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Monday, June 7, 1999

THE HONOURABLE GILDAS L. MOLGAT
SPEAKER

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THE SENATE

Monday, June 7, 1999

The Senate met at 4:00 p.m., the Speaker in the Chair.

Prayers.

SENATORS' STATEMENTS

NATIONAL TRANSPORTATION WEEK

Hon. Marie-P. Poulin: Honourable senators, I rise to recognize National Transportation Week, which runs from June 7 to June 12, 1999. Today, with you, I pay tribute to the hundreds of thousands of men and women who ensure that our economy keeps moving. By air, road, rail, and water, these individuals toil around the clock, moving people and goods in a never-ending cycle of mobility.

We hear much about the Internet and so-called "death of distance" through telecommunications technology, but our vast geography here in Canada demands superior physical links. Our road and rail infrastructure, our harbours and airports keep us connected. They ensure that all of us can travel as well as enjoy consumer products from home and abroad. Close to half a million people are employed in the transportation industry, and their work has a tremendous impact on our nation, in terms of both the importance of their services and their influence on the country's gross domestic product.

As Chair of the Standing Senate Committee on Transport and Communications, I should like to extend my compliments to the truckers and bus drivers, the plane, train and ship crews, the couriers and pipeline workers who keep Canada and Canadians on the go. I wish the industry every success in its week-long series of celebrations.

ONTARIO PROVINCIAL ELECTION, 1999

CONGRATULATIONS TO PROGRESSIVE CONSERVATIVE PARTY ON WINNING SECOND TERM

Hon. Consiglio Di Nino: Honourable senators, when Senator Poulin stood to speak, I figured, "Great! A fine Ontario senator will get up and make the speech I want to make, congratulating Mike Harris on his decisive win on June 3."

Senator Lynch-Staunton: Another one is coming tomorrow!

Senator Di Nino: Yes. Tomorrow we will talk about New Brunswick.

Honourable senators, I should like to offer a few words of congratulations to Mike Harris and his team, as well as to all of the members from all sides of the political spectrum elected in the Province of Ontario. As honourable senators know, on June 3, the Progressive Conservative Party of Ontario was re-elected with another majority, an accomplishment for which Mike Harris and his team should be proud.

I suppose Ontarians decided on June 3 that the program of renewal for the Ontario economy, the Ontario social structure, and the Ontario education and health care systems was not quite finished. What Mike Harris started he will finish in the next four years. That is why the ordinary people of Ontario decided to re-elect Mike Harris and his team for another term. I am sure that everyone here joins with me in congratulating Mr. Harris, the Progressive Conservative Party of Ontario, and all of the members who were elected. We wish them well.

AGRICULTURE AND AGRI-FOOD

CLOSURE OF RESEARCH STATIONS

Hon. Eugene Whelan: Honourable senators, I wish to express my concern over the decision made by the Government of the Canada to dismantle some of our Agriculture Canada research stations and leave the development of new crops to be funded by the private sector.

My concerns, that the multinationals would only wish to fund new products that could be protected by patent, or which would be genetically engineered so they would not reproduce themselves, forcing farmers to buy their seed every year, have been proven to be true by recent events.

My other concern, that these companies would put profit ahead of any concerns over human health or the environment, has also proven to be true.

We find that a new corn seed that is being marketed and that has been designed to resist insect pests is spreading its pollen over milkweed plants. This pollen is killing Monarch butterfly larvae and may drive them to extinction. Who can say it will not affect our insects, as well? The new Round-Up resistant canola is rapidly becoming a hard-to-kill weed and is passing this resistance to nearby fields of ordinary canola. These and other concerns in regard to genetically modified plants are causing our trading partners in the European Community not only to ban the import of our seed stocks, but also products made from genetically modified plants. In fact, the two largest corn purchasers in the world, Archer-Midland Company and A. E. Staly Manufacturing, will not purchase genetically modified corn that is not accepted in the European Community.

A recent article in the *Western Producer* shows that my fears and often-stated warnings about the dangers of dismantling the Agriculture Canada research stations are now being heard and recognized by other people. I hope that recognition has not come too late. The article states all the concerns I have been expressing for the last 10 years as we have moved from publicly funded research to that funded by multinational companies.

The article states that scientists are now forced to spend over one-third of their time or more in fund-raising instead of in research. Funds are more readily available for short-term projects that will quickly turn a profit. Basic research is a very hard sell.

Government laboratory equipment is wearing out and not being replaced as private companies will not fund what they do not own. They would rather mine the facilities for short-term gain.

These are warnings we cannot ignore. I strongly urge the federal government to move to immediately restore funding to our Agriculture Canada research stations and scientists before it is too late, so that all the expertise and world-class research facilities we built up over so many years will not be lost to us forever.

[*Translation*]

ROUTINE PROCEEDINGS

INTERNATIONAL POSITION IN COMMUNICATIONS

REPORT OF TRANSPORT AND COMMUNICATIONS COMMITTEE—CONFIRMATION OF TABLING—MOTION FOR CONSIDERATION

Hon. Marie-P. Poulin: Honourable senators, I wish to inform the Senate that pursuant to the order of reference adopted by the Senate on Tuesday, March 23, 1999, the thirteenth report of the Standing Senate Committee on Transport and Communications, entitled "Wired to Win: Canada's Positioning within the World's Technological Revolution" was deposited with the Clerk of the Senate on May 28, 1999.

Honourable senators, pursuant to rule 97(3), I move that the report be placed on the Orders of the Day for consideration on Wednesday, June 9, 1999.

On motion of Senator Poulin, report placed on Orders of the Day for Wednesday, June 9, 1999.

[*English*]

QUESTION PERIOD

INTERNATIONAL TRADE

FOREIGN PUBLISHER ADVERTISING SERVICES AGREEMENT—REQUEST FOR COPY

Hon. Noël A. Kinsella (Deputy Leader of the Opposition): Honourable senators, my questions are directed to the Leader of the Government in the Senate.

My first question relates to the agreement that was apparently signed on Friday between Canada and the United States affecting the matter of split-run magazines. Could the minister cause the same document to be tabled in this house?

Hon. B. Alasdair Graham (Leader of the Government): Honourable senators, I do not have the document to which the honourable senator refers. However, I shall attempt to obtain it and table it as soon as I receive it.

FOREIGN AFFAIRS

CONFLICT IN YUGOSLAVIA—PLANS FOR POST-CONFLICT RECONSTRUCTION—GOVERNMENT POSITION

Hon. Noël A. Kinsella (Deputy Leader of the Opposition): Honourable senators, Canadians have been viewing the developments in the Balkans in recent days. While there are signs of hope, there are many obstacles still standing in the way of a resolution to the tragedy, in particular the tragedy in Kosovo.

Many commentators are speaking now of reconstruction once the Albanians of Kosovo have been able to return to their country. Does the Government of Canada have a policy developed as to Canadian participation in the reconstruction, either in Kosovo or in Serbia?

Hon. B. Alasdair Graham (Leader of the Government): Honourable senators, that question has been raised on a number of occasions. Canada recognizes that it will have obligations in that respect. There have been discussions with our NATO allies and with others.

Authorities in Canada are very cognizant of our responsibilities and will be full participants in any discussions and any actions that are taken in this regard.

Senator Kinsella: Honourable senators, is the minister able to inform this house as to whether or not the position of President Milosevic will be linked to Canadian aid for purposes of reconstruction?

Senator Graham: Honourable senators, that is a matter which will be dealt with at the time. As my honourable friend would know, the situation is evolving almost on an hourly basis. While I believe considerable headway has been made on the diplomatic front, the nose-to-nose military negotiations have not progressed as quickly as we would have liked.

However, the G-8 foreign ministers are meeting as we speak. Their major objective is to find an appropriate resolution that could be brought before the United Nations Security Council.

NATIONAL DEFENCE

CONFLICT IN YUGOSLAVIA—DEPLOYMENT OF TROOPS—
ASSIGNMENT SHOULD PEACE NEGOTIATIONS FAIL—
GOVERNMENT POSITION

Hon. Noël A. Kinsella (Deputy Leader of the Opposition): Honourable senators, my next question relates to that theatre in the world and is more of a military operation type of question.

It is my understanding, and perhaps the minister can correct me if my information is not accurate, that today significant numbers of Canadian Forces personnel have left Alberta destined for Thessalonika, Greece to await deployment on a peacekeeping basis in Kosovo.

Should the negotiations that are taking place on the border between Macedonia and Kosovo with the Yugoslav military authorities and representatives of the NATO military alliance concerning, I believe, the matter of the withdrawal of Yugoslav forces from Kosovo, not result in an agreement that will be accepted, in particular by NATO, will the Canadian troops who are in or on their way to that theatre be used for purposes other than peacekeeping?

Hon. B. Alasdair Graham (Leader of the Government): Honourable senators, the main purpose of our troops being deployed is peacekeeping. There is no question that we have 285 Armed Forces personnel attached to the CF-18 squadron which has been engaged in the military activities already taking place in the Balkans. As I stated last week, the *Athabaskan* is in Adriatic waters with 200 Armed Forces personnel aboard. The shipments of the Coyotes, Bisons, and other ground forces equipment are expected to arrive in Greece today or tomorrow. The final group of 800 ground forces personnel was dispatched from Edmonton today. As a matter of fact, the Minister of National Defence was there to personally wish them well on their mission. We anticipate that all of our forces personnel who have been deployed will be ready, for whatever purpose, by the end of this week.

• (1620)

My honourable friend has suggested that they may be engaged in something other than a peacekeeping role. We hope and pray that that will not be the case.

ANSWER TO ORDER PAPER QUESTION TABLED

MILLENNIUM SCHOLARSHIP FOUNDATION—
APPOINTMENT OF MR. PHIL FONTAINE TO BOARD

Hon. Sharon Carstairs (Deputy Leader of the Government) tabled the answer to question No. 144 on the Order Paper — by Senator Cochrane.

VISITORS IN THE GALLERY

The Hon. the Speaker: Honourable senators, I should like to draw your attention to a group of military personnel in the gallery. They are a group from Kuwait who are here at the invitation of the Minister of National Defence. They are led by Lieutenant-Colonel Bugures.

On behalf of all honourable senators, I wish you welcome here to the Senate of Canada.

PRECLEARANCE BILL

MESSAGE FROM COMMONS

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons to return Bill S-22, authorizing the United States to preclear travellers and goods in Canada for entry in the United States for the purposes of customs, immigration, public health, food inspection and plant and animal health, and to acquaint the Senate that they have passed this bill without amendment.

[*Translation*]

CARRIAGE BY AIR ACT

BILL TO AMEND—MESSAGE FROM COMMONS

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons returning Bill S-23, to amend the Carriage by Air Act to give effect to a Protocol to amend the Convention for the Unification of Certain Rules Relating to International Carriage by Air and to give effect to the Convention, Supplementary to the Warsaw Convention, for the Unification of Certain Rules Relating to International Carriage by Air Performed by a Person Other than the Contracting Carrier, and acquainting the Senate that they had passed the bill without amendment.

[*English*]

ORDERS OF THE DAY

BUSINESS OF THE SENATE

Hon. Sharon Carstairs (Deputy Leader of the Government): In order that honourable senators be made aware of what will transpire today, it has been agreed that the Senate will not see the clock at six o'clock and will continue on past that hour. Dinner will be served in the reading room. It will be brought in at 5:30 p.m.

The Hon. the Speaker: Honourable senators, is it agreed that I shall not see the clock at six o'clock?

Hon. Senators: Agreed.

SOCIAL AFFAIRS, SCIENCE AND TECHNOLOGY

COMMITTEE AUTHORIZED TO MEET
DURING SITTING OF THE SENATE

Hon. Sharon Carstairs (Deputy Leader of the Government): Honourable senators, there is also agreement that the Standing Senate Committee on Social Affairs, Science and Technology, which had called a meeting for six o'clock today, will be allowed to sit even though the Senate will be sitting.

The Hon. the Speaker: Honourable senators, is it agreed that the Social Affairs, Science and Technology Committee will have permission to sit even though the Senate may then be sitting?

Hon. Senators: Agreed.

Motion agreed to.

FOREIGN PUBLISHERS ADVERTISING SERVICES BILL

ALLOTMENT OF TIME FOR DEBATE

Hon. Sharon Carstairs (Deputy Leader of the Government): Honourable senators, some discussions took place over the weekend and again today with respect to the time allocation procedure on Bill C-55.

Therefore, I move, pursuant to rule 38:

> That, in relation to Bill C-55, respecting advertising services provided by foreign periodical publishers, no later than 4:15 p.m. tomorrow, Tuesday, June 8, 1999, any proceeding before the Senate shall be interrupted and all questions necessary to dispose of all remaining stages of the Bill shall be put forthwith without further debate or amendment, and that any votes on any of those questions be not further deferred; and
>
> That the bells to call in the Senators be sounded for fifteen minutes so that the vote takes place at 4:30 p.m..

The Hon. the Speaker: Honourable senators, is it your pleasure to adopt the motion?

Hon. Senators: Agreed.

Motion agreed to.

MOTION FOR ALLOTMENT OF TIME FOR DEBATE WITHDRAWN

On the Order:

> That, pursuant to Rule 39, not more than a further six hours of debate be allocated to dispose of both the report stage and third reading of Bill C-55, An Act respecting advertising services supplied by foreign periodical publishers;
>
> That when debate comes to an end or when the time provided for the consideration of all stages of the bill has expired, the Speaker shall interrupt, if required, any proceedings then before the Senate; and put forthwith and successively every question necessary to dispose of all remaining stages of the bill; and
>
> That any recorded vote or votes on the said question be taken in accordance with the provisions of Rule 39(4).

Hon. Sharon Carstairs (Deputy Leader of the Government): Honourable senators, may I have leave to withdraw the time allocation motion currently standing in my name?

The Hon. the Speaker: Is leave granted, honourable senators, to withdraw the time allocation motion?

Hon. Senators: Agreed.

Motion withdrawn.

MOTION TO ADOPT REPORT OF COMMITTEE—
DEBATE CONTINUED

On the Order:

> Resuming debate on the motion of the Honourable Senator Carstairs, seconded by the Honourable Senator Callbeck, for the adoption of the twelfth report of the Standing Senate Committee on Transport and Communications (Bill C-55, respecting advertising services supplied by foreign periodical publishers, with amendments) presented in the Senate on May 31, 1999.

Hon. James F. Kelleher: Honourable senators, as a former minister for international trade, I am deeply concerned about the way the Government of Canada has handled Bill C-55, the Foreign Publishers Advertising Services Act, and the split-run magazine dispute. I believe that the split-run magazine saga demonstrates that this government has failed to effectively manage Canada's international trade disputes.

Before we deal with Bill C-55's last-minute amendments, I think it is important that we all understand what went wrong with the dispute that gave rise to these amendments. After discussing what went wrong, I should like to conclude my remarks with some observations on how these disputes must be better managed in the future and how Canada must come to grips with cultural trade issues before the next round of World Trade Organization negotiations begins next year.

Honourable senators, there are two main reasons why the Chrétien government has a poor track record in international trade. First, the Prime Minister's international trade policy focuses mainly on international trade development junkets that feature attractive photo opportunities. However, the split-run magazine dispute and the upcoming WTO negotiations demonstrate that flashy trade development junkets are not enough. As a major trading nation, Canada needs a Prime Minister who has what it takes to manage trade disputes and

complex, international trade negotiations and policy issues. By allowing his Minister for International Trade and his Minister of Canadian Heritage to openly squabble over the split-run magazine issue for the last few months, Prime Minister Chrétien has once again shown that he lacks leadership.

The second reason that the Liberals have such a bad win-loss record is that they have chosen to politicize international trade disputes, rather than manage them in accordance with Canada's national interests and our treaty rights and obligations.

