



CANADA

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OFFICIAL REPORT
(HANSARD)

Tuesday, May 28, 2002

—
Speaker: The Honourable Peter Milliken

CONTENTS

(Table of Contents appears at back of this issue.)

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HOUSE OF COMMONS

Tuesday, May 28, 2002

The House met at 10 a.m.

Prayers

ROUTINE PROCEEDINGS

• (1000)

[*English*]

GOVERNMENT RESPONSE TO PETITIONS

Mrs. Karen Redman (Parliamentary Secretary to the Minister of the Environment, Lib.): Mr. Speaker, pursuant to Standing Order 36(8) I have the honour to table, in both official languages, the government's response to two petitions.

* * *

• (1005)

CANADIAN HUMAN RIGHTS ACT

Miss Deborah Grey (Edmonton North, Canadian Alliance) moved for leave to introduce Bill C-465, an act to amend the Canadian Human Rights Act.

She said: Mr. Speaker, I am pleased to introduce my private member's bill today. This took a great deal of research and talking to a lot of people who feel truly discriminated against regarding their assistance dogs. We know that seeing eye dogs certainly have become very commonplace in Canada, but it has come to my attention that an enormous number of Canadian citizens have been denied access to goods, services and transportation because they have fully qualified assistance dogs that are turned away from special transportation facilities, are not allowed in schools, and are not allowed in public places and restaurants.

My bill seeks to amend the Canadian Human Rights Act so that these people would have full access and would be able to live full and very productive lives with the assistance of these marvellous trained animals that are able to help them.

Right now I would ask for the House to give unanimous consent to just put this through because it is so sensible.

The Speaker: Does the hon. member have the unanimous consent of the House to have the bill approved at all stages now?

Some hon. members: Agreed.

Some hon. members: No.

The Speaker: I am afraid there is no consent, so we had better just go with the good, solid process we have in place and which might take a little time.

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

* * *

PETITIONS

CHILD PORNOGRAPHY

Mr. Monte Solberg (Medicine Hat, Canadian Alliance): Mr. Speaker, it is my pleasure to rise today and present a petition on behalf of 381 residents of Medicine Hat and the immediate area.

The petitioners call upon parliament in the following way: that the creation and use of child pornography is condemned by the clear majority of Canadians, that the courts have not applied the current child pornography law in a way which makes it clear that such exploitation of children will always be met with swift punishment, therefore, the petitioners call upon parliament to protect our children by taking all necessary steps to ensure that all materials which promote or glorify pedophilia or sadomasochistic activities involving children are outlawed.

[*Translation*]

CANADA POST

Mr. Paul Crête (Kamouraska—Rivière-du-Loup—Témiscouata—Les Basques, BQ): Mr. Speaker, I have the pleasure to present in the House of Commons a petition concerning the denial of the fundamental rights of people hired by the Canada Post Corporation as rural route mail couriers, by not maintaining their wages and working conditions, which constitutes discrimination against them.

This petition is fully justified and I hope the government will take follow up action.

* * *

• (1010)

QUESTIONS ON THE ORDER PAPER

Mrs. Karen Redman (Parliamentary Secretary to the Minister of the Environment, Lib.): Mr. Speaker, I ask that all questions be allowed to stand.

The Speaker: Is that agreed?

Some hon. members: Agreed.

Supply

GOVERNMENT ORDERS

[English]

SUPPLY

ALLOTTED DAY—INTERNATIONAL TRADE

Mr. John Duncan (Vancouver Island North, Canadian Alliance) moved:

That this House has lost confidence in the government for its failure to persuade the US government to end protectionist policies that are damaging Canada's agriculture and lumber industries and for failing to implement offsetting trade injury measures for the agriculture and lumber sectors.

He said: Mr. Speaker, I am pleased to rise before the House today to present this supply day motion for the official opposition. As the international trade critic for the official opposition and speaking first, I will focus my comments on the softwood lumber side of the motion and will split my time with my colleague, the member for Selkirk—Interlake, who is our senior agriculture critic and will focus on the agriculture industry side of the motion.

The importance of the motion should not be underestimated. First, there are Canadians sitting at home not working because of belligerent comments about Presidents Bush, senior and junior, by the Prime Minister and his nephew. Canadians are very aware that the Canadian government essentially has no influence on the Bush administration and its increasingly protectionist policies.

Just last week, from May 16 to 20, the Canada-U.S. Inter-parliamentary Group met with senators and congressmen in the U.S., and the kinds of problems we have become very clear. For example, we had the Minister of Natural Resources make a \$75 million announcement on some programs for the forest sector that have direct implications for the softwood lumber dispute. Despite the fact that Department of Foreign Affairs and International Trade had full knowledge of our visit, despite the fact it knew softwood was on the agenda, there was no follow-up to ensure that the government members in the meeting were aware of what had been announced.

Fortunately, or maybe from the government's perspective unfortunately, I was the only one who could really respond to questions put forward by a U.S. senator and a U.S. congressman about whether or not the program was a subsidy. I had been made aware through my office that this announcement had been made and I had already put out a somewhat critical press release.

My point is that the government is not results oriented. It only knows how to throw money around. When it comes to following through and working in the trenches, it is simply not there.

There is a host of examples of areas in which the government has gone out of its way to alienate our major trading partner. Our motion asks the government to re-evaluate its basic approach to Canada-U.S. relations.

In addition, the official opposition has been trying to engage the government for months on the extension of EI benefits to accommodate forest workers laid off as a consequence of the softwood lumber dispute and on designing a softwood tariff trade injury program that would prevent the closing of significant parts of the softwood industry in the face of the punishing 27% tariffs. Not only does the minister of trade not want to talk about these trade

issues despite extensive questioning, but he also sent a strong signal to the minister of human resources by stating that no softwood lumber jobs have been lost due to the softwood lumber dispute. This statement is factually wrong. Is it any wonder that the minister for HRDC has been impossible to move on the plight of unemployed forest workers when her responsible cabinet colleague makes statements denying that a very real problem exists?

•(1015)

We have asked the minister of trade to apologize for his comments, and despite letters from industry and workers, the minister has neither apologized nor retracted his statement.

One of the employers wrote a letter on May 6. He said:

I am very disturbed that you do not feel our forest employees are negatively impacted by the softwood lumber dispute. I have on many occasions, advised you of the layoffs our employees have faced due to the unresolved softwood lumber dispute. You have indicated that the forest industry is going through a restructuring process. May I remind you that all industries go through a restructuring process when demand is low, as higher cost operations are shutdown or curtailed. I have informed you in the past that U.S. lumber consumption is very strong, however a 27.22% duty cannot be absorbed by our customers and we will continue to lose market share. This is not due to a restructuring process, this is due to the unresolved softwood dispute.

The employer went on to complain:

One year later there is still no plan B and yet you have told us since last year, that the Government of Canada will assist companies when we fight these unwarranted duties.

I am advising you today, that our Company will once again take significant downtime as a direct result of the softwood lumber issue at many of our operations causing job loss and further loss of market share unless a non-subsidized program is put in place promptly for forest companies.

That in a nutshell summarizes much of our concern.

The Minister of Natural Resources, when the minister of trade did not have the opportunity to be in the House, was questioned on these comments and he suggested they were taken out of context. He denied that forest workers were out of work because of the dispute. However we all saw the television scrum. We all know the government is into damage control regarding scandals, cronyism and corruption.

In the last week the Minister of Natural Resources and the minister of trade have announced \$95 million worth of spending in the forest sector. These public relations damage control announcements will do nothing to address the real issues which are unemployment and mill closings. What the government is announcing is long term spending and it is deeming this to be for innovation, diversification, research and development and forest industry advocacy.

We should take a moment to analyze what the announcements mean in substance. The advocacy should have been started years ago. The all party natural resources committee which I sat on in June 2000 suggested exactly that. The leader of the official opposition and I called for this advocacy last August.

Supply

Our government talks tough domestically and then treads lightly with our U.S. trading partner. I will summarize my comments as they relate to the \$75 million announcement on May 16 by the natural resources minister. This funding is an attempt to obscure the fact that the government is avoiding the real issue of tariffs and that this will affect our competitiveness in the U.S. marketplace.

Diversification and innovation are areas in which the government has had a poor track record in picking and choosing winners and losers. Any development of markets is long overdue but will hardly address the current issue in a timely way.

Six weeks ago this same minister echoed my call for a tariff management scheme through Export Development Canada or some other vehicle while Canada continued its challenge of the U.S. tariffs at the World Trade Organization and before NAFTA. He has been distancing himself from those comments ever since.

● (1020)

I put the Minister of Natural Resources on notice at the premiers' summit on softwood lumber in Vancouver on April 29 that we had not forgotten his support on March 29. We will continue to call him to account for those statements which he has refused to support ever since.

The \$20 million announcement from the international trade minister yesterday is months overdue. It does nothing to address the real issue of forced worker layoffs and mill closings. The announcement is simply public relations and damage control.

This announcement is not new money. The minister is reannouncing a \$17 million program planned prior to September 11 that was shelved. The minister's announcement of \$3 million in additional resources for our trade consulates to deal with U.S. trade issues is long overdue. These announcements continue to do nothing to address the substantial measures needed to assist laid off forest workers and to deal with the tariff burden that is threatening large sectors of the Canadian forest industry.

We will continue to press the minister on these issues and that is what today's debate is all about.

Mr. Pat O'Brien (Parliamentary Secretary to the Minister for International Trade, Lib.): Mr. Speaker, it is regrettable that we have this motion. It is a divisive motion at a time when industry and the provinces continue to stand with the government. The official opposition is engaging in a rather silly motion.

The member says he asked the government to reassess its policies. That is not what I read. This is a motion of non-confidence in the government. It is because we have not been able to convince the United States to end its protectionist policies.

Could the member tell us if he thinks that should be the case with the U.K. and the other countries of the world which have not been able to convince the United States to end its protectionist policies?

There is regret worldwide about this policy. Allies of the United States are expressing their anger and frustration. Hopefully their governments are not facing such a motion that calls for non-confidence because somehow one country unilaterally has not been able to bring the United States to end its protectionist policies.

Is the member not naive in his assessment of the situation? Perhaps while he is answering that question he could explain to us why, if there is such great interest and concern about international trade in his party, this time a year ago his party went something like two months without even having a trade critic? For some two months it had no one in the House of Commons assigned to specifically monitor and question the government on its trade policies. Is that what he means by a show of interest from the Canadian Alliance?

Mr. John Duncan: Mr. Speaker, it is abundantly clear that we have a special relationship with the United States. First, it is our NAFTA trading partner. There are only three nations in NAFTA. Second, 85% of our exports go to the United States.

The parliamentary secretary must remember that it was his own minister who made the comment that the Prime Minister's effectiveness in dealing with the Bush administration was tainted and not worthwhile because of the track record of antagonism between the Prime Minister and the Bush administration. I do not know that a comparison of non-NAFTA nations is useful.

The parliamentary secretary has brought up many times the question of a vacancy in the trade portfolio. It is a bogus point. The parliamentary secretary knows that the softwood file was my file when I was in the natural resources portfolio long before I was named trade critic. There has not been a beat missed. This is simply throwing a red herring into the fray.

● (1025)

Mr. Pat O'Brien: Mr. Speaker, the member said there was not a beat missed. There was also not a question asked in the House of Commons on softwood lumber for weeks and weeks by his party, by him or anybody else. The motion speaks to more than softwood lumber. It speaks of the trade policy. The truth is, and he should explain it to his constituents, that his party went at least two months with no trade critic when it was ripping itself apart over its leadership a year ago.

Mr. John Duncan: Mr. Speaker, I throw that into the category of petty politics. There has been nobody who has been more proactive on the softwood issue than the Canadian Alliance. We led announcements by the government from either his minister or the Minister of Natural Resources time after time. This is somewhat of an embarrassment to the government and that is why it is playing petty politics.

Mr. Howard Hilstrom (Selkirk—Interlake, Canadian Alliance): Mr. Speaker, today the Canadian Alliance has put forward a very important supply day motion in regard to our trade relationship in particular with the United States but also in relationship to our trade around the world. Agriculture, for which I am the chief critic for the Canadian Alliance, is an area that the government has fumbled every bit as badly as it did with the softwood lumber issue.

Supply

In 1995 the government signed the Uruguay round agreement which in essence got the world moving toward reducing subsidies and developing hard and fast rules about our trade relationship with individual countries. At the time the government changed supply management and went to tariff protection as opposed to quota protection which was all ready there. In essence it started the process of selling out supply management in the country. The current WTO talks will deal with the reduction of tariffs that protect our supply management.

Even though the government professes to be protecting all sectors, primarily the Quebec and Ontario sector, it has sold them out. We note also that the Prime Minister, in speaking about imports of products from poorer third world countries, is being a little deceptive in that he professes to protect supply management by not allowing these poor countries to send any kind of supply managed product to Canada. He will allow imports of all other kinds of agriculture products but not those supply managed products, thereby depriving the poorer countries from getting ahead. I see a two-faced stand by the government.

The European Union is every bit as bad or is worse than the United States in regard to agriculture policy. Today I will deal with the U.S. farm bill but I also want the Americans to know that the European Union is twice as bad as they are when it comes to trade policy dealing with North America.

Canada obviously cannot write laws for other countries, or tell them what to do or argue with them when they are staying within the WTO rules. That is the case with the U.S. farm bill, with a couple of exceptions.

We have talked about our trade relationship and agriculture products with the United States. Since NAFTA, and even before it, Canada has been trying to establish a continental market in agriculture products between Canada, Mexico and the United States and that was moving along quite well. With the special relationship Canada has with Americans, the government should have been able to influence them more than it did. Instead we have the antagonistic results that are not in keeping with the continental market and not in keeping with the best interests of Canadian farmers.

The U.S. farm bill will give about \$180 billion to U.S. farmers over the next 10 years. The U.S. secretary of agriculture stated: "The U.S. will not unilaterally disarm".

Back in 1995 the government unilaterally disarmed our Canadian farmers by reducing subsidies to virtually zero by the year 1997. Contrast that to the written policy of Canadian Alliance. We would only reduce our subsidies in conjunction with other countries. We understand from where Secretary Veneman is coming. When subsidies are lowered, it has to be a joint process so that one country does not unilaterally disarm, resulting in farmers of that country almost starving to death and certainly living below the poverty line.

In Saskatchewan this year it is estimated that the grain farmers will only make about \$13,000 net income. That is a direct result of the lack of policy and trade negotiation ability of the Liberal government.

● (1030)

With regard to subsidies and what Canada should be doing, the farm groups across the country, including the free market groups like the western barley growers and the western Canadian wheat growers, have called for a trade distortion compensation program which would require \$1.3 billion to compensate our grain and oilseed farmers and keep them competitive with American farmers who are producing the same products. This was based on the government's own figures. The federal government is responsible for trade agreements. The federal government is responsible for coming up with a trade injury program and funding it.

I would like to point out, before the government members stand up and start talking about the action of the Canadian Alliance on agriculture, that on February 25 I asked the government how it would protect our pulse industry. We know that the U.S. farm bill includes pulse crops in its subsidy program. I of course got no answer from the minister of agriculture.

On April 18, prior to the signing of the farm bill, I once again brought up the fact that there should be discussions with Secretary Veneman about our challenges under the WTO and NAFTA, particularly if the farm bill was passed. Again there were no commitments from the government.

On May 2, I asked the minister if we would challenge the farm bill when passed. Of course, there was no answer again. This was asked again on May 6 and 21. *Hansard* recorded those questions when we were trying to get the government to do something.

In essence the government was very ineffective prior to the signing of the bill. Since the bill, we have not received any commitment from the government with regard to a trade injury compensation program.

The government sent three top level ministers responsible for trade, agriculture and the wheat board to Saskatoon. The farmers did not receive any promises about the program. The finance minister even listened and no comments were made that would give the farmers in the grain and oilseed sector any hope.

The country of origin labelling was added to the U.S. farm bill, in particular because the northwest terminal feedlot program was not promoted by the government. Our member for Lethbridge pointed that out quite clearly. Back in the winter he asked the government to do something about the northwest terminal feedlot program otherwise the Americans would bring the origin of labelling. What did we see? The government did nothing. We now have ended up with country of origin labelling in the U.S. farm bill which will hurt our producers.

In Manitoba we also have the problem of TB in elk. The Minister of Canadian Heritage takes care of national parks. What do we have? We found out on the weekend that the CFIA took away Manitoba's TB-free status three or four years ago and did not tell anybody. Now there is a potential trade problem. Live cattle may have to be tested in the future before being exported. What did the government do about the problem with TB in Manitoba? Nothing.

Supply

I will not go into the issue of the Canadian Wheat Board. If we had a voluntary Canadian Wheat Board, we would end up with less challenges from the United States. We would be operating according to the wishes of our Canadian farmers who want a voluntary wheat board that would work within market forces as opposed to a dictatorial government forcing farmers to market through one agency when it is against their best interest.

•(1035)

Mr. Dick Proctor (Palliser, NDP): Mr. Speaker, I want to come back to the member's remarks about not disarming unilaterally and remind him that that is exactly what the former Reform Party talked about back in 1995. Neither the member nor I were in the House at that time. If he cares to look back at *Hansard* around March 29 of that year he will find a speech by Elwin Hermanson the then agriculture critic for the Reform Party. He said "I have no criticism about the cuts to agriculture". Then he went on to say that his only criticism may be that if the Reform Party were on that side of the House it would be cutting further and faster.

Indeed when the member for Selkirk—Interlake was a candidate for election in 1997, the Reform Party was still calling for \$600 million worth of cuts to the Canadian agricultural program. Would the member care to comment on that?

Mr. Howard Hilstrom: Mr. Speaker, I sure would like to comment on that. I cannot believe the NDP are going back and trying to fight the 1993 election over again, which it lost so severely. In 1997 it barely kept its status as a party in the House due to the very few numbers that were elected. Of course, in 2000 it barely survived again.

The Canadian Alliance policies were what caused it to become the official opposition in both 1997 and the year 2000. Obviously its agriculture policies were the very ones that a lot of farmers in the west wanted to see because the Alliance took every seat in the west, with the exception of one that the NDP received which has a big farm component to the electorate.

The policies of the Canadian Alliance are written down in black and white and every Canadian can read them. They say that the Alliance supports the use of safety net programs and that we call, as are the farm groups and the provinces, for a trade injury compensation program. I and members of the Canadian Alliance are the only people who have raised this in the House.

I know there the NDP asked one question last week with regard to the trade injury compensation program. I think all the member did was simply read *Hansard* from the days before and repeat my question. If that is the agriculture policy of NDP members and if that is the way they want to operate, it is up them. However with regard to the criticism of Canadian Alliance members, we were the one who drove this.

The Alliance members have asked over 20 questions on agriculture in the month of May. We have put forward this debate on agriculture and softwood lumber today. What do I see the NDP doing? Nothing except copying a question that I asked a long time ago.

•(1040)

Mr. Pat O'Brien (Parliamentary Secretary to the Minister for International Trade, Lib.): Mr. Speaker, because the member

seemed to be partially behind the motion from his colleague, I would like to ask him if this is really a serious motion expressing non-confidence in the government because it has not single-handedly been able to prevent the U.S. farm bill? Is it a serious motion given the repulsion that countries around the world have expressed about the U.S. farm bill and given the helplessness and anger that many countries are feeling over this American protectionist measure?

Is the member serious in supporting that the government does not have the confidence of the House because it single-handedly has not been able to prevent local politics? As Tip O'Neill said "all politics are local". This is local politics at work in the United States. Why does the member not understand that? Surely he cannot be serious about this motion.

Mr. Howard Hilstrom: Mr. Speaker, the issue is not only what the government should be able to do with a good relationship with the United States before the bill was signed, but it is what the government has done now that the bill has been signed or, more explicitly, what it has not done.

Last week the ministers of agriculture, trade, finance and the wheat board went to Saskatoon and spoke to farmers. In fact what they did was give farmers the Trudeau salute with their middle fingers again telling them that there would be nothing for them. The promise they got from the agriculture minister was "Mr. and Mrs. Farmer, you just wait until the agriculture policy framework comes in and everything will be glorious".

Local politics is exactly what this is about. It is time the government did something for our farmers locally. It has to bring in the trade injury compensation program. It has to fix the TB problem and cull that bloody herd of elk in the Riding Mountain National Park which is spreading the disease. The government sits on its hands and does nothing. Darned right this is local politics.

Mr. Pat O'Brien (Parliamentary Secretary to the Minister for International Trade, Lib.): Mr. Speaker, that answer holds the record for inconsistencies but I will address that at another time.

I am disappointed to have to stand in the House today and address what really is a divisive and rather unreal motion. It is about as unreal and far from reality as the question put to me by the member for Vancouver Island North's last Friday in the House when he was fooled into believing that the WTO was actually disbanding. The motion is not in touch with reality.

Canada and the United States are each other's largest trading partners. About \$1.9 billion worth of goods and services move across the border each and every day. In 2001 Canada exported \$351 billion in goods to the United States and imported \$255 billion in return. Some 85.1% of Canadian merchandise exports is destined for the United States. There can be no doubt that trade with the United States is a key driver of Canada's economic growth and prosperity. Management of this crucial trade relationship is the government's top trade policy priority.

Supply

Both sides recognize the importance of keeping trade flowing to our mutual advantage. I heard a member opposite ask if the scope of trade with the United States was a good thing. It is reality. Jobs for many of his constituents, my constituents and the constituents of members throughout the House are dependent on our trade with the United States. The reality is that is the scope of our trade relationship and it bears an overview.

The Canada-U.S. border issues that emerged in the aftermath of the tragic events of September 11 underscore the need for a border that operates efficiently and effectively. To further enhance our management of the border, the governments of Canada and the United States signed, on December 1, 2001, a declaration on the creation of a smart border for the 21st century. Through this declaration we have the opportunity to build a smart border that securely facilitates the free trade of people and commerce, and a border that reflects the largest trading relationship in the world.

I digress to point out that I will be sharing my time with my colleague from Etobicoke North.

