in at least 50 electoral districts in order to obtain and maintain its registration.

This bill was described by the parliamentary secretary to the Leader of the Government in the other place as a good balance between the often conflicting considerations of fiscal restraint and electoral fairness. I agree with this sentiment. No one is suggesting that marginal political parties should not exist or that they should not have the right to speak out or field candidates in an electoral event. The right to present oneself to electors is still the right of any Canadian. The issue in that context is the need to apply fiscal constraint in a logical and fair manner.

With respect to the comprehensive manner in which the legislation was developed during the course of its passage in the other place, the bill met with the consensus of the members of all parties. This in part was due to the concurrence by the honourable member from Edmonton Southwest with respect to the amendment of his bill.

• (1640)

On May 15, 1996, the honourable parliamentary secretary to the Leader of the Government in the other place said:

> It shows what can be accomplished when members work together.
>
> The government's support of the bill today is tangible proof of its belief in the importance and the relevance of private members' bills.

Honourable senators, thank you for bearing with me thus far. This action is something that is long overdue. I am prepared to answer any questions that honourable senators may have on this matter.

On motion of Senator Berntson, debate adjourned.

AGRICULTURE AND FORESTRY

COMMITTEE AUTHORIZED TO STUDY PRESENT STATE AND FUTURE OF FORESTRY

On the Order:

> Resuming debate on the motion of the Honourable Senator Spivak, seconded by the Honourable Senator Simard:
>
> That the Standing Senate Committee on Agriculture and Forestry be authorized to examine the present state and the future of forestry in Canada; and
>
> That the Committee present its report no later than March 31, 1997.—(*Honourable Senator Taylor*).

Hon. Nicholas W. Taylor: Honourable senators, in supporting this motion, I wish to mention that my first committee meeting following my appointment as a senator occurred when I became a member of the Standing Senate Committee on Agriculture and Forestry. After listening for some time to the discussion, and looking at what that committee had done last year, the year before, as well as this year, I concluded that, up to that point, there had been no mention of forestry. It seems that there had been quite an antipathy between agriculture and forestry for many years. In fact, many farmers had been taught that the only good tree was a dead tree, or one that was out of sight somewhere so that it could be converted to land.

It is an interesting fact that our society will probably be condemned to spending, over the next 50 years, as much money on growing trees and replacing water on the land as we spent in the last hundred years cutting down trees and draining the water off the land. That, in itself, is a rather interesting analogy of how civilization develops. Perhaps that is one of the reasons that the human race has lasted as long as it has. We spend a hundred years doing something, and then the next hundred years correcting what we did in the first hundred years. It seems to go around in a complete circle.

I talked to the honourable senator from Manitoba, Senator Spivak. We found out that we were "brethren 'neath the skin," so to speak. "Woodsman, spare that tree" is one of our main mottoes. We agreed that we both wanted to do something on forestry.

One of the interesting aspects today — and many people do not realize this — is that the boreal forest, which is named after the aurora borealis, and so on, is the last of the big timber areas outside of the Amazon Basin. We are cutting down that boreal forest at a great rate. For instance, in Alberta the forest area set aside to cut for paper and timber is larger in size than a country such as Switzerland.

A full 35 per cent of the Canadian land mass is committed to forestry. Only 3 per cent of this land is privately held. Provincial governments and the federal government must do more to protect the land for our future generations.

More important, it is not a case of simply replacing trees. Those of us who are involved with the forestry industry today have come to realize two important things: First, trees are the lungs of the earth. Trees are now grown, under subsidy, in many areas of the world in an attempt to counteract pollution, and not for cutting to be converted into paper. Second, the biological techniques, the microbiology and the whole biodiversity that exists in a forest — and we now find this to be the case with our prairie grasses — cannot be replaced in 25 or 30 years as can a tree. In other words, we must do some heavy thinking so that we are not clearcutting our forests and simply replacing trees.

Much more than that is at stake. There is also the whole question of our new — and as yet undiscovered — medicines. Our new vaccines may well be discovered in some of these ancient forest regimes. It is not a case of replacing the forest; it also involves saving certain amounts of the forest almost in a fossil state. Some of the microbacteria that exist in a forest today might have taken 100 or 200 years to develop.

Senator Spivak has already spoken on this subject — in fact, we worked on it together — but in the short time that is available to me today, I want to impress upon my fellow senators that we should spend our best money and time in the future on determining what should be done about our forests.

Motion agreed to.

SOCIAL AFFAIRS, SCIENCE AND TECHNOLOGY

EMPLOYMENT INSURANCE BILL—MOTION TO AUTHORIZE COMMITTEE TO TRAVEL DURING STUDY—DEBATE CONTINUED

On the Order:

> Resuming debate on the motion of the Honourable Senator Simard, seconded by the Honourable Senator Kinsella that it be an instruction of this House that the Standing Senate Committee on Social Affairs, Science and Technology adjourn from time to time and from place to place in Canada when it begins consideration of Bill C-12, An Act respecting employment insurance in Canada.—(*Honourable Senator Kinsella*).