I think it is important to remember that Bill C-55 was the Government of Canada's response to two cases that it lost before the WTO. The first decision was announced over two years ago on March 14, 1997, when a WTO panel ruled against three of the four Canadian policies in dispute. The three policies were Canada's 1965 ban on imports of magazines with advertising directed at Canadians, the 1995 excise tax on split-run magazines and discriminatory postal rates for imported magazines.

Then on June 30, 1997, after the Chrétien government appealed the WTO panel report, the WTO's appellate body not only confirmed that these three programs violated Canada's treaty obligations, it also ruled against Canada's discriminatory postal subsidy program for Canadian-produced magazines. In other words, after losing three out of four points before the WTO panel, the Government of Canada proceeded to appeal and lost four out of four.

Honourable senators, why did this happen? I believe it happened for the same reason that Canada has recently lost a string of WTO cases, including the WTO ruling against the Technology Partnerships Canada program's support for regional aircraft and the WTO ruling against Canada's dairy policies.

The reason the Government of Canada has a poor WTO dispute track record is that the Liberals have politicized the process. Instead of heeding the advice of their international trade lawyers and experts, this government launches WTO cases and appeals for political purposes.

For example, the April 19, 1999 edition of the *National Post* stated that the federal government is appealing the WTO ruling against the Technology Partnerships Canada program despite the fact that senior Canadian government officials advised cabinet that success is not at all likely.

Likewise, last March, the *National Post* reported that:

> Federal trade lawyers say their advice is routinely ignored in favour of political considerations when Canada decides what cases to take before international bodies.

The article also stated:

> "Having a friend in the Prime Minister's Office is far more important than having a good legal case," said one senior official in the trade law division of the Department of Foreign Affairs and International Trade.
>
> "The issue of whether we have a good case or not has until now not been very important," added another.

The bottom line is that this government lost the magazine and aircraft subsidies and dairy WTO disputes because the Prime Minister is more interested in trying to score short-term political points than in complying with Canada's international treaty obligations.

As a result of the two WTO magazine cases, the government terminated its 1965 ban on split-run imports, eliminated the 1995 excise tax, changed its discriminatory magazine postal rates and postal subsidies, and introduced Bill C-55.

Given that this legislation was the result of the government's two defeats, it was always clear that Bill C-55's compliance with Canada's international trade treaties would be a critically important issue.

Although the Minister of Canadian Heritage assured everyone that Bill C-55 fully complied with Canada's WTO and NAFTA obligations, the government has now agreed to make substantial changes to the legislation which the Canadian magazine industry has called "a cave-in" to American pressure.

Honourable senators, it is clear that one of two things has happened. Either the original Bill C-55 complied with Canada's international trade treaty obligations and the government caved in, or the legislation violated Canada's free trade obligations and the government staged this "American bashing" dispute for political purposes.

When the Minister of Canadian Heritage appeared before the Standing Senate Committee on Transport and Communications on April 13, I specifically asked her whether the Government of Canada had obtained a legal opinion that established that Bill C-55 was in full compliance with Canada's international trade treaty obligations, including our obligations under the WTO and NAFTA. She responded yes.

If this is true, then the Government of Canada has bowed to American pressure, rather than maintaining Canada's international trade rights. If this is the case, then there is something wrong with this government's international trade policy. There is no point in signing treaties if Canada is not prepared to enforce its rights. On the other hand, if Bill C-55's compliance with international trade treaty obligations was not clearly established, then this government has created several months of costly job and investment uncertainty so that it could pretend that it was standing up to the Americans and trying to score some short-term political points before it ultimately caved in.

Honourable senators, three things are now clear: First, the Government of Canada caved in and every one knows it. The Canadian magazine industry has made clear in no uncertain terms that they are not happy with the proposed amendments to Bill C-55. Although the government has attempted to claim victory and argued that the American market access is *de minimis*, everyone knows that millions of dollars of new subsidies would not be necessary if Canada had really won.

The second thing that is clear is that this government forced several other Canadian industries to pay the price for this political charade. Bill C-55's list of innocent victims includes the Canadian steel, textile, plastic, forestry and clothing industries.

As the chief economist for the Alliance of Manufacturers and Exporters noted after the deal was announced:

> ...the threat of U.S. retaliation alone has already had a chilling effect on trade and investment activity.

The third thing that is clear is that the Government of Canada has signed an agreement that is not clear. For example, the June 3 exchange of letters refers to a "substantial" level of original editorial content. However, Canada's Investment Canada Review Guidelines requires a "majority" of original editorial content. If the agreement was meant to require a "majority" of Canadian content, why did the government agree to sign a deal that does not use that language? I am concerned that this inconsistency between the agreement and the Investment Canada Review Guidelines may give rise to further disputes.

In addition to this inconsistency and potential for further disputes, the agreement specifies that it is without prejudice to either party's arguments regarding the nature of the Foreign Publishers Advertising Services Act, the Investment Canada Act or the Income Tax Act in the WTO or under NAFTA. Furthermore, either party may withdraw from the agreement by giving 90 days' written notice. Again, it is clear that Bill C-55 may not be the final word on this issue.

There also appears to be disagreement over whether American firms will have access to the new subsidies. Nor is it clear how much these subsidies will cost or how they will be funded. These issues must be clarified now before the bill is passed.

I should like to conclude by again saying that I am deeply concerned about how Canada's international trade disputes and negotiations are being mismanaged. They are being mismanaged because this government is fixated on generating photo opportunities with its trade development junkets. However, the limited success of recent trips shows that the Prime Minister's Team Canada veneer is starting to wear thin.

• (1640)

Honourable senators, Canada's international trade disputes and negotiations are also being mismanaged due to this government's tendency to politicize issues, even when this is contrary to Canada's national interests. Since this government was elected, cultural trade disputes have been arising with alarming regularity. In 1995, the United States targeted a section 301 and a CRTC cable licensing decision regarding country music television. In 1998, the European Union requested WTO consultations in respect of Canada's measures affecting film distribution services. Notwithstanding the Liberal's attempt to portray cultural trade disputes as Canada-U.S. issues, this European case demonstrated that the Americans are not the only ones who are targeting this government's cultural policies. Today we are dealing with legislation that resulted from two adverse dispute panel findings flowing from the WTO agreements this government signed in 1994.

These three disputes demonstrate that the government's strategy of pursuing so-called "cultural exemptions" is not protecting Canada's culture. Next year, Canada will be part of the WTO negotiations on audiovisual services which could have a profound effect on Canadian cultural industries.

So far, the government has not told Canadians how it will ensure that these upcoming negotiations will not give rise to more cultural disputes. Although the Minister of Canadian Heritage has talked about a new cultural instrument, the government has no game plan to implement this new strategy before the WTO audiovisual services negotiations begin in a few months.

The bottom line is that Bill C-55 is not an isolated incident. This proposed legislation and the growing number of cultural trade disputes are the result of the Prime Minister's failure to manage Canada's international trade policy.

Honourable senators, since I cannot condone an international trade policy and legislation that is contrary to Canada's national interests, I will vote against Bill C-55.

Hon. Consiglio Di Nino: Honourable senators, I had originally not intended to speak on this bill, but recent events have led me to a change of heart. I will not speak on the merits of the legislation since others on both sides have discussed the subject amply and eloquently.

However, I would remind all of us of the damage that kowtowing to the PMO and the leadership in the other place is inflicting on the Parliament of Canada, particularly the Senate. Every day, we are the target of indignities and insults directed at us by the media and many Canadians, perhaps the majority. We must ask ourselves how much of this abuse is self-inflicted. How many times do we do it to ourselves? Time and again, we allow ourselves to be ridden over roughshod by the PMO. We are now at it again. This is what I call self-flagellation.

Let us consider some of the facts. Even as Bill C-55 was moving toward third reading in the House of Commons, U.S. trade representatives were telling the media that everything was on the table and that "nothing is excluded."

In *The London Free Press* of March 17, 1999, we find the following statement:

> Even as the bill was receiving third and final reading...Copps was conceding outside Parliament that she was "open to discussion, and amendments" about the bill.

In other words, the government allowed this bill to pass the other place, despite the fact that senior ministers had admitted publicly that it would never become law as adopted by that chamber. So much for the respect of the members of the House of Commons.

When the bill came to this chamber, we were asked to vote on its principle. We were asked to vote on the principle of a bill that everyone knew was going to change — and has indeed changed drastically — once the government had finished making the concessions demanded by the Americans. We wonder why people dismiss us as a mere rubber stamp.

Now we are expected to pass this bill which contains amendments, proposed not by members of the other place, but by American trade representatives.

Honourable senators, who exactly is in charge of Canadian legislation? Is it the PMO; is it the cabinet; is it the House of Commons; is it the Senate; or is it the American commerce department?

A while ago, Senator Lynch-Staunton referred to his fear of senators becoming a party to their own irrelevance as parliamentarians. I, as you know, shared his concern. Others in this chamber, including myself, have lamented the fact that this place is too often little more than a revolving door for government legislation. As I just mentioned, Bill C-55 is a perfect example of this problem.

On March 15, 1999, *The Toronto Star*, the government's private propaganda tool, at least in the Toronto area, noted that continuing to negotiate with the Americans while this bill was passing through Parliament reduced the different votes to a meaningless sideshow; in other words, a farce. Included in the article was the comment that Parliament deserves to be treated with more respect.

Honourable senators, so do the Canadian people.

I could not have said it better myself.

Unless we have the courage to do our job, the public's confidence in this chamber will only further erode. We must stand up to this continuing and growing abuse and disrespect for Parliament.

I admit that things were similar, albeit not quite as blatant and cynical, with the previous government. This is not a partisan issue. It is an issue of sovereignty. This is about integrity and respect for Parliament and parliamentarians. Our job here is to protect the interests of Canada. Lord knows that the House of Commons has not been doing such a good job.

The Senate and the House of Commons have clearly defined roles to play. Among the primary roles, if not the primary role, is to properly and fairly discuss and debate national issues. We are here to debate legislation among ourselves, not with the American trade representatives or functionaries from the PMO. This government seems to have forgotten that.

The PMO has hijacked the parliamentary process and the public policy process as well. It has bypassed the rules and thumbed its nose at them in order to cut a deal and save face. Sadly, honourable senators, the Liberal majority in this place is set to endorse such behaviour. It is ready to abdicate its responsibility to the democratic process and force this chamber to pass this bill. It is ready to sanction the entire illegitimate PMO-orchestrated process that has resulted in the bill we have before us today, and I fear that no one opposite will say "boo." Given this, is it any wonder that the public has so little respect for what we do?

What is happening here, with the full connivance of the Prime Minister's Office, is wrong. It is wrong. Every one of us present here knows full well that what we are about to do makes a mockery of the rules of Parliament and, ultimately, of us for allowing it to occur once again.

Hon. David Tkachuk: Honourable senators, I intend to make only a few points on the substance of the bill and the tactics of the Liberals with regard to what they told the public, what they told members, and what they really intended.

I was at a short, six-hour farm meeting with Senator Andreychuk and Senator Gustafson last Saturday in Regina. As we all know, the current farm crisis was known to the government a year and a half ago when commodity prices dropped some 60 per cent in 1996. Nothing was done. Then the AIDA program was put together quickly because the crisis did not go away as the Liberals, using the Mackenzie King tactic, thought it would.

The AIDA program is so flawed as to be unbelievable. Just to request aid, a farmer must fill out a 20-page document that takes a chartered accountant six hours to do. The farmer's entire history is requested.

I mention this because that program was set up in response to a real crisis. On this issue of magazines and advertising, which as it turns out was never a crisis, the former deputy prime minister of Canada responded extremely quickly. We will see money pouring out of the coffers of the government to those companies immediately, lest they go broke. Meanwhile, a disaster area should be declared in southeastern Saskatchewan and southwestern Manitoba. People are losing their homes and farms, and we are debating a bill in this place that will send cheques to Maclean Hunter and Telemedia.

• (1650)

That is the kind of priority that we have in this proposed legislation. It is no wonder that the people of Canada are saying, "Be damned; a pox on all your houses!" That is the agenda of the members opposite.

In committee, the Honourable Senator Lynch-Staunton questioned the minister's intent as to why this legislation was moving forward. He suggested that perhaps there was another reason for it. The minister said that her commitment, as well as that of the Prime Minister and the government,was to resolve this issue. The minister said that all her cards were on the table, face up. She said that she had nothing to hide, and would play no games.

Senator Di Nino: Remember the GST?

Senator Tkachuk: This is the Liberals' way of not telling the truth with a straight face.

Senator Lynch-Staunton went further, and got to the heart of the matter. He offered the minister an opportunity to explain. He said that he had heard that negotiations in Washington could lead to amendments of such a nature that the bill would be quite different from that which we have before us now. He made the question quite specific.

In response to his question, Minister Copps indicated:

> However, at no time would we ask you to take a position on a bill that would be somehow circumvented by behind-the-scenes discussions and negotiations. That is not our intent.

Senator Lynch-Staunton said: "That was not my question, either." He pressed her again. The minister said that the bill in its present form was the best solution and:

> ...that if the Americans were to introduce suggestions that they felt would be in keeping with the spirit of the bill, we would be prepared to entertain them. Any entertainment of such changes would need to be approved by both the Senate and the House of Commons, of course. We are not looking for a way to do an end run around parliamentary institutions.

This is the minister in charge of the bill speaking.

Senator Di Nino: You believe her?

Senator Tkachuk: I never did. Then, weeks later, she comes back. In her last appearance before the committee, the minister said:

> Honourable senators, when I appeared before this committee, I indicated that I would play no games. This is why I can assure you that Bill C-55 is still the best proposal that we have for our Canadian magazines. That being said, we are still meeting with our American friends. If our friends south of the border believe that they have a better proposal, and we deem that it meets the tests that I have laid before you, we will analyze it. Should that be the case, and honourable senators allow me to appear before them again, I will come before this committee and present any such proposals myself for your consideration.

She should come before Committee of the Whole and explain herself, as she promised to do. However, we know from her testimony that what she says and what she does are two different things.

The minister did this to her own colleagues. She may have done it to her own friends in caucus, for all I know. She probably did it to the members here. She did it to them and she did it to us. This woman cannot be trusted. This woman should not be trusted. We should defeat this bill. We should definitely not accept her amendments because they are not properly presented in this place. She deceived her colleagues in the other place.

I know I am on slippery ground when I use words such as those; however, at the same time, I used only her words. I did not make this up. Honourable senators can deduce from that what they may.

Honourable senators, I never liked this bill. I never liked Sheila Copps. I do not like the Liberal government. Therefore, any bill they put before us, I am opposed to as a matter of principle until it is proven otherwise. The minister has not succeeded in convincing me of the validity of this proposed legislation.

Senator Taylor: What is your problem?

Senator Tkachuk: Judgment will be passed on your problem in New Brunswick tonight. Perhaps judgement will also be passed in a couple of years on what we see as our problem as well.

Senator Di Nino: If I may ask a question of my colleague, I should like to know whether this is the same bill that was presented for second reading. The point is that we approved, in principle, a particular piece of legislation. In your opinion, is this still the same bill that we passed at second reading?

Senator Tkachuk: No, it is not. I reiterate that it was not Senator Lynch-Staunton nor the other members of the committee who were talking about the fact that if amendments were made, they had to be presented in the other place. It was the minister herself.

Throughout the committee hearings, we heard from our honourable colleagues, both in this chamber and in committee, that no negotiations were taking place. They kept using the word "discussions." That was a cute way of saying that there were negotiations. However, they were denying that anything was happening.

Although this bill bans the sale of advertising, the amendments allow the sale of advertising. To me, this is a different bill. I stand by that. I think all honourable colleagues feel the same way. There is no way that we can get around that intent.