The vast majority of trade between our two countries is dispute free and the trade continues to grow fueled by the increasing integration of our two economies and facilitated by the rules based trade system provided by the WTO and the NAFTA.

It is important to note that only NAFTA countries, Canada and Mexico, enjoy the benefits of preferential access to this huge and important U.S. market, the vast majority of which is trouble free. Yes, we are very upset about the U.S. farm bill and the softwood lumber, but—

Mr. Rick Borotsik: You have opposed free trade? That is the reality.

•(1045)

The Deputy Speaker: Order, please, I know members cannot wait for the question and comment period but it is coming up soon. In the meantime, let us hear one speaker at a time if possible.

Mr. Pat O'Brien: Mr. Speaker, I hope the member's interjection will not come out of my time.

The reality is the vast majority of our trade is trouble free. Yes, we are angry and frustrated over the unfair action in softwood and the ludicrous U.S. farm bill but we must keep things in total perspective. I have a history lesson for the Tory member opposite when it gets to questions about the relative position of his party historically and my party historically on the matter of continental trade.

Only NAFTA countries benefit from the extensive set of rules and obligations and dispute settlement mechanisms that help shield us from certain U.S. trade action. For example, it is because of the NAFTA that Canada was excluded from the recent U.S. safeguard action on steel imports, a topic of great importance in Canada.

The NAFTA also provides a unique dispute settlement system that ensures that trade remedy actions, such as countervail, dumping and safeguard, are applied in a manner consistent with domestic law. Canada has used this mechanism with success in contesting U.S. duties on products such as pork and hogs. We are using it with respect to U.S. action on softwood lumber.

We do have protection from the arbitrary and capricious use of U.S. trade remedy law, protection that no other country enjoys, apart from Mexico. It is worth noting that just as only a small percentage of our bilateral trade is subject to dispute, an even smaller percentage, some 2%, is subject to trade remedy action.

A key priority for the Government of Canada is to resolve the disputes that will inevitably emerge in a trade relationship valued at over \$675 billion. That is the scope of this relationship.

We will continue to use every tool available to us, including dispute settlement provisions, to aggressively defend Canadian interests. We have an effective array of tools to do this.

Our main priority is in resolving the softwood lumber issue. In this, the fourth U.S. led dispute in 20 years, we are challenging recent U.S. government decisions that negatively affect our industry in every legal venue open to us.

Despite the U.S. having never sustained its claims three times previously, we are once again in a position of having to defend ourselves against U.S. trade action and cumulative 27% duties on our lumber exports.

As the U.S. government has not offered any new proposal to secure a long term durable solution, the Government of Canada is currently undertaking four challenges of U.S. decisions, laws and policies relating to softwood lumber at the WTO and two others under the NAFTA.

Another perennial problem area is agriculture. We have had disputes with the United States on our wheat exports and on dairy. Most recently Canada, along with many other countries, including EU members Australia, South Africa, India, Mexico, Brazil, Argentina and China, have expressed their concerns about the direction of the new U.S. farm legislation. I wonder if those governments are facing the kind of silly motion this government is facing today because they have not been able to get rid of the U.S. trade action.

The legislation moves in precisely the opposite direction of the Doha objective: to achieve substantial reductions in trade distorting domestic support. We are reviewing the legislation very carefully, as are other countries, to assess its conformity with U.S. international trade obligations.

It is at this point I would like to point out how incredibly naive the member for Vancouver Island North is to propose that the farm bill is a policy directly directed at Canadian producers and the fault of the Canadian government. It is unbelievable. This was a move to protect political interests in the United States during an election year. That is what I meant earlier by Tip O'Neill's comment about all politics is local.

Supply

It is a destructive step backward in global trade mobilization and no amount of lobbying from right wing President Fox in Mexico or close friend and ally, prime minister Tony Blair, could persuade the American congress and senate otherwise.

The motion would have us believe if only the Prime Minister and the president were somehow closer friends we would not have this farm bill. It is just nonsense. Tony Blair can attest to that.

Many people focus on the dispute settlement systems under the WTO and the NAFTA as the key means of resolving disputes.

•(1050)

While those are fast and effective ways of resolving disputes, they are not the only means at our disposal and are often used only after we have exhausted all other avenues.

For example, the trade relationship is managed through regular means between Canadian and U.S. ministers and officials, and, on a daily basis, through our embassy and consulates in the United States.

The Prime Minister enjoys a good working relationship with the president. The Deputy Prime Minister has worked actively with the U.S. director of homeland security on the smart border declaration. The Minister for International Trade meets regularly with his counterparts. In fact the minister is in Mexico today meeting with Secretary Derbez and U.S. trade representative Mr. Zoellick.

We also used the various committees and working groups set up under NAFTA and the WTO to pursue Canada's interest. The Minister for International Trade, the Minister of Agriculture and Agri-Food, the Minister responsible for the Canadian Wheat Board and the Minister of Finance met with provincial and farm group representatives on Friday. While everyone at that table recognized the need to provide short, medium or long term support to farmers, there was a consensus that we should not open ourselves up to punitive trade actions but rather seek out solutions that would increase productivity and profitability consistent with the proposed agricultural policy framework.

Our trade relationship with the United States is the government's top priority. That has been demonstrated repeatedly by the actions of the Prime Minister, the Deputy Prime Minister, obviously the Minister for International Trade, and many other ministers. There have been many delegations. The member who moved the motion has even participated in delegations of Canadian parliamentarians to go to the United States to seek fairer trade between our countries.

However to put forward a motion of no confidence in the government because somehow it has not single-handedly been able to reverse the historic trend of American protectionism is unreal, divisive and, of course, the government cannot support it.

Mr. Rick Borotsik (Brandon—Souris, PC): Mr. Speaker, I will be brief so that other questions can be asked of the parliamentary secretary. He made so many difficult comments to try to comprehend, I am sure there are a lot of questions as to what he was really trying to say.

I have two questions. First, it is that member and the government who were totally opposed to any type of a free trade agreement. Now all of a sudden the NAFTA agreement is the end all and be all to the

government in attempting to solve trade disputes within the United States.

The fact is that we and the government knew, because of the softwood lumber and agriculture issues that were before us, that these issues would be very difficult to deal with. Eighteen months to two years ago the minister for trade knew about a softwood lumber issue. We have been telling these people about the U.S. farm bill for months and months but there was no action at all from the government.

The member is now saying that since other countries could not solve the problem why would we expect his government to.

Is the member simply going to throw up his hands and let agriculture go by the way of the dodo bird without having any kind of opportunity to find a positive solution to this particular impasse with the American government?

By the way, simply going to the WTO will take years. The fact of the matter is that will be too much time for our producers in western Canada. What are the other solutions that this member has with respect to the trade issue?

•(1055)

Mr. Pat O'Brien: Mr. Speaker, if that is brief I would hate to hear longwinded. I will give the member a real quick history lesson because he obviously needs it.

A quick read of the history of this country will tell anybody that the party of protectionism, starting with John A. Macdonald, right through the 1980s, was the Conservative Party. The party for continental trade was—

Mr. Rick Borotsik: Who brought in free trade? Was it the Liberals?

Mr. Pat O'Brien: I know the hon. member does not want the answer but I will ask for the same indulgence that I showed him.

The reality is that throughout that time of Canadian history, despite his ignorance of Canadian history, the party of continental trade was the Liberal Party. Yes, for a brief time in the 1980s those two principal parties reversed their trade position. That is the reality. Unfortunately the member needs to read some Canadian history.

When the member finally asked his question he wanted to know if we were just going to throw up our hands over agriculture. Of course not. The ministers were out last week talking to the farmers in Saskatchewan. They did not say what the Alliance members said, that there would be no assistance for agriculture at all. It was quite the contrary. We said there would be appropriate assistance and that it would need federal and provincial involvement.

Supply

Mr. Howard Hilstrom (Selkirk—Interlake, Canadian Alliance): Mr. Speaker, there is a lack of confidence in the government with regard to its reaction to the U.S. farm bill and what it will do about it. We cannot do anything about what it has done in the past but we can react to it on behalf of our Canadian lumber and agriculture people. As to the issue the member spoke to regarding when to use the WTO and NAFTA, the United States uses the WTO and NAFTA with regard to our supply management sector and the wheat board.

I have two questions. First, why is the Canadian government not explaining to Canadians why it will not use the WTO and NAFTA immediately with regard to the agricultural issues of pulse crop additions and country of origin labelling?

Second, why did the agriculture minister hide the fact that Manitoba lost its TB free status in 1997 thereby jeopardizing the trade in cattle we have with the United States? Why is the Riding Mountain National Park elk herd not being reduced so we can have a disease free country?

I would remind the member quickly that—

The Deputy Speaker: Respectfully, I have tried to accommodate as many members as possible but the old trick of asking three or four questions within a short period of time, which I understand, is prevailing from either side of the House. If that is the option selected, which seems to be the case so far today, 10 minute speeches with five minutes for questions and comments leaves very little time. I can therefore only try to accommodate as many members as possible.

Mr. Pat O'Brien: Mr. Speaker, I knew they would not slide that kind of trick past someone with your experience.

The member obviously does not expect me to address his question about the agriculture minister hiding facts. It is quite the contrary. No agriculture minister has consulted as widely with Canadians as the current minister of agriculture. He is a farmer and a person who has been through the vicissitudes of farming. I am not about to address a question where the member is proposing or purporting that the minister of agriculture hid something from farmers.

[*Translation*]

Mr. Paul Crête (Kamouraska—Rivière-du-Loup—Témiscouata—Les Basques, BQ): Mr. Speaker, I will be brief and to the point. This is a very serious motion. Like workers and business leaders, I feel betrayed by the government because it has led us to believe that we had to take part in the consensus with the Canadian government.

Could the parliamentary secretary tell us today why there are no measures to help businesses, such as loan guarantees, which he himself suggested in committee?

So far, the plan is all backwards. Export markets are going to be expanded. Today, we are told that the government is conducting a campaign in the United States, but why is there no assistance for our own jobs, workers and industries right now?

That is why the government is going to lose the confidence of the House.

[*English*]

Mr. Pat O'Brien: Mr. Speaker, I am willing to engage my hon. colleague in a bet about whether or not the government is about to lose the confidence of the House. I rather think his assessment is incorrect.

The reality is that there are programs in place to assist workers and communities who are being penalized by the unfair U.S. trade action. Further to that, the Minister of Human Resources Development recently announced \$13 million more would be made available to provide support and services to softwood workers in British Columbia. That is a positive response.

As for assistance to industry, a number of options are on the table. The government is carefully reviewing all of them. It is keeping all its options open and will take the appropriate action at the appropriate time.

• (1100)

Mr. Roy Cullen (Etobicoke North, Lib.): Mr. Speaker, I found the points expressed by the parliamentary secretary to be persuasive and very much on topic.

The motion before us today is quite scandalous. It would take away from the consensus we have in Canada and the great job our trade minister has been doing to build a consensus in the forest products sector on the softwood lumber dispute. It is not a simple task because we have very disparate groups such as the coastal industry in B.C., the interior industry, the pulp and paper industry, the softwood lumber industry, and east versus west. However the trade minister has been able to achieve consensus and unanimity. That is not always an easy task.

We should be focusing on the real problem which lies south of the border in Washington, D.C. We know for sure that the U.S. government has embarked on a huge period of inward looking protectionism. It is almost like the period of the Munroe doctrine many years ago when the U.S. government of the day and the American people said they would focus inward, forget about the world and look after themselves.

We have worked co-operatively with the United States on many fronts. The Americans are great friends of ours. However if the U.S. administration had really wanted to deal with softwood lumber it could have dealt with it. The president could have asserted pressure on the various stakeholder groups, lobby groups, and powerful U.S. senators and congressmen and women.

We often underestimate the power of the White House. When the president invites the players in to have a discussion and make a point of view, they listen. What has the U.S. president done in this case? He has done nothing. Has he brought in the players explain to them that Canada is an ally with which the U.S. has an important relationship? Has he put pressure on them? He has not because the U.S. is going through an inward looking period of self interest.

What about Kyoto? We can all debate whether Kyoto is a good or bad deal but President Bush unilaterally said the U.S. was scrapping it. Did he have an alternative plan? No, he did not. Greenhouse gases are a problem. This has put Canada and the world in a difficult position because the United States is one of the biggest generators of greenhouse gases.

This is all is part of a process of drawing inward during a period when the United States is going into congressional and senatorial elections. Does the U.S. administration have the guts to call in the players and tell them Canada is an important ally and friend? Has he told U.S. lumber producers that Canada has won every time? Has he told them they should look more clearly at whether their actions are appropriate and that they had better go back to the drawing board? I very much doubt it. If he had done so it would have had an effect.

The same could be said about the U.S. farm aid bill. The same could be said about steel or pasta. I recently became aware of a company in Toronto with 300 employees that is fighting subsidies paid by the U.S. administration to U.S. pasta producers. It is creating an uneven playing field for pasta producers in Canada.

This is one of a litany of U.S. inward focused protectionist actions driven by self interest and partisan politics. The U.S. president wants a majority in the senate but at what cost? He has said to cut Canada and other allies adrift because it is so important to him. It is nice that he has the self indulgence to forget about the rest of the world.

It is ironic that we had the Prime Minister stand in the House during question period to welcome the new leader of the official opposition. He said we had a lot of information on positions that had been expressed by the leader of the official opposition, one of them apparently being support for Mulroney style trade tactics and policies. That is interesting.

● (1105)

In 1986 when Brian Mulroney was looking for fast track support in the U.S. and he and Ronald Reagan were singing blarney and *When Irish Eyes are Smiling* and were the greatest of buddies, did he have the guts to tell the U.S. administration and the president they were hurting our softwood lumber industry? No, he did not.

Everyone in the House should read a book called *Who's In Charge Here, Anyway?* written by Adam Zimmerman of Noranda Forest Inc. Zimmerman was very much involved in the softwood lumber disputes and was a mentor of mine. The book talks about Brian Mulroney and Pat Carney, the trade minister at the time who sold Canada's lumber industry down the river. Did Brian Mulroney raise the issue with U.S. president Reagan? Of course he did not. He wanted to fast track to get the NAFTA. What did he do? He cut loose thousands of Canadians who sacrificed their jobs so he could get his 15% lumber export tax. Is that not nice? Those are the kinds of policies the opposition party wants. It wants Mulroney style trade policies. Is that not grand?

There are alternatives to the current process of countervailing duties. I had a discussion one day with Gordon Ritchie, one of the lead negotiators in NAFTA and the FTA. I asked him about concepts like net subsidies, serious prejudice, and fighting trade disputes through the prism of competition policy. Among trade gurus, and I

Supply

am not one of them, there are alternatives to the countervailing duty process.

The countervailing duty process is skewed in favour of the Americans. All we can do as Canadians is defend our system. We cannot attack their system. If we had a system of net subsidies the Americans could only launch countervailing challenges if they could show that on balance net subsidies were greater in Canada than in the United States. Then we would not have this problem.

When I was in the forest products industry I went to the United States to meet with the governors of several states. If one wanted to put up an OSB mill, a saw mill, a pulp mill or a paper mill they would roll out goodies like sales tax abatements, property tax abatements, tax holidays of all descriptions, cheap industrial land, and cogeneration agreements that would knock one's socks off. However can we attack U.S. subsidies? No, we cannot. Because they are narrowly defined through U.S. trade law all we can do is respond with ours.

We can argue about trying to change trade remedies under NAFTA. However while the U.S. congress and senate guardedly protect, and from their perspective rightly so, the domain of the U.S. congress and senate over trade law we can talk until the cows come home about trying to get better trade remedies. We can talk until the cows come home about getting a better definition of subsidy or dumping because the Americans will not agree to it. They will not agree because they look at their own narrow self interest instead of trying to be a world player. If the U.S. was a world player it would only look at whether action in Canada was non-competitive in nature. In other words, it would ask whether it constituted predatory pricing or price fixing.

The Americans could look at these disputes through the prism of competition policy. It is the biggest competitive nation in the world. Does it do that? No, it focuses on subsidies and dumping through the narrow confines of its own trade law because that is what suits its self interest.

It is terrible to have this motion before the House. The Prime Minister has had the guts to raise softwood lumber and U.S. farm aid with the president on many occasions while Tory prime minister Brian Mulroney rolled it under the carpet. Brian Mulroney did not have the guts to take it up with the U.S. president but our Prime Minister has. Our trade minister has been able to forge a great consensus in the country on softwood lumber and a whole range of other issues.

Instead of focusing on this side of the border we should be focusing on the White House, the U.S. congress and U.S. senators. We should be trying to build awareness in the United States about what the issue is doing to Canadians and to house prices in the United States. I am glad our government has responded with a promotional campaign which will attempt to do that.

Supply

•(1110)

Mr. John Duncan (Vancouver Island North, Canadian Alliance): Mr. Speaker, we have had two speakers now from the government side. They have managed to avoid the main substance of our motion which deals with the lack of support for laid off workers and for the agriculture and softwood industries. I am most amazed.

I would like to pose a question to the member for Etobicoke North on the softwood lumber issue. He dragged up some history from 1986. Let us talk about 1996. In 1996 the government insisted it had done a cost benefit analysis before it signed that agreement. The member for Okanagan—Shuswap determined through over a million pages of documentation from access to information that the government never ever did a cost benefit analysis before it signed that agreement.

An additional hypocrisy or misleading of the public was dealing with the pulp mill subsidy in Quebec. Against the advice of the government's now minister of revenue and the fact that it would go against the WTO, the government proceeded to do it for electoral purposes.

Is the member for Etobicoke North proud to revise history and drag our leader into 1986 history because he is not proud of his government's 1996 history?

Mr. Roy Cullen: Mr. Speaker, I am glad the member for Vancouver Island North has raised this point again. He raised it previously in the House and I guess he was not listening. In 1996 and before I was elected I was working in the forest products industry. The then trade minister was Roy MacLaren. I was elected after Mr. MacLaren in Etobicoke North. Mr. MacLaren is a good personal friend of mine.

I was working with the forest sector advisory council on competitiveness issues. Mr. MacLaren came to my home one night and we were having some Christmas cheer, and he said that the forest industry in Canada was begging him, not the provinces and not the bureaucrats, the forest industry was begging him for five years of trade peace with a system of managed trade, which is the system of quotas. The forest industry was begging him and it was totally anathema to his view on free trade. He asked me what he should do?

I find it so repulsive that the parties opposite keep trying to tell Canadians that the five year softwood lumber quota agreement was an invention of the bureaucracy in Ottawa or the government at the time, or the trade minister. The industry begged for it. I know that for a fact. The member for Vancouver Island North should check his own history.

If he were to focus on finding better solutions to this counter-vailing duty process that is what we should be fighting for. We should be convincing the Americans that we should be implementing systems such as net subsidies, serious prejudice and looking at these issues through a competition policy instead of laying problems with the government.

The government has been fighting hard on behalf of all Canadians. We should identify the real enemy and go down to Washington and convince the Americans of their folly.

Mr. Dick Proctor (Palliser, NDP): Mr. Speaker, the member for Vancouver Island North is absolutely correct when he points out that the two members on the government side who have spoken on this issue have failed utterly to refer to anything dealing with Canada's failure to implement offsetting trade injury measures for the agriculture and resource sectors. It is an important part of the motion. The members have chosen instead to talk about it being silly, scandalous and a terrible motion.

Let me ask the member for Etobicoke North who was referring to the protectionist congress and saying that we could talk until the cows come home and we are not going to make any changes. In the context, Mr. Member, that the Minister for International Trade announced yesterday of \$20 million for advertising into the U.S. market, could he explain if that is going to solve the problems that we have today?

•(1115)

Mr. Roy Cullen: Mr. Speaker, I find the wording of the motion about offsetting trade injury measures a bit confusing. This normally comes up with a WTO challenge. If a country is seen to be offside then the country that puts forward the challenge can launch various offsetting measures.

What the hon. member is probably after or what the motion addresses is support for the forest products industry and the farmers in Canada. The member opposite conveniently ignores the fact that the government has announced \$75 million to help the forest products industry with market access, to help with research and development with value added products, and a \$20 million launch not too long ago to deal with sales promotion. The \$20 million advertising and promotion campaign is an important initiative. Americans need to understand that with the tariff in place the cost of their housing is up by about \$1,500 per year. We need to tell Americans that this is hurting them as well as us.

[*Translation*]

Mr. Paul Crête (Kamouraska—Rivière-du-Loup—Témiscouata—Les Basques, BQ): Mr. Speaker, I am pleased to speak to this motion by the member for North Vancouver. I would like to read this motion, which I am going to support. It states:

That this House has lost confidence in the government for its failure to persuade the U.S. government to end protectionist policies that are damaging Canada's agriculture and lumber industries and for failing to implement offsetting trade injury measures for the agriculture and lumber sectors.

I will address the softwood lumber sector in particular. I would like to inform you that I will be splitting my time with the hon. member for Lotbinière-L'Érable, who will deal more specifically with agriculture.

This is indeed a highly responsible motion and the House can no longer have confidence in the government. Let us recall that we here were nearly unanimous in adopting a position in support of free trade for softwood lumber. The Minister for International Trade had promised us that there would be a firm position, that he would defend the workers, defend the industry. At every stage, when the Americans reacted in a protectionist manner, he backed down. He is no longer doing anything. Because of him, the Americans are making the decisions for us.

When we hear members like the Liberal member who spoke before me bashing the Americans, saying things like “their protectionism is what is to blame”, is this not an admission that the federal government was unable to persuade the U.S. government when this campaign was first launched? Did the Minister for International Trade not know there was an upper house in the United States as well, that there was a Senate and a House of Representatives? That the President of the United States would be pro-protectionist as we now see that Bush is? These are things the Minister for International Trade knew, as did the people in the industry. The workers knew it too. But we never thought that the federal government would get us into such a thing and would then, when backed into a corner, abandon the industry and its workers, who are now losing their jobs as a result.