Hon. Orville H. Phillips: Honourable senators, in rising to support Senator Simard's motion, I do so with some trepidation, and with a feeling that it is a futile effort. Nevertheless, I will attempt to appeal to senators, especially to senators from Quebec and Atlantic Canada.

I remember, as I am sure do many of my honourable friends opposite, that in 1989 the Liberal senators could not deal fairly with amendments without travelling to Atlantic Canada. They did so, and they said that it was of great benefit to them at that time.

I do not see why it would not be beneficial to travel in this case. What has happened between 1989 and 1996 to make travelling no longer necessary? People are greatly concerned about such matters out there in the maritimes and in Quebec, and I am sure honourable senators would like to hear those concerns.

I will start my appeal with the Deputy Leader of the Government in the Senate.

Senator Berntson: That is good place to start!

Senator Phillips: The Deputy Leader of the Government in the Senate holds a position of great influence. I have listened to him for many hours in this chamber as he rather tediously read speeches that were prepared for him by Senator MacEachen on such important matters as the coal miners, unemployment, and the fishery problems in Atlantic Canada.

Hon. B. Alasdair Graham, Deputy Leader of the Government: Honourable senators, that is a great revelation to me!

Senator Phillips: Today, Senator Graham, I am sure you are aware that there is a problem with the coal mines in Cape Breton, where there has been a loss of jobs.

Senator Graham: That is right. You should come to the committee hearing tonight, Senator Phillips, and hear more about it.

Senator Phillips: Presently, there is a very high rate of unemployment in Cape Breton. Surely Senator Graham would want to hear from those people in person. I would imagine that he might be the last person who would want to cut back on unemployment insurance benefits in Cape Breton.

Therefore, honourable senators, it is with a great deal of expectation that I appeal to Senator Graham to support this motion and oppose Bill C-12.

Next, I will turn to the two Liberal members from my own province. First, I wish to refer to my honourable friend Senator Bonnell. He has had a long, distinguished career in the Prince Edward Island legislature, and in this chamber. He boasts, with a certain justification, that he has always opposed legislation that would oppress the poor, the handicapped and those on welfare.

• (1650)

I know from statements made by Senator Bonnell on Prince Edward Island that he is opposed to this bill. I should like him to vote with us on this motion. I am expecting his vote from the other side.

Senator Anderson has been closely associated with the agricultural community in Prince Edward Island through her brother's association with the potato industry. She knows the difficulty farm labourers will encounter, and I am sure she would like us to hear from them. I know they would enjoy telling the Senate about their difficulties and that she would benefit from hearing from them.

I turn now to New Brunswick. I regret that Senator Robichaud, a respected former premier of that province, is not in the chamber. He must know that his many supporters in New Brunswick still count on him. For years they supported Louis Robichaud and I have confidence that he will not let them down now.

I appreciate that my honourable colleague Senator Bryden is listening attentively.

Senator Bryden: Oh, I am.

Senator Phillips: For a long time he was a very effective Liberal organizer in New Brunswick.

Senator DeWare: He still is.

Senator Phillips: He became effective by listening to people. It seems only logical that he would listen to the concerns of the people in New Brunswick.

Senator Bryden: I have never listened to people like Senator Simard, so I cannot be offended by what they may say.

Senator Phillips: I am sure the honourable senator can continue to do that even during this trip.

The opposition to this legislation in New Brunswick, particularly in the northern part, is extensive. Senator Bryden, as a former Liberal organizer in New Brunswick, is familiar with the electorate in the riding of Minister Doug Young. I am sure Senator Bryden would want to go to northern New Brunswick and hear the views of those people.

Senator Bryden: They have already been heard by the minister. Basically, they have nothing left to offer the government or the minister.

Senator Phillips: From what I saw on television, the minister was not talking to them; they were talking to him but he was not listening. He was avoiding them. I do not expect Senator Bryden to avoid them.

Senator Bryden: That was just the paid organizers.

Senator Phillips: If the mob in New Brunswick were all paid organizers, it must have cost someone a fortune.

I will now turn to my good friend Senator Corbin, a former member of the House of Commons who was repeatedly elected.

Senator Simard: A good Liberal, too.

Senator Phillips: No matter how much the tide was going against the Liberals, Senator Corbin always seemed to bob up like a buoy on top of the tide and ride it through.

Senator Corbin: That kind of speech does not work in my party.