Hon. Serge Joyal: Honourable senators, it is a privilege to join the debate on Bill C-55. A number of honourable colleagues have discussed the fine points of this important legislation. I should like to discuss the larger picture. It is essential that we not lose sight of what is at stake in this bill.

Fundamentally, Bill C-55 is about ensuring the future of an essential segment of Canadian culture in the new global village. It does not try to legislate Canadian culture; no government has ever successfully legislated culture. Rather, Bill C-55 aims to establish the conditions necessary in which Canadian culture may thrive.

• (1700)

During the second reading debate on this bill, some honourable senators expressed difficulty with the expression "Canadian culture" because it means different things to different people. What some see as a weakness, I consider to be a strength. I believe that one of Canada's great achievements, one of our greatest contributions to the world, is the fact that Canadian culture is not monolithic.

In his recent book, *Reflections of a Siamese Twin: Canada at the End of the Twentieth Century*, John Ralston Saul wrote:

> All of this reinforces my sense that the quality of our culture is the product of its complexity. It is the drama of that complexity which pushes us on. It was those tensions that made Montreal the centre of the first explosion of creativity in both languages. A racial and cultural mix without a depressing drive towards sameness is a great cultural strength. And it is that same tension that has brought Toronto alive over the last three decades.

Honourable senators, as a dynamic, diverse cultural mix creates the best in Canadian culture. I believe the multiplicity of strong national cultures is the hope for greatness in humanity.

This is a concept that the United States does not spontaneously understand. The greatest battle fought these past few months over Bill C-55 was not about whether to allow an extra percentage point in the percentage of exemption; the greatest battle was about explaining to our American friends that culture is not just a commodity, like running shoes or computers. It is the lifeblood of a nation, the window to our soul. It is our moment of definition. It is the standard we set for ourselves, and it is our challenge to ourselves to strive for excellence in meeting those standards.

It is ironic that our American neighbour, a staunch crusader against monopolies in the market-place, does not understand our dismay at the growing dominance of American culture throughout the world. In the commercial market-place, as we all know, monopolies are a bad thing. Monopolies produce inferior products and services at a higher cost. They stifle innovation and resist dynamic change. A cultural monopoly is even worse. One idea or set of ideas dominates unchallenged. Cultural life is impoverished, uncreative, dull, and the vibrant colours of the world are lost in a haze of grey.

However, honourable senators, we have made an important step in this battle. The United States has accepted, as least for magazines, that countries can take steps to protect their national culture without threatening the fabric of free trade, but this was a hard-fought battle, and it was not always pretty.

I was personally very distressed, as was Senator Kinsella, that one of the first reactions in the United States to the tabling of Bill C-55 was to launch a vicious personal attack on the Minister of Canadian Heritage. To this date, as far as I am aware, no U.S. official has denounced that attack. That is not how we do politics in Canada, and that is not part of our political culture.

Our two countries are parties to several agreements that set out carefully negotiated terms to resolve disputes. Instead of following agreed procedures to deal with Bill C-55, the United States resorted to bully tactics, threatening billions of dollars in illegal unilateral retaliation, targeting particularly vulnerable sectors. Indeed, the threatened retaliation itself became personal, as did the attack directed against the Minister of Canadian Heritage.

Americans often seem to pick and choose whether to respect international trade law. For example, dispute settlement panels instituted under the GATT, and before the WTO, ruled against the United States and in favour of Canada in the softwood lumber cases and the so-called "Beer II" case. The United States refused to give effect to those decisions. In the Beer II case, very few of the offending measures have been eliminated. In fact, new, similarly trade-distorting measures have been implemented by many states.

More recently, a group of U.S. congressmen and senators reintroduced a bill to protect the U.S. suit industry. Why? It is because since 1992, when NAFTA entered into force giving Canadians duty-free access to the market for wool products, Canadian exports of high-end wool suits have soared. This is not free trade, honourable senators — it is "me" trade. The United States seems to take the position that free trade is fine, as long as they get free access and others pay the price.

Historically, Canadian relations with the United States have always been delicate. We have long felt vulnerable to being absorbed by our neighbour, and this is not surprising. From the very beginning, the United States expressed designs upon Canada.

Initially, they tried their own not-so-gentle art of persuasion. In 1775, 300 copies of a letter addressed to the people of Canada by no less a personage than George Washington himself were distributed in the province of Quebec exhorting the people of Canada to join the fight against Great Britain. Let me read to you from that letter which stated:

> We look with pleasure to a day, in the not too distant future (we hope) when all inhabitants of America will feel as one and taste the sweetness of a free government.

The letter continues, informing the people of Canada that the United States Congress has graciously sent troops to Canada "to kindle and put to action the liberal sentiments that you have revealed."

Needless to say, the people of Canada did not receive this letter with the joy and gratitude anticipated by General Washington.

A few months later, another letter was sent — this time from the American Congress, signed by John Hancock. Among others it contained the following statement:

> By this time, you must be persuaded that nothing is more appropriate in ensuring our interests in your liberty than to take effective measures to combine our forces...

This letter, too, failed to convince Canadians to embrace the cause of the American revolution.

[*Translation*]

Honourable senators, allow me to point out in passing that Jean-Baptiste Joyal, the brother of my ancestor, decided to join up with the American invaders at the Canadian border and to lead them up Quebec City, for the assault which was supposed to let the Americans take that city. As you know, unfortunately for them, the Americans met with a resounding defeat and my ancestor had to seek refuge in the United States.

There he received a pension awarded by the American Senate, as well as vast stretches of land in Vermont, very near the border with Canada. Today, if you visit the legislative building at Montpelier, Vermont, you will see a plaque at the entrance thanking Jean-Baptiste Joyal for loyal services rendered to the U.S. Army.

[*English*]

You will notice that today he is American, and today I am French Canadian. That is why, through the centuries, we have developed different views on Bill C-55 — the American branch of our family has one view, and the Canadian branch has another.

The War of 1812 saw a military attempt to take over Canada. Colonel de Salaberry, with the strong support of a French Canadian battalion, defeated the Americans at Châteauguay, as did J.W. Morrison at Chrysler Farm in Ontario.

Later — indeed, right around the time that we were broaching Confederation — there were American initiatives to launch a constitutional absorption of Canada, in fact, to take over the entire continent. In 1866, General N.P. Banks of Massachusetts introduced a bill in Congress providing for "the admission of the States of Nova Scotia, New Brunswick, Canada East and Canada West, and for the organization of the Territories of Selkirk, Saskatchewan and Columbia."

In 1867, when U.S. Secretary of State William Seward purchased Alaska from Russia for $7.2 million, he described the event as, "a visible step in the occupation of the whole North American continent."

Today, Canada is secure from American designs of military or political absorption. The threat we face today is different, but no less pervasive. What is at issue is nothing less than our national identity. There is no longer any need to occupy our country by military force. The question now is: Will we allow them to occupy our minds and our souls?

We are different from Americans. Our values, our approaches to issues both domestic and international, our views of the world are different from their views. We respect their achievements and we share a commitment to peace and freedom, but we are not the same. Their values are individualism, liberty and private property. Our values are sharing, equality and opportunity.

U.S. Ambassador to Canada Gordon Giffin was reported in *Maclean's* in March 1999 as suggesting "there is no such thing as a distinct Canadian culture." Ambassador Giffin may have spent much of his youth here when his father was transferred to Canada as an employee of an American firm, however, that statement reveals his American roots. He just does not get it.

• (1710)

Yes, like the United States, we encourage private enterprise to succeed. Unlike the United States, one of the roles of our government is to offset inequalities that the free market can bring. We have written into our Constitution, and we did that in 1982, that our federal and provincial governments are committed to promoting equal opportunities for the well-being of Canadians, and furthering economic development to reduce disparity in opportunities. We have guaranteed equality of men and women, and we have adopted a clause of equality to protect all minorities.

Our publicly funded universal health care system was recently described as "our proudest achievement." No Canadian need worry about medical bills ever, as stated by the Prime Minister. This is distinctly Canadian and reflects some of our most cherished national values.

Americans have a constitutional right to own arms. Three weeks ago, we were reminded of that fact by actress Sharon Stone who led a movement, the aim of which is to convince Americans to renounce that constitutional right.

In contrast, some Americans openly wonder whether their culture is best defined by violence. Gregory Gibson is an American whose son was murdered at the age of 18. On April 23, Mr. Gibson, in an article in *The New York Times*, entitled "Our Violent Inner Landscape," in which he said that he himself had violence "hard-wired" into him, wrote:

> I've got a feeling this is not unique to me. I've got a feeling this problem is embedded in our culture, way beyond bad movies and cheap guns. It's as transparent as the air we breathe. It's in our history. It's in the myths we tell ourselves about ourselves. If we see it at all, we celebrate it. We relax to it. We've made industries of it.

Honourable senators, indeed, our two cultures are very different. Canadians know that we are distinct from our American friends. Our values, our approaches to issues, large and small, are different. For instance, our political culture is drastically different from the one of the United States. Big money, big lobbies, and personal attacks are not part of our shared political values.

I am concerned that the United States does not fully appreciate the importance of these differences. American history correctly teaches them the glory of their democratic achievements, but perhaps fails to convey that their brand of democracy is but one in a long, rich history reaching back to antiquity. There are a myriad of ways in which a country can embrace freedom. We are no less democratic or free because we are different. Moreover, I believe it is in our American friends' interests that we are and that we remain different.

The global forces of homogenization are strong, propelled by the overwhelming crush of Hollywood, television, and now the Internet, but at what cost? Throughout my life, one of my greatest joys has been exploring different cultures, considering new ideas, seeking to understand other people's unique perspective on the world. This is the great richness of our world. From a cacophonous Tower of Babel, humanity has created a vibrant tapestry of diverse nations, people and cultures. I celebrate this diversity, and I fear its loss.

In a recent article in *Le Figaro*, Georges Lochak warned against the increasing domination of English language over other languages, saying:

> By losing our national languages, we are moving towards a form of thinking that is narrow and monotonous, based almost entirely on stereotypes, and in fact resembles no thinking at all.

I believe the same concern exists for the loss of national cultures. The wealth we risk losing could never be compensated by any commercial gains. David Cronenberg, the Canadian filmmaker, was recently interviewed about his latest film. He spoke about the powerful forces of homogenization that he sees in his own industry. He said:

> It has become very difficult to make films that deviate from the Hollywood mold. I fear that one day, the films available will be Hollywood films, and that I will be speaking to a public that has no frame of reference other than Hollywood to appreciate my film.

Honourable senators, I do not wish to see a day when Canadians have no other frame of reference than ideas they read and hear from the United States. There is another equally grave but even more immediate risk, namely, that of regional and ethnic backlashes against the inexorable march of globalization. Living in the shadow of Kosovo, we know the terrible price that ethnic clashes can exact.

Jeffrey Garten, former under-secretary of international trade in the first Clinton administration and now leader of the Yale School of Management, recently cautioned his country, his fellow citizens in the United States, against extending the crusade for free trade into the cultural arena. After noting, among other things, Canada's move, with 19 other countries, to assert cultural independence from the United States, he wrote:

> The U.S. should do more than heed these warnings; it should recognize that strong cultures abroad are in America's self-interest. Amid the disorientation that comes with globalization, countries need cohesive national communities grounded in history and tradition. Only with these in place can they unite in the tough decisions necessary to building modern societies. If societies feel under assault, insecurities will be magnified, leading to policy paralysis, strident nationalism, and anti-Americanism.
>
> With satellites and the Internet, the spread of American culture cannot be stopped, nor should it. But Corporate America and Washington could lessen U.S. dominance by encouraging cultural diversity around the globe.

Honourable senators, that is a quote from an article headed: "Cultural Imperialism, It's no Joke," by Jeffrey Garten as printed in *Business Week* of November 30, 1998.

I have confidence, honourable senators, that our magazine industry will develop and, indeed, continue to thrive under the amended Bill C-55. I have confidence in the force of Canadian ideas, and I fervently hope that the agreement between Canada and the United States over this bill marks the dawning of a different era, one in which strong national cultures can continue to be nurtured and flourish, making the new global village of the 21st century a very interesting place.

Hon. John B. Stewart: Honourable senators, Senator Joyal cited Canada's health care system as leading evidence of the difference between attitudes to domestic public policy in Canada and the United States. My question to him is the following: Is the honourable senator confident that our health care system will maintain its integrity? Will it survive, in view of the increasing integration of the Canadian economy with that of the United States?

As evidence of this increasing integration, I cite the pressure to adopt a common currency, which was discussed a few weeks ago in our Standing Senate Committee on Banking, Trade and Commerce, and also the demand that Canada's tax regime be virtually the same as that in the United States so as not to cause what is called a "brain drain" from Canada to the United States. In view of this economic integration, is it possible that we can maintain as distinctive a policy as our health care system embodies?

• (1720)

Senator Joyal: The honourable senator's question is put in broader terms. In terms of people, Canada has but 10 per cent of the population of the United States. The challenge for a country such as ours is to maintain the fundamental choices of politics that are embedded in our national sovereignty.

Together with some of my colleagues on both sides of the house, I attended the meeting held by the Standing Senate Committee on Banking, Trade and Commerce on the future of a common currency. I participated in the free trade debate, as Senator Kelleher mentioned in his speech, in 1988, when the questions raised about the implications of the choice we were making concerning economic integration was the main preoccupation of Canadians. The assumption at the time was that economic integration brings political integration as well as social integration.

There is no doubt that we are in a very peculiar position which is contrary to that of European countries, where the diversity of systems is scattered into a large mosaic of long, historical identity. As I outlined briefly in my remarks, we have lived continuously in the shade of a giant that has always endeavoured to develop and grow our market as a part of theirs. The fight on Bill C-55 is an illustration that, for them, culture does not exist.

Some years ago in Washington, I participated in a panel under the auspices of the Canadian Embassy on the future of international cultural policy, in the wake of a report by a joint committee of the House and the Senate on the review of such a policy. Many senators whom I see today in this chamber participated on that panel. It is certainly something about which, on a daily basis, we need to remind the Americans.

On the cultural side, what I see as a lesson of hope and calculated optimism is the fact that the Minister of Canadian Heritage shares the same concern with 19 other countries.

[*Translation*]

It is not only Canada.

[*English*]

It is not only we who are the neighbour who disturbs. The defence of cultural sovreignty is a preoccupation that has spread around the world. As I said, there are even leading American minds who believe that the Americans should recognize that point.

If the Americans want to push for a larger multilateral agreement at the WTO, they will have to deal with the concerns of cultural sovereignty and identity.

The honourable senator mentioned the health care system. In response, I would mention, in general, the social system, which refers not only to health but the way in which we define our responsibility to the citizens who need community support. We must ensure that when it comes time for our citizens to retire, there will be in place a system to continue the fundamental elements of human dignity. We feel that this is part of the responsibility enshrined in our Constitution. It is not a government concern. It is something that we included in our Constitution when we established clearly the equality clause and the equal opportunity clause some 17 years ago.

We must ensure that Canadians continue to be well aware that as long as we live in a free and open market, we have at the same time to be conscious of where the ball stops, as my father, who was a professional baseball player, used to say. The Senate has a role in that regard as one of the two chambers of Parliament. We have the responsibility of reviewing the international agreements into which Canada enters to ensure that those concerns are shared amongst ourselves, with members of the other place, and as well with all Canadians. Now that the finances of the government are in better shape, it will be easier for us to fulfil that obligation. However, it is not something that we should take for granted in the future.

Hon. John Lynch-Staunton (Leader of the Opposition): Honourable senators, I should like to ask for leave to return to the subject-matter of Bill C-55 and the report. It seems that we have strayed very much from that.

I have a question for Senator Joyal, if he would like to get back to the subject-matter. Has the honourable senator been privy to the letters that have been exchanged between the United States trade representative and our ambassador to the United States, which I believe were dated June 3, and are considered an agreement and from which flow the amendments included in the report? I hope those letters will be tabled so that we can all have copies of them. Is he satisfied that Canada's interests are well protected by that agreement?