This is why today's motion is so appropriate. The government must be condemned for its inaction. It strikes me as very important that it be done today. This government, and the Minister for International Trade in particular, has been irresponsible in its dealings with the Americans.

As regards the softwood lumber issue, during the past year we travelled through our various regions and everyone was saying “We will stand up to the Americans”. We went to Washington with the parliamentary secretary to defend our position. He himself was then saying “If it takes loan guarantee programs to help businesses, so be it”. I believe he said this before a parliamentary committee.

Today, we can see that the federal government always reacts after the fact. Now that the Americans have decided to impose a tariff in excess of 20%, the federal government is going to conduct an ad campaign in the United States to inform Americans of the plight of our producers and of the loss for Americans. The government is now going to engage in market prospecting abroad. This government is always one step behind; it reacts after the fact. When the house is on fire, it calls the fire department. Why did it not do some prevention in the first place? It could have conducted this campaign in the United States two or three years ago, when it was time to convince Americans, to correct public opinion, so that members of the House of Representatives and of the Senate in the United States would not have taken the position they now hold. We could have convinced these people then. We could have acted and been proactive at that time.

The motion condemns the government because it is not proactive. Now, we are faced with a fait accompli, as can be seen again in today's newspapers.

For example, the executive vice-president and general manager of the Free Trade Lumber Council, Carl Grenier, indicated, and I am quoting an article published in today's edition of *La Presse*, that “his organization had proposed the use of loan guarantees to help the industry, a plan that should not result in new reprisals on the part of the Americans”. He said that “As the impact of the 27.2% duties begins to be felt, there will be more pressure to make an announcement”.

It goes without saying that pressure will be exerted now that we are closer to reality, but the government had a duty to be proactive regarding this issue. From the moment it knew that the Americans had decided to impose a tariff, the government should have told our

Supply

industries “Yes, we will protect you, yes, we will ensure that a loan guarantee system is in place”. Should losses not be as high as anticipated, this will not cost us anything, and we will have supported our businesses. However, if there are losses, then we will have given our businesses a chance to weather the storm.

They were not proactive on the government side, even less so when it came to workers. They completely abandoned them. In Quebec alone, 2,000 jobs are expected to be lost in the short term.

● (1120)

In all, some 10,000 jobs are at stake because of the dispute and 7,000 have been affected since the beginning of the campaign. We are unable to get the government to do anything to help these people and to announce that it will help them.

In my region, the only news is that next year, instead of receiving EI benefits for 32 weeks, seasonal workers will receive benefits for 21 weeks. This is the opposite of what we are hoping for. Workers were told “We will go to battle, we will fight the Americans and win the war”. Yet, once in battle, they have disarmed them and not given them any means to defend themselves. This is why we need to denounce the government's behaviour, which is completely unacceptable.

In my riding, there are multinational lumber companies such as Bowater and also local and regional companies, such as GDS, Lebel, Richard Pelletier et Fils. These are all companies that our region depends on. Today, they are waiting for the federal government to come up with an action plan to help business, a loan guarantee program that will keep people from getting the impression that this government always reacts after the fact and intervenes once things have happened.

Rather than sending the Americans a clear political message that we are ready for battle, that we will ultimately win the war and that we are supporting our industry, yesterday we heard comments such as those made by the Minister for International Trade, who simply said “Oh, we will see. We are open to new things”. It is like saying “Give us your best shot, hit us hard, we can take it, we will take it all and not react”. This is the type of attitude that we find unacceptable and that must be corrected.

I would also like to add a few words about a specific situation. In 1996, if Quebec had been sovereign and had negotiated with the Americans—they were charging 0.04% at the time—we would now have a free trade agreement. But no, we had to go with all of Canada to come to a situation where the maritimes were exempted from the tariffs and accept tariffs to compensate western Canada. We have all learned a lesson from this situation.

Supply

Today, nothing has changed. The federal government is not able to negotiate effectively with the American government. We are not saying that the United States is not a major world power; we are not saying that it does not have a lot of clout. But when the government launched us into this fight, it knew this. Now we are even seeing the price of softwood lumber continue to drop because, now that Canadian lumber has been excluded from the American market, lumber from other countries is entering the United States. The Americans are going to see a new situation. They will perhaps have to adopt protectionist measures against every other country in the world. But here in Canada, we are going to go on paying the price if the federal government fails to reduce offsetting trade injury measures for the softwood lumber sector.

For all these reasons, I think that it is important for Liberal members, who are going to vote on this motion and who live in areas of the country where forestry is a major industry whose survival depends on the assistance it can expect, to call around in their ridings, to go and see business owners and workers on the weekend and ask them how, in all conscience, they should vote on such a motion. I hope that they will not have to vote before the weekend. If they do, they should check around today. In the end, if they listen to what the public and business leaders want them to do, I am sure that they will vote in favour of the non-confidence motion.

When it comes to softwood lumber, this government is headed for complete disaster. We are still looking at getting through two difficult years while we wait for the WTO ruling. If things keep on like this, in two years the government will win its case but the industry will have died. The federal government must take speedy action. When can we expect loan guarantees? When can we expect tangible action to help our industries?

• (1125)

[*English*]

Mr. Pat O'Brien (Parliamentary Secretary to the Minister for International Trade, Lib.): Mr. Speaker, I listened very closely to my colleague's comments. He made the statement that the government reacts to facts. I agree with him. That is exactly what any government should do. One cannot react to anything else and make good decisions.

He asks why we as a government did not take preventive action two or three years ago. My question is, does the member not understand that all of the key provinces involved, with their provincial industries and governments, as well as the government of Quebec and its industry, deliberately were part of a consensus to let the softwood lumber agreement run out? It was not the kind of deal we wanted to have again. We would see what the facts would be: Would the United States live up to free trade in softwood lumber or not? It decided not to live up to free trade. Now we are pursuing every legal avenue open to us at the WTO and NAFTA.

Does the member not understand that it was a conscious decision fully supported by the Quebec industry and the Quebec government? Does he not understand that two or three years ago there was a totally different administration, a different president and a different set of circumstances? We have to deal with the facts. He said that as a government this is what we do and he is quite right. I would like to hear his views on those facts.

[*Translation*]

Mr. Paul Crête: Mr. Speaker, I think the industry was expecting the government to be proactive and for some pre-emptive action to be taken on this.

When we went to Washington last summer, we realized we were on a different planet. The representatives of the United States Senate and House of Representatives had no idea whatsoever of the reality of this market.

Why did the government not react immediately at that point? Why was there not far more real and extensive action taken at that time to convince them? If we decide to fight the Americans on softwood lumber, we need to make use of all the weapons at our disposal, and particularly the most important one: American public opinion.

If we wanted to win the fight, that was when we ought to have reacted. Today we are going to try to change public opinion three months away from elections, when representatives will be elected on the basis of how they vote on major issues such as this. It is certain that each American sector of activity will want to defend itself.

It is terribly late to react. We must never forget that the one who is in charge of negotiations with the United States, and this cuts to the core of the issue, is the Minister for International Trade. We cannot be polite when it comes to the things that are working well, on the one hand, then refuse our responsibilities when it comes to things that are not working, on the other.

The Minister for International Trade tried to calm things down, to have everyone behind him, but he was not prepared to do battle with the United States on the issue of softwood lumber. Today, we are dealing with this, with the consequences of this fact. This is what our businesses and workers are realizing: that the one who was in the lead, who was supposed to be the leader, turned out to be spineless. Indeed, this government is spineless.

This is why we need to condemn the government today. The House must tell the government "There must be a change of attitude. There must be a change in behaviour. The industry must be given the means to defend itself. Workers must be given a guarantee that they will not experience a gap with no income for eight, ten, twelve or fifteen weeks, because of this government's decisions".

This is a responsibility. We decided that we would not enter into another agreement like that of 1996. We decided that we would fight, when it comes to softwood lumber. We must fight this to the end and stop being timid, like we are currently doing, because the minister himself, by his attitude, is saying to the Americans "Hit me harder. I like it. I like getting hit. I do not react. I do not give business what it needs to defend itself. I do not defend my workers".

All of the messages that the government is sending, as it has in all of the negotiations, is that Canada is not ready. We have not taken the necessary measures and today we are forced to defend ourselves when we have not prepared ourselves to do so.

We still have time. We must react. The government must learn from this motion. The government must learn that it has lost the confidence of the House on this issue, and that ultimately, it must correct its behaviour, perhaps change the minister—it might not hurt to have someone who has some clout with the other ministers—and free up some money to defend our workers and businesses in a responsible manner.

• (1130)

Mr. Odina Desrochers (Lotbinière—L'Érable, BQ): Mr. Speaker, I too am very pleased to support the Canadian Alliance motion, which condemns the adoption, by our American neighbours, of the infamous U.S. Farm Bill, and which particularly condemns the inaction of the Liberal government and its agriculture minister, who is continuing his consultation and is being buried under numerous reports that do not provide any solution to the agricultural crisis that will soon hit Quebec farmers hard.

As members know, I represent one of the most rural ridings in Quebec, the riding of Lotbinière—L'Érable, where agriculture plays a key role in our economy.

The whole supply management system that governs Quebec's dairy industry is in jeopardy. With its protectionist legislation, the U.S. government will allow the payment of billions of dollars in subsidies, which will create a distortion on the market.

The UPA, the Federation of Dairy Producers of Canada and agricultural co-operatives are all condemning the action taken on May 13 by President George Bush, who signed what is now known as the infamous U.S. Farm Bill. What is left of the family farm in the regional economy, which is already seriously affected by the massive industrialization of its agriculture, will disappear.

I have with me the headline of *La Terre de chez nous*. This weekly publication owned by the UPA does not mince words about this U.S. legislation, which is one of the most protectionist in the agricultural world.

The headline reads “Farewell to freer trade”. The author of the text is very critical of the U.S. administration. When commenting the American approach, the journalist writes “Hypocritical, perverse, reactionary, protectionist, election-minded”.

This is rather clear, is it not?

La Terre de chez nous also alludes to the outcry that followed President Bush's decision. The European commissioner for agriculture said that the American position is the opposite of the position that the United States defended at the last recent WTO conference, held in Doha.

At this point, I should remind the House, so that Liberal members opposite know exactly what this infamous bill is all about, that it provides for the most generous subsidy program in U.S. history, and the most unfair to Quebec and Canada.

Indeed, over the next 10 years, an additional \$5 billion will be given annually to U.S. farmers, thus bringing to \$22 billion the annual amount of money earmarked for special production.

Supply

The purpose of the WTO rules on the liberalization of markets established a few years ago was to make producers less dependent on government financial support.

Through this bill, the Americans are breaking not only their WTO commitments, but also those they made during the last Uruguay round, which led to the World Trade Organization.

In an obvious vote-getting ploy, the Bush administration has, for some time now, been adopting a series of protectionist measures which are penalizing its economic partners.

Again, I would like to know how the Americans define “partner”. My feeling is that their definition is quite different from the one we use on this side of the border. Free trade seems to be one-sided, benefiting only U.S. made goods. The members across the way appear not to understand this.

The Americans' expansionist aims are more obvious than ever and do little to hid the interests of an agricultural industry which no longer leads world markets.

I would like to come back to Quebec. On behalf of his organization and its 40 affiliated federations, UPA president Laurent Pellerin fully supports the Canadian Federation of Agriculture's urgent appeal to the federal government for compensation for Canadian farmers to offset the infamous U.S. Farm Bill.

Farmers in Quebec and in Canada, farmers in my riding, have trouble understanding how the government could put off acting any longer.

• (1135)

This time, it is the responsibility of the federal government. It must act, instead of starting off in search of a kind of consensus in order to try to enlist the help of the provinces in connection with unassumed responsibilities. What is more, this government has at its disposal all the surplus funds it may need to take immediate action. It must accept responsibility for its inaction. It must act because what we are dealing with here is a trade dispute between two countries.

As far as the Minister of Agriculture is concerned, this great specialist in consultation, we give him the green light right away today to adopt positive measures to provide farmers with some reassurance.

The Minister of Agriculture, the Minister for International Trade, the Prime Minister, the Minister of Finance, and the majority of the Liberals have the cash in hand and the power to use it. We know that, like his counterparts, the Minister of Agriculture has spoken out against the Farm Bill.

But the Canadian government must not stop at merely speaking out, it must take action immediately.

I would like to see the Prime Minister being as quick to act as he was this past weekend with his cabinet shuffle, in an attempt to cover up and put an end to the wave of scandals affecting his government these past few weeks.

Supply

Yet, he is being patient as far as agriculture is concerned, and particularly unaware of the disastrous consequences of the position taken by his neighbours to the south. The Liberal government is far quicker to give nice little contracts to its cronies than to take action to help the agricultural producers of Quebec and Canada. It is shameful to see the Liberal attitude. Quebec and Canadian agriculture is disappearing. What are they doing about it on that side of the House? The Liberal federal ministers have worn out their knees groveling to the Americans. It is unacceptable to have a government so lacking in leadership.

In conclusion, this government must immediately speak out against this law before the World Trade Organization. I would like to just add a comment made by my colleague from Rimouski-Neigette-et-la Mitis, the official Bloc Québécois agriculture critic. In a recent press release, she gave a good summary of the weakness of the federal minister of agriculture:

For too long now, the government has been following the policy of turning the other cheek as far as the Americans are concerned. We demand a firm stand in this matter and some tangible support for farmers.

I doubt that the present Liberal government is likely to exhibit such an attitude, since it has backed down to American imperialism.

[*English*]

Mr. John Duncan (Vancouver Island North, Canadian Alliance): Mr. Speaker, I must say that I appreciated the comments by the member for Lotbinière—L'Érable and the speaker before that, the member for Kamouraska—Rivière-du-Loup—Témiscouata—Les Basques.

I have an important question that relates to a couple of things. We had firm statements saying that maintaining resolve on the Canadian side in the fight for free trade required a couple of things. The first one was to support companies.

The Minister for International Trade told the B.C. producers last week that if they wanted support they should see the Minister of Industry. About a week and a half ago the trade minister said that there were no job losses due to the softwood dispute, that rather it was a restructuring issue.

I wonder if the members from the province of Quebec are getting the same message as British Columbians are receiving, which is essentially that the Liberal government does not care about the agriculture and softwood lumber issues.

● (1140)

[*Translation*]

Mr. Odina Desrochers: Mr. Speaker, on June 2, I will have been a member of this House for five years. I attended all the consultations on both agriculture and softwood lumber. On each occasion, I saw ministers from the Liberal government make commitments. On each occasion, they made me feel a little more optimistic about the economic situation in Canada and Quebec. However, on each of these occasions, they mostly made my frustration level go up, because they did not make good on their word and their commitments.

If agriculture and softwood lumber are now in this situation, as shown by today's debate, it is because the federal Liberals did not do their job. It is because the Prime Minister should have looked after

the economy, instead of dealing with scandals. If the Minister of Agriculture and the Minister for International Trade are not able to do their job, then the Prime Minister must act and replace them.

[*English*]

Mr. Pat O'Brien (Parliamentary Secretary to the Minister for International Trade, Lib.): Mr. Speaker, I have now heard that the two previous speakers from the Bloc intend to support the motion. Well they can answer for that.

Could the member who just spoke on agriculture address the following point? Almost a year ago the Alliance member, who was appointed critic for the World Trade Organization, said that Canada should agree "to open up its now-protected dairy, poultry and egg markets. It is critically important that agriculture be on the table and be totally on the table".

I wonder if that is what the Bloc member's constituents want. I wonder if that is what his dairy farmers want.

The Alliance member for Selkirk—Interlake said that we were not standing up for agriculture. I just quoted his World Trade Organization critic. I hope I will have a chance to put that to the Alliance member later on.

I wonder if the Bloc member who spoke so passionately about agriculture and who will be supporting the motion, supports the Alliance policies to get rid of our dairy system and so on.

[*Translation*]

Mr. Odina Desrochers: Mr. Speaker, as we know, Canada is a very vast country with regional disparities. Quebec has a position on dairy production, eggs and poultry, and the Canadian Alliance has another position on agriculture.

I cannot provide an answer right now because, as we know, negotiations are underway. The Minister of Agriculture is always consulting with his provincial counterparts to try to achieve a consensus. As I said earlier, the federal government is always trying to achieve consensus, to find solutions. It keeps telling us that it will set up good action plans, but nothing happens.

At any rate, it is well-known that the Bloc Québécois has the solution. Once we have achieved full control over our economy, we will not ask the federal government to get involved in our business, because we can manage our own economy. The Quebec agricultural industry will then be better off and better protected.

[*English*]

Mr. Dick Proctor (Palliser, NDP): Mr. Speaker, I will be splitting my time with the member for Churchill.

The debate today deals with two essential elements. The first one is the hypocrisy of the U.S. government which parades as the champion of markets and free trade but which is prepared to support narrow and sectoral business interests. That is the one that the Liberal members have spoken about.

Supply

The second important element of the debate relates to our Canadian government and its failure to protect the livelihood of tens of thousands of Canadians, whether they are in the farming or the forestry sector.

Free trade was supposed to be the panacea. We were promised that it would win us secure access to the American market. Free trade, in other words, was supposed to prevent exactly what is happening now.

The U.S. senate has just passed an amendment called the Dayton-Craig amendment after the names of the sponsors. It will make future trade negotiations even more difficult. The amendment allows U.S. senators to pick apart and renegotiate international agreements. Up until now it has been an all or nothing arrangement. We either rejected the whole package or we accepted it all. Now they will be able to pick and choose. It will render U.S. trade negotiations impotent because their word will not necessarily be their bond.

New Democrats and Canadians alike are all for trade but it has to be fair trade, not some ideological slogan that leaves us vulnerable every time there is an American lobby or an American election.

The farmers and the forestry workers have a great deal in common. They are both primary industries harassed by the Americans and they have both been virtually ignored by the government.

Like the forestry workers, Canadian farmers have endured years of harassment from the American administration. It has threatened to stop beef and pork at our border. It is now talking about country of origin labelling on a voluntarily basis. It has charged time and again that we are dumping our wheat into its market and at one point the Liberal government agreed to put a cap on wheat exports to the U.S.

Time and again the Americans have attacked the Canadian Wheat Board just as they are attacking us now on softwood. The Canadian government has been completely inept in our opinion in its handling of the softwood lumber dispute, as it has been on a wide range of trade matters.

The government has been passive when we have the tools, limited though they may be, to be more aggressive.

Just on that point, we note that \$20 million was announced yesterday in a public relations campaign to convince American consumers that their government is wrong and we are right on the softwood lumber industry. That will certainly bring the Americans cowering to the table. What happened to the threat by the Prime Minister a couple of months ago when he was all puffed up after Canada won a couple of Olympic gold medals and he promised to hit the Americans over the head with the proverbial 2x4? I doubt that a \$20 million advertising campaign going into the U.S. market will have any effect whatsoever. The money might as well go up in smoke.

I think Canadians are asking for some strength here. The Americans need Canada's approval, for example, for a northern gas pipeline route. So far our government has been tripping all over itself to co-operate. Why does our trade minister not tell the Americans that the pipeline approval process will be slow walked if

the U.S. continues to harass the people working in our forests and on our farms?

Canadians want that kind of action. In a poll that came out last Friday in the *Globe and Mail*, some two-thirds of Canadians felt that the government was out of touch on trade issues and they believed that the Americans got the better of this country in trade deals and trade disputes. That is related to natural gas, agriculture and certainly to softwood.

The U.S. is so large and powerful that it inevitably gets the better of Canada in trade agreements and during trade disputes. That comment received a 65% approval rating in the poll.

• (1145)

This substantiates what a P.E.I. farmer told our agriculture committee when we were in Summerside this past winter. He said that when it comes to free trade the United States has rights and Canada has obligations. Another way to put it is as the Mexicans say: that when it comes to the United States they are so far from God and so close to the United States.

Seventy per cent of Canadians polled said it is unwise to have so much reliance on one trading partner. We have heard the parliamentary secretary say 85.1% of our trade is with the United States. We should be seeking other markets. We should be broadening the basket, but we have put all our eggs in this one and we are dropping and breaking those eggs. Twenty-six per cent of Canadians want Ottawa to retaliate by blocking exports of other Canadian products heading south. In other words, they would like this government to poke that government in the eye with a sharp stick.

Further on agriculture, there have been nine trade investigations into the Canadian Wheat Board and every one of them has said that the CWB is acting and trading fairly. The Americans pose as the champions of free trade and unfettered markets but their actions speak much louder than their words. They have just introduced this 10-year package which, coupled with previous packages, will amount to more than \$180 billion in subsidies to American farmers, a program in which the vast majority of the money goes to the biggest and wealthiest of U.S. farmers.

The U.S. subsidies allow American farmers to produce grain at prices that may be well below market price and thus put our farmers at a great disadvantage. For the first time anywhere in the world pulse crops such as peas, beans and lentils are now subsidized in the United States. No other country in the world subsidizes those commodities.

Supply

The U.S. farm bill definitely has the potential to put thousands of our farmers out of business. This could not come at a worse time because, as we know, Statistics Canada has just reported that we have lost 30,000 farms in the past five years between 1996 and 2001. Canadian farm and political leaders are urging the federal government to provide a trade injury compensation package worth at least \$1.3 billion. About \$500 million of this injury will occur in the province of Saskatchewan, which has 47% of Canada's arable farmland.

Members of our caucus have supported this request. We have raised the issue in the House of Commons on many occasions, thus far to no avail despite the meeting last Friday in Saskatoon.

After its election in 1993, the Liberal government, aided and abetted by the Reform Party, began to cut support to Canadian farmers to levels well below what was allowed under the GATT agreement, the Uruguay round. As a result, today Canada's support for farmers is among the lowest of all industrialized countries. Only Australia and New Zealand are ahead of us in that.

The Americans and the Europeans argue that the subsidies they provide to farmers fall within the limits allowed by the WTO. If that is true, then Canada's support for farmers falls well short of the support limits that are allowed under the WTO.

The parliamentary secretary says he is concerned about punitive trade actions. The fact of the matter is that the agriculture committee was told many years ago, in about 1998, that Canada could put \$2 billion a year into agricultural support payments without running any risk of problems with the WTO.