Senator Phillips: Time and time again, people placed their faith in Senator Corbin. He justified that faith. Will he now destroy that faith? Will he ruin his reputation? My only request of him now is that he go and listen to those who have faith in him. I will discuss the merits of the bill with him later.

Senator Corbin: If I may be allowed, I can respond to the honourable senator's request immediately.

Senator Phillips: Certainly. However, if my honourable friend's intention is to make a speech, he should wait until I have concluded my remarks.

Senator Corbin: Our member of the House of Commons is doing an excellent job, and she has my support.

Senator Phillips: Oh! Oh! Wait until the people in New Brunswick hear that.

Senator Corbin: Do not worry.

Senator Phillips: I am not worried, but perhaps Senator Corbin should be.

Senator Landry is a newcomer to this chamber, but he is well known by those who will be affected by passage of this bill. For years he made a very respectable living by buying and processing fish. He thoroughly understands the implication of this bill on fish plant workers and on fishermen, but it would not hurt to refresh his memory and for him to help those in despair. If they feel they have the ear of someone like Senator Landry, whom they all know and respect, it would benefit them greatly.

Hon. John G. Bryden: Your Honour, I have a point of order. Since this entire approach is directed at Atlantic Canada, I would remind Senator Phillips that, in our time zone, it is already 5:58 p.m.

Senator Phillips: I will mention Senator Stewart briefly. He is somewhat of an academic who has always kept roots in Nova Scotia. I hope he will maintain that contact by listening to what those people have to say.

To my friends from Newfoundland, Senators Petten and Lewis, I make a special appeal because I know that they are reasonable people who share my concern. Newfoundland, as all honourable senators know, has been especially hard hit by the depletion of the cod fishery. These two gentlemen exhibited great concern over that issue.

For a Newfoundland Liberal to vote against this motion and in support of Bill C-12 would be like someone in Florida praying for another hurricane. This bill will be just as disastrous as the cod depletion. Please, my honourable friends, go and listen.

Today I will make but a brief reference to Senator Rompkey and say more tomorrow. I would not want the committee to go without him. As a member of the steering committee, I know he will want the committee to go. It would be interesting to go to Newfoundland with the Honourable Senator Rompkey and see what Newfoundlanders think of his presentation of this bill in this chamber.

• (1700)

Since Senator Bryden is watching the clock, I will have to leave out my colleagues from Quebec, but let us not forget that it is not only Atlantic Canada that is being devastated by this disastrous bill. Rural Quebec and Montreal will also be hard hit.

Honourable senators, I ask you to support this motion for travel. If honourable senators opposite think they can avoid having to explain the bill, I can assure them that they cannot, because we on this side are prepared to go out and express our concerns to the people. The many people who will be adversely affected by this bill have the same concerns as honourable senators on this side. In fact, I confess that we got most of our concerns from listening to the people.

Try it, honourable senators, and I am sure you will share our concerns. Just vote to travel. We will deal with the bill at a separate time.

Hon. Brenda M. Robertson: Honourable senators, I wish to speak in support of this motion which authorizes the Standing Committee on Social Affairs, Science and Technology to travel to hear Canadians when it begins consideration of Bill C-12. I shall stick closely to my notes because there are points I want to make and if I digress, I may lose valuable time.

The idea of public consultation in itself always presents dilemmas: Why consult; who to consult; where to consult; and what to do following the consultations. These are fundamental issues which present very difficult choices to a legislative body, even when a bill is not controversial.

The overriding problem in the present situation, however, is that Bill C-12 is not a simple piece of legislation. It is not a routine housekeeping bill, nor should it be treated as one. Perhaps the mildest interpretation of the legislation is that it makes profound changes to the Unemployment Insurance Program and the way it is managed. It is the meaning of the words "profound changes" in the context of the lives of thousands of Canadians, and disproportionately Atlantic Canadians, that this chamber really should consider.

Although Premier McKenna's letter to the Prime Minister was written before third reading in the other place, it nevertheless describes the suspicions and the feelings that Atlantic Canadians still harbour about Bill C-12. I will quote from the premier's letter which was published in the Saint John *Telegraph-Journal*.

> In my submission, the proposal has fatal flaws. One is that it is deliberately targeted to Atlantic Canada and Eastern Quebec and will be seen as such by the citizens. For the province of New Brunswick alone, the impact of these changes will remove approximately $175 million per year from our economy. This is little short of devastating.

Another supporter of the government who is in touch with the public perception of Bill C-12 is Prince Edward Island MP Joe McGuire. He reported to the Summerside *Journal Pioneer* following third reading that the bill is far from perfect but that changes had to be made because the previous system also had serious flaws. That may well be but, honourable senators, I simply cannot ignore these comments from two supporters of the government who are also in touch with their people. I submit that their words must carry considerable weight in the consideration of this motion. In the province of New Brunswick in particular, the premier's words should carry a lot of weight.