Senator Joyal: Honourable senators, I have not seen the letters. The document to which I was given access is the document published on May 26, 1999, from the office of the United States Trade Representative, Executive Office of the President, under number 20508. Of course, this is a public document. It is the only document to which I had access when I was preparing my notes for this debate today. I was not privy to the letter which the honourable senator mentions.

Senator Lynch-Staunton: Does the honourable senator not have confirmation that what was in the May 26 press release of the United States Trade Representative and the equivalent information package of the Canadian government are well reflected in the letters of exchange between the ambassador and the United States trade representative?

I am not participating in the debate but, rather, reflecting on the fact that we are discussing amendments which are based on agreements that are not before us.

Senator Joyal: No, I have not seen those letters.

Hon. Noël A. Kinsella (Deputy Leader of the Opposition): Honourable senators, I will proceed with my participation in the debate on the matter which is before us, namely, the report of the Standing Senate Committee on Transport and Communications. As honourable senators know, that report was tabled in the chamber, and Senator Carstairs moved the adoption of the report which contains amendments. Thus, honourable senators, I invite you to reflect and give some focus to the specificity of this report and the amendments to Bill C-55 contained therein.

Honourable senators, I submit that the report before us is defective in at least five critical ways. First, the committee failed to hold hearings and hear witnesses on Bill C-55 after it was fundamentally changed by the amendments which Minister Copps spoke to at the last meeting of the committee.

• (1730)

Second, the committee failed to secure a copy of the draft agreement between Canada and the United States, upon which agreement the amendments were based. In the exchange a moment ago between the Honourable Senator Lynch-Staunton and the Honourable Senator Joyal. Senator Joyal advised us that he, like all members of the committee, had not seen a draft copy of this agreement, even though it was on the basis of this agreement that amendments were adopted by the committee and tabled before us.

Third, honourable senators, the committee failed to examine the implications of these amendments on permitting interference of freedom of expression by government regulation.

Fourth, the committee failed to investigate the amendments in a thoughtful and deliberate fashion but, rather, moved into clause-by-clause study of the bill moments after the amendments were addressed by Minister Copps. Minister Copps speaks to these amendments, then leaves. Immediately thereafter, the committee goes into clause-by-clause study of the bill, at which time the amendments are brought forward.

Fifth, honourable senators, the committee failed to explore —

The Hon. the Speaker: Honourable senators, order! I invite honourable senators who must have conversations to conduct them outside the chamber so that we may hear the speaker.

Please continue, Honourable Senator Kinsella.

Senator Kinsella: Honourable senators, the committee also failed to explore the off-set publishers fund, which the government spokespersons have stated is designed to provide support to Canadian publishers who will be hurt by the 18 per cent of Canadian magazine advertisements going to United States publications.

Honourable senators, why, we ask, did the committee not call representatives, for example, of the Canadian publishers group, to express their views on this radically changed bill? This failure by the committee has deprived the Senate of very important information concerning this altered bill. Senators should have the benefit of the knowledge of the Canadian publishers, who are the managers of one of the more important vehicles of Canadian culture. If, as we were told by Minister Copps, and the publishers when they testified on the unamended Bill C-55, the protection of Canadian culture required the measures in the original Bill C-55, what, we ask, is the view of the publishers now? Surely the committee should have canvassed those views. Surely members of the Senate need to know what the Canadian publishers think of this bill, as amended, just as the committee should have heard from the Canadian advertisers.

The committee's failure to call these witnesses back leaves the Senate in the dark on this matter. Indeed, what would have been lost by the committee taking a couple of more days and hearing from the publishers? In committee we on this side even undertook not to object to the committee sitting even though the Senate may be sitting. We were prepared to hear from those key stakeholders, namely, the publishers, the advertisers — and, I will speak to the third group in a moment — and a couple of constitutional lawyers. There would not have been any slowing down in the process of the bill.

Honourable senators, the Senate needs to learn from the publishers the relationship, for example, of the deal between Canada and the United States. We also need to learn of the so-called publishers fund. How many dollars do the publishers expect to receive from the taxpayer? Indeed, what is the relationship between the U.S.-Canada deal, the amendments and the publishers fund in the mind of the Canadian publishers? The Minister of Canadian Heritage spoke in committee of the elements of the package. It was clear and explicitly articulated by the minister that these amendments, the deal with the Americans and the publishers fund were all part of a package.

What, then, honourable senators, are we to think of the failure of the committee to examine a draft copy of the Canada-U.S. deal — a deal which was described by officials from the Canadian Department of Heritage as a treaty, a position also taken by Minister Copps. Honourable senators, if this is a treaty — that is, if this is the deal which provides the cornerstone for these amendments — then the failure of the committee to examine that deal, together with its nonexamination of the proposed amendments, is inexcusable. The committee had not only every right to examine the so-called treaty, but a duty to do so, since it is the foundation of the amendments which Minister Copps spoke to before the committee.

How can the Senate possibly accept this report of the standing committee when it contains amendments that are based, according to the direct testimony of the minister, on the treaty and we have not seen a draft copy of the treaty? Why has the government not made available to the committee, and thereby to the public, that deal, when a legislative committee is examining the legislation?

I have used the past tense, honourable senators, because I now have in my possession a copy of the deal. I have grave concerns now, having read the letter that was exchanged between the ambassador for the government of the United States and Ambassador Raymond Chrétien for the Government of Canada. I will return to this matter later.

It was the right of the committee to have a copy of this draft document when the committee was drafting an amendment to a piece of legislation. It is our obligation, honourable senators, to examine this report in light of the agreement? We can do it here in chamber under debate or we can go into Committee of the Whole or some other forum within the time constraints imposed. As we know, last week the government brought in closure on the matter and we will be having our concluding votes on the matter as early as tomorrow afternoon at 4:30.

Honourable senators, why is the Senate being asked to accept amendments to a bill based on this deal and yet the committee itself has not seen a copy of it? Surely this process can only devalue the serious work we all know the Senate is capable of undertaking. The committee has allowed itself, regretfully, to be manipulated by the government and the department, the result being the submission to this chamber of a faulty report.

• (1740)

Honourable senators, I will read from the letter which is about the deal, the "treaty," as Minister Copps described it. The letter is from the Canadian Embassy dated June 3, 1999, addressed to the Honourable Charlene Barshefsky, over the signature of Ambassador Raymond Chrétien. On page four of this letter we read, in the ultimate paragraph:

> If either party considers that the other party is not in compliance with this Agreement, that party may withdraw from the Agreement by written notification to the other party. The Agreement shall become null and void 90 days after such notification and, at that time, the parties' respective rights and obligations will return to those that existed immediately prior to the entry into force of this Agreement.

Understand, honourable senators, what we are faced with. The Americans can tell us that, if they do not think we are complying with this agreement, the agreement will be null and void. Then, all of a sudden, after 90 days, we will return to the status quo ante. The status quo ante ought to be the unamended version of Bill C-55 which we have supported from this side, and which we, in committee, even moved to have adopted in clause-by-clause

consideration. If the Americans decide they do not like the deal, the status quo ante is the result of passage of the amended version of Bill C-55 rather than that of Bill C-55 before the amendments were made. The government has us in an awful pickle and we are at great risk.

These are not my words, honourable senators. Those words are found in the ultimate paragraph on page four of the so-called "treaty."

Honourable senators, I have also suggested that the committee failed in not taking another day or so to examine these amendments and the effect of them on our fundamental Charter right of freedom of expression. You will recall that, at second reading stage, some of us raised concerns about whether Bill C-55 posed some Charter questions that go to freedom of expression. I had serious concerns.

To the credit of the committee and its distinguished chair, we did canvass that issue and a number of constitutional lawyers provided expert testimony. The opinion of the committee was divided, but at least we did canvass that issue.

Now that Bill C-55 has been amended, the Charter of Rights and Freedoms issue of freedom of expression once again arises or presents itself as a serious concern. Our concerns speak to the fact that the altered bill, as proposed in this committee's report, will give to the Governor in Council power to make regulations which will affect the freedom of expression of Canadians. It will affect where they are allowed their commercial expression, and the limits of that.

This will not be determined by the clear, explicit provision of a statute. As I said, the unamended Bill C-55 might have met the test of section 1. We had opinion from some constitutional lawyers that it would.

The committee, now having amended the bill and giving to regulation that control over commercial expression, is on very dangerous ground. The committee ought to have canvassed the opinion of the constitutional lawyers on that matter prior to submitting its report to this chamber.

Honourable senators, the fourth matter that concerned me is the process followed in committee. To proceed to the clauses-by-clause study of the bill and to move the amendments which Minister Copps discussed a minute or two after the minister left the committee room was wrong because it gave no time for analysis, and no time to hear selected additional testimony.

A number of observations have been made in this chamber so far concerning how radically different Bill C-55, as amended, is from the Bill C-55 which we adopted at second reading. We have had a ruling on the matter from the Speaker which we accept, but the concern of the bill being radically different remains with many of us. I am sure it raises some concern for all honourable senators.

In committee we heard about these amendments from the Minister of Canadian Heritage. When she left, the committee moved directly to the clause-by-clause consideration. There was no time for reflection, discussion, or debate.

Honourable senators, I recognize that none of us expects to always have the unanimous agreement of our colleagues in every belief any one of us might hold, but all honourable senators should have the opportunity to at least discuss their beliefs in committee.

John Stuart Mill teaches that the vitality and liveliness of a belief is dependent on the freedom to express and discuss it. Mill writes that: However unwillingly a person who has a strong opinion may admit the possibility that his opinion may be false, he ought to be moved by the consideration that, however true it may be, if it is not fully, frequently and fearlessly discussed, it will be held as a dead dogma and not a living truth.

Honourable senators, in the matter of process, we also need to be concerned with a startling line in the deal between Canada and the United States. It is to be found on page 2 of the letter addressed to Ambassador Barshefsky of the United States from Ambassador Chrétien of Canada. The third paragraph on page 2 states:

> Canada will amend Bill C-55, prior to it being passed by the Senate of Canada...

That is an interesting turn of events in our parliamentary system.

Honourable senators, let me conclude by turning to my fifth point. These are only the five points that came to mind as I flew in from New Brunswick today.

Senator Lynch-Staunton: You obviously had other preoccupations.

Senator Kinsella: Yes, I had a few other preoccupations this day.

The fifth point relates to the offset provisions and the tax implications, and the selection of 12 per cent, 15 per cent and 18 per cent. None of these issues, which is germane to the bill as amended, was examined by the committee. Why 12 per cent, I ask, of the advertising space for foreign publications from Canadian advertisers and not 3 per cent during the first phase? Why not 6 per cent rather than 15 per cent during the second phase? Why not 9 per cent rather than 18 per cent during the third phase?

• (1750)

I put it that way, honourable senators, because we have seen, sadly not in committee, but rather on television, where I watched the president of the Canadian Publishers Association at a press conference describing —

The Hon. the Speaker: Honourable Senator Kinsella, I hesitate to interrupt you, but your 15-minute speaking time has expired. Is leave granted to continue?

Hon. Senators: Agreed.

Senator Kinsella: Thank you, honourable senators.

The head of the Canadian Publishers Association described graphically, as he can only do on television, that 10 per cent would be up to here, and they would drown. Therefore, I am asking why not 3 per cent, then 6 per cent, then 9 per cent? We would be under the drowning threshold which the publishers association said was their level of tolerance.

We just received a copy of the agreement, and it indicates, as we saw reflected in the amendments, that it will 12 per cent, 15 per cent, and 18 per cent. Why, honourable senators? Surely in committee is where we ask the question, "Why?" The proponents of this treaty, this agreement, ought to have been called before the committee to give an explanation to the question "Why?", particularly when we know that the threshold of drowning is 10 per cent. Honourable senators, the 12 per cent of the advertising space and the 15 and 18 per cent based on this agreement was never, ever, examined.

Minister Copps spoke of the package. The committee had an obligation to study the consequences of the proposed amendment, especially because of the offset. As we learned from the Speaker's ruling and from some other interventions, Bill C-55 as amended does not have a particular clause that speaks to the offset. However, Minister Copps, appearing before the committee, and I have the transcript here, said that this is part of a package, and that the offset with the publishers' fund was part of the package.

We know nothing of the package. The committee did not examine the cost implications, or the consequences of the legislation. Surely, honourable senators, the examination is not obviated by the fact that something is not written there. Surely the challenge is before us is to see the consequences or implications that flow from the statute. What flows from this statute, by the direct testimony of the minister, together now with a cursory examination of the treaty, is that there will be significant costs to the Canadian taxpayer. That has never been examined.

Honourable senators, for all of these reasons, and I have canvassed but a few, I feel it is our duty to urge that this bill be referred back to the committee so that the committee can examine three or four further witnesses — publishers, the advertisers, a few constitutional lawyers and a cost analyst, in terms of the publishing fund.

MOTION IN AMENDMENT

Hon. Noël A. Kinsella (Deputy Leader of the Opposition): For that reason, honourable senators, I move, seconded by Senator Lynch-Staunton:

> That the report be not now adopted, but that it be referred back to the Standing Senate Committee on Transport and Communications to hear witnesses on the amendments proposed, as the amendments radically alter Bill C-55.

Some Hon. Senators: Hear, hear!

The Hon. the Speaker: It is moved by the Honourable Senator Kinsella, seconded by the Honourable Senator Lynch-Staunton, that the twelfth report of the Standing Senate Committee on Transport and Communications be referred back to the committee so that the committee may hear witnesses on the amendments proposed, as the amendments radically alter Bill C-55.

Hon. John B. Stewart: Honourable senators, I should like to address a question to Senator Kinsella. Senator Kinsella has told us that the agreement between Canada and the United States contains a provision which would permit either party, I assume, to renounce the agreement. He will agree this type of clause is common in agreements and treaties. However, he has focused upon this particular clause The implication of his concentration on the possibility that the agreement or treaty would be renounced is that the United States would renounce the agreement without just cause. He says that, in that situation, the controversy would revert to its original state — that is, it would revert to the state it was in before Bill C-55 was introduced in Parliament, well before the amendments now being considered by this house were incorporated in the bill.

What does the Conservative opposition propose? We would be back to the situation we were in months ago. The Progressive Conservatives say that they like Bill C-55. They want it passed. Therefore, in that situation, their advice to the government of the day would be to bring back Bill C-55. That is their solution to the problem. What would the Americans do? They would get out their old notes, the ones they used in the case of the previous bill, the one now before this Senate, albeit in an amended form, and say, " If you enact Bill C-55, we will hit your steel industry and your wood industry and your men's suit industry," Then what do we do? It is the same scenario all over again. The PCs would ask themselves: "Do we agree to some arrangement with regard to magazines, or do we accept the consequences of American bullying?"

Senator Lynch-Staunton: You do.

Senator Stewart: I put the problem to you. What would you do in these circumstances? Come on. Be clear about this. Is your basic argument that the United States of America is not a trustworthy partner in a bilateral trade agreement? Is that not your real position? Why not confess that the trade agreement made 10 years ago was based on very faulty assumptions?

Senator Kinsella: I thank the honourable senator for the question, and also for the opportunity to stress the position that I would have preferred to see the Government of Canada adopt from the beginning.

The model chosen by the Minister of Canadian Heritage was a very poor model. The method of delivery of this legislation was a very ineffective and poor delivery. The whole approach was wrong from the start.

Some Hon. Senators: Hear, hear!

Senator Stewart: But you like Bill C-55. You want it enacted.

Senator Di Nino: That is not our problem.