I realize that my time is up, but I will just make one or two very quick points in 30 seconds. First, it has to be the federal government, not the provincial governments, that steps up to the plate on a trade injury compensation package. This is international trade. It is not agriculture. Finally, we have sold away a good deal of our sovereignty but we have not lost all the tools. The world belongs to those who show up and the government has so far failed to show up on this issue. More important, it has failed to stand up for our country and its people. It had better soon do that or we will not have a country at all.

• (1150)

Mr. Myron Thompson (Wild Rose, Canadian Alliance): Mr. Speaker, I listened to the gentleman speak on this issue and I know how he feels about a number of things along these lines. However, earlier today one of the Liberal members came out rather strongly on what a horrible job the Mulroney government did when it was in power.

I want to remind this member and the Liberal Party that in 1992 the Conservative government at the time opened up the market on barley. It opened up the continental barley market. For the first time in a number of years in my riding, barley farmers were making the kind of money that they just never dreamed they would ever make again. Things were really on the go. It was working well. Even the wheat board increased its sales because it suddenly saw some competition. Its sales went way up.

Along came the Liberal government in 1993. It slammed the door on this positive initiative and in the last nine years it has not even

come close to being successful in this area. Once we had something that worked. The Liberal government came along and slammed the door on it and this member and his party supported that slamming of the door.

Why is it that when initiatives are taken and a good decision is made somebody has to come along and, for whatever reason, ruin something that is working really well? Consequently the member now can rest assured that probably 25% of these farms have been sold in the last nine years. They have gone under because of these kinds of decisions. I would like to hear his comments.

• (1155)

Mr. Dick Proctor: Mr. Speaker, I thank the member for his question. It is painful to recall, but between 1993 and 1997, as the member will know because he was sitting here then, the New Democratic Party did not have official party status in the House. Therefore we had very little to do with what happened during that four years. The Reform Party, on the other hand, had a great deal to do with it and that explains why we are in some of these problems when it comes to trade policy.

I would simply say on the question today that I know the member and his party are opposed to the Canadian Wheat Board. They know we support the Canadian Wheat Board, but the position of the New Democratic Party is that with an elected board it is now up to the farmers themselves to decide the future of that board and what it will or will not do. Whether it will change its policy on barley or whether it will not is entirely up to the voting members. There are elections coming up this fall. If farmers in those regions where the elections are being held want to make a change to the Canadian Wheat Board, they will do so.

Mr. Pat O'Brien (Parliamentary Secretary to the Minister for International Trade, Lib.): Mr. Speaker, I have heard about all the government's so-called shortcomings on trade from the NDP member opposite, yet on the subcommittee on trade, which is a subcommittee of the foreign affairs committee, we go through meeting after meeting and consultation after consultation with no representation from the NDP party. I am sorry, but it is very difficult to just sit here and be preached at by a member from the NDP when we see so little involvement by that party when the actual work is being done in committee.

The member said that we should be seeking other markets. I want to ask him if he is totally unaware of the fact that the government has been doing just that. One of our initiatives is on the bilateral front. We have a successful Canada-Chile free trade agreement, which is growing. The growing numbers are very encouraging. We are in the process of concluding a Canada-Costa Rica free trade agreement. Admittedly that would be a smaller market, but it goes along with the theme the member rightly espoused, which is that we should be seeking other markets. Indeed, we are seeing other markets. That was one of the reasons why the government supported the inclusion of Mexico in NAFTA.

Supply

The trade committee that I mentioned has just returned from a trade trip to Latin America to look at these possibilities, again with no NDP participation whatsoever. Maybe the member could address this lack of NDP participation and tell us whether or not he has any awareness of the active seeking of other markets by—

The Deputy Speaker: Order, please. The hon. member for Churchill.

• (1200)

Mrs. Bev Desjarlais (Churchill, NDP): Mrs. Bev Desjarlais (Churchill, NDP) Mr. Speaker, I rise on a point of order. I wonder if it is the usual practice to draw attention to members not attending committee meetings, or to days such as today, with hardly any Liberal members in the House.

The Deputy Speaker: We are of course very familiar with the practice in regard to any reference to the absence of members in the Chamber. I would hope that by extension we would also offer each other and colleagues of all parties the same respect with regard to work outside the Chamber and, by extension, in committees. That is not as clear, but I would hope that within the spirit of this place, if not in its written form, most of us would understand and would probably be supportive of that same respect. At this point I simply draw this to the attention of the House and ask for co-operation and the exercise of best judgment, as is the practice.

The time has lapsed in this intervention, but I will give the hon. member for Palliser an opportunity to respond briefly to the parliamentary secretary's intervention.

Mr. Dick Proctor: Mr. Speaker, I will be very brief. The parliamentary secretary asked if I was aware of other interventions, such as Canada-Chile, to expand trade. Yes, of course we are aware of them, but the fact of the matter is that our trade with the United States, on a percentage basis, is increasing faster and faster. It used to be 80%. It is now, according to his statistics, 85.1%. We recently had a spokesman here from the European Union who was anxious to see more two way trade between Canada and Europe but did not feel that the Europeans were getting much response in that matter.

Mrs. Bev Desjarlais (Churchill, NDP): Mr. Speaker, once again we see how distracted the government is in dealing with the corruption and political wrangling of its members and largely ignoring the pressing issues that are of concern to Canadians.

It has been nearly a month since the U.S. announced plans to impose 27% tariffs on Canadian softwood and nearly a week since the tariffs came into effect. In the past month the U.S. has greatly increased its subsidies to U.S. agriculture. In that time all we have received from the government is talk and promises without any substantive progress.

The government has wasted so many opportunities with the U.S. government by putting up meaningless resistance and simply giving in to all its demands. Now at a time when Canadians require strong action and a firm stand on the issues, the government is simply being ignored by the U.S.

The government has set the precedent and the U.S. is continuing along those lines. It is unfortunate but true to say that the U.S. has no reason to believe that the Canadian government and people are in

strong opposition to the U.S. actions given the government's past weakness in response to similar actions.

Canada's lumber and agriculture industries need substantive action from the government. Unfortunately the government seems unable to provide that action, unable to protect Canadian industries from the protectionist U.S. actions and tariffs. Consequently it is sacrificing Canadian industries and Canadian workers in their time of need.

It is the government that brought us free trade and all the promises attached of Canadian goods trading and selling in the U.S. market. Now free trade and NAFTA are being exposed as a one way street with American goods flooding the Canadian market, while Canadian goods and industries run into a steel wall that extends across our shared border. While it is true that this border is undefended in military terms, this action brings home the reality that not only is this border defended but it is representative of an aggressive and dominating giant which has no interest in dealing fairly with Canada and Canadian companies.

Where are the great Canadian defenders of NAFTA now? Why do they remain silent when Canadian industries and workers suffer at the hands of American protectionist policies? It is time for the Government of Canada and the opposition to step forward with a single voice and declare that this is not free trade and it is not fair trade. It is a time for us all to stand resolute in support of Canadian industries, lumber and agriculture, workers and farmers and show them that the Canadian government is their government and will act in their best interests.

The government has shown its willingness to relent to the desires and interests of the United States and in doing so has sacrificed Canadian industries and workers. It is safe to say that Canada is hemorrhaging jobs and industry to the United States and Mexico as a direct result of NAFTA. The best remedy the government has been able to offer is bandages. Bandages will not stop the bleeding from a wound such as this. It is time for the government to take strong and decisive measures to save Canadian industries and workers and to preserve the standard of living that Canadians enjoy and deserve.

I believe the situation with these tariffs and subsidies demonstrates clearly just how serious a failure the Canada-U.S. Free Trade Agreement and NAFTA have been and the great cost they have had and continue to have on Canadian industries. These are not the first instances of Canadian industries being punished for the failure of U.S. equivalents. We all know of the problems that Canada's steel industry has had gaining access for its products in the U.S. market. It is the same for Canadian lumber and agriculture. When the United States is not able to compete, it simply chooses to ignore NAFTA and other agreements and acts to protect its industries. We see the same attitude in the continued American overfishing of depleted fish stocks. All too often the government is slow to react.

Supply

Canada and Canadian industries have been dealt a double blow. The government is again slow to react and is impotent in its dealings with the United States. It is strange to see that the United States, a party to NAFTA and a great beneficiary of it, so freely ignores it when it suits its purposes to do so while Canada continues to work to resolve trade disputes with the United States through NAFTA and is subsequently ignored by the U.S.

If the United States chooses to ignore and reject NAFTA, it is clear that Canada should do so as well. Why do we continue to handicap ourselves while the U.S. abuses us and our goodwill? The government and opposition must make a unified call for fair and open access to U.S. markets with a level playing field for all Canadian industries and producers. They must work to protect Canadian jobs and end the flow of jobs from Canada to the U.S. and Mexico.

• (1205)

Part of this would mean increasing the restrictions on raw log exports to the United States; keeping manufacturing and production jobs here where skilled workers await the opportunity to demonstrate their craft and skill; revitalizing our own lumber usage within Canada and increasing our focus on overseas markets in Europe and Asia, making us less dependent on the United States; and addressing the urban and first nations housing crisis by activating CMHC and increasing its role in providing low income housing.

The government must also act to prevent Canadian lumber companies from going out of business while this dispute drags on. This can be achieved through increasing the investment in the non-profit housing sector; stimulating domestic demand for softwood lumber; and modifying the qualification criteria for the Export Development Corporation's bond program to enable more lumber companies to qualify.

We must also voice our concerns that the rights of corporations are being allowed to take precedence over the rights of citizens and local, provincial, first nations and federal governments. We must encourage and support programs aimed at employment retraining and continuing education.

The sad truth is that this instance of tariffs on Canadian lumber did not arise overnight. Many of us saw it coming years ago when the softwood lumber dispute began. At that time we called on the Prime Minister and the government to develop an assistance package for laid off lumber industry workers. The response was always the same: wait until we resolve the dispute.

Now the dispute lies unresolved, having led to the imposition of U.S. trade tariffs, many more lumber industry workers being laid off and no assistance package. These workers and their families now struggle, having been insultingly ignored by the government which has once again waited to react instead of being proactive. As these tariffs come into full effect and take hold, more mills will close. Literally tens of thousands more people will lose their jobs and their families will struggle because the government did not react to assist them.

The drastic cuts to the employment insurance program since 1993 have made EI of little help to anyone who loses his or her job, including Canada's lumber industry workers, especially if as

predicted the dispute takes a year or more to resolve. Shame on the government if it now claims that this was unforeseeable, that there was nothing it could do to predict or prepare for these circumstances.

The New Democratic Party fully supports the government's decision to appeal the U.S. tariffs to the World Trade Organization and to the North American Free Trade Agreement panel. We also stress the need for Canada not to back down to these United States actions. We call on the government to act to limit the ramifications of the tariffs and agriculture subsidies on the Canadian lumber and agriculture industries.

Without an aid package from the government to support laid off workers and struggling companies and to assist Canadian farmers, we will find that by the time the dispute is resolved through NAFTA and the WTO the costs will be so great as to outweigh the benefits. It is vital that Canada not back down. We must maintain a unified front with the provinces and assert our interests in these international forums.

There are indications that the goal of the United States government is to protract this dispute for as long as possible to devastate our lumber industry, eliminating the competition to the faltering U.S. lumber industry, making it competitive again in the North American market. This is not the way free trade by any definition is meant to work. The government's inaction could prove as devastating as the American government's actions.

The position of the New Democratic Party is that the government's actions and its inaction are significant factors in the United States trade action against Canadian agriculture and softwood lumber. Its actions sent the United States government the message that trade action against Canada would receive no substantive action on Canada's part. Now our farmers and lumber industry workers struggle with no assistance package from the government. The government's reaction to the U.S. tariffs and subsidies has indeed proven to lack substance.

I emphasize that in 1998 Canada and U.S. pasta producers argued that Italy was unfairly dumping cheap pasta into the local markets. The U.S. government agreed and began collecting punitive damages. What did Canada do? Nothing. Now the U.S. government has taken the \$20 million from those punitive damages and given it back to the industry. What has the Canadian government done? Nothing. That is the problem. The U.S. government is standing up for U.S. companies. The Canadian government is doing nothing.

• (1210)

Mr. Peter Stoffer (Sackville—Musquodoboit Valley—Eastern Shore, NDP): Mr. Speaker, the reality is that nobody should be surprised by the protectionist actions of the United States. This is what it does best. It looks after itself first. We were sucked into a deal many years ago.

Supply

Our auto sector will be in a major crisis soon. Shipbuilding has been all but abandoned by the government. Now our agricultural and softwood lumber producers are in serious trouble. They understand the ramifications of these deals and the need for rules, but they want open access to markets and they want a level playing field. They are getting nothing but lip service from the government. The government talks about revisions to the deal or taking the issue to various trade dispute panels but that takes time. Meanwhile people cannot feed their families.

My hon. colleague mentioned something about a housing program for aboriginal people. Canada has markets that can be served through innovative ideas of the government and the House of Commons. I would like her to elaborate on a national housing strategy which would put a lot of people back to work and house the homeless in the country.

Mrs. Bev Desjarlais: Mr. Speaker, there is absolutely no question there is a major housing crisis in Canada, certainly in urban areas as well as in first nations communities. We as a party have long maintained that the federal government has absolved itself of any responsibility whatsoever for low income housing in Canada. As a result there is a major problem.

Studies indicate that \$1 billion yearly over 10 years would address all the housing problems in Canada. That figure is probably higher now because the studies were done some time ago. Now more than ever we should be utilizing our dollars and assisting our industry. It is the time to address the housing crisis in Canada. Once again the government cannot see the answer which is sitting right in front of it. The government just will not do it.

Mr. Pat O'Brien (Parliamentary Secretary to the Minister for International Trade, Lib.): Mr. Speaker, we heard the NDP ideology of how trade should be and how we have to get other markets and that the government does not care about workers. There is nothing wrong with getting other markets. As was noted by the two NDP members, our trade with the United States continues to grow. That is the reality given our geographical position.

Does the member think the Government of Canada somehow has control over business people and where they go with their markets? I know she is a member of the NDP, but does she not understand the basic principle of the movement of goods and services?

• (1215)

Mrs. Bev Desjarlais: Mr. Speaker, as insulting as that question is, I will get beyond it. Does the Liberal government not realize that if it does not support these industries we are not going to have them?

Mr. Pat O'Brien: Answer my question.

Ms. Bev Desjarlais: Of course we recognize that we do not have total control over markets and industries. If another country uses unfair practices and subsidizes its industries through unique measures that it does not call subsidies, in order to fight that we must do something as well to protect and sustain our industries. That is what this is about.

I do not for one second believe that other countries utilizing Canada's lumber industry will totally save it, but right now we need to put additional dollars into it to help it get through this rough time. That is the important thing we should be doing.

Mr. Darrel Stinson (Okanagan—Shuswap, Canadian Alliance): Mr. Speaker, the government knew for years that the softwood lumber agreement was coming to a conclusion and would be gone. For years it did absolutely nothing. The minister and other government members told us time after time to quit being alarmists as they were working on this issue.

Any government with an IQ of a light bulb would have put in place some kind of program, a plan B for example, for workers and industry when this went down. Would they—

The Acting Speaker (Mr. Bélair): The hon. member for Churchill.

Mrs. Bev Desjarlais: Mr. Speaker, without question something preventive should have been done to put us in a position to fight the tariffs being put in place by the U.S. There is no question the government should have done a whole lot more and it failed to do so.

Mr. Bill Casey (Cumberland—Colchester, PC): Mr. Speaker, I am pleased to rise for this debate. It is a subject we have talked about on several occasions, it continues to go on and on and it will go on as long as the government is here.

I will be dividing my time with the member for Brandon—Souris who will address the agricultural side to this debate and I will focus on softwood lumber.

The motion is really quite telling and I am sure the government cannot be too proud of it. It reads:

That this House has lost confidence in the government for its failure to persuade the U.S. government to end protectionist policies that are damaging Canada's agriculture and lumber industries and for failing to implement offsetting trade injury measures for the agriculture and lumber sectors.

The government has failed but it is not all its fault. The U.S. has used strong-armed tactics and taken a very inflexible approach. However the fact of the matter is that this government has failed Canadian industry whereas the American government has succeeded in representing American industry very well. The American industry interests are looked after and the Canadian industry interests are not. The government has failed because it has a lack of imagination, initiative and inability to bring together the industry, provinces and all stakeholders.

Everybody on the opposition side harped on for months and months about this. Rule one is that united we stand, divided we fall. The government allowed the Canadian initiative to be all over the board. Representatives from the provinces went to Washington. Representatives from the regions went to Washington. Lumber groups went to Washington. Then the federal government went to Washington and it was surprised to find out it was the last one to go and that everybody had been there before it. There has been a total lack of co-ordination with the industry and a total failure on behalf of the government.

Supply

It is a failure because we have a 27.2% tariff on our lumber industry. The government has failed where others have succeeded. Previous governments, and one of which I was a member, ran into the same opposition, the same protagonists, the same issues and the same arguments and we overcame them. This government has not been able to overcome them because it does not have the imagination or whatever it takes to do that. It has failed. It simply has not been able to match the Americans person per person in its arguments.

Now we find ourselves in a very serious situation. What are the results of the failure? Thousands of people in the industry will be laid off and are being laid off as we speak. Communities are totally affected because many of them are one industry towns. This means that the small businesses, the corner stores, the clothing stores, the car dealers and everybody are affected by the downturn when a mill closes in communities. It has a tremendous impact. Businesses will be lost, never to come back. Savings will be lost forever. Houses will be lost. The impact is pervasive in these communities, and this will happen across the country.

It means that kids will not go to university. There are so many impacts. What is the government reaction? The minister said that there were no direct job losses linked to the situation with the U.S. and that the government could not intervene every time there was a natural restructuring in one industry's market and that things would have to be sorted out. Ask the people who are losing their homes, their small businesses, their RRSPs, their retirements and everything else, if there is an impact. The minister said there were no direct job losses. That is just not true.

The failure is easy to explain. I picked out two quotes, one from an industry in Canada and one from the trade representative in the United States. The president of Doman Industries said:

Governments should be embarrassed by their lack of progress in negotiating a settlement and provide help to forest dependent communities

That is a Canadian industry saying that the government should be ashamed.

• (1220)

The other quote is by Mr. Zoellick, the U.S. trade representative. He said:

The sense I've gotten from the Canadian government is they're not interested in further discussions—they're going to play this out at the [World Trade Organization].

He went on to say that it was a callous and awful attitude to take. That was his impression of the Canadian government's reaction, that it did not want to negotiate or deal.

Meanwhile people and communities across the country are suffering and losing everything they have. The industry is in chaos. They do not know where to ship their products. They do not know whether to send them east, west, south or north. They do not know how to handle it.

From the beginning everyone on the opposition side said over and over to get the industry together and establish one strategy. It said not to let the provinces, or the lumber organizations or the regions go to Washington to independently negotiate. However that is what the government did. Instead of getting everyone together and allowing the federal government to negotiate the deal, it let everyone go to Washington. This happens frequently. Then when representatives of

the Department of Foreign Affairs and International Trade went down, they were the last ones to arrive. The Americans must be laughing at our approach to this. We have failed to develop a strategy which reflects the entire industry.

Let us compare this with how the U.S. government has done it. It has worked hand in hand with its industry. In fact, at the direction of the U.S. lumber industry, it has established strategies and tactics, exactly what the U.S. industry wants, and it has succeeded. The Canadian government does not bring the stakeholders together. It thinks it can do it all by itself. We have the provinces and the regions going to Washington. It must be a joke in Washington.

In the face of failure, how do we react? Do we reach out to the people affected? Do we try to help? No, the government has said that there are no job losses and that everything is just hunky-dory. It is like saying people have jobs but they cannot go to them and they will not get a paycheque. It is incredible how the government is allowing a wave of devastation to go across the country, one that will hurt all these communities.

The government has created the problem. It should be part of alleviating the problem. I am not saying it is simple because the Americans are tough negotiators. However the government has failed where other governments have succeeded in dealing with the same issue with the same people. It should stand and say that it is responsible and it will help.

I saw on television yesterday that the government announced a \$20 million advertising program that would solve the problem. It will spend the money in the U.S. and probably funnel it through Groupaction in Quebec. The only result will be that the friends of the Liberals will get their kickbacks and their share of the \$20 million.

An hon. member: Two for one.

Mr. Bill Casey: Two for one. From the beginning, members of the Progressive Conservative Party have pressed the government to do what we did when we were in power. We got the industry together and met with them regularly. I know because I was there. We met with the industry regularly. We succeeded in coming up with a strategy. We negotiated with the Americans and we came up with a settlement. We have encouraged the Liberals to follow our lead and do that again. Would they do it? No, they would not.

Now we find ourselves in a situation where we have a 27.2% duty on all softwood lumber going to the U.S. We have asked the government to fight back, not to just knuckle under and do what the U.S. says. We have asked it to argue from a position of strength, not from a position of weakness. We have asked it to stand up to the Americans like we did when we resolved this issue the last time.

Supply

The Progressive Conservative Party also has urged the government to deal with the victims of this. It is the government's fault and there are victims because of it. It should establish a cabinet committee at the very least to focus on this and not leave it up to one minister who passes it off to another minister who passes it off to another minister. There should be a committee responsible for dealing with this, with the negotiations and with the results of the failure.

The government should co-ordinate assistance and come up with programs to help the people in the industries and in the communities who are suffering so much from its failure.

We will be supporting this motion today, but it is really unfortunate that the motion is even here.

• (1225)

Mr. Pat O'Brien (Parliamentary Secretary to the Minister for International Trade, Lib.): Mr. Speaker, I listened very carefully to the comments of my colleague. While I actually agreed with some things he said, I am afraid he took too much credit for the previous Conservative government. If the Conservative government had dealt with the root causes when it had the opportunity, we would not be in this position today.