Premier McKenna's letter to the Prime Minister also made the point that the legislation "will create an enormous amount of anxiety amongst our citizens." The public reaction to the legislation, particularly in our province, has proved the premier correct, and it is this anxiety that honourable senators now have an opportunity to address.

If there is one thing that I have learned during my years of public service, it is that the way to deal with citizens' anxiety is to get the troublesome issues out into the open. The best way to do that is to let the citizens have their say, to listen to their concerns, to assure them that something is not being railroaded through and that their views will be taken into account.

Honourable senators, if I have a criticism of the process pursued by the other place in studying changes to the unemployment insurance legislation — or the employment insurance legislation — it is that the parliamentary committee's public consultation was restricted largely to hearing citizens and organizations living in the regions through a video-conferencing system, and that only following application to the committee and then upon invitation could the citizen appear.

As well, a number of people expressed their serious reservations to me about this process because although many asked to be heard from Atlantic Canada, significantly fewer appeared. This created the perception that those groups and individuals most opposed to the legislation were ignored, while those who were less critical were invited to appear.

I believe that process is, and was, completely unacceptable. It increases suspicions that something is up, that something is being rammed through. It results in protests as the only available alternative for communication and political expression and contributes to undermining public respect and support for government institutions.

That is why I support the New Brunswick Coalition - Citizens Committee's position on public hearings. Last month the committee held three public hearings throughout New Brunswick. The 33 presentations by citizens and organizations were summarized and published in its final report. I shall quote from that summary report of their public meetings.

> The process by which the government has chosen to hear individuals and groups' concerns on Bill C-12 is deplored and denounced.

The Citizens Committee also said:

> The 33 briefs also deplore that the parliamentary committee chose a video-conferencing process instead of face to face meetings. Deplored also is the fact that people have to be invited in order to be heard.

Honourable senators, it is this well-deserved public censure that influences my thinking as I reflect upon the competing arguments about the right approach to public consultation on Bill C-12. I have been through this exercise before, as has Senator Simard and other members of this chamber. My recollection is that the Special Senate Committee on Bill C-21 first determined how many people we needed to hear. That became the basis for determining the hearing schedule and deciding whether we needed to travel. That approach certainly seemed sensible at the time.

What strikes me as odd in the present context is that the Senate committee has already decided not to travel, which is both well in advance of receiving the bill and well prior to having the

faintest idea of the numbers of individuals and organizations who may wish to be heard. In fact, the committee has not even taken out advertisements informing Canadians that public hearings will be held and, as far as I can determine, all the Senate committee did was send out a press release, which very few self-respecting news editors would publish because it is really not hard news.

It is as if public hearings are not on. Honourable senators, I suspect that is exactly what the government members on the committee intended; just get the bill through as quickly as possible and with a minimum of fuss. That is the only conclusion I can draw.

Again, to put this into perspective, the decision not to travel and not to advertise is a breathtaking about-face by government members opposite. I remember that during committee discussion of the modest changes to unemployment insurance legislation in 1989 Senator Cools, argued:

> ...we should look at travelling very seriously. I think the committee should be open and that we should look in a very serious way at the possibility of, as was described by the witness from the Atlantic area... putting faces on these people.

On the question of advertising Senator Cools said:

> ...we should place some advertisements and find out how many more people around the country would be interested in appearing as witnesses if they had information about this committee. Therefore I think we should go ahead and test those waters.

It strikes me that in thinking through these tough issues of public consultation, one test of how far to go is to rely on past experience. In that sense, Bill C-21 is instructive. Although that bill did not mean the profound changes for as many people as Bill C-12, I support Senator Simard's argument, with the condition that, as a minimum, the employment insurance bill should receive the same careful and serious consideration that Bill C-21 received.

I urge all honourable senators to think seriously about the profound changes to the unemployment insurance program and the way it will be managed; to seriously consider the economic impact it will have on the weakest economies in the country — and I remind honourable senators that the premier of New Brunswick has said that the impact will be little short of devastating. I urge honourable senators to think about the anxiety amongst our citizens and the measures the Senate might pursue to reduce that anxiety while enhancing public respect and support for Parliament; and to think about the role the Senate might play in putting faces on these people, those most affected by the changes to the UI program. I respectfully suggest that it is through serious consideration of these issues that honourable senators opposite will arrive at a rational approach to Bill C-12 and the question of travel.

Honourable senators, I wish to join with the mover of this motion in urging the Standing Senate Committee on Social Affairs, Science and Technology to reconsider its decision not to travel and not to advertise its mandate to study the provisions of Bill C-12. I can assure you that if the committee will not travel, Senator Phillips and others among us will.

On motion of Senator Rompkey, debate adjourned.

The Senate adjourned until tomorrow at 2 p.m.

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