Senator Kinsella: The minister presented Bill C-55 and appeared before our committee to argue that it was "WTO-proof" and told us that it had a certificate from the Minister of Justice stating that it was "Charter-proof." Presented with this proposition, I was prepared to support it as presented. However, I would not have gone about it in the way in which it was done. It seems to me that this is a case study of ineptitude at the very first level in the department. When they drafted the first cabinet document addressing this issue, the bureaucracy failed the minister. As I said publicly, I think the minister was very forceful throughout the process, but it was a bad model, it was a bad initiative, and it was poorly executed. That is why we have ended up in this mess.

• (1800)

On your specific point, why should we give 18 per cent of the pie to the United States? They had zero, yet you are suggesting that this is a victory because we could not do any better than to give the Americans 18 per cent. I fail to see how that is a great achievement.

However, finally we get a chance to take a peek at this agreement, which we should have seen sooner. My argument is with the report. That is what I am addressing this afternoon, and what I have argued is that, in my opinion, there has been a faulty process in committee. The committee should have insisted on seeing this agreement. The committee could have solicited views on the meaning of this specific paragraph. Senator Stewart raises an excellent question. We should have explored in committee what this agreement, and this paragraph, really means.

The document says:

> If either party considers that the other party is not in compliance with this Agreement, that party may withdraw from the Agreement by written notification to the other party.The agreement shall become null and void 90 days after such notification and, at that time, the parties' respective rights and obligations will return to those that existed immediately prior to the entry into force of this agreement.

With regard to the phrase "entry into force of this agreement," I could not find a clause which said that the agreement comes into force on a specific date. I take it that it is June 3, which is the date upon which our ambassador in Washington signed this letter. Perhaps that should be questioned from a technical standpoint. The point is: What are Canada's rights and obligations, and what are the rights and obligations of the Americans on June 2 or June 3?

Senator Stewart: Honourable senators, the situation would be as Senator Kinsella has described it in his speech, that is, as it was before Bill C-55 was before Parliament. I do not think he can evade my question. He is suggesting that, without reasonable cause, the United States will set aside this agreement.

Senator Kinsella, assume that you are the government. You intend to bring in Bill C-55 because you like its terms. Of course, you will bring it in in a much more adroit manner, but the bill will be the same. The United States then says, "We have seen all of this before. We intend to hit your steel industry, your lumber industry, and your clothing industry." What will you do in those circumstances? You may be much more adroit, but the facts of the matter will be the same. What will you do? Will you say, "We will not succumb to this bullying. We will let our steel industry and our entire economy, which has become so closely integrated with that of the United States in the last ten years, take a beating?" Is that what you will do? Let us be realistic.

Senator Kinsella: I base my realism on the words of your minister, who said that it would be illegal for any retaliation such as was mentioned in news reports. Minister Copps told us that that is absolutely illegal.

Senator Stewart: However, in this world, things sometimes happen that are not legal.

Senator Kinsella: All I can go on is the testimony of the minister.

Hon Marie-P. Poulin: Honourable senators, on April 29, Senator Kinsella came to the committee after listening to what he termed an "excellent address to Parliament" by the President of the Czech Republic. At that time Senator Kinsella said:

> I am having some difficulty now in reconciling his vision of the world of the 21st century with these kinds of nationalistic, inward-looking types of legislation.

His comment, of course, was made in respect of Bill C-55 before it was amended. In fact, the amendments open the door to foreign publications, as we know. Therefore, I would have thought that Senator Kinsella would have embraced the amendments because they are less restrictive.

Having raised the points he raised this evening, how does he reconcile his objections to the amendments now, when then he was worried that the original bill was inward-looking legislation?

Senator Kinsella: I thank the honourable senator for her question. In the 21st century, no country in the world will be able to live in isolation. On the other hand, any country living within the shadow of the great hegemonies of the world, be it we here in Canada or the Mexicans in Mexico with the hegemony of the United States, or be it countries in the European theatre under the great economies of that region of the world, has the right, recognized in all the international human rights instruments, to the protection of cultural identity and group rights.

This is where I argued for the responsibility of the Government of Canada to keep special measures in place to ensure Canadian culture and the vehicles for it. Whether it be with respect to the electronic media or the print media, we need to have in place the appropriate provisions to secure our Canadian culture. That is why, from the time of the drafting of FTA and NAFTA, we have supported the exclusion of the cultural industries, and we articulated that during second reading debate.

The principles are very clear that we not only have a right, we have an obligation to protect our Canadian culture, otherwise we shall be assimilated, and there will not be the kind of diversity that the world community requires. I see nothing inconsistent with arguing that Canadians have a right to tell their stories, to use the terminology of Minister Copps, and yet, at the same time, to avoid like the plague the type of nationalism about which President Havel spoke.

Senator Poulin: Honourable senators, on the issue of process, which was one of the five points that the honourable senator raised this evening, the Senate is proud to follow due process. We take our work seriously. We do our work efficiently and reasonably.

When the committee first began to review Bill C-55 and to hear witnesses, the steering committee had looked at the list of witnesses that would be interviewed. It was agreed that a length of time of between six and eight weeks would be a reasonable time in which to seriously review this legislation.

We heard this evening that not all members of the committee were able to have the appropriate amount of time to review the amendments. As Chair of the Standing Senate Committee on Transport and Communications, I was informed by the office of the Leader of the Government in the Senate that the prepared amendments had been sent to the office of the Leader of the Opposition in the Senate on the Friday before the amendments were to be studied by the full committee the following Monday.

On that Monday, honourable senators, while the committee was engaged in clause-by-clause consideration of Bill C-55, I distinctly remember the Leader of the Opposition announcing that some members of the committee were withdrawing from the discussion and would not be participating in it.

Would the Honourable Senator Kinsella explain why he feels that due process was not followed?

Senator Kinsella: It is quite simple, honourable senators. What happened in committee was that these amendments were formally presented to us. I received a faxed copy of them on that weekend. I concur with the chairman of the committee on her time line. However, the availability of the draft, and the study and examination of the content of these amendments in committee are two quite separate things.

The important thing is the discussion in committee. Here were amendments that we needed to have. We needed to hear expert testimony from constitutionalists on the human rights issue. We needed to hear from stakeholders who were being directly affected.

Why would we have gone through the process of hearing from these witnesses on one bill, and when that is radically changed, we do not hear from anyone?

What we were asking in committee is that we be given a couple of days to hear from key witnesses their views on the amendments, and how these amendments would affect their particular interests, including the issue of Canadians' rights to freedom of expression. That was rejected and the committee immediately went into clause-by-clause study. There was no consideration of, or debate on, the amendments. There was no desire. Obviously, the committee was following its marching orders.

Senator Poulin: Honourable senators, on the matter of the Charter, in terms of freedom of expression, Honourable Senator Kinsella is on record as being concerned that Bill C-55 might violate the Charter. We listened to different schools of thought from the experts. We were able to pose every question that we had at that time.

Would Senator Kinsella not agree that the amendments to permit Canadian advertisements in foreign publications is an improvement over the original thrust that would have banned the practice altogether?

Senator Kinsella: Absolutely not, honourable senators. In this amendment, there is no certainty at all. The Governor in Council dictates whether or not the threshold of 12 per cent, 15 per cent and 18 per cent has been met. Therefore, a Canadian advertiser who wishes to express himself commercially will be bound by government regulations which will limit that freedom of expression. There is no certainty in that.

If this proposed legislation is passed, it will fall before the courts, as sure as night follows day.

Senator Poulin: Honourable Senator Kinsella, as a former deputy minister, you would know how seriously regulations are prepared following the passage of legislation. You would also know the good faith that exists between the two countries that have now negotiated an understanding. Are you not undermining the good work of our public servants and our cabinet?

Senator Kinsella: Honourable senators, having attended a couple of meetings of the Joint Committee on the Scrutiny of Regulations, I have no faith whatsoever in that.

Senator Perrault: You are just a cynic.

Hon. John Lynch-Staunton (Leader of the Opposition): I have a question for Senator Kinsella. Since the government does not feel obliged to table the documents which Senator Kinsella has referred to, that is, an exchange of letters between the United States representatives and our ambassador to Washington which formed the agreement on which the discussions were based, I wonder, with leave, if Senator Kinsella could table the documents in order that all of us could be apprised of them. I doubt whether the government will supply them to us, and this might be the only way to get them before us.

The Hon. the Speaker: Honourable Senator Lynch-Staunton, are you requesting that the documents be tabled?

Senator Lynch-Staunton: I am asking that Senator Kinsella be allowed to table the two documents to which he referred in his presentation.

The Hon. the Speaker: Is leave granted for the tabling of documents?

Senator Carstairs: Not unless they are in both official languages. My understanding is that we do not have them in this chamber at present in both official languages. However, we are seeking to obtain them.

Senator Kinsella: Honourable senators, perhaps we should have a ruling from the Speaker.

Is it not the right of any honourable senator, having made reference to a document in his or her contribution, to table that document without that document being in both official languages?

Senator Stewart: Honourable senators, my guess is that the copy that Senator Kinsella has is in fact the agreement. However, I ask if Senator Kinsella is in a position to certify that it is a copy of the agreement?

I do not think that anyone can just put a document on the table. At least, that is not the practice in the other place, precisely for that reason. The table might be overborne by illicit documents.

The Hon. the Speaker: The question asked of me was whether it was necessary for documents to be in both official languages in order to be tabled. It is not necessary. When an honourable senator reads from a document, he is not obligated to have it translated. If there is a request to table that document, that document can be tabled.

Insofar as the question raised by the Honourable Senator Stewart is concerned, I have no idea whether the document is authentic or not. Honourable Senator Kinsella may verify that.

• (1820)

Senator Kinsella: Honourable senators, I will share the documents with my colleagues. However, if honourable senators opposite are not interested in reading the document signed between Canada and the United States, as they were not in committee, they can remain in the dark. I shall not be tabling it.

Senator Lynch-Staunton: They will be more comfortable that way. Do not confuse them with the facts.

Hon. B. Alasdair Graham (Leader of the Government): On that point, honourable senators, the first question put to me during Question Period today was from Senator Kinsella. He asked if I was able to table the documents to which he had been referring, and I said that I could not. My view was that, if I were to table the documents, I should do so in both official languages. I have the English version, but I have not yet received the French translation. That is why I was waiting for an appropriate moment to table them.

If it is the desire of honourable senators to receive the documents, then so be it.

Senator Kinsella: Will we have both the English and French versions before 4:00 o'clock tomorrow afternoon?

The Hon. the Speaker: Honourable senators, I have a request for the tabling of a document. I asked if leave was granted, and certain senators rose to ask questions.

If there are no further questions, is leave granted?

Hon. Senators: Agreed.

Senator Lynch-Staunton: In light of Senator Graham's reluctance to do the proper thing and table what he has, no matter what the language, Senator Kinsella has decided to withdraw his offer to shed some light on the issue by tabling two official documents — one, a letter from the United States representative, and the second from the Canadian ambassador. We are trying to shed light on this matter and the only response from the other side is that we must follow procedure.

We need not do that. We have just had a ruling. If my honourable friend has the documents, then he should table them.

Senator Graham: Honourable senators, Senator Lynch-Staunton would be the first to object if I were to attempt at any time to table a document in only one official language.

Senator Lynch-Staunton: I would never object.

Senator Graham: Since I came to this position as Deputy Leader or as Leader of the Government in the Senate, I have never varied from the normally accepted practice of tabling any document in both official languages when asked to do so.

Some Hon. Senators: Hear, hear!

Senator Lynch-Staunton: I would not object to the tabling of a letter from the U.S. trade representative to the Canadian ambassador, which is written in the language in which she is most comfortable.

The Hon. the Speaker: Do I understand that Senator Kinsella has withdrawn the request to table certain documents?

Senator Kinsella: Yes.

The Hon. the Speaker: The request for tabling has been withdrawn.

Honourable senators, we have before us the motion proposed by the Honourable Senator Kinsella. Does any other honourable senator wish to speak? If not, I will put the question.

Hon. Sharon Carstairs (Deputy Leader of the Government): Honourable senators, I do not think there is to be a vote this evening. All votes on this matter are to be dealt with at 4:30 tomorrow afternoon.

The Hon. the Speaker: I must put the question, and then the standing vote will be deferred. At the moment, the motion is in limbo.

It is moved by the Honourable Senator Kinsella, seconded by the Honourable Senator Lynch-Staunton:

> That the twelfth report of the Standing Senate Committee on Transport and Communications be referred back to the committee so that the committee may hear witnesses on the proposed amendments, as the amendments radically alter Bill C-55.

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

Some Hon. Senators: Yea.

Some Hon. Senators: Nay.

The Hon. the Speaker: Will those honourable senators in favour of the motion please say "yea"?

Some Hon. Senators: Yea.

The Hon. the Speaker: Will those honourable senators opposed to the motion please say "nay"?

Some Hon. Senators: Nay.

The Hon. the Speaker: In my opinion, the nays have it.

And two honourable senators having risen.

The Hon. the Speaker: Accordingly, there will be a standing vote. In accordance with the previous agreement, the vote will be deferred to tomorrow at 4:30 p.m.

Honourable senators, we are now back to the main motion. Does any other honourable senator wish to speak on the main motion?

Senator Kinsella: Honourable senators, I move the adjournment of the debate.

The Hon. the Speaker: Is it your pleasure, honourable senators, to adopt the motion?

Senator Lynch-Staunton: Honourable senators, as I understand, we will vote on the amendment to the report and the report tomorrow at 4:30 p.m. How can we move to the main motion when we have not disposed of the report?

Senator Carstairs: With the greatest respect, earlier today I entered into negotiations so that we could have that vote at 2:45 tomorrow afternoon, with bells to ring at 2:30 and the vote to be at 2:45. I received a message from Senator Kinsella informing me that this was not how his side wished to proceed. They wanted all votes to be held at 4:30 tomorrow afternoon.

Senator Lynch-Staunton: Right.

Senator Carstairs: I arranged for all votes to be at that time. However, I wish to be very clear that it was perfectly reasonable and acceptable for us to have the vote on the motion respecting the committee report at 2:45 tomorrow afternoon, to then move into third reading, and to then have the vote on third reading at 4:30 tomorrow afternoon.

Senator Lynch-Staunton: I have no objection to that.

Senator Kinsella: Honourable senators, had we proceeded in accordance with rule 38, we would have had six continuous hours of debate. We would have completed the report stage and third reading, and all votes would be at the appointed time, 4:30 tomorrow. There is nothing inimical in proceeding by agreement in the same way we would have otherwise proceeded.

The Hon. the Speaker: I would remind honourable senators that we have followed this procedure a number of times previously. We agreed that votes be deferred, but we continued debate on the various elements and had all the votes at the same time. However, I am in your hands.

In my view, if we follow the practice we have followed in the past, we would now be back to the main motion, and I would hear debate on that motion. We now have a motion before the chamber that debate be adjourned. If that motion is agreed to, then debate will be adjourned until the next sitting of the Senate.

On motion of Senator Kinsella, debate adjourned.

CANADIAN ENVIRONMENTAL PROTECTION BILL, 1998

SECOND READING—DEBATE ADJOURNED

Hon. Mary Butts moved the second reading of Bill C-32, respecting pollution prevention and the protection of the environment and human health in order to contribute to sustainable development.

She said: Honourable senators, I am pleased to rise today to speak in favour of Bill C-32 which is a proposal to renew the Canadian Environmental Protection Act.

As Canadians, we have great pride in our natural environment. The notion that we live in a country blessed with pristine rivers and lakes, clean air and abundant wildlife forms part of our identity. It is part of what we value as a country.

Our impact on the environment is growing. Environmental challenges are becoming more complex. This proposed legislation will modernize the Canadian Environmental Protection Act passed by Parliament in 1988 so that the Government of Canada will be better able to meet these challenges.