Does the member not understand that this government has built the strongest national consensus on this issue ever, unlike the previous Mulroney government that he proudly cites? It did not deal with this in a long term solution and that is why we are back in this problem today.

Does the member not understand that there was a conscious decision of the provinces and industry to let the softwood lumber agreement run out, which would then gave us free trade? Except the Americans refused to accept that, refused to live up to being the free traders they claimed to be and launched these punitive actions.

I want to correct one point. For the U.S. trade representative, Mr. Zoellick, to say that Canada is not interested in trade talks is simply wrong. I do not know if my friend is quoting him correctly but I hope not because Mr. Zoellick knows better.

Canada is prepared to sit down when the United States is prepared to look at meaningful progress in these talks, otherwise we will fight this out at the WTO.

Mr. Bill Casey: Mr. Speaker, it is always an interesting debate with the parliamentary secretary. I am pleased to hear that he agreed with some of the things I said. I think that is the first time he has ever agreed with me on anything.

I am glad he agrees that the Conservatives were successful in resolving this issue. I believe that is what he said. Then he went on to blame the Conservatives. At some point in history, maybe 100 years from now, maybe the Liberals will stop blaming the Conservatives for everything they have failed in. The government has failed here where the Conservatives succeeded. The government is still blaming us even after three elections, if we can believe that.

The member said that they made a conscious decision to take this strategy. It is a strategy of zero action, which is not a strategy. The government had five years' warning. It knew this was coming. The government took no steps to get ready. It did not bring the industry

together prior to the conclusion of the memorandum. It did nothing to get ready. It said that it would have a strategy of doing nothing that came back and hit it on the side of the head.

• (1230)

Mr. Peter Stoffer (Sackville—Musquodoboit Valley—Eastern Shore, NDP): Mr. Speaker, I thank my colleague from Nova Scotia for his speech. He, as well as everyone else who comes from Atlantic Canada, knows full well the effects on families and communities when an industry dies. I am thinking of course of the groundfish collapse in 1992.

As we speak, whole logs are leaving British Columbia and going into the United States. These are logs and those are jobs. Those are jobs that are being exported from Canada to mills in the United States.

If the Conservatives were the government, would my hon. colleague make a suggestion to stop the export of whole logs into the United States?

Mr. Bill Casey: Mr. Speaker, that is an interesting question. I live right on the border between Nova Scotia and New Brunswick and I see whole logs going from Nova Scotia to New Brunswick all the time. It is a different thing and it is within Canada. However it still is an export of jobs and it is a concern.

Certainly these are Canadian resources and Canadians should have the benefit of them. If there are jobs created, those jobs should be created in Canada.

The hon. member mentioned the impact on communities when industries die. Yes, we have seen more than our share of that in Atlantic Canada. We can speak with some authority on the impact.

Mr. Rick Borotsik (Brandon—Souris, PC): Mr. Speaker, a comment was made by the Minister for International Trade that I found to be the most insensitive comment I have heard since I have been in the House. The comment was that there was no job loss in the softwood industry; it was simply a matter of restructuring the industry.

Does the member have any specifics? I do not mean to put him on the spot, but does he see in his own constituency any of that restructuring the minister talked about and the job loss, unfortunately, which is being affected by that restructuring or in fact by the problem with the softwood lumber trade?

Mr. Bill Casey: Mr. Speaker, Atlantic Canada is exempt from some of those duties because its lumber trade practices are agreeable to the Americans. However when the western provinces lose their market in the U.S. they begin shipping lumber to Atlantic Canada which does not have the market to absorb it all. The supply and demand ratio reaches such a condition that the local producers then have a problem competing with all the lumber coming in because of the lost market in the U.S. which was due to the Liberal government's failure to negotiate a deal with the U.S.

Supply

Mr. Rick Borotsik (Brandon—Souris, PC): Mr. Speaker, I am pleased to speak to the motion. I use the word pleased somewhat reluctantly because it would have been much better if the government had reacted to the two circumstances that we are dealing with right now, which is the softwood lumber trade dispute as well as the farm bill. If it had dealt with those two issues we would not be standing here and my producers and the individuals involved in the softwood lumber industry would not be suffering as much as they are.

I was actually very saddened when I listened to the very ineffective excuses of the parliamentary secretary for international trade. He is turning a blind eye to the situation. He and his government are sticking their heads in the sand. They recognize that there are certain issues with the United States and its protectionism but they say that it is not their fault. As a matter of fact he wanted to know how the government could be expected to resolve those problems when the European Union, Britain and even Mexico could not resolve them. He wanted to know why we would expect the government to resolve the problems with trade, which affects so many people in agriculture and softwood lumber.

If that is their attitude then they should not be putting any positions forward. If any other countries have problems with the United States and its protectionism, we should let them deal with it. We will simply come in on their coattails, as we have always done, and pick up the pieces at that point.

I am saddened that is the attitude of international trade and certainly the attitude of the parliamentary secretary.

Mr. Pat O'Brien: Nobody said that.

Mr. Rick Borotsik: Yes, you did say that.

Mr. Pat O'Brien: I defy you to find that in *Hansard*.

Mr. Rick Borotsik: The motion is in order and it should be supported by the House. If the government had any principles at all it would also support the motion.

The motion states:

That this House has lost confidence in the government for its failure to persuade the U.S. government to end protectionist policies that are damaging Canada's agriculture and lumber industries...

Surprise, surprise, Canadians have lost confidence. The government should visit my constituency, which is agriculturally based, and ask the people on the farm fields who are now putting their crops in whether they have confidence in the government, in the department of agriculture and in the minister. I can assure the government that the answer would be a resounding no. They have no confidence.

The government should go to the mills and the forests of British Columbia or northern Manitoba and ask the people in the schools, in the retail outlets and in the forest industry whether they have confidence in the Minister for International Trade, the government and the department. The answer would be a resounding no.

How can anyone have confidence in a government that realized softwood lumber would be a major issue but this \$20 billion industry has now been virtually shut down? The government knew about it years in advance but decided to let it run its course. That is the term I

heard in the last intervention. "We will let it run its course and then we will deal with the WTO". It ran its course and right now it is having a dramatic impact on that industry.

The same thing happened in agriculture. The government let it run its course. We knew a year ago that there was a very serious problem with the U.S. farm bill. What did the minister and his department say? They said that they really did not understand the impact so they would just let it run its course and find out how to deal with it after the fact.

I must tell this House that the U.S. farm bill is having an impact on our agriculture industry right now, to the point where it may well have devastated it.

The minister of agriculture and the parliamentary secretary asked if we realized it was an election year in the United States. They said that it was really too bad that Canadian agriculture had to be impacted but wanted to know what we expected them as the government to do. They said that since it was an election year in the U.S. the U.S. would put those things into place and that Canada would simply have to stand back and enjoy it.

Well we do not have to stand back and enjoy it. We do have some solutions that we can put into place if the government has the political will to do it.

The first problem I see is that the government blames everyone else for its ineffectiveness. It claims that everyone else is at fault and even goes back to pre-1993 to blame another administration of another government.

• (1235)

However the biggest problem the government has is that it has lost touch with the land, with the issues and with the people.

I have a lot of respect for the parliamentary secretary, who comes from London—Fanshawe, but he probably has not seen a small rural community in western Canada for a long time. He has not seen the devastation in those communities, the boarded up windows and the people who are leaving because of the impact the U.S. farm bill has had on them.

The people around the Cabinet table do not understand primary resources. They have lost touch. The bureaucrats working in their departments right now, and I cannot say the words in the House because I will be chastized, but they do not care what is going on in those sectors.

When the bureaucrats appeared before us in committee their answers were simple. They said that what was there was there and that they could not have any more. They were not fighting for agriculture or for softwood lumber. They were simply sitting back in very comfortable positions in comfortable chairs saying "If it happens, great. If it does not, we do not care." The problem is that they have lost touch.

No further relationships with the United States is the second problem. Politics is all about relationships. It happens here in the House. There is no science in political science. We deal with relationships.

Supply

We do not have a relationship with the United States. President Bush and his administration do not care about the Prime Minister and his government. That has been proven in many cases, not only with the war on terrorism when Prime Minister Blair was invited to Washington but also when the president visited Vincente Fox in Mexico. That proves that we are not even on the American radar screen.

I should tell members that in a previous administration prior to 1993 that was not the case.

When we have problems with trade we go there and deal with the problems. We cannot even get a meeting. The minister of agriculture could not meet with the secretary of agriculture when she was in Quebec City. That is disgusting. The minister of agriculture could not meet with the secretary of agriculture in Washington. That is disgusting.

How do we deal with issues with the U.S. farm bill when we cannot even put our positions forward? That is ineffective and that is where we are right now.

The same thing happened to the Minister for International Trade when was dealing with the softwood issue. As was mentioned by my colleague, the provinces were meeting with people down there but our own government would not go and fight our battles. It was a totally irresponsible position which is why the motion is actual truth. Canadians have lost confidence in the government because of those two issues.

The U.S. farm bill will devastate our communities. The government and certainly the parliamentary secretary of international trade do not understand some of the issues with the farm bill. The first issue is the very serious subsidy to American commodities of \$180 billion. I just saw a report today that says depending on how the crops come in and what they plant that could be up to \$200 billion and more, depending on how much subsidy they have to pay to their producers. It is astronomical. We as Canadians have to compete in order to keep our people in the game.

The second problem is the type of subsidy paid to what commodities. We used to have at least some specialty crops that we could depend on for some cashflows in our industry. The problem is that those specialty crops, the pulses, the legumes, the peas, unfortunately, will now be covered by subsidy in the United States. This has never been done before in history but all of a sudden Mr. Bush, in an election year, for heaven's sake, has decided to do it. Because there is an election this government will let him cover new commodities in their subsidy. Is that not wonderful? We will just stand back and let them do that. In the meantime, the producers in western and eastern Canada cannot compete.

The last and most important thing about this Draconian piece of legislation in the United States is that in two years, and I am putting everyone on notice now, the Americans will be demanding country of origin labelling. Everything that is grown, produced and raised in this country will have to be labelled Canadian under the country of origin labelling. When it goes into the retail stores in the United States with a label stating it is triple grade A American beef or triple grade A Canadian beef, which one do members think the Americans will buy? We need to stop that now.

The parliamentary secretary will probably tell us that we need to wait because it is an election year in the United States. He will probably say that we need to stand back and let the United States put in the clause but that in two years, when the clause comes in, that it will be dealt with.

● (1240)

We have lost confidence in the government and in those two departments. The motion should be supported and passed in the House.

Mr. Pat O'Brien (Parliamentary Secretary to the Minister for International Trade, Lib.): Mr. Speaker, fortunately I get to speak for myself. The hon. member does not get to do it for me.

First, let me tell him that my former riding, of which he seems totally unaware, was called London—Middlesex, and 20% of my constituents are farmers. I invite him down to London, Ontario some time. The county of Middlesex surrounds the northern part of London. Elgin is to the south, Lambton is to the west and Oxford is to the east. This area has some of the most thriving, diverse agriculture in the country. I hear all the time from farmers in that area, many of them personal friends of mine, about the unfairness of this U.S. farm bill. One does not have to hail from the beautiful part of Canada, western Canada, to have some touch with agriculture. That is the first myth I wanted to debunk.

The member said that the government did not care, that nobody did anything, that nobody talked to the farmers and that nobody had any interest in the issues. That is just silly.

Last week three ministers personally travelled to western Canada. One was in a conversation by phone. We had four minister consulting with farmers in the prairie province of Saskatchewan about the crisis, the scope of it and potential help from the Canadian government.

I do not think the member is being fair at all when he says that there has been no interest from the government. He may not like the actions taken or not taken, but to say that there has been absolutely no effort and no interest is just simply the second myth I wanted to debunk.

Third, he made these comments. He quoted—

The Acting Speaker (Mr. Bélair): Order, please. Let us give the hon. member a little bit of time to answer.

● (1245)

Mr. Rick Borotsik: Mr. Speaker, I did not hear any question so I really have no answer.

The only thing I would like to say is that although 20% of the land in Middlesex is for agriculture, my community, which is probably more to the tune of 50% or 60%, has certainly been more affected by the farm bill than perhaps the hon. member's riding has been. I think it would be worth his while to go to some communities that have closed businesses on the main street.

I should also say that I have been invited to Middlesex. I will be there in August because a lot of people would really like to hear some solid solutions to the agriculture problem.

Supply

Mr. Grant McNally (Dewdney—Alouette, Canadian Alliance): Mr. Speaker, I know my colleague from western Canada has a number of agricultural producers in his riding. I do as well in the eastern part of my riding.

However another side of the whole debate today is the softwood lumber side of the issue. I have a number of businesses in my riding that are directly affected by this, including one that I visited last week called Chasyn Wood Technologies. It has said that it wants parliament to take all measures necessary to ensure that the Canadian independent lumber remanufacturing industry was provided protection from the onerous and unreasonable duties so as not to place the Canadian independent lumber remanufacturing industry at a competitive disadvantage to either the Canadian primary industry or the U.S. remanufacturing industry.

The company went on to say that more had to be done to help the Canadian independent lumber remanufacturing industry survive, not merely just to be able to keep employees and communities on extended life support. It said that a bridging mechanism, such as a loan guarantee program, was necessary for the survival of the Canadian independent lumber remanufacturing industry.

The company went on at length to talk about what needed to be done on this issue.

I was wondering if my colleague from Brandon might be able to comment on the problems we are having with protectionist policies that are directly affecting people across the country in a number of different sectors.

Mr. Rick Borotsik: Mr. Speaker, my colleague from Cumberland—Colchester is our expert with respect to softwood lumber although I was trying to deal specifically with agriculture.

However the remanufacturers situation the member talks about is, I am told, a very serious situation. Some of these people buy lumber and they do not know where it comes from. It could in fact be American lumber. They remanufacture it into certain products then send it back into the states and are also charged with the horrendous 27% duties. This in itself is a very specific problem that should be dealt with by the Minister for International Trade separately from the softwood lumber issue so that we could at least come up with one small solution in very difficult trade negotiations.

If the hon. member talks to the Minister for International Trade, there are not job losses. This is simply a matter of restructuring the industry. Does the member understand that? Maybe he should take that message back to Dewdney—Alouette, because that is the message we are getting from the government.

Mr. Rick Casson (Lethbridge, Canadian Alliance): Mr. Speaker, I will be splitting my time with the member for Lanark—Carleton.

I would like to congratulate the member for Vancouver Island North for bringing forward the motion today. The member has been dealing with the softwood lumber file for our party. He has done an excellent job and has earned the respect of the industry in Canada and south of the border as well for his efforts in bringing the government to understand the full ramifications of what has happened. I applaud him for that.

Over and over again we hear the minister and the parliamentary secretary say that they have worked hard particularly on the softwood lumber file. They have put their best effort forward. They have spent all the resources they have on this file.

I do not think that is much to brag about because they have come up with nothing. They have not come up with a resolution. If that is the best they can do, they had better change their tactic or yield to someone who can do better because Canadians deserve better.

The problem that really exists is the poisoned atmosphere between the administration on Parliament Hill, the Liberal government, and the Bush administration. There is no love lost between the two. It is becoming quite apparent. The fact that they cannot talk to each other is reflected in all the problems that have been created in the trade file.

I would like to focus my remarks today on the impact the country of origin labelling provisions of the U.S. farm bill would have on our agricultural sector. This is one aspect of the U.S. farm bill that is facing our producers today which could have been avoided. We tried to warn the government back in February. I brought a question to the House for the minister telling him that the country of origin labelling issue would be coming forward. It had been circulating in the beef industry in the United States for quite some time and it was put into the bill.

It states that a product must be born, raised and processed in the United States to be labelled as a product of the United States. It would affect meat, fruit, vegetables, fish and peanuts. It becomes mandatory within two years.

We feel the government needs to challenge this provision immediately. It is something that has been added to the U.S. farm bill and it is something we should have a hard look at and ensure that the WTO and NAFTA processes are put into place, and if indeed we can stop this.

Last year Canada exported \$1.8 billion in beef products and another \$1.7 billion in live cattle exports. Hog, live and meat, exports were worth \$2 billion, vegetable exports were worth \$1.6 billion and fruit exports were worth \$400 million. With this country of origin labelling aspect provision being brought forward in the U.S. farm bill, all of this would be in jeopardy.

U.S. retailers and processors have stated that if this comes into effect and if it becomes mandatory the easiest way for us to work around this is to only deal with American produce and American farmers. That would immediately cut off the trade that we have created over the years with the Americans.

We have received indications that the country of origin labelling has already restricted investment in the agriculture industry in Canada. Canadian investors are so concerned with what the country of origin labelling could do to certain sectors of our agriculture industry that they have stopped building, planning and putting money into it. Therefore it is already having that kind of effect.

The threat of country of origin labelling was known long before the U.S. farm bill was signed. Despite warnings from ourselves and others the government did nothing and there it is in the U.S. farm bill, becoming mandatory within two years.

Supply

The Liberal hesitation on the softwood lumber case cost tens of thousands of Canadian jobs. That is part of the motion that we brought forward today. How will the government address the harm that has been done in the softwood lumber industry and the agricultural industry through these trade actions?

We have not heard anything from the Liberal side on that today. I do not know why the Liberals are not responding to that aspect of the motion. Maybe they will and they should. The government has gone back and forth across the country many times on agricultural issues. The time for study is over and the time to act is now.

I will offer some solutions as I wrap up. The country of origin labelling was completely avoidable. If we had shown the Americans that we were serious in opening up our border to back and forth trading, particularly in live cattle, we would have been able to avoid a lot of this.

● (1250)

It was the beef industry that really pushed this forward although the national beef congress in the United States reduced it from being a mandatory to a voluntary process for a couple of years. However, we should have shown some indication that we were going to implement, for one thing, the terminal feed lot protocol which allows cattle to come into Canada, be fed in Canadian feed lots and then shipped back to the United States for processing. The wording of the country of origin labelling provisions states that it has to be born, raised and processed in the United States to be able to be classified as American.

This has become an issue. It is a question we raised in the House back in February with the minister and we had no indication from him that he would do anything about it. He indicated there was a connection. He said in his remarks that there was a connection between the terminal feed lot protocol and the country of origin labelling. He was aware but was unable to resolve it, I guess, if he did raise it with secretary Veneman. He indicated that he did but there was no resolution to that.

It just shows that the Americans are not listening to our negotiators since the Bush administration took over. The relationships have been poisoned between the two governments. We have to become more forceful at the trade table or we will continue to lose on these issues and they are picking us apart.

Another part of the industry in Canada that has become successful is the pulse industry. It has done a tremendous job of expanding its industry as well as the processing that goes along with that industry. That has been targeted in this U.S. farm bill because it has seen it as being successful and it wants a piece of that action. By moving these crops into the U.S. farm bill, that were not there before, we feel is another angle the government could use to go to the WTO and to the NAFTA tribunals to challenge it and to have it reversed.

One of the things we need to be doing is to gather our partners in trade around the world and say to the Americans as a group, the Cairns group for instance, what is going on here? We do not appreciate the bill the U.S. put forward and it is ruining our industry. If Canada were to bring as much power to bear as it could then some of the poisoned relations that we have seen between ourselves and the Americans would be somewhat hidden.

We have also heard much from the industry on compensation for trade injury to the sectors of our economy that are being affected. That has not been addressed today by the government at all. It has chosen a different angle to attack us on. However I am proud of one thing we have done. Last June we submitted to the agriculture and trade minister our idea of a rapid response process for agricultural trade disputes. We acknowledge the WTO and NAFTA processes have to be gone through but we need another process that could circumvent these long and costly battles.

We presented that and I have a letter from the agriculture minister saying that is all fine and good but it is not something that the government is going to embrace. Then, lo and behold, when the government toured around on its framework for the future of agriculture, one of its recommendations is a rapid response trade resolution mechanism. It actually used the same words that we provided.

We also understand that the United States and Mexico have signed a memorandum of understanding on agricultural trade disputes. Part of it is a rapid response mechanism to circumvent some of these long and costly disputes that happened in the agriculture sector. We took this to our Canadian Alliance assembly in Edmonton in April and we were able to bring this to the floor as a resolution. It was adopted by the Canadian Alliance and will be part of our policies from hereon to state that we need to have a rapid response trade resolution mechanism in place to circumvent some of these long expensive battles that we have seen.

● (1255)

We have seen it in the beef industry, the potato industry and in softwood lumber. We have seen it in other agricultural products. We need to have a process in place whereby parties could come together and come to some resolution before these things turn into full blown trade wars.

The motion we brought forward today has some aspects that deal with what should be done to the injury that has been carried out to the industries of softwood lumber and agriculture. I hope we hear from the government today as to what its response is to that.

Mr. Pat O'Brien (Parliamentary Secretary to the Minister for International Trade, Lib.): Mr. Speaker, I have two brief points and then a question. The member seems to be unaware that the Cairns Group has already issued a statement against the U.S. farm bill. He is a bit behind the times on that.

U.S. Secretary of State Veneman has said that even though the U.S. industry is against the mandatory labelling for country of origin the administration would support it. That is why advocacy is so important in the United States. That is why we have been doing that for some time.

The hon. member for Peace River in September 1998 stated that he was against renewing the softwood lumber agreement. He said it simply did not work and did not make sense. What does his colleague think about that? If renewing the softwood lumber agreement was not the answer, and we agree it was not the answer, then obviously free trade is the answer.

Supply

Since the United States will not support free trade at this time we are pursuing every legal option at the WTO and NAFTA. I do not understand what my colleague's problem is with us pursuing all these legal options.

• (1300)

Mr. Rick Casson: Mr. Speaker, the member posed a number of questions but I will address the one that referred to the member for Peace River stating that we did not desire an agreement in softwood lumber.

Our position has always been that there should be free trade in softwood lumber. That is where we stand. There has been a 30 year history of problems with these negotiated deals. Everyone and the government knew about these problems. We warned the government that this agreement was coming to an end, that something needed to be done, however it was allowed to collapse.