Bill C-32 is a comprehensive bill. It expands our legal arsenal to tackle the threat of toxic substances, other harmful pollutants, and wastes. At the same time, this legislation provides industry with a clear and predictable framework. It takes a pragmatic approach that ensures consideration of social, economic and technical factors when developing measures to prevent pollution.

Honourable senators, Bill C-32 takes advantage of significant advances over the past decade in environmental science, law and policy. This legislation will improve and expand almost every aspect of the Canadian Environmental Protection Act.

I will focus in my remarks in three key areas. The first is pollution prevention.

Passage of Bill C-32 will enact pollution prevention legislation. With this concept we will shift our emphasis from managing pollution after it has been created, to preventing pollution in the first place.

• (1830)

Under this legislation, the Minister of the Environment can require industry to prepare and implement pollution prevention plans for toxic substances. Bill C-32 also includes authority for the Governor in Council to require pollution prevention planning from Canadian sources of international air and water pollution.

Pollution prevention planning drives innovation and produces both environmental and economic benefits. Transcontinental Printing, of British Columbia has found that simply reusing and recycling wastes saves them $100,000 per year.

Under this legislation, other companies will learn about the environmental and economic benefits of pollution prevention planning. To showcase environmental success stories and demonstrate the economic benefits, Bill C-32 enables the establishment of a national pollution prevention information clearinghouse. Pollution prevention planning provides companies with an opportunity to devise pollution prevention approaches that are appropriate to their specific and unique circumstances, while meeting environmental goals.

With relation to toxic substances, the heart of Bill C-32 lies in its provisions that deal with such toxic substances. It builds on the powers of the existing act by requiring the examination of substances in Canada to determine if they are toxic. This legislation puts in place deadlines for action on toxic substances and obliges the government to conduct research on the emerging problems for such things as "gender bender" chemicals. The bill incorporates the precautionary principle agreed to by Canada and the nations of the world in the 1992 United Nations Conference on Environment and Development held in Rio de Janeiro. The precautionary principle states that "where there are threats of serious and irreversible damage, lack of full scientific certainty shall not be used as a reason for postponing cost-effective measures to prevent environmental degradation."

With respect to the issue of cleaner air, as we get further into the summer season, Canadians living in urban areas will experience more days of poor air quality. Bill C-32 will help us tackle this problem. The bill transfers authority from the Motor Vehicle Safety Act to set emission standards for new motor vehicles. Bill C-32 expands these powers to cover other types of engines, including those found in off-road vehicles, lawnmowers, Sea-dos and generators. Having tough emission standards for engines is only half of the equation. Authority to require cleaner fuels is the other half, and Bill C-32 expands existing authorities governing fuels.

Provisions covering pollution prevention, action on toxins and cleaner vehicles and fuels, are just three of the many ways in which Bill C-32 will improve the Government of Canada's legal capacity to protect the environment and the health of Canadians.

Everyone has a stake in a healthy, clean and safe environment. Everyone, therefore, has a part to play in ensuring its well-being. The federal government cannot do it alone. For this reason, Bill C-32 encourages greater public participation, as well as cooperation between governments. The key to successful environmental protection in Canada is the participation of all governments and sectors of society. This is the fundamental part of Bill C-32.

Legitimate concerns about Bill C-32 were brought to the attention of the Minister of the Environment by representatives of industry and, in response, amendments were passed in the other place to ensure internal consistency and a proper degree of clarity throughout the bill. Concerns were raised about provisions requiring the virtual elimination of the most dangerous of toxic substances; that is, those substances that persist for a long time in the environment and bioaccumulate in living organisms. Our experience with substances like DDT and PCBs demonstrates that even extremely small amounts of these toxic substances can have serious effects that are extremely costly or impossible to correct. Virtual elimination is the responsible and necessary step.

Other concerns were raised about the ministerial authority to require pollution prevention plans from Canadian sources of international air and water pollution. Given the domestic and internal dimension of these provisions, the authority was shifted to the Governor in Council.

The product of all these efforts is reasonable, pragmatic and effective legislation, built on the foundation of partnership with Canadians. Bill C-32 fulfils the expectations of Canadians that their government will do its part to protect the environment and human health.

On motion of Senator Spivak, debate adjourned.

[*Translation*]

BUDGET IMPLEMENTATION BILL, 1999

THIRD READING—MOTION IN AMENDMENT—
DEBATE ADJOURNED

Hon. Wilfred P. Moore moved the third reading of Bill C-71, to implement certain provisions of the budget tabled in Parliament on February 16, 1999.

Hon. Roch Bolduc: Honourable senators, even though I have many concerns about Bill C-71 and the government's overall budget policy, I wish to draw your attention to two specific issues that came up during the committee's review of this bill. The first issue concerns the minister's powers, while the second one has to do with binding arbitration.

First, this bill gives the Minister of Finance new powers regarding debt management, this under the pretence of improving efficiency. The government seems to believe that the existing process is flawed in terms of its efficiency. This alleged flaw is in addition to those that the current government claims to have noticed in other areas. For example, cabinet meetings and sessions are not an efficient way of working. Accountability also is not efficient. And what about the check and balance system applied to the management of the $600-billion public debt? All these are examples of alleged inefficiency used by the government.

Honourable senators, Part 4 of the bill amends the Financial Administration Act to give the minister the authority to make decisions concerning issues relating to the management of the debt. Until now, that power rested with the Governor in Council.

[*English*]

• (1840)

The new powers have been boiled down a bit from the original version of the bill. However, if I understand correctly the change in authorities in the bill as passed by the other place, there are still some powers transferred away from the Governor in Council to the minister.

Far too often, we see power that used to reside with Parliament, on the one hand, transferred to the Governor in Council. On the other hand, we see powers that used to reside with the Governor in Council handed directly to a minister. This is an ongoing and disturbing trend, and we are seeing it too often. In that case, we go a little further because we transfer from the minister to any of his employees in the Department of Finance.

For example, clause 44(3) of this bill states that, subject to the appropriate terms and conditions, the minister may enter into any contract or agreement, issue securities, and so on, related to the borrowing of money that the minister considers appropriate.

[*Translation*]

Honourable senators, I fear the attribution of too many powers to one minister, because of the increase in circumstances that may give rise to abuses of power.

When these powers are held by cabinet as a whole, a form of restriction operates with respect to a minister because the proposals he submits to his colleagues are questioned. In fact, an internal process that might be called internal "constitutionalism" provides a counterweight to the actions of a minister.

It is a whole other matter when the power to achieve these proposals rests with a single minister. The Minister of Finance has enormous discretionary power, which Bill C-71 is proposing to expand.

[*English*]

By way of another example, in clause 45 we see that if the minister borrows money by way of an auction, the minister may establish who will govern the conduct of the auction. In other words, the minister will be given a kind of regulatory power over many areas, including the eligibility of persons to participate in the auction; the provision of information that the minister considers relevant, including information respecting the holding of securities and transactions in securities; the form of bids; the maximum amount that may be bid by a participant; and certification and verification of bills.

Yet, the bill specifically states that any rules that he establishes governing the conduct of an auction will not be statutory instruments. That means they do not become part of the parliamentary review process through the Standing Joint Committee of the Senate and the House of Commons for the Scrutiny of Regulations.

The argument for this way of doing things is that the number of businesses involved in the bidding will be limited to a few. I hope it will not lead to a family compact type of operation.

At the end of the bill there is mention of options, derivatives, swaps and forwards on whatever terms and conditions the minister considers necessary. I hope that I am wrong, but I was not given satisfactory assurances in committee that we are not giving very wide discretionary powers in terms of debt management to the Minister of Finance. We are giving him more power than used to be the prerogative of the Governor in Council.

Clause 61.1 gives the minister the power to delegate to any officer of his department any of his own powers under this part of the bill.

[*Translation*]

There is a tendency to give greater powers to the minister, under the pretext of efficiency, but these same powers are being taken away from the Governor in Council so that the other ministers no longer participate. I understand that the minister is a responsible gentleman, but he has enormous discretionary powers that he can exercise or delegate to his employees in the department. And this does not involve just any old thing. We are talking about a short-term debt of $600 billion. Every day, $3 billion or $4 billion is floating around in the system, and officials are always making decisions. This is very serious. I have noted that fantastic discretionary powers are given to the minister when he represents Canada not only in the management of the debt but also in the authorization he gives in international organizations. I attach a lot of importance to this. The Minister of Foreign Affairs has enormous powers. We must be careful. All important issues become international; as soon as that occurs, the minister has considerable discretionary powers. In the case of certain internal issues, it was considered necessary to establish a statutory context in order to limit the discretionary action of a minister and cabinet. This does not exist in international relations.

Without meaning to be critical of the Minister of Finance, I would point out that he has considerable authority, such as his authority with respect to the European Development Bank, the pan-American banks, the Asian Development Bank, the International Monetary Fund, and the World Bank. That is a lot of authority in one man's hands.

My second argument has to do with arbitration. The second issue that deserves our attention concerns Part 3 of the bill, which would suspend recourse to binding arbitration for federal public service labour disputes for another two years.

The Professional Institute of the Public Service of Canada and the Social Sciences Employees Association have provided us with strong arguments in favour of dropping this provision.

We know that there have been freezes lasting five or six years and that public servants have lost some ground. The government wanted to save money. Public servants were forced to do their part. The government is asking that they do more.

Labour disputes in the federal public service are generally resolved in one of the following two ways.

First of all, by negotiation, which sometimes results in a strike, but not necessarily. This is how most disputes are resolved.

Second, by binding arbitration, where an independent third party orders a resolution to the matters under dispute.

This second method is less common than the first, being used in only about two per cent of labour settlements in the federal public service.

There is a third recourse, fortunately little used, which consists in calling on Parliament to pass back-to-work legislation. This has occurred under all governments in the past. Some unions are irresponsible and the government is forced to assume its responsibilities and introduce legislation.

Recently, in the case of postal workers and blue collar workers, we passed back-to-work legislation. This is not an ideal way to resolve a labour dispute, but it is sometimes necessary. Senators on both sides have all seen such situations.

In 1996, the government suspended for three years the option of binding arbitration, when the salary freeze was abolished. The government decided to do that because binding arbitration gives some control over salaries to third parties that are not accountable. In other words, the government does not want an arbitration board to determine its budget.

Bill C-71 extends the suspension of binding arbitration for two more years, until June 20, 2001. This time, the government claims it wants to facilitate management reforms, including the establishment of a new general classification standard, which will be on the agenda in the upcoming collective bargaining process with the unions.

I can fully understand why the government wants to reduce the number of job categories in the public service.

[*English*]

What I cannot understand is the amount of time it is taking to do it. This reclassification exercise had its origins with some of the human rights complaints filed in the 1980s. The actual work started some five years ago, and it would appear that it still has a few more years to run.

In Quebec, we went through the same process with our civil service in the 1960s, something which I remember very well. We spent a few years on the studies and analysis and then the new classification plan was a done deal three or four months later. There is no reason why the federal government could not complete the job in six months to a year. This is a very poor excuse to extend the ban on arbitration. I do not buy it.

Honourable senators, again I stress that only 2 per cent of public service contracts are settled through the binding arbitration route. It is by no means a popular way for employees to obtain a contract. Indeed, the same danger that the government cites, that an independent third party might impose the wrong kind of settlement, is also a danger faced by the unions. There are, however, cases where fairness demands an alternative to the collective bargaining rule. Those cases generally involve job categories where most employees are designated as essential and cannot strike. An example of this would be the federal government's health care workers.

• (1850)

In most negotiations, the prospect of lost wages from a strike forces unions to modify their demands, while the prospects of service disruption also prompts the employer to move towards an agreement. However, in occupations where several employees are designated as essential, then there is no strike threat. The government is under no pressure to reach a reasonable settlement. In these cases, binding arbitration has been the preferred route to settle disputes.

Honourable senators, if the government is afraid that an independent arbitrator will look at what has gone on in the past, look at what people are being paid in the private sector, weigh every argument that the government can muster, and then conclude that some remedy is needed, then all this bill will do is put the problem off for another three years.

[*Translation*]

In the meantime, government employees are gradually losing their enthusiasm and turning more and more to the career pages in *La Presse* or *The Globe and Mail.* In its budget for the year 2001, does the government intend to again extend the ban on binding arbitration, or to make it permanent?

Public service morale is at an all-time low. Those in professional categories are leaving the public service in droves. People wanting a career in the public service still do enter the public service, if they cannot find anything better.

I am seeking in vain for what the government is doing to reverse this situation. It is not going to improve things by depriving employees who do not have the right to strike of other means.

There are not many public servants involved, some 15,000. In the interest of fairness, I believe it would be best to delete this part of the bill.

MOTION IN AMENDMENT

Hon. Roch Bolduc: Honourable senators, I move, seconded by Senator Beaudoin, that Bill C-71 be not now read a third time, but that it be amended:

(*a*) on pages 10 to 12, by deleting Part 3; and

(*b*) by renumbering Parts 4 to 9 and clauses 20 to 50 and any cross-references thereto accordingly.

[*English*]

On motion of Senator Carstairs, debate adjourned.

INCOME TAX AMENDMENTS BILL, 1998

THIRD READING

On the Order:

Resuming debate on the motion of the Honourable Senator Callbeck, seconded by the Honourable Senator Cook, for the third reading of Bill C-72, to amend the Income Tax Act, to implement measures that are consequential on changes to the Canada-U.S. Tax Convention (1980) and to amend the Income Tax Conventions Interpretation Act, the Old Age Security Act, the War Veterans Allowance Act and certain Acts related to the Income Tax Act.

Hon. Michael A. Meighen: Honourable senators, Senator Taylor comes from Alberta, a low-tax province, so he would know all about this topic and need not listen.

Honourable senators, I am pleased indeed to rise to speak to Bill C-72. As Senator Taylor and others would know, Bill C-72 implements minor and selective tax reductions for some Canadians.

However, Bill C-72 does not begin to address the overwhelming tax burden borne by all individual Canadians and by all Canadian corporations. It does not begin to seriously reduce taxes so as to encourage the innovation and growth we so desperately need. It does represent a mere continuation of the Liberal dogma which treats the income tax system as a way to change societal behaviour.

Accordingly, honourable senators, I will speak this evening on only one aspect of tax reduction that should have been contained in this bill, namely, a proposal to cut the capital gains tax. Had this proposal been included in Bill C-72, here is what we would have accomplished: an increase in the rate of capital formation, economic growth and job creation through the year 2000; an increase rather than a decrease in tax collections; and indeed an increase in tax payments by more affluent Canadians; an unlocking of billions of dollars of unrealized capital gains thereby promoting more efficient allocation of capital; and an expansion of economic opportunities for the worker by bringing jobs and new businesses to capital-starved areas of rural Canada.

Finally, we would have significantly increased charitable giving by Canadians and, in support of this contention, I point simply to the increase that has already occurred subsequent to the minister's rather modest reduction of capital gains taxation on gifts of shares of appreciated Canadian corporations to charitable endeavours which he brought about in his previous budgets. I only wish he had the courage to go all the way.

I was struck, honourable senators, by a quote I read some time ago which was attributed to an unnamed New Jersey painting contractor. The quote went somewhat as follows:

> You're looking at a poor man who thinks the capital gains tax is the best thing that could happen —

He was referring to a cut in the United States —

> — because that's when the work will come back. People say capital gains are for the rich, but I've never been hired by a poor man.

Why, honourable senators, does our own Finance Minister seemingly fail to understand that capital gains tax cuts would stimulate job creation and economic growth? I try to reassure myself, knowing the minister as I do, that he is aware of the benefits of such a tax cut but he is worried by the inevitable knee-jerk criticism from the usual quarters that the cut would be nothing more than "a give-away to the rich."

While governing without making difficult decisions may be good for one's personal aspirations, it is not good for a country suffering the economic ills of high unemployment, low productivity and a falling standard of living.