The government kept indicating that when it was over we were supposed to revert to free trade. That is fine, but where were the contingency plans? Where were the studies that were done to indicate the problems that would exist if indeed something like this would happen? That was certainly one of the options the government should have looked at as one of the outcomes when the agreement came to an end.

There is one thing that we keep going back to. I do not understand how the parliamentary secretary and the minister keep getting away with saying how much effort, time and resources they have thrown at the softwood lumber issue and that they are doing their jobs. The Prime Minister has talked directly to the president. All of these things are going on and absolutely nothing has happened.

We have a huge tariff against our industry. We have tens of thousands of softwood lumber workers out of work. We have no indication there will be an end to this. In my mind the full efforts of the government have utterly failed the industry and continue to do so.

Mr. Charlie Penson (Peace River, Canadian Alliance): Mr. Speaker, my hon. colleague mentioned my name a few minutes ago and I would like his response to the following comment.

I was the trade critic for my party from 1993 until 1998. At the time there were a number of disputes that had been ongoing in the softwood lumber industry. In fact, as my colleague stated, there have been 30 years of disputes between Canada and the United States and there have been a number of trade actions.

We were facing that potential back in 1995-96. The government of the day chose to enter into a softwood lumber agreement with the United States that would restrict the amount of product we would sell into the United States to 14.8 million board feet a year. Anything above that was penalized heavily. Everyone knew that was not the solution that needed to be adopted. The World Trade Organization had been established and that was the opportunity to take this case to the WTO to put the process in gear that would ultimately have resolved it.

Would that not have been the opportune time to resolve this case rather than wait for the softwood lumber agreement with the United States to expire, one that probably should not have been in place in

the first place, and face the mess we are in now some six to seven years later?

Mr. Rick Casson: Mr. Speaker, I thank the member for his question. Indeed, his expertise in the trade file over the last number of years has been exceptional and we appreciate his contribution to the debate.

Absolutely, we should not sit on our hands. It was the same when the softwood lumber agreement came to an end and when the U.S. farm bill was presented and signed. We know these will happen. The Liberal government sits and waits until it happens and then cries foul because the Americans have come out with some protectionist agenda.

Certainly the Americans are wrong in what they are doing but should not our government, which is responsible for the Canadian situation, be on top of these things and be working well in advance of the implementation or conclusion of agreements to come up with a solution that would save our industries?

Mr. Scott Reid (Lanark—Carleton, Canadian Alliance): Mr. Speaker, the motion today deals with two issues over which we are embroiled in a trade dispute with the United States. First, it addresses the issue of softwood lumber. Second, it addresses agricultural subsidies.

I will address primarily the second issue because there is little softwood production in my riding of Lanark—Carleton. We have some hardwood production. A bit of softwood is produced coincidentally to that, particularly pine as the hardwood is collected. Two local producers, Umpherson's in Polland and Lanark Cedar, produce some softwood. However softwood is not a large industry in my neck of the woods whereas agriculture is a substantial product in Lanark—Carleton and all of eastern Ontario. It is one of the pillars of the local economy.

People may not realize it, but the House of Commons is at the centre of the most agricultural city in the entire country, a city I am proud to in part represent in parliament. More than 10,000 jobs in Ottawa alone are tied to the agricultural sector. Total production in rural parts of the city is worth \$402 million according to an agricultural impact study produced in December, 2000. That is \$402 million from one city alone.

Ottawa is only a fraction of Ontario. Ontario is only a fraction of Canada. This is a major Canadian industry. It is absolutely critical to the success of not merely part of the economy and those directly employed in agriculture. It is critical to the success of all of us. My riding extends into Lanark county. In Lanark and Renfrew counties outside the boundaries of the city of Ottawa there are over 7,000 jobs in the agricultural sector. That represents over 9% of all jobs and \$240 million.

Agriculture in Canada faces three problems today. First, there is a long term trend toward mechanization, increased efficiency, increased productiveness and hence agricultural consolidation. There has therefore been a decrease in the number of farms and people employed directly in the agricultural industry. However there has been no decrease in production or productivity which continues to go up.

The decrease in the number of farms is due to increased efficiency. It has had an impact. By far the majority of low efficiency, low productivity farms and farmers have been forced out. Some were forced out decades ago. The people left in the agricultural sector tend to be highly efficient, highly organized and entrepreneurial.

Second, periodic agricultural crises have been caused by weather. Like skiing, entertainment, summer festivals and a number of other industries, agriculture is an industry for which weather is crucial. Sometimes people complain when I raise the legitimate concerns farmers have regarding weather. They say farmers whine a lot. If urban people listened to people in industries and businesses a bit closer to their homes they would realize they complain as much as farmers. However for farmers several years of bad weather in a row or a year of drought followed by a year of very wet weather can be a life or death matter. Something like that has happened in eastern Ontario over the last couple of years.

Third, the artificial crisis caused by the trade war between the European Union and the United States, an enormous international drama in which we are a mere bit player, is driving agricultural prices far below production prices. The devastation this is causing our agriculture industry will get worse. The worldwide crisis existed prior to the latest U.S. farm bill thanks to the unwise agricultural subsidy practices of these two great powers of the agricultural world. However the results of the farm bill will increase the impact dramatically.

• (1305)

Small players like Canada, Australia, New Zealand or Uruguay depend on agricultural industries but are small in comparison to the enormous production of the United States and Europe. They are facing tough times. I will try to give members an idea of how huge the production is. Although we do not think of France as an agricultural country and particularly not as a wheat growing country it nonetheless produces roughly as much wheat as Canada although admittedly not of the same quality. Our farmers have attempted as much as possible to differentiate ourselves from the bulk product produced in France. Nonetheless the huge productivity in France, subsidized by local governments, is having a tremendous impact.

The state of Kansas alone roughly equals and may exceed total Canadian production of wheat. One could find similar results in different sectors. It makes it difficult for our farmers to compete when the two enormous players start greasing up their subsidies.

Notwithstanding these factors Canada has the most efficient farming industry in the world. Although it has been a struggle we have been able to compete despite enormous subsidies elsewhere. I am sure the number has been quoted earlier in the debate but Canadian wheat producers get approximately 17% of their income in the form of government subsidies and protection. For American farmers it is 49%. For wheat farmers in the European Union it is 43%. This goes a long way toward explaining why the French produce so much wheat instead of some other product which is more naturally suited to their high intensity land.

In the face of this kind of competition and subsidy our farmers have tried to be innovative. Many Canadian farmers have changed to pulse crops, abandoning traditional and highly subsidized products in which it was becoming impossible for even the most efficient to

Supply

compete. This has occurred in wide swaths of the country but particularly in eastern Ontario. To make the point I will quote the agricultural impact study I cited earlier. It states:

Growth associated with the field crop sector [in Ottawa] has been centred around increases in farms producing soybeans. Production in soybeans increased from 3,500 acres in 1986 to 20,000 acres in 1996.

The change does not occur cost free. To make the switch farmers must acquire the appropriate knowledge and supplies and sell to the appropriate persons. Sometimes equipment changes are necessary. Under the new U.S. farm bill they then get hit by an expansion of American subsidies to cover the products they had moved into to sidestep the subsidy war.

I have a background in the retail sector. It is a bit like being the local corner store when Wal-Mart gets into a battle with Loblaws over the price of toothpaste. When the local store tries to move into something else they focus on that. They are not concerned with whether they make a profit in the area. It is about predatory pricing. They are concerned with putting the local store out of the market.

Our farmers do the best they can to move out of the market and become the world's leaders in pulse crops. What happens? They get hit by American subsidies and are devastated. They get hit at a time when it is not possible to change their plans for the upcoming year. Having done everything right and become the world's leading exporters in crops like peas and lentils, some of our most efficient producers find themselves being driven out of business. Our government has been engaging in inadequate efforts to exclude from American subsidies certain Canadian crops and products that are peripheral to the ongoing trade wars. Pulse crops are a key example.

Moving back to softwood, an area I mentioned earlier is red cedar. With more effective lobbying of the United States we could have excluded red cedar from the trade bill. There was discussion of excluding it. A lobby in the United States was allied with us. With more effective efforts on our part we could have worked with our allies in the United States and excluded red cedar. It was not done. It is symptomatic of the failure of the government to be more effective in protecting our lumber producers.

• (1310)

Mr. Philip Mayfield (Cariboo—Chilcotin, Canadian Alliance):

Mr. Speaker, I thank my hon. colleague for his comments. He said the government's response to what is happening has been inadequate. A number of details might be helpful in understanding how inadequate it has been. First, the international trade minister announced \$20 million in advocacy advertisements in the United States. It is not new money. Some \$17 million of it was announced prior to September 11. Another \$3 million has been added. It is less than the amount planned for the landmine initiative of former foreign affairs minister Lloyd Axworthy.

Second, the natural resources minister announced \$75 million in forestry funding. That is less than 3% of what is estimated to be needed. It should be \$2 billion rather than \$75 million.

Supply

Third, today the Prime Minister is in Rome rubbing shoulders with the president of the United States. However he says he will not have time to talk to him and will instead probably talk to the president of France.

These are indications of the attitude the government brings to a problem that is destroying our communities. I would like a response.

● (1315)

Mr. Scott Reid: Mr. Speaker, the hon. member is speaking to the government's overall neglect of its primary duties, particularly in dealing with international trade wars.

If the Prime Minister is in Rome today rubbing shoulders with the president of France I hope he will not neglect to raise the issue of European Union crop subsidies. France is a key player. However I am not aware that it is part of his agenda.

The issue of international trade subsidies and barriers against Canadian products has not only been neglected by the Prime Minister. It is more widespread. The American political system is focused on overt and aggressive lobbying.

I will return to the issue of red cedar. While there is a strong lobby from certain lumber producing states, mainly western states and some states in the south, there is an equally strong lobby in favour of free trade which Canada could tap into. The United States has a powerful construction industry. Some people are concerned for health reasons about using pressure treated lumber for decks and other things. It is an issue close to my heart because pressure treated lumber contains arsenic and could have health effects. Cedar is a perfect replacement. There was a strong movement in the United States to exclude cedar from its overall softwood lumber tariffs and import restrictions.

I am quite confident that by working with our friends in the United States we could have found a way to do something beneficial for urban and suburban Americans, people building houses, and people looking for more reasonable housing costs to cause the adjustment to occur. Instead our producers face a tariff of over 20% on their cedar exports. It is doing damage to a number of producers in this part of Ontario and across the country. It is costing Canadians jobs.

Mr. Jay Hill (Prince George—Peace River, Canadian Alliance): Mr. Speaker, I listened, as did all my colleagues in the House, with rapt attention to the comments of my hon. colleague. I will follow up on the issue of the effort or lack thereof that the government has put into the trade dispute with our biggest trading partner and neighbour. Since last fall I have been urging the Prime Minister to engage personally in the file whether on the issue of farm subsidies, the steel problem, subsidies for the transportation of natural gas from Alaska, or softwood lumber.

Could my hon. colleague comment on what appears to be a complete lack of attention on the part of the Prime Minister in engaging President Bush on the file?

Mr. Scott Reid: Mr. Speaker, not only is there a problem of neglect but the Prime Minister on a number of occasions has made remarks that could not conceivably have gone over well with the White House. In particular he expressed his preferences as to who would win the presidential election last year. When we think of

something that would exclude one from the inner circle that does get access to the United States president, probably suggesting that he should have lost the election at the time when there was a national constitutional crisis would have been just about the worst possible item to choose.

● (1320)

Mr. Stephen Harper (Leader of the Opposition, Canadian Alliance): Mr. Speaker, this will be my first speech as the leader of Her Majesty's official opposition. I took some time to look back at my other maiden speech as a new member of parliament in 1994. Then as now I was very proud to be here. I am proud of my adopted province of Alberta and proud of the people of Calgary for sending me to this parliament. I want to assure everyone who is listening that as different as my role is now and as different as my riding is, I am just as proud today as I was then.

I do not have a lot of time so I want to focus instead on the issue we chose for today's supply debate, which perhaps is the most important issue that ever faces Canada, our relationship with the United States and in particular the increasingly troubled relationship we have on the trade front.

The motion makes reference to two trade disputes, in softwood lumber and in agriculture. To this I could easily add a third, energy, the issue of pipeline movement of Alaskan gas reserves to the lower 48. I could add a fourth issue, that of border restrictions, especially in light of September 11, that are influencing our trade patterns and the very real threat that we could find ourselves outside an American security perimeter.

Before I comment further on these, I will make some observations. These are industries of massive size. I spent most of the past year travelling around the country in our leadership race dealing with many communities where these are the dominant industries and issues. I do not believe the Liberal government really understands the magnitude of these industries. Entire regions depend on these industries. Millions are directly and indirectly employed.

We face in some of these trade disputes the potential wiping out of entire regional economies. This is not something from which we in urban centres will be immune. These have important and significant linkages to our more urbanized areas.

The question we must ask is why this has occurred. Why do we find ourselves victims of protectionist, isolationist and unilateralist sentiments from the United States? Why are Canadian interests being systematically ignored in Washington?

There are many reasons. Some of them do involve, in fairness, blame on the Americans and the reality of the United States' domestic political interests, this being an important election year in the United States. There is a further reality with which the House can and should deal. That is the consistent and complete inability of the present Canadian government to make our case to American authorities, to congress and especially to the Bush administration.

Supply

The reality is that the Canadian profile in Washington is all but invisible. Let us look at the Liberal record in managing our most important international relationship. I took some time to do this. I cannot share it all with members but I examined a number of political initiatives in international affairs taken by the government over the last few years. I will not go through the list, but what stuck out, what I found to be consistently missing from the list was any reference to what is obviously our most important international relationship, the one with the United States.

In the Department of Foreign Affairs and International Trade for example, there are secretaries of state for Europe, Latin America and Asia-Pacific but there is none for the United States. Likewise if we look at the so-called team Canada and other business development trade initiatives that have been the centrepiece of the government's trade strategy, we see almost no attention paid to our most important bilateral trading relationship.

Let us look at the vaunted team Canada trade missions. Up to September 11, 2001, that important day, there had been 17 team Canada trade missions and only one of them had gone to the United States. There has been a second one since then. In November one went to Texas and California and an earlier one went to New England.

[*Translation*]

The government is certainly going to protest, arguing that trade exchanges with the U.S. do not need any support. What needs improvement is trade relations with other regions.

[*English*]

The point of the motion is that all is far from well in our trading relationship with the United States. The damage that has been caused and will be caused to Canadian workers as a result of the softwood lumber duties and to farmers as a result of agricultural subsidies shows that while these crises were brewing, the focus of our political leaders in the highest offices simply was not on these files. It was elsewhere.

If the Liberal government failed to stand up for Canada's trade interests with the United States after 1993, and this has been a consistent pattern, we have to ask why it failed to do that. In my view I think it is no secret that the principal reason is that the Prime Minister and the majority of senior Liberals who came to office in 1993 were not supportive of our trade relations, in particular our free trade arrangements with the United States. Let me quote the Prime Minister's own words on the matter of Canada-U.S. free trade. In November 1987 the Prime Minister noted his opposition to free trade by saying:

Canada has already given away all its bargaining chips: energy policy, foreign investment review agency, you name it, it's all gone.

What this deal has done in energy and in investment and what it will do in defining subsidies is to strike at the heart of the fabric of Canada. What this deal does is enshrine, in Canada, the Reagan view of government.

In September 1988 he said:

Removing the remaining trade tariffs between the U.S. and Canada, as proposed by the free trade agreement, would not improve Canadian business access to the U.S. market.

The Prime Minister went on and on. I could give quote after quote from the period 1987 to 1993.

● (1325)

As we approached the election in 1993, the election where he ultimately became Prime Minister, he continued to oppose free trade. He continued to oppose NAFTA which had recently been concluded. In fact, he said in February 1993 just before the election:

The North American Free Trade Agreement gave the government an opportunity to correct major flaws in the free trade agreement. A Liberal government will seek changes to the free trade agreement and the North American Free Trade Agreement.

The consequence of all this is that after the Prime Minister came to office in 1993, neither he nor his senior ministers as a whole were interested in building on the success represented by the FTA and NAFTA. While they did not actually seek to renegotiate either agreement in any serious way, they did not try to build on that success either. That is not surprising. The Prime Minister was never a free trader at heart. Having been forced to swallow the FTA and NAFTA, he decided simply to neglect the file entirely.

That has proven to be a grave mistake. There were issues left unresolved by those trade agreements. In fact, the most serious issues, the ones we are discussing today, were never, and certainly not at the time, fully integrated into the free trade agreements. This is where the problems have arisen.

Softwood lumber was one such issue and agriculture was another. Neither was addressed. The most senior leaders in Canada were simply uninterested in further trade liberalization.

If the government did not pursue or enhance North American free trade, what did it do? What it did as the team Canada record shows, the Prime Minister went back to the future. He tried to revive the failed trade diversification of the 1970s, the Trudeau government's so-called third option strategy, which did not work then and is not working now.

The problem is more serious. While neglect and a high degree of apathy have characterized the government's approach to our trading relations with the United States, downright hostility to the United States, anti-Americanism, has come to characterize other dimensions of Canadian policy.

We all remember the open meddling in U.S. domestic politics prior to the 2000 presidential election when the Prime Minister stated his preference with regard to the outcome of that election. Of course these pronouncements did not go unnoticed in the United States, just as they would not go unnoticed in Canada if American politicians made similar foolish observations about Canada's internal politics.

On January 22, 2001 David Jones, the former political counsellor at the U.S. embassy, a very wise individual, made some very frank public comments about Canada-U.S. relations and the Prime Minister's unfortunate tendency to shoot off at the lip in making domestic pronouncements. He said our Prime Minister exhibits "a tin ear for foreign affairs, especially those involving the United States". It is no secret that this poisoned the relationship between the government and the new American administration.

A story in the *National Post* on May 14 summarized the situation. One senior insider quoted said:

Supply

We are obviously not players. He [the Prime Minister] is just not effective.

He went on to say in less charitable fashion that the Americans could not care less about the views of the current Prime Minister. This is particularly evident in President Bush's passivity in dealing with the softwood lumber dispute. This is important.

The former Canadian ambassador to Washington, Allan Gotlieb, recently wrote the following:

It is a sign of staggering ignorance for Canadians—

—and I would add especially our Prime Minister—

—to think that personal relations between the president and Prime Minister are not of unique importance. If a matter is on the president's personal agenda, there is a far better chance of a favourable outcome. If the president is concerned, word goes down to many hundreds of top loyal political appointees. The Canadian who is best placed by far to get an item on the president's personal agenda is our Prime Minister... Without the Prime Minister in play, the president will not be in play.

Clearly, our Prime Minister has been unable, and in some cases unwilling, to advance Canadian interests with the Bush administration.

• (1330)

These problems in bilateral relations predate the 2000 elections. Since 1993 the government has pursued policies which have damaged our relationship with the United States. The government has consistently put the ideological agenda of the Prime Minister and other Liberal ministers ahead of real Canadian interests. Let me refer to just a few examples.

In 1998-99 Canada pushed for a review of NATO's deterrence strategy, even though it was made clear that NATO members, including the United States, Britain and France, were not interested in such a review.

In 1996-97 Canada aggressively pushed forward with the treaty to ban landmines without giving due consideration to U.S. concerns about the potential implications for its security forces in South Korea. What did we end up with? We ended up with a ban on landmines but one that few major landmine producers or users have signed.

For nine years the government has systematically neglected the Canadian forces and undermined our ability to contribute to peace enforcement and even peacekeeping operations, including recently our premature withdrawal from Afghanistan.

Most recently we have been inclined to offer knee-jerk resistance to the United States on national missile defence despite the fact that Canada is confronted by the same threats from rogue nations equipped with ballistic missiles and weapons of mass destruction as is the United States.

I can mention one other issue. The government has not adequately addressed the matter of security in the context of continental security. Because of the unreformed nature of our refugee determination system, we continue to be subject to unique internal security and continental security dangers.

I should say when I list all these things, it should not be surprising that when Canadian ministers suddenly show up in Washington and demand something be done about softwood duties or agriculture

many high level American decision makers do not pay much attention.

The consequence of these actions is a loss of our sovereignty. I do not use our sovereignty the way the government uses the term. Sovereignty is not about putting a stick in someone's eye. Sovereignty is about real ability to exercise power, to have control, the ability to act. Under the government's watch, we have less freedom to manoeuvre than we ever had before. Instead of possessing real capability that is respected and valued by our allies, all we are left with is empty rhetoric and often the wrong rhetoric.

Where do we go from here? On this I will make a very controversial observation. When it comes to United States-Canada relations, the government has much to learn from former Prime Minister Brian Mulroney.

I can critique his fiscal record, I can critique his social priorities and I can critique his approach to government reform and national unity, but under Mr. Mulroney, Canada-United States relations were infinitely better than they are now. The groundwork he laid particularly in matters of trade account for progress not only in his era but some of the progress that followed in the early days of this government.

Whatever Mr. Mulroney's shortcomings, whatever his mannerisms or his peculiarities may have done to irritate so many Canadians, he understood a fundamental truth. He understood that mature and intelligent Canadian leaders must share the following perspective: the United States is our closest neighbour, our best ally, our biggest customer and our most consistent friend.

• (1335)

Whatever else, we forget these things at our own peril. We can and do believe that we are the best country in the world, the best place to live, and we love this land, but not only does the United States have this special relationship to us, it is the world leader when it comes to freedom and democracy. We can never allow our affections for our own country to become the basis of resentment toward the United States. This realization is both the essence of our own self-interest and a moral imperative for any Canadian leader.

If the United States prospers, we prosper. If the United States hurts or is angry, we will be hurt. If it is ever broadly attacked, we will surely be destroyed. We share a continent, an economy and much else. We cannot afford the dilettantish position of some western allies and, for that matter, of successive leaders of the Liberal Party who nurture other illusions.

What do we do to put our relationship back on track with the United States? In the short term, we need to aggressively tackle the new American protectionism and international trade bodies. The ultimate objective must be to establish clear international rules that bind ourselves, the Americans and our European trading partners. My colleagues will also detail actions we need to take as well as compensation programs that need to be undertaken while we are pursuing these things.

Supply

[*Translation*]

In the longer term, new mechanisms will have to be established to avoid the problems connected with bilateral trade in such areas as softwood lumber and agriculture. We need to give some thought to some faster and more preventive dispute settlement mechanisms in order to avoid crises like the softwood lumber situation even cropping up. We need to make a priority of co-operation with the United States on trade issues we share, rather than concentrating on those that divide us.

[*English*]

More broadly, we also need to create a positive bilateral environment that enables us to do more together. In that regard, because security and diplomatic issues cannot be divorced from economic matters, we must re-establish political credibility internationally and especially in the United States. We must realize that we will be totally unable to accomplish any of our goals with regard to fair and rules based trade settlement bodies without the support of the U.S. administration. We will be unable to get the U.S. administration on board unless whoever is in the White House and leading members of congress value and respect what our Prime Minister brings to the table.

This means that we need to begin by putting our own internal security house in order. We also need to make serious efforts to construct and invest in a foreign and defence policy that will give Canada effective capability commensurate with that of a G-8 nation and an effective voice overseas.

Forward movement in Canada-U.S. relations is the best way to ensure that our bilateral relations do not stagnate or suffer setbacks due to emerging irritants. This should have been clear in 1993. The work should have begun then. It did not. We are now living with the consequences in our key trading sectors.

I submit that the House can no longer have confidence in the government's management of our international trading relationship and our overall relations with the United States. Canadians require a new approach that will truly protect their interests and secure their prosperity and livelihood as well as their nation's sovereignty. That cannot occur under this government. For these reasons, I urge the House to adopt the motion before it today.

Mr. Pat O'Brien (Parliamentary Secretary to the Minister for International Trade, Lib.): Mr. Speaker, let me take my first opportunity in the House to welcome back the Leader of the Opposition. He was elected in 1993 when I was. I wish him many, many years of success in his current job. He is happier now. The last time I saw him we talked in an elevator and he was missing home et cetera, as I think many MPs do. It is good to see him back and I wish to congratulate him.

I want to tell the House that despite the comments of the Leader of the Opposition, as late as this morning the Prime Minister again had an opportunity to raise the agricultural situation, the unacceptable farm bill and the ongoing softwood crisis with the president of the United States.

An hon. member: A little late.

Mr. Pat O'Brien: Someone on the Alliance side says it is a little late. I say he has had a chance to raise it again because he has done so repeatedly now, as have several ministers.

I just have one question for the Leader of the Opposition. Given today's motion, a rather sweeping motion that is a little off base, I wonder what his view is of a colleague of his who was the World Trade Organization spokesperson and who said on agriculture that Canada should agree to open up its now protected dairy, poultry and egg markets. He said:

It is critically important that agriculture be on the table and be totally on the table.

I am not sure that in much of Canada that would be seen as standing up for Canadian farmers. Does the Leader of the Opposition share the view of his colleague in the Alliance?

• (1340)

Mr. Stephen Harper: Mr. Speaker, I am unaware of the quotation the member has used.

Let me just respond to his preamble to start with, which is his assertion that the Prime Minister is raising these issues now. It is a little too late to raise them now. The farm bill has been signed into law. The full-fledged international subsidy war between the European Community and the United States is on and we are left out in the cold.

It does not do anything to make a flippant comment to the president of the United States at an international conference that involves other issues. To influence the United States requires a thorough and constant working of the American system of government. It is not like here. We just cannot whisper in the president's ear and expect to get a favour from a friend.

We have to understand the congressional system, we have to work that system and, as former ambassador Gotlieb indicated, we must cultivate good relationships with the president, who is, bottom line, even in that system of divided powers, by far the most important person in that political system and the one most likely, as history has shown us, to be interested in open trading relationships, especially bilateral trading relationships. That the Prime Minister should have known, because he has been around here as long as most figures of history. He should have known that is true whether there is a Republican or a Democrat in the White House, so he should not care so much which party is winning a U.S. presidential election.

Our motion is designed to suggest that the government concentrate its efforts on the areas where the subsidies are in effect, not just in the grains and oilseeds and now the pulse crops, but now where some of our livestock industry is threatened. That is where we want to focus attention.

I believe it is probably inevitable that as we try to push our trading relationship forward the United States and others will want to look at all issues that are raised by agriculture. We have to be prepared to look at options in those areas. I would concede that to the member.

Supply

This is not the time for the member to be preoccupied with things that need protecting. We have to be preoccupied with breaking into those markets and retaining the market share we have in the United States.

Mr. Howard Hilstrom (Selkirk—Interlake, Canadian Alliance): Mr. Speaker, in the Uruguay round in 1995 the Liberal government put supply management on the table. It took away the protection of the quota system and put in place a tariff system that was designed to reduce protection in the next round of talks at the WTO, which is now ongoing. It was the Liberal government that put supply management at risk and that in fact will change supply management.

My question to the leader of the official opposition is simply this: Is it better to have change and respond to economic conditions around the world and remain competitive as Canadians or to sit like the Liberals and try to freeze time and go back to the 1930s and 1940s as they would have us do?

Mr. Stephen Harper: Mr. Speaker, I appreciate getting a very thoughtful question once in a while.

I think the comments by the agriculture critic for the Canadian Alliance are absolutely correct, and boy, would we ever have a different agriculture situation if we had this guy over there instead of the present guy.

It was this government that agreed to tariffication, put supply management on the table internationally and began the process of change for those industries. In typical Liberal fashion, however, there was absolutely no plan for the next step. Even years later with new rounds coming up, there continues to be no plan, no proposals, no consultation, no way forward, just the great dream that everything can go back to the way it was. That is so typical of this Prime Minister's approach to life, not just to politics.

That is something the country will have to address and I am glad to see that our agriculture critic has been doing that. Long before I became leader, I know that he was thinking about it, consulting with the people in supply managed industries and looking at the strategies that may well have to be looked at when the implications of the tariffication process become clearly evident in the years and decades to come.

• (1345)

Mr. John Herron (Fundy—Royal, PC): Mr. Speaker, I would like to compliment the newly minted Leader of the Opposition on a very solid speech. He touched on some aspects that I think do hold true. When we have solid public policy, we propose things like an acid rain protocol. When we have solid public policy, we propose that we should enter the gulf war under the auspices of the UN as opposed to a NATO perspective. That is what Canada proposed to the Americans. He also highlighted the free trade agreement. In 1988 we had about \$90 billion in trade with the Americans. Now we trade well in excess of \$400 billion each and every year.

Given that solid footing that we had with the Americans, I have one simple question. Would we at least concede that some of the vitriolic and visceral language utilized by members on that side against the Mulroney administration during the early part of the 1990s might have been just a little over the top and that there were

some significant gains made for the country under the Brian Mulroney administration?

Mr. Stephen Harper: Mr. Speaker, in my speech I acknowledged Mr. Mulroney's contributions, particularly to our trading relationships with the United States.

I think that if we were to look back at the record we would find that our party, under the leadership of my predecessor, Mr. Manning, and not just my predecessor as leader but my predecessor in Calgary Southwest, was consistently supportive of the Mulroney government's approach to opening up our trading relationship with the United States.

I challenge the hon. member to embrace this legacy by walking away from the party that has now embraced David Orchard and the extreme anti-free trade position. I challenge him to walk away from that kind of coalition and instead embrace our offer of a full coalition here.

Hon. Andy Mitchell (Secretary of State (Rural Development) (Federal Economic Development Initiative for Northern Ontario), Lib.): Mr. Speaker, I am pleased to have an opportunity to rise on debate and to particularly have the opportunity to speak shortly after the Leader of the Opposition. The member from Calgary made some comments in this supply day debate, particularly comments with respect to our trading relationship with the United States.

The Leader of the Opposition made the comment that we had a problem with the agricultural industry and the softwood lumber industry in our trading relationships with the United States solely because of the actions of the Prime Minister.

Besides being totally incorrect, when we look at the evidence, if that were true, then how can he explain that those difficulties with agricultural trade are not limited to Canada? If we look at the discussions that are taking place across the world, it is not just Canada. Almost every nation of the globe is adamantly opposed to the U.S. farm bill and find it injurious to them.

To suggest for a second that it is the Prime Minister's fault that the U.S. congress passed the U.S. farm bill is nothing but partisan politics at its very worst. It absolutely has no foundation in fact. When we look at the reality of what is happening in the world, that is evident to everybody. I suspect it is even evident across the way but I do not expect them to get up and admit to that.

The same thing is true in other trade issues. Take the issue of steel. The European Union and many nations around the world say that the United States is not listening to them on the issue of steel. Therefore the suggestion that it is one man who has what opposition views to be an inappropriate attitude is totally ludicrous and I think everybody can see that.

There are irritants in trade and we have issues to deal with in agriculture and in softwood lumber. However for the Leader of the Opposition to suggest that the whole trading relationship with the United States has fallen apart since 1993 is not appropriate. It is ludicrous. The reality is that when we look at the overall relationship in terms of trade between Canada and the United States, it is a relationship that is working to the economic benefit of Canada. That is the reality, as much as the opposition might want to say otherwise. It is absolutely ludicrous to suggest that because we have issues, and there are issues in agriculture and softwood lumber, that the whole trading relationship is inappropriate.

The evidence of that is to look at the Canadian economy and go back to 1993. This great nirvana that the member of the opposition wants to refer to as being the point at which everything was great was before 1993, and then that it turned bad. If I remember correctly there was a \$42 billion deficit in 1993 when we came to power, yet the Leader of the Opposition thought it was a wonderful period in time. That deficit is gone. In fact for five years the government has operated in a surplus. So much for it being an inappropriate activity since 1993.

There are low interest rates and low inflation. The country is having the strongest employment growth among the G-7 countries and has just returned to the highest credit rating we can possibly have. It does not seem to exactly be policies that have not done well by this country.

I am sure our viewers can hear that this is sort of striking home. The members are getting a little excited over there on the other side. I do not blame them, when we have an opportunity to point out what the record actually is instead of the record that they pretend it is. I can certainly understand that.

• (1350)

However the hon. Leader of the Opposition made a point about sovereignty. He talked about sovereignty and what it sovereignty should be. There is a great deal of difficulty with the viewpoint of the Leader of the Opposition. What he essentially said was that sovereignty to the Alliance Party was the freedom to say yes to the Americans. That is in contrast to our definition of sovereignty which is the freedom to say yes or no, depending upon whether it is in the Canadian national interest. That is the difference.

Their relationship, or their conception of a relationship with the United States, simply is to go down to Washington and say "Mr. President, if that is what you want, that is where we are. Mr. or Mrs. Congressman, if that is there you are at, that is where we are at". That is not what sovereignty is all about. Sovereignty is acting in the best interests of Canada. It is acting in the best interests of Canadian farmers. It is acting in the best interests of Canadian forestry workers. That is what Canadian sovereignty is all about and that is what the government is doing.

The Leader of the Opposition talked about dealing with the Americans and said that there was absolutely no co-operation with the Americans and that there was nothing getting done vis-à-vis the Americans. He conveniently overlooked evidence to the contrary. All members of the House know, or at least they should know, that Canada and the United States, under the able leadership of the Deputy Prime Minister in working with homeland security director

Supply

Ridge, formed and developed an action plan to deal with border security. Border security and the efficiency of moving goods over and across that border are an important part of our trading relationship.

We came not only to an agreement last December on an action plan to ensure that we facilitated the movement of those goods across the border, but both the governments of Canada and the United States, led by the Deputy Prime Minister and homeland security director Ridge, worked well to ensure that could take place.

When we deal with the issues of agriculture and softwood lumber, there are a number of component parts with which we need to deal. Yes, we need to deal with our international partners and form consensus because when we deal with the inappropriate, and it is inappropriate, U.S. farm bill we need to do it not just by ourselves but with every part of this globe that trades on agricultural production with the United States. We need to form those alliances and form a consistent approach, and we are doing that.

We need to resolve how we will deal with the agricultural industry. The Alliance says that no action has taken place and that is ludicrous. That is why the minister of agriculture, with the ten provincial agricultural ministers and three territorial leaders, signed an agreement last year in Yukon to create a new agricultural policy framework in Canada. The federal government did not do this by itself. It was done in co-operation with the provincial and territorial governments, governments of all stripes, so that we could lead our agricultural industry into a strong and vibrant economy and restructured for the future. The industry supports that. Canadian producers support that. Provincial governments support that. We as a federal government support that.

We will continue to work with the premiers and the provinces on that. We will ensure that we have a strong agricultural industry in Canada. That is the reality. It is very different than the reality painted by the Leader of the Opposition, which is not accurate by any stretch of the imagination.

• (1355)

Mr. Howard Hilstrom (Selkirk—Interlake, Canadian Alliance): Mr. Speaker, I have one simple question. Western Canadian farmers could quite easily increase their incomes, diversify and value-add the same as they are doing in Ontario by getting rid of the monopoly of the Canadian Wheat Board. Is the member, who is supposed to be trying to help rural Canadians in the west and across the country, willing to stand and say that he also supports a voluntary wheat board?

Hon. Andy Mitchell: Mr. Speaker, as the minister responsible for rural affairs, I firmly believe and support working with the provincial governments on an agricultural policy framework to ensure that our producers and the network of communities that support our producers work to create a framework within which our industry can be successful and within which those people who depend on it are successful from coast to coast to coast. This party sees Canada not as a collection of different regions but as one nation with national values, national goals and national objectives.

S. O. 31

•(1400)

The Speaker: When the debate on this matter resumes later this day, the hon. minister will have four minutes remaining in the time allotted for questions and comments.

* * *

PRIVACY COMMISSIONER

The Speaker: I have the honour to lay upon the table the report of the privacy commissioner concerning substantially similar provincial legislation.

[*Translation*]

This report is deemed permanently referred to the Standing Committee on Government Operations and Estimates.

STATEMENTS BY MEMBERS

[*English*]

MEMBER FOR ETOBICOKE—LAKESHORE

Ms. Sophia Leung (Vancouver Kingsway, Lib.): Mr. Speaker, I wish to congratulate my colleague, the recently appointed Secretary of State for the Status of Women and Multiculturalism and the member of parliament for Etobicoke—Lakeshore.

In 1993 she became the first African-Canadian woman to be elected to the House of Commons. I have known the member since I was elected in 1997 and I can tell the House that she is a truly outstanding woman. I am she sure will be a remarkable secretary of state.

I wish her all the best in her new portfolio and would invite all my colleagues to congratulate her on becoming the newest addition to the cabinet.

* * *

CANADA-U.S. RELATIONS

Mr. Jay Hill (Prince George—Peace River, Canadian Alliance): Check the record, Mr. Speaker. This is not the first time I have asked the Prime Minister to begin building a better relationship with the president of the United States. Instead, he has been globe-trotting, focusing on his African initiative rather than concentrating on our deteriorating trade relations with our southern neighbour and biggest trading partner.

The ongoing trade war, which now includes softwood lumber, farm subsidies and northern natural gas, is more than news clippings in my riding. It is our livelihood. My riding of Prince George—Peace River in the northern half of British Columbia is primarily dependent upon natural gas, farming and forestry. I agree with the government's action to take these disputes to the WTO but it may be too late when a decision arrives. Immediate action is required.

For the sake of my constituents and for all the other Canadians who rely on the billion dollar a day trade with the United States, will the Prime Minister go to Washington and not leave until President Bush commits to finding a solution to these trade issues?

[*Translation*]

SCIENCE, TECHNOLOGY AND INFORMATICS FAIR 2002

Mr. Mauril Bélanger (Ottawa—Vanier, Lib.): Mr. Speaker, it is both a duty and a pleasure for me to make statements in the House from time to time on scientific subjects.

I would therefore like to draw to hon. members' attention the 2002 science, technology and informatics fair that was held this past May 24 at La Vérendrye school in the riding of Ottawa—Vanier.

The objective of this event was to support the mission of La Vérendrye school by encouraging the integration of science, technology and informatics into the school curriculum, a fine objective.

It is important to point out the collaboration between parent volunteers and teaching staff in the preparations for this fair.

Two parents merit particular attention, Daniel Cusson and Maurice Lamontagne, who co-chaired the event and were in large part responsible for its organization.

My congratulations to La Vérendrye school, its administrators, teaching staff and pupils. Next year, I hope to have the opportunity to help with the organization.

* * *

[*English*]

HOWARD MACKIE AWARDS

Mr. Alan Tonks (York South—Weston, Lib.): Mr. Speaker, Canadian Interuniversity Sport is the national governing body of university sport in Canada. Each year 49 members representing over 12,000 student athletes and 500 coaches compete for 19 national championships in 11 different sports.

Earlier this month Canadian Interuniversity Sport honoured the top female and male athletes with the 2002 Howard Mackie Awards, a distinction which carries with it a \$5,000 scholarship to attend a Canadian university grad school of the recipient's choice.

Taking home the award as female athlete of the year was the University of Toronto's Liz Warden, a member of Canada's national swimming team and a resident of Indian River, Ontario. Liz was joined on the podium by fellow national swimming team member, Brian Jones of the University of British Columbia and a resident of Richmond, B.C.

The winners were selected by the board of trustees of the Canadian Athletic Foundation, a not for profit board established for the purpose of administering the awards.

I know everyone in the House joins with me in congratulating Liz Warden and Brian Jones as recipients of the awards.

•(1405)

EDUCATION

Mr. Ovid Jackson (Bruce—Grey—Owen Sound, Lib.): Mr. Speaker, it is with a great deal of pride that I rise in the House to congratulate a young constituent of mine from my riding of Bruce—Grey—Owen Sound who received a national millennium scholarship.

Greg Dietrich, who attends Walkerton District Secondary School will be graduating and will be attending the University of Guelph where he will be studying animal science. He also expects to go on to be a doctor or be in the field of science on genetics.

This is one of those times that as a former teacher I would like to be back in school to watch the faces of those graduates, their parents and their great teachers as they bring forth this next crop of young Canadians.

On behalf of the House and all members of parliament I would like to congratulate all graduating students right across this country from coast to coast to coast for a job well done.

* * *

SOFTWOOD LUMBER

Mr. Philip Mayfield (Cariboo—Chilcotin, Canadian Alliance): Mr. Speaker, the government should make the settlement of the softwood lumber dispute with the U.S. its number one priority. This conflict is hurting both countries. The cost of not reaching a solution is enormous.

Canadian lumber exporters have already started paying 27% duties in cash. Why is the Prime Minister rubbing shoulders with President Bush today at the NATO meeting in Rome saying he is too busy to talk to him but he might talk to French President Chirac instead? Will this help our desperate forest communities? Not at all. The U.S. lumber lobby is causing the dispute to pump up the price of wood in the United States. The pain suffered by our forest communities is about to get worse.

Canada wants to negotiate a solution based on fair trade. The U.S. lumber barons know this but by refusing to negotiate they continue to rake in profits, destroying communities and economies along the way.

The Prime Minister and the U.S. president should insist that negotiations begin again immediately. The Prime Minister must go to George Bush and ask him face to face: "Are you with us or agin us?"

* * *

BURLINGTON ECONOMIC DEVELOPMENT CORPORATION

Ms. Paddy Torsney (Burlington, Lib.): Mr. Speaker, the Economic Developers Council of Ontario recognized the achievements of the Burlington Economic Development Corporation and its 2001 marketing efforts at the annual Ontario Marketing Awards dinner.

The Burlington Economic Development Corporation received the Award of Excellence and Best of Show Award in the special events

S. O. 31

category for its "Driving Burlington's High Performance Growth" dinner. Furthermore, the BEDC received the Award of Excellence in the Business Retention and Expansion category for its "Jobs Burlington Recruitment Campaign".

This campaign, developed in conjunction with HRDC, assisted local businesses by helping them attract the necessary skilled labour. This project's website received over a million hits during a 12 week period and filled 100 job vacancies. The success of this project has been outstanding.

I wish to congratulate BEDC. Way to go team Burlington.

* * *

[Translation]

CODE OF ETHICS

Mr. Stéphane Bergeron (Verchères—Les-Patriotes, BQ): Mr. Speaker, the Liberals refused to allow the House of Commons to vote on a bill that I presented and that would have incorporated a code of ethics for ministers into the legislation and created a position of ethics counselor appointed by the House, who would report to the House. This is a bill that could have served them well.

While the rating for politicians' popularity is at its lowest levels in polls, the Prime Minister is doing nothing to remedy the situation.

So it is ill-advised to state in the House that integrity and public trust are the cornerstones of a democratic government, when it is the Prime Minister himself that started this nightmare with the Auberge Grand-Mère affair.

All of these scandals that are being unearthed are just the tip of the iceberg and demonstrate the clear lack of ethics within this government.

Instead of preaching and claiming to be a great democrat, the Prime Minister should urgently order a public inquiry in order to get to the bottom of the reprehensible actions of his ministers.

* * *

MINING INDUSTRY

Mr. Guy St-Julien (Abitibi—Baie-James—Nunavik, Lib.): Mr. Speaker, in an article entitled "The Future of mines", appearing in *Le Soleil* on May 25, 2002, Réjean Lacombe and François Pouliot wrote:

The non-renewal of mineral reserves in Abitibi, the asbestos crisis and problems in the steel market are like the sword of Damocles over at least 2,500 of the 6,500 or so direct jobs in Quebec's mining industry.

In Abitibi, if nothing happens in the next ten years, there will only be one mine left at Matagami (Bell Allard), La Ronde and maybe Doyon. The others will be shut down.

The reserves are running out in Abitibi. Half of the twenty or so mines in Quebec currently have reserves of less than five years.

All of the threatened mines are located in the Abitibi—Chibougamau region. The region currently employs some 3,000 miners, half of whom are in the group at risk.

S. O. 31

[English]

SCIENCE AND TECHNOLOGY

Mr. Rob Merrifield (Yellowhead, Canadian Alliance): Mr. Speaker, the Canadian Alliance strongly supports stem cell research. It makes a difference in the lives of Canadians today.