If the minister cannot yet bring himself to propose tax policies that will really do the job, his colleague the Industry Minister has at least used the right words in expressing the wish that Canada become an economy of innovation.

I say today to the Minister of Finance: Stop attempting to socially engineer society.

I say to the Industry Minister: Stop using words and rather put into practice policies that will bring about a better Canada.

I suggest there is no better start than by reducing the capital gains tax.

Specifically, honourable senators, a reduction in this tax would clearly increase investment output and real wages. If the tax on the return from capital investments, such as stock purchases, new business start-ups and new plant and equipment for existing firms is reduced, more of these types of investments will be made. These risk-taking activities and investments are the key to generating productivity improvements, real capital formation, increased national output, and higher living standards.

We would liberate locked-up capital for new investment. I repeat my point about what happened to the charitable sector when gains that were locked up were released by the reduction of capital gains taxation.

For those already holding investment capital, a capital gains reduction will create an unlocking effect as individuals would sell assets that have accumulated in value and shift their portfolio to assets with higher, long-run earning potential. The unlocking effect might have strong, positive, economic benefits as well. Tax cuts would prompt investors to shift their funds to activities and assets such as new firms in the rapid-growth, high-technology industry which are offering the highest rate of return and, I might add, honourable senators, the highest rate of risk.

It would produce more tax revenue, not less, as stated in the recent budget of this government. Why? If a capital gains tax cut increases economic growth and spurs an unlocking of unrealized capital gains, then a lower capital gains tax rate will actually increase total tax collections. I am hesitant to draw Senator Taylor's attention to the low tax jurisdictions of Alberta and Ontario but that is exactly what happened in those provinces.

Finally, it would eliminate the unfairness of taxing capital gains due to inflation. A large part of the capital gains that are taxed are not real gains but inflationary gains. The government, as we all would agree, should not tax inflation.

• (1900)

Honourable senators, virtually all knowledgeable people agree that capital formation is essential to restoring growth in the Canadian economy.

A 1994 U.S. analysis showed that eliminating the capital gains tax — eliminating, not reducing — would have a positive impact on long-term economic growth in the United States. After five years, zero capital gains would lead to a $300 billion increase in national output. That is $3,000 per household, 877,000 additional jobs, and $2.5 trillion of additional capital. Additional tax revenues of $46 billion would be raised for the U.S. federal government as a result of added growth. It is a small wonder, then, honourable senators, that the U.S. has been reducing its capital gains tax.

We cannot compete, honourable senators, in the 21st century and win with a tax code that continues to repel capital.

The Standing Senate Committee on Banking, Trade and Commerce is presently studying the ability of small and medium-sized enterprises in Canada to access equity capital. All of the witnesses that we have heard have agreed that high capital gains taxes encourage debt financing and discourage equity financing. That is because the capital gains tax is a form of double taxation of the same income. It is taxed as corporate income when earned, and later as capital gains income when the taxpayers sell their equity holdings. In contrast, income resulting from debt-financed investments is taxed only once because interest expenses are tax deductible.

This means, honourable senators, that our capital gains tax regime creates a powerful — and, I should like to believe, unintended — incentive to finance corporate expansion and reorganization through leveraging rather than through equity.

I ask my honourable colleagues what possible rationale there is for imposing a tax penalty on investors willing to make equity investments and to provide a corresponding tax benefit to the use of debt finance.

As Mr. Joseph Oliver, president of the Investment Dealer Association of Canada said before our committee:

> There are a number of modifications to the Income Tax Act which would encourage investment in SMEs... In comparison to other countries, the capital gains tax in Canada is 40 per cent versus 20 per cent in the U.S., generally.

I might add that "This —"

> ...is far too high. As a result, investments migrate south where the tax regime provides investors with the higher returns that justify the risks associated with SMEs... A more effective approach, in our opinion, is to structure broadly based tax incentives that rely on market forces to channel equity capital to small business... The federal government could first reduce the inclusion rate —

— which is 75 per cent —

> — for taxes on capital gains in respect to all Canadian equities. This option would increase capital flows to the equity market by increasing after-tax return.

Another witness, Mr. Denzil Doyle of Ottawa, put it very well when he said:

> If you look at this investment spectrum, the front end of it is as dead as a doornail...because we have chased away those —

— and here I might add "investing"

> — angels off the scene with our obscene capital gains tax situation in the country... The situation in the United States is somewhat different. They have identified what they call a qualified small business...

where

> — under the 1993 Tax Act in the United States, the capital gains tax on gains made from investments in a qualified small business were cut in two; namely, from 28 per cent, down to 14 per cent. In Canada, it is 40 per cent across the board for —

— and here I would add "anyone who" —

> — wants to free up some existing invested capital in order to do this early stage investment. In 1997, the Americans came up with a system called a roll-over provision —

That is, where an investor —

> — could actually roll over his investments, provided

—"it", meaning the investment —

— was a qualified small business when he made the original investment. In order to free up money to invest in yet another qualified small business, he can roll it over tax-free, provided it is done within 60 days.

These statements are, indeed, compelling, honourable senators. We should not be surprised to find many of them reappearing as recommendations in the forthcoming committee report.

I should like to give you one more quote from Mr. Doyle. He said:

Most people buy and sell high technology stocks because of the capital gains. They do not do it for dividends. High technology companies do not pay dividends. We have a system — just to show you how stupid we are in this country — where our capital gains tax rate is higher than the dividend tax rate. That tells you how tuned in we are to the new economy. The capital gains tax is a drag on the circulation of that innovative capital, which is what really must get moving in this country.

Finally, honourable senators, I wish to give you a somewhat lengthy but wonderful quote from Mr. Vernon Lobo of Mosaic Venture Partners. He told us:

The real measure of investment success lies in the economic wealth that has been created. In fact, the roughly Can. $150 billion of market value that has been created in technology public markets in Canada — half of which is from Nortel — pales in comparison with the roughly U.S. $4 trillion...

— that is, $4 trillion to $150 billion —

...created in the U.S., about 10 per cent of which is Microsoft.

In the U.S., the emerging economy has created more than 25 times the economic wealth that it has in Canada. If we exclude the largest companies in each company, the ratio grows to 48 times. That is in nominal dollars; if we were to put it in equivalent dollars, it is something like 75 times. Why is this? We do not know the answer, but we do not believe that it is because Canada lacks the entrepreneurial talent or the potential. We also do not believe that Canada is behind in terms of its technological capabilities. There are obviously many reasons, but we believe that our capital gains tax rate contributes to this contrast.

In particular, a reduced capital gains tax rate for specific qualified investments can play a key role in addressing all three elements of venture capital flows.

It can create incentives for experienced managers to take entrepreneurial risk, it would also —

— attract angels, and it would allow capital to flow to those venture capital investors who have the necessary skills, and who have previously succeeded in creating value in early-stage companies. It would also encourage public market investors to participate more aggressively in IPO issues, and to recycle capital for further investment more regularly. Furthermore, government tax revenues would not be reduced in the short term to encourage capital formation, but rather would be impacted only after market wealth had been created and monitized.

In short, upfront tax incentives are tantamount to giving awards at the beginning of a race rather than to the winners. We believe that a reduced capital gains tax for targeted investments would allow those entrepreneurs and investors who create value to keep a disproportionate share of that value as an incentive and reward. It would also allow the government to ensure that economic wealth is being created and recycled for further investment, rather than simply ensuring that capital is available for funding.

There is also an issue of the relative attractiveness of the U.S. tax and market environment, with U.S. capital gains tax rates of 20 per cent for investments which are held more than a year. I suggest that honourable senators consider the locking-in effect of the taxation rate in Canada, which is about 37.5 per cent. Take the case of the widow who inherits from her husband a stock purchased many years ago, and must dispose of that stock to make some essential purchases. There is no break given whatsoever in Canada for the fact that that stock has been held over a long period of time. Rather, it is taxed at exactly the same capital gains rate as if it had been purchased by any Canadian taxpayer three weeks ago and then flipped or disposed of for the medium capital gain.

I will continue quoting Mr. Lobo:

Entrepreneurs and investors end up paying roughly half the tax in the U.S., not to mention the additional capital available and the significantly higher valuations afforded them in the U.S. public markets.

The other result of this situation is that U.S. investors are frequently coming to Canada to invest in high-tech companies, and they are offering more attractive terms than Canadian investors can offer.

I have seen many of my most talented Canadian friends compare opportunities in Canada and in the U.S., and they have concluded that the social and personal benefits of living in this country no longer outweigh the economic disadvantages.

Another point that highlights our loss of talent is the fact that several senior executives of some of the largest U.S. Internet success stories are Canadian. Jeff Mallett is the president and CEO of Yahoo. Paul Gauthier, a Halifax native, is co-founder of Inktomi, which is a $7-billion search engine company. Jeff Skoll, a Montreal native, was one of the founders of eBay. Rob Burgess is the chairman and CEO of Macromedia, a multimedia software developer. All of them are originally Canadian. There are many stories like this, and this loss of our top talent needs to be addressed.

> We cannot build a great industry without great entrepreneurs...

• (1910)

Honourable senators, given the mounting evidence against capital gains taxation in general, and certainly against the rates we suffer in this country, I question why the government is not moving to reduce this most perverse of taxes. I do not think it is about tax revenue, since capital gains on general business and investment yields the federal government over just $1 billion, or only 1.4 per cent of total federal corporate and personal income tax receipts.

The Hon. the Speaker: I must interrupt the honourable Senator Meighen to point out that his 15-minute time period has elapsed. Is there a request for leave to continue?

Senator Meighen: Yes.

The Hon. the Speaker: Honourable senators, is leave granted?

Hon. Senators: Agreed.

Senator Meighen: Thank you, honourable senators.

As economist and former parliamentarian Herbert Gruble said:

> Lower capital gains taxes brings gains to everyone. The owners of capital are better off. Unlocked capital is used more efficiently. Productivity and the economy grow more rapidly. Unemployment is reduced. Government tax revenue increases.

That is paradise, honourable senators. What more incentive do we need?

If the Minister of Finance is so afraid of being perceived as giving tax breaks to the rich by reducing the capital gains tax, he should perhaps rethink his career, for it is poor leaders who think the populous cannot understand the connection between taxes and investment, and between investment and jobs.

If the Minister of Finance is not concerned about productivity, innovation and wealth, then perhaps he should step aside and let the industry minister, who is described in today's *National Post* as the cabinet's strongest tax cut advocate, in addition, of course, to being a potential leadership candidate, put his words into action and cut the capital gains tax, at least to a level approaching that of our largest trading partner and our most serious competitor.

Hon. Nicholas W. Taylor: Would the honourable senator permit a question?

Senator Meighen: I should be happy to entertain a question.

Senator Taylor: I was intrigued by the senator's statement that capital gains tax only yields 1.4 per cent of total federal corporate and personal income tax receipts. That is not much, but have studies been conducted on who receives that capital gain? Are the upper 1.4 per cent of the high income earners in Canada the recipients of that?

The senator argues that decreasing capital gains tax will increase business, but who will benefit from it? My experience has been that the rich get richer when there are any changes to the capital gains tax. Would we not more appropriate to consider this matter in another light?

For example, a wage earners could use a percentage of their income to buy shares and be allowed to deduct a portion up to a certain percentage of their wage. That would involve the poor in a people's capitalism; whereas capital gains has a tendency to reward those who are already rich. I will admit that it has the side effect of creating jobs, but the perception is that those who take advantage of this are already rich.

How can we encourage the average person to buy shares?

Senator Meighen: Your suggestion might be a welcome addition to the promotion of equity investment.

I will say two things about your thesis. First, I think an increasing number of Canadians are investing in equities. The boom in mutual funds substantiates that. Certainly we have not reached the level of the United States yet in terms of the percentage of our population with equity investments but, as I mentioned, a great many Canadians have small shareholdings. The capital gains tax hits them just as hard as it hits the so-called rich person, and perhaps with even more devastating effect because the amount of money involved may be more important to the Canadian with lesser means than to the Canadian who is somewhat affluent.

Second, we cannot build a robust economy with no capital. Almost implicit in the remarks of Senator Taylor is the suggestion that we must discourage accumulation of capital in the hands of individuals. I admit that this is characteristic of the Canadian personality, although I am not sure that it is a characteristic we want to encourage. I am not sure there is anything wrong with Canadians accumulating capital and then having it available for equity investments or for doing such things as Jimmy Pattison did in Vancouver; that is, giving $20 million to the Vancouver Prostate Centre.

You have to have money in order to give it away or to invest it, and there is nothing wrong with a regime which would allow more Canadians to make more money.

The Hon. the Speaker: Honourable senators, if no other honourable senator wishes to speak, I will put the question.

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

Motion agreed to and bill read third time and passed.

BUSINESS OF THE SENATE

ENTITLEMENT OF NON-MEMBERS TO PARTICIPATE IN COMMITTEE MEETINGS—POINT OF ORDER—SPEAKER'S RULING SUSTAINED ON DIVISION

The Hon. the Speaker: On Tuesday, April 27, Senator Kenny raised a point of order to object to some recent practices of the Committee on Internal Economy, Budgets and Administration and its subcommittees. Citing rule 91, the senator noted that all senators are entitled to attend and participate in meetings of any Senate committee, even if they are not members. The senator also stated that he had sent a letter to the Clerk of the Senate dated February 25, 1999, asking to be kept informed of any meetings of the subcommittees of the committee. As well, he asked to be supplied with all agendas and working documents. Senator Kenny made this request, as I understand it, because of his conviction that every senator has the right to attend the proceedings of the subcommittees as well as full the committees.

In explaining his point of order, Senator Kenny went on to claim that some of the subcommittees of the committee of Internal Economy, Budgets and Administration had failed recently to follow the traditional practice of issuing notices of their meetings. He has therefore asked me, as Speaker of the Senate, to determine whether there is in fact an obligation to provide notice of any and all meetings, either of the full committee or of any subcommittee. Moreover, Senator Kenny asked me to determine if the Committee on Internal Economy, Budgets and Administration, or any standing committee, has the authority to permit its subcommittees to meet without giving notice.

[*Translation*]

The chair of the committee, Senator Rompkey, responded by saying that he believed that the actions of the full committee and its subcommittees had complied with the current rules and practices. All senators, he said, receive notice of meetings of the full committee and it welcomes the participation of any senator whether or not they are members.

[*English*]

Senator Rompkey went on to state that the committee's subcommittees have recently been revised to facilitate the heavy workload. The role of members of the subcommittees is to consider policy and to make recommendations for the consideration of the main committee. In carrying out their work, subcommittees frequently meet informally, whenever it is convenient, and often *in camera*. The senator went on to explain that the subcommittees do not make any decisions on their own. The main committee must endorse any recommendation proposed by a subcommittee.

[*Translation*]

I have had an opportunity to review the relevant *Rules of the Senate*, to consider current practices, and I am now prepared to make my decision. Let me state from the start that this decision has been a challenging one. While many of the rules regarding committees have been a feature of Senate practice for years, few, if any, have been the subject of any ruling. Nonetheless, I believe I can provide some direction on whether there is a requirement for all committees and subcommittees to issue notices of any meeting they propose to have and under what circumstances those meetings can be held *in camera*.

[*English*]

• (1920)

Senator Kenny is certainly correct when he notes that rule 91 permits senators to attend and participate in meetings of any committee. To put it another way, committees do not have the authority to exclude senators from their deliberations. Nonetheless, there are some restrictions on the application of this rule that are well established. Non-members are prohibited from voting, and they cannot move motions or be part of the committee's quorum.

[*Translation*]

In addition, rule 92(1) requires that, except for specified circumstances listed in (2), all meetings of the Senate standing and special committees shall be held in public and only after public notice. By giving public notice, committees ensure that all senators, as well as members of the general public, are informed of upcoming meetings. Historically, notice has been provided by a variety of means, ranging from posting paper copies of the notices in various locations on Parliament Hill to the current practice of putting them on the Internet and faxing them directly to interested parties. This rule certainly applies to meetings of standing committees such as the Committee on Internal Economy, Budgets and Administration whenever it meets in public session.

[*English*]

It is not clear from the rules, however, whether any select committee is obliged to issue a public notice when the committee is to meet *in camera* under the provisions of rule 92(2). The language of the present rule suggests that there is no requirement to provide public notice for *in camera* meetings. Let me hasten to add that most committees do provide notices of their *in camera* meetings. Established practice seems to have filled in for this apparent gap in rule 92(2) as adopted in 1991.

However, the notice requirements observed by committees, either by rule or by practice, do not necessarily apply to subcommittees. That it does not pertain to meetings of subcommittees is evident from rule 92(3), which states categorically that the meetings of subcommittees shall not be subject to the requirements of rule 92(1). This means that subcommittees can choose to meet without public notice. Furthermore, rule 92(3) allows subcommittees to meet *in camera* at the discretion of the subcommittee members themselves. Subcommittees are not required, therefore, to seek authority from the main committee prior to making such a decision. This, I believe, answers one of the questions raised by the point of order.

Certain subcommittees, usually identified as steering committees that deal with agenda and procedure, routinely meet informally and *in camera* without public notice. Other subcommittees, those involved in conducting special studies or for the purpose of hearing witnesses, usually meet publicly following public notice. The only time a subcommittee is explicitly required to sit in public session, according to the provisions of rule 92(3)(*b*), is when it is considering a bill clause-by-clause. For all other occasions, the choice to meet publicly or *in camera* is a decision of the subcommittee itself.

Accordingly, it would seem that the subcommittees of the Committee on Internal Economy, Budgets and Administration have not breached any rule of the Senate by meeting *in camera* and without public notice.

This conclusion provides the basis for what I believe to be the meaning of rule 91, understood in the context of other related rules and current practices. As was already explained, rule 91 allows senators to attend meetings of committees. The rule, however, does not specify subcommittees which, by practice, have come to fulfil various support functions for the benefit of committees. I believe that senators retain the right to attend and participate in meetings of subcommittees whenever they are meeting publicly. It is less clear that senators have that right when subcommittees are meeting *in camera* for the purpose of considering issues that are subsequently reviewed and endorsed by the committee.

In my view, senators do not have an undoubted right to attend these *in camera* meetings of subcommittees. The opportunity for them to comment on the recommendations that are developed by subcommittees will come when they are considered by the committee.

I realize that this decision depends upon an interpretation of several Senate rules and practices that might vary from the understanding held by some senators. If this should prove to be the case, it would seem to provide an appropriate opportunity for the Committee on Privileges, Standing Rules and Orders to examine the rules and practices relating to the operation of committees. After all, committees are an important feature of the Senate, and it is equally important that the rules relating to them be clearly and fully understood.

It is my decision, therefore, that the point of order has not been established.

Hon. Eymard G. Corbin: Honourable senators, I should like to appeal the Speaker's ruling to the Senate, and I invite honourable members who agree with me to stand up.

The Hon. the Speaker: There is a request for an appeal of the Speaker's ruling.

Will those honourable senators who support the appeal please say "yea."

Some Hon. Senators: Yea.

The Hon. the Speaker: Will those honourable senators who oppose the appeal please say "nay."

Some Hon. Senators: Nay.

The Hon. the Speaker: In my opinion, the "nays" have it.

And two honourable senators having risen.

The Hon. the Speaker: Please call in the senators. We will have a standing vote. There will be a 15-minute bell, so we shall vote at 20 minutes to eight o'clock.

• (1940)

Speaker's ruling sustained on the following division:

YEAS

THE HONOURABLE SENATORS

Adams
Andreychuk
Austin
Beaudoin
Bolduc
Bryden
Butts
Callbeck
Carstairs
Chalifoux
Cochrane
Comeau
Cook
Cools
De Bané
Fitzpatrick
Fraser
Gill
Graham
Grimard
Gustafson
Johnson
Joyal
Kinsella
Kirby
Kroft
Lavoie-Roux
LeBreton
Losier-Cool
Lynch-Staunton
Maheu
Maloney
Meighen
Mercier
Moore
Murray
Nolin
Oliver
Pearson
Perrault
Prud'homme
Roberge
Robichaud (*Saint-Louis-de-Kent*)
Rompkey
Rossiter
Sparrow
Stewart
Stratton
Taylor
Tkachuk
Watt
Wilson—52

NAYS

THE HONOURABLE SENATORS

Corbin
Kenny—2

ABSTENTIONS

THE HONOURABLE SENATORS

Spivak—1

PRIVILEGES, STANDING RULES AND ORDERS

CONSIDERATION OF ELEVENTH REPORT OF COMMITTEE—DEBATE ADJOURNED

The Senate proceeded to consideration of the eleventh report of the Standing Committee on Privileges, Standing Rules and Orders (restructuring of Senate committees) presented in the Senate on June 2, 1999.

Hon. Shirley Maheu: Honourable senators, it is with great pleasure that I move the adoption of the eleventh report on the Standing Committee on Privileges, Standing Rules and Orders regarding the restructuring of Senate committees.

[*Translation*]

The recommendations in this report are particularly important and definitely innovative. The proposals made will substantially change the organization of our committees. I am sure that they are necessary and that they will have a positive impact on the quality of work done by Senate committees.

This report is the outcome of several months of discussion. A number of proposals were submitted and considered by our committee. Rest assured, honourable senators, that no effort was spared and that all these proposals were considered carefully. In this regard, I feel that the proposal contained in this report is the result of a consensus reflecting all suggestions received.

[*English*]

This proposal suggests three distinct amendments. The first amendment addresses the number of standing committees; the second amendment deals with the size of those committees; the third amendment deals with additional members on the committees.

[*Translation*]

More specifically, the first section on the number of committees recommends the establishment of two new committees, namely defence and security, and human rights. These committees will, among other things, allow for a better distribution of the workload between the Senate committees, and will also help produce more in-depth studies on specific issues.

However, this change, which will take effect as soon as the report is adopted, is temporary and will end on October 10, 2000. This will allow the Senate to measure the impact and effect of such a change, and to make the required adjustments, if necessary.

The second section of the report suggests changes to the size of the committees and specifically proposes that the number of members for each committee be flexible and vary from six to twelve.

This approach will provide greater flexibility and will ensure that the business of the committees runs smoothly. The number of members for each of the committees will also be based on actual need and on the interest shown by senators.

[*English*]

• (1950)

Finally, the third section of the present report suggests that two additional members may be added to any standing committee. The Committee of Selection would have the power to recommend that these two additional members be added.

Honourable senators, as you can see, the eleventh report of the Standing Committee on Privileges, Standing Rules and Orders suggests important changes to the structuring of our committees. I strongly believe that these amendments are necessary in order to maintain the high quality of our work. For that reason, I ask you to support the report.

Honourable senators, since the report was presented on June 2, a clerical error has been discovered in the text of the report. With respect to recommendation No. 2, "Size of Committees," part *b*, under the Senate Committee on Aboriginal Peoples, in the French text we find the following words:

[*Translation*]

> ...composé de douze membres, dont quatre constituent le quorum...

[*English*]

These words should be deleted. With the leave of the Senate, I ask that the report be amended accordingly.

The size of all standing committees is to vary from twelve to six members. A quorum is to be one-third of the members, but not less than three.

The Hon. the Speaker: Honourable Senator Maheu, do I understand that you are proposing, with leave, to make an amendment to the report that was presented?

Senator Maheu: Yes.

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

Hon. Senators: Agreed.

The Hon. the Speaker: Does any other honourable senator wish to speak?

On motion of Senator Prud'homme, debate adjourned.

HUMAN RIGHTS IN TIBET

MOTION AS MODIFIED TO URGE CHINESE GOVERNMENT TO RECOGNIZE SELF-DETERMINATION AND HUMAN RIGHTS OF TIBETANS—DEBATE CONTINUED

On the Order:

> Resuming debate on the motion as modified of the Honourable Senator Di Nino, seconded by the Honourable Senator Beaudoin:

That the Senate urge the Government of Canada to use its good offices to urge the Government of China to respect the right to self-determination and human rights of the people of Tibet and in particular to respect the Universal Declaration of Human Rights as well as resolutions of the UN General Assembly in 1960, 1961 and 1965 which affirmed these rights for the Tibetan people; and further

That the Government of Canada urge the Government of China to meet with His Holiness the Dalai Lama, without preconditions and under the auspices of the United Nations, to attempt to resolve the Tibetan problem.—(*Honourable Senator Carstairs*)

Hon. Sharon Carstairs (Deputy Leader of the Government): Honourable senators, I should like to thank the Honourable Senator Di Nino for raising the important issue of human rights in China, including Tibet, through his motion of April 20, 1999.

Throughout Senator Di Nino's speech on this motion, he stated that the Canadian government was not doing enough to end human rights violations in China. I would have to disagree with the honourable senator on this point. I must state that the promotion of human rights is one of the central goals of Canadian foreign policy toward China. The federal government remains concerned by China's continued human relations violations, and it has always been their goal to have Chinese authorities abide by their international obligations and join the nations of the world in providing for the human rights of their citizens.

Canada is one of the most active countries currently working within China to develop a better human rights environment and the proper rules-based, institutional arrangements to support it. To that end, the policy of the federal government is to promote the emergence of a civil society and the reform of key institutions leading toward greater political responsiveness, improved respect for human rights, and greater predictability in Chinese domestic and international behaviour.

Transparency and rule of law are fundamental to the development of such a society, and it is through Canada's links with China that the government has been able to contribute significant steps in China's legal reform. These links have allowed Canada unprecedented access to Chinese agencies whose cooperation is essential to improving the human rights practices of China, including the Ministry of Foreign Affairs, the Ministry of Justice, the Ministry of Public Security, as well as officials responsible for minority regions such as Tibet.

Moreover, Canada encourages an expansion of religious freedom in China, including Tibet, and I do not doubt that Canada would welcome a dialogue between Chinese authorities and the Dalai Lama, a world spiritual leader who earned the Nobel Peace Prize in 1989 for his dedication to peace and human rights.

In addition, with funding through the Canada Fund projects in Tibet, the Canadian government is endeavouring to improve the lives of Tibetans living in rural areas, particularly those Tibetans who are in the greatest need.

Although I agree and support the idea behind Senator Di Nino's motion, the amelioration of human rights in China, I do not support the confrontational approach advocated by the honourable senator. Rather, I support the current policy of the federal government, which was so eloquently expressed by the Honourable Senator Austin last Thursday, June 3, 1999, in this chamber, when he stated that it is not confrontation that should be the basis of Canada's policy towards the Chinese government, but engagement at a level of mutual respect.

Unless an honourable senator on the other side wishes to adjourn the debate, I will adjourn the debate in the name of Senator Austin.

Hon. Consiglio Di Nino: Would the Honourable Senator Carstairs entertain a question?

Senator Carstairs: Certainly.

Senator Di Nino: I am not sure I understand the confrontational aspect of the motion. Perhaps the honourable senator could point out in what way this particular motion is confrontational?

Senator Carstairs: Honourable senators, I do not think there is confrontation just in the motion, but I believe a confrontational approach was taken in the address the honourable senator made to the chamber. It was filled with emotive language. In my view, it was an either/or situation.

Our relationship with China or with other emergent countries trying to promote human rights is progressing, albeit very slowly. In my visit to China two years ago, I sat down and met with various committees. They are making progress, but it is slow. It is not nearly as quick as I or as Senator Di Nino would like it to be. However, they are moving in a positive direction, and we should be there encouraging them to move further.

Senator Di Nino: Does my honourable colleague agree that the motion, which is all we have before us in the chamber, is a rather innocuous motion that creates no confrontation? It principally speaks to asking the Canadian government to urge the Chinese government to meet with His Holiness the Dalai Lama in an attempt to resolve the problem of Tibet. Is this something my honourable friend finds objectionable, confrontational or emotional?

Senator Carstairs: Let me repeat my statement, honourable senators. I said that I agree and support the idea behind Senator Di Nino's motion, the amelioration of human rights in China. I do support the principle to which he speaks. However, in his statements, on a number of occasions before this august body, Senator Di Nino in my view — and that is strictly my view — has sought to be confrontational and to make an either/or alternative.

Senator Di Nino: Absolutely.

Senator Carstairs: I do not think that is what it is, honourable senators.

On motion of Senator Andreychuk, debate adjourned.

• (2000)

NATIONAL DEFENCE

STATE OF HELICOPTER FLEETS—INQUIRY—
DEBATE CONTINUED

Leave having been given to revert to Inquiries:

On the Order:

> Resuming debate on the inquiry of the Honourable Senator Forrestall calling the attention of the Senate to the Liberal cancellation of EH-101, and the state of Canada's Labrador and Sea King helicopter fleets.—(*Honourable Senator Di Nino*)

Hon. Consiglio Di Nino: Honourable senators, first, I should like to thank you for allowing me to speak on this matter.

I wish not only to participate in Senator Forrestall's inquiry but to congratulate him on it. The inquiry relates to the cancellation of the EH-101 program and also the state of the Sea King and Labrador helicopter fleets.

Much has already been said by honourable senators. However, I should like to add a few more points to this debate. Unfortunately, the debate has been too one-sided because honourable senators opposite have not joined in, and we would urge them to do so. I should like to hear their comments.

Honourable senators know that both the Labrador and Sea King fleets are in terrible shape. They know that replacements, which were dearly needed years ago for both fleets, have still not been provided. They know as well, as do most Canadians, that the present government's cancellation of the EH-101 program was a partisan and short-sighted move. It has been detrimental not only to the search and rescue capability of the Canadian navy but to its overall effectiveness as well.

Honourable senators, I am not a military expert but I can read the newspapers. There have been two more emergency landings of Sea Kings this past month alone. I do not know the total but I wonder what it is so far.

I understand as well that *HMCS Athabaskan*, which is a flagship for the Standing Naval Force Atlantic, will soon be leaving for Serbia to help enforce a naval blockade there. *HMCS Athabaskan* will be going into a war zone, carrying what amounts to one ageing, rickety, accident-prone helicopter, the Sea King. That Sea King, I am told, will not be able to fly more than 40 per cent of the time that it will be called on to do so. Such is the state to which our navy has been reduced because of this government's fondness for playing politics where our Armed Forces are concerned.

The lamentable state of the equipment we force our Armed Forces personnel to use has not escaped the attention of the world community. In the recently published edition of the internationally respected *Jane's Fighting Ships,* we find the following:

> Whatever difficulties afflict the Armed Forces in complacent Eurozone, they always seem to be of an order of magnitude greater in Canada...with the Canadian defence budget taking a 23 per cent cut in the last four years, and Canada standing at 133rd out of 185 countries in the United Nations in military spending as a share of GDP. Earlier this year, the Chief of Defence Staff was reported as saying with intended irony: 'Canada will get exactly the Armed Forces that it is willing to pay for.' Other western countries suffering similar political myopia and complacency over defence investment should watch this country carefully to see what may happen if and when servicemen finally lose heart because of political indifference to the state of their equipment and conditions of service...

Honourable senators, I believe we can all agree that what I have just read echoes what we on this side of the chamber have been saying for a number of years. This government has abdicated its responsibility to the men and women of Canada's Armed Forces. The government has put — and continues to put — their lives needlessly in danger.

The question on everyone's mind is: How many more crashes, injuries and deaths must occur before this government puts its dislike of things military aside and gives the Armed Forces the matériel it needs to do the job we have asked of them?

On motion of Senator Stratton, debate adjourned.

The Senate adjourned until tomorrow at 2 p.m.

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