The new reproductive and related science bill wrongly focuses on embryonic research, the benefit of which is only speculative. The number of individuals who have been helped through embryonic stem cell transplants is zero, while research on adult stem cells can help people today.

Recently, a 52 year old Parkinson's patient was treated with stem cells from his own brain. His symptoms were reduced by 80% and he no longer requires medication. Last month, a Quebec woman with MS was reported to be in remission following a stem cell transplant from her own bone marrow. These are just two of many examples I could tell members about.

Adult stem cell research is making great progress without problems of immune rejection and tumour formation and without the ethical minefield of research using human embryos.

Let us get our focus right on stem cell research.

* * *

• (1410)

FOREIGN AFFAIRS

Mr. John McKay (Scarborough East, Lib.): Mr. Speaker, last month I circulated a petition among members and senators calling upon the Government of Canada to support Taiwan in its desire to obtain observer status at the World Health Organization. With not much effort I collected well over 100 signatures.

[Translation]

My Bloc Quebecois colleagues collected 38 signatures on their own petition.

[English]

By any standard this is a strong measure of support by Canadian parliamentarians which transcends party lines. It is both a narrow message and a broad message. Specifically it calls upon the Government of Canada to support the government of Taiwan's position. More broadly however it calls upon the Government of Canada to change its application of the one China policy.

Members have spoken. A policy rooted outside of reality is in nobody's interest, least of all Canada's.

* * *

SOCIAL PROGRAMS

Ms. Libby Davies (Vancouver East, NDP): Mr. Speaker, on May 25 my colleague from Burnaby—Douglas and I joined 40,000 British Columbians who marched through downtown Vancouver to voice our dissent and opposition to the massive cuts perpetrated by Gordon Campbell's cruel agenda.

Seniors, single moms, students, the disabled, aboriginal people, workers, kids and families were all united in speaking out against the devastating cuts to our health care, environment, education, welfare,

legal aid, employment standards and schools. Even today we hear that tuition at SFU will go up a whopping 30% and yet again poor people are being hit, this time a \$75 a month cut on welfare.

Where are the B.C. federal Liberals? Why are they not sticking up for people's basic rights and services? Is our federal government now so gutless that it would allow this B.C. premier to destroy fundamental Canadian values of universal health care and a decent quality of life without fear and punishment for being poor.

We say that B.C. federal Liberals must do their job and support the people of B.C. in stopping Gordon Campbell and these awful cuts.

* * *

[Translation]

LIBERAL GOVERNMENT

Ms. Pauline Picard (Drummond, BQ): Mr. Speaker, it took a long time to convince taxpayers that it was necessary to reduce the deficit and tighten their belts.

But after months of collective effort, we are uncovering the true face of the Liberal government: rich, manipulative, spendthrift, insensitive and contemptuous of the public's real needs.

In 1993, the Prime Minister said “—we are here to serve others, not ourselves”. But scandal after scandal, we cannot help but see that memory is not infallible. Say what they will, the Liberals have shamelessly served themselves.

How can the government then say that it has no money to help the provinces, to restore fiscal balance, to provide adequate funding for health and education, when it is spending millions to increase its visibility, to the benefit of its cronies.

Things have reached quite a state. The smell of corruption is one more reason we must get out of this rut.

* * *

[English]

ROBERT LAY

Ms. Marlene Catterall (Ottawa West—Nepean, Lib.): Mr. Speaker, it was with great sadness that we learned of the passing of a long-time friend of members and staff from all parties, Mr. Robert Lay.

Bob Lay was somewhat of a fixture on the Hill for more than 30 years. Bob worked in the offices of several successive House leaders and chief whips from 1973 until his retirement in 2000. Bob could often be seen roaming the corridors of the Centre Block in his navy blue pinstripe suit late in the evening and on weekends. He possessed a masterful understanding of procedure of the House of Commons and a deep respect for the institute of Parliament.

Oral Questions

[Translation]

The Hill was Bob Lay's second home, if not his first. Bob had a deep respect for the institution of parliament.

[English]

A lifelong resident of Sandy Hill, he was a font of knowledge about politics and politicians, having been personally acquainted with every Prime Minister since Mackenzie King. Bob's calm demeanour and soft voice allowed him to make many friends. He had a well-developed appreciation for refined living and a sense of humour that could be both wicked and kindly.

We extend our most sincere condolences to his family. We will miss Bob very much.

* * *

●(1415)

AGRICULTURE

Mr. Rick Borotsik (Brandon—Souris, PC): Mr. Speaker, today the debate in the House is about how Canadians have lost confidence in the government, more specifically the department of agriculture. So far the minister of agriculture has hidden from tough decisions and from taking positive initiatives.

Today I put the minister of agriculture on notice because western Canada faces a serious chance and a real probability of drought again this year. Action is needed and needed now. The government has said it no longer wants to initiate ad hoc agricultural programs. Here is a chance for the government to do something new, a chance for it to be proactive.

I call upon the government to develop an adequately funded and targeted comprehensive disaster relief program that will serve all farmers across this country with consistency. The government must toss out its wait and see approach to agriculture assistance. The government needs to deal with the problems now before it is too late.

ORAL QUESTION PERIOD

[English]

GOVERNMENT GRANTS

Mr. Stephen Harper (Leader of the Opposition, Canadian Alliance): Mr. Speaker, today we have new conflict of interest reports. We have learned that the solicitor general lobbied the RCMP, an agent for which he is directly responsible, to help his brother win a \$3.5 million grant from the federal police force.

In this *All in the Family* episode, the solicitor general appears to have used his role as minister responsible for the RCMP to pressure for tax dollars for his brother's project.

Given the Prime Minister's newfound concern for ethics, how can the solicitor general justify his actions?

Hon. Lawrence MacAulay (Solicitor General of Canada, Lib.): Mr. Speaker, the facts in this case are very clear. The proposal was prepared for submission to the Atlantic initiative fund. When my office received the unsolicited proposal from a group of institutions,

including Holland College, Sheridan College in Ontario and the University of Moncton, it forwarded it to the RCMP.

As solicitor general I do have an interest in education and training. My office receives many requests and proposals, and they are sent on to the RCMP.

Mr. Stephen Harper (Leader of the Opposition, Canadian Alliance): Mr. Speaker, according to press reports, he did a little more than that. He discussed these directly with the commissioner of the RCMP.

Since the Prime Minister has expressed concern about the ethical conduct of his ministers and has promised higher standards of behaviour, could the solicitor general tell us whether he informed the Prime Minister that he was lobbying his own department on behalf of his brother and, if so, did he tell the Prime Minister before or after he lobbied the RCMP?

Hon. Lawrence MacAulay (Solicitor General of Canada, Lib.): Mr. Speaker, I indicated quite clearly what took place in this case. I told my hon. colleague that a proposal was received. It was from a number of institutions. It came to my office and was forwarded to the RCMP for approval. The fact is that in this situation the RCMP did not approve the proposal.

Mr. Stephen Harper (Leader of the Opposition, Canadian Alliance): Mr. Speaker, it is great to know that his defence is that he may be a lobbyist but that he is a really bad lobbyist. However he did not answer the question on whether he advised the Prime Minister.

[Translation]

I will ask my last supplementary. Did the solicitor general seek advice on ethics and did he examine the Prime Minister's visible or invisible code of ethical conduct before or after lobbying for his brother's college?

[English]

Hon. Lawrence MacAulay (Solicitor General of Canada, Lib.): Mr. Speaker, the Leader of the Opposition indicated that I was not successful. The fact is that when a proposal is received it is up to the RCMP to decide what to do with that proposal. I do not direct the RCMP.

Mr. Kevin Sorenson (Crowfoot, Canadian Alliance): Mr. Speaker, on October 16, 2001, the solicitor general said the following in the House:

Mr. Speaker, if there is one thing I do not do it is run the operations of the RCMP.

If in fact that is true, then why did the solicitor general feel that it was appropriate to discuss with the commissioner of the RCMP the awarding of a \$3.5 million grant to Holland College which is headed by his brother, Alex MacAulay?

●(1420)

Hon. Lawrence MacAulay (Solicitor General of Canada, Lib.): Mr. Speaker, as I indicated, this proposal was submitted by a number of institutions. As my hon. colleague also indicated, and he is absolutely correct, I do not direct the RCMP. I have not and I will not.

Oral Questions

Mr. Kevin Sorenson (Crowfoot, Canadian Alliance): Mr. Speaker, the solicitor general's attempt to influence the RCMP commissioner, whether or not the \$3.5 million was or ever will be granted, was highly unethical, highly inappropriate and a clear case of political interference.

When will the solicitor general do the right thing and tender his resignation?

Hon. John Manley (Deputy Prime Minister and Minister of Infrastructure and Crown Corporations, Lib.): Mr. Speaker, again today we see excessive blood lust on the other side.

The truth is that no personal or private interest was being pursued in this case. Is there something wrong with his brother being the president of Holland College? Ought he to have resigned because he happened to have a family member in public life? Is that the extreme that we have gone to? Should Sheridan College have thought "My goodness, we had better not ally in this presentation with Holland College because the leader of the opposition will get up and scream scandal?"

The opposition should stay in the schoolyard and measure its language more carefully.

* * *

[Translation]

GOVERNMENT CONTRACTS

Mr. Gilles Duceppe (Laurier—Sainte-Marie, BQ): Mr. Speaker, yesterday, the Deputy Prime Minister stated that the Minister of Immigration was not required to comply with the code of ethics when he stayed at Claude Boulay's because, in 1997, he was an MP. Fine.

However, in 2000, the minister was then a secretary of state and he had to comply with the code of ethics when he categorically denied having lived at the condominium of the president of Groupe Everest.

Will the Deputy Prime Minister admit that, in 2000, when he denied the truth and hid his connections with Claude Boulay, at whose condo he did stay, the Minister of Immigration violated the code of ethics for ministers and secretaries of state?

Hon. John Manley (Deputy Prime Minister and Minister of Infrastructure and Crown Corporations, Lib.): Mr. Speaker, one cannot retroactively violate a code of ethics. The minister was not a cabinet member then. His actions were not governed by the standards of the code of ethics.

In any case, the contract was accepted by the Department of Canadian Heritage. This is not a contract that was accepted by the secretary of state or his office.

Mr. Gilles Duceppe (Laurier—Sainte-Marie, BQ): Mr. Speaker, this is somewhat worrisome. The Minister of Immigration has problems understanding things and, in addition, his memory is failing him. In 2000, he forgot that he had stayed at Claude Boulay's condo, who, and this is quite the coincidence, also forgot all about it.

Will the Minister of Immigration admit that all these cases of amnesia occurred while he was governed by the code of ethics and when Groupe Everest had just been awarded a \$500,000 contract to

organize the Canada-wide tour that he himself had announced with great fanfare?

Hon. John Manley (Deputy Prime Minister and Minister of Infrastructure and Crown Corporations, Lib.): Mr. Speaker, the hon. member keeps trying to subject to the code of ethics the actions of an MP who was not a minister. This is neither the proper level, nor the proper standard.

We will develop a code for MPs and senators. I hope that the members of the Bloc will support us when we do so.

Mr. Michel Gauthier (Roberval, BQ): Mr. Speaker, yesterday, in defending himself against charges that he favoured Everest, the minister of immigration claimed that a secretary of state does not have authority to authorize contracts.

My question is for the minister of immigration. Will he admit that not having authority to authorize contracts in no way prevented him from being able to strongly recommend that Everest be hired, all the more so as it was his pan-Canadian tour and his consultation which was involved? It was his first project as minister.

Will he admit that it in no way prevented him from being able to give his friend a very strong recommendation?

Hon. John Manley (Deputy Prime Minister and Minister of Infrastructure and Crown Corporations, Lib.): Mr. Speaker, this contract was permitted under treasury board rules. It was approved by the department of public works.

As I have repeatedly said, the actions of a member who is not a minister are not covered by the ethics code.

• (1425)

Mr. Michel Gauthier (Roberval, BQ): Mr. Speaker, the minister of immigration was conducting a pan-Canadian consultation. It was his first project as minister, and they want us to believe that the then minister of public works, Alfonso Gagliano, or the Minister of Canadian Heritage, I do not know which, surprised him with the news that the firm that would be helping him, the firm which had been given the contract, was the firm owned by his friend, the president of Everest.

They actually want us to swallow this. They take us for idiots. They take the public for idiots.

Hon. John Manley (Deputy Prime Minister and Minister of Infrastructure and Crown Corporations, Lib.): Mr. Speaker, it is not a question of the minister of immigration's friends. If there are questions about the contract, the same holds as for the other contracts. This is something that could be looked at by the auditor general.

She is the one who conducted the investigations which were requested by the government. She will continue to do so. She has already said that she will continue to do so, and we will respond directly to the auditor general's recommendations.

Oral Questions

[English]

HEALTH

Ms. Alexa McDonough (Halifax, NDP): Mr. Speaker, the Canadian Medical Association today published evidence that patients treated in for profit hospitals have a 2% higher risk of dying than those in not for profit hospitals. Based on 38 million patients, the study demolishes the health minister's contention that who owns or operates hospitals does not matter "as long as when you present your health card, your stay and treatment are paid for by a publicly administered health care system".

Has this dramatic evidence finally persuaded the health minister to change her mind?

Hon. Anne McLellan (Minister of Health, Lib.): Mr. Speaker, the hon. member misunderstands what I said. I do not advocate for profit hospitals. What I do advocate for is evidence based decision making.

The importance of the *Canadian Medical Association Journal* article is that it provides us with more evidence that provincial and territorial health care ministers can use in making decisions as to how to best deliver health care on behalf of all Canadians.

Ms. Alexa McDonough (Halifax, NDP): Mr. Speaker, I certainly welcome that the minister is now acknowledging it is hard evidence that needs to underlie these decisions.

The minister sent shock waves through the country on January 18 when she talked about how it does not matter who owns and operates the hospitals. This is evidence to be sure based on 26,000 American hospitals. Applied to the Canadian context, this means that 2,200 Canadians each year would die unnecessarily.

I ask the minister again, will she withdraw her contention that it does not matter who owns and operates the hospitals?

Hon. Anne McLellan (Minister of Health, Lib.): Mr. Speaker, what I will say is that which I said earlier, which is what is important is evidence on which provincial and territorial health care ministers can make decisions around how health care is delivered in this country. In relation to that, the *Canadian Medical Association Journal* article is in fact an important contribution. It is one which I am sure my provincial and territorial colleagues as well as myself will review very carefully and with great interest.

* * *

[Translation]

GOVERNMENT CONTRACTS

Right Hon. Joe Clark (Calgary Centre, PC): Mr. Speaker, my question is for the minister of immigration.

When he was a minister of the crown, why did he give two contradictory responses to the *Globe and Mail* concerning his past relationship with Groupe Everest?

Hon. John Manley (Deputy Prime Minister and Minister of Infrastructure and Crown Corporations, Lib.): Mr. Speaker, the minister has already said that he had not properly understood the questions.

Some hon. members: Oh, oh.

Hon. John Manley: But at any rate, he was not obliged to give any answer to questions relating to his conduct while a backbencher.

* * *

[English]

GOVERNMENT GRANTS

Right Hon. Joe Clark (Calgary Centre, PC): Mr. Speaker, the solicitor general now is following precisely the Shawinigate playbook on dealing with government agencies.

The Prime Minister saw nothing wrong in calling the president of the BDC. Now the solicitor general is discussing directly with the commissioner of the RCMP a \$3.5 million grant application filed by the minister's brother. This is a clear violation of section 23 of the conflict of interest code.

Will the Deputy Prime Minister tell us, has the ethics counsellor been asked for a ruling on this conflict?

● (1430)

Hon. Lawrence MacAulay (Solicitor General of Canada, Lib.): Mr. Speaker, in addition to my responsibilities as solicitor general, I am also responsible for Prince Edward Island. It is my job.

In this case I was acting on behalf of my province, unlike my right hon. colleague from Calgary Centre who was acting on his own when he called the Prime Minister to ask to have his brother appointed a judge.

Some hon. members: Oh, oh.

The Speaker: Order. It is very difficult to hear the question from the hon. member for West Vancouver—Sunshine Coast who after all has the floor.

I know a lot of members have questions today. We will hear this one now because the hon. member has the floor.

Mr. John Reynolds (West Vancouver—Sunshine Coast, Canadian Alliance): Mr. Speaker, I have a very short question for the solicitor general. Did he or did he not talk to the RCMP Commissioner with regard to grants to Holland College, yes or no?

Hon. Lawrence MacAulay (Solicitor General of Canada, Lib.): Mr. Speaker, as I have indicated a number of times, the proposal was submitted to the AIF. I received the proposal as regional minister. As is done with all letters and proposals, it was submitted to the appropriate area which was the RCMP.

Mr. John Reynolds (West Vancouver—Sunshine Coast, Canadian Alliance): Mr. Speaker, I want to repeat the question again for the solicitor general. Did the solicitor general talk directly with the commissioner of the RCMP, yes or no?

Hon. Lawrence MacAulay (Solicitor General of Canada, Lib.): Mr. Speaker, I made the facts of this case very clear. I acted as the minister responsible for Prince Edward Island. I acted as the responsible solicitor general.

The proposal was received by my office. It was submitted to the appropriate area, the RCMP. They made the decision.

Oral Questions

[Translation]

GOVERNMENT CONTRACTS

Mr. Ghislain Lebel (Chambly, BQ): Mr. Speaker, the minister of immigration did in fact deny having used the condo owned by his friend from Groupe Everest, Mr. Boulay. At the time of this denial, he was a member of cabinet. Should he not have told the whole truth?

Will the minister finally admit that both he and Claude Boulay initially denied the facts regarding the use of the condo because they were both fully aware that they were in conflict of interest and deliberately tried to keep journalists from getting wind of the whole affair?

Hon. John Manley (Deputy Prime Minister and Minister of Infrastructure and Crown Corporations, Lib.): Mr. Speaker, the minister already explained that he misunderstood the questions.

In any case, he was not even required to answer questions regarding his conduct when he was a backbencher.

Mr. Ghislain Lebel (Chambly, BQ): Mr. Speaker, earlier today, in defence of his minister of immigration, the Prime Minister gave us an excuse that members were entitled to personal privacy.

I agree with that. Of course members are entitled to personal privacy.

However, does the Deputy Prime Minister not find it completely unacceptable when a member's private life influences the first decisions he makes as a minister, causing him to return a favour to someone to whom he was indebted?

Hon. John Manley (Deputy Prime Minister and Minister of Infrastructure and Crown Corporations, Lib.): Mr. Speaker, I think the member is exaggerating.

In any case, I believe that a member's behaviour and the right to privacy allow us to avoid answering questions about his private life.

I believe that the contract in question followed the treasury board standards. This was a contract recommended by the Department of Public Works and Government Services. There is no need for more questions.

* * *

[English]

GOVERNMENT GRANTS

Mr. Vic Toews (Provencher, Canadian Alliance): Mr. Speaker, I think the people of Canada missed the answer to the question directed at the solicitor general.

My colleague asked him if he talked to the commissioner of the RCMP regarding the \$3.5 million proposal from his brother who is the head of the college. There may well have been other colleges as well, but did he talk to the RCMP commissioner about that proposal?

• (1435)

Hon. John Manley (Deputy Prime Minister and Minister of Infrastructure and Crown Corporations, Lib.): Mr. Speaker, I think we have had about enough of this particular drive-by smearing by the Alliance Party. The proposal was not made—

Some hon. members: Oh, oh.

The Speaker: Order. I know the minister is getting a lot of help with his answer but we have to be able to hear his answer rather than the comments that may be intended to assist, for all I know. The Deputy Prime Minister has the floor. We will hear the answer.

Hon. John Manley: Mr. Speaker, there was not a proposal made on behalf of the brother of the solicitor general. There was a proposal made on behalf of Sheridan College, Holland College and the University of Moncton. It was not for the private or personal benefit of anyone related to the minister.

It is time we realized that ministers have a job to do that requires them to take a position in public life. The fact that he received a proposal and passed it on—

The Speaker: The hon. member for Provencher.

Mr. Vic Toews (Provencher, Canadian Alliance): Mr. Speaker, the Deputy Prime Minister has raised all types of fog in trying to avoid the question. I have respect for the solicitor general. Why does the solicitor general not have the courage to stand in the House and state did he or did he not talk to the commissioner about this proposal? Regardless of whether it was his brother's college or somebody else's college, did he talk to the commissioner about this proposal?

Hon. John Manley (Deputy Prime Minister and Minister of Infrastructure and Crown Corporations, Lib.): Mr. Speaker, why does the member not have the courage to stand in this place and acknowledge that Holland College is not the solicitor general's brother's college? It is a public institution. Why does the member not have the courage to stand in this place and admit that he is trying to, without foundation, smear the reputation of an hon. member of the House, a minister who has served with distinction? Why does the member not admit that he has taken one step too many in this ongoing crusade to try to destroy people's reputations?

* * *

[Translation]

GOVERNMENT CONTRACTS

Ms. Caroline St-Hilaire (Longueuil, BQ): Mr. Speaker, when a firm obtains a government contract, the public is entitled to expect it to be of a certain size, to have a structure allowing it to carry out its mandate satisfactorily.

How does the Deputy Prime Minister explain the fact that a check of the list of financial institutions shows that Communications Coffin claims to have no employees working for it?

[English]

Hon. Ralph Goodale (Minister of Public Works and Government Services, Minister responsible for the Canadian Wheat Board and Federal Interlocutor for Métis and Non-Status Indians, Lib.): Mr. Speaker, I am not aware of the allegation that the hon. member has just made.

With respect to the issue related to the Coffin firm, which was discussed in the House yesterday, my officials have been in touch with the firm, both yesterday and today. The examination is ongoing. We are obviously seeking satisfactory answers from the company. We expect to receive those answers. If we do not, the appropriate action will be taken.

Oral Questions

[Translation]

Ms. Caroline St-Hilaire (Longueuil, BQ): Mr. Speaker, does the minister think that it is right for the federal government to award substantial contracts to a communications firm which has no employees and which, in the end, serves only as a intermediary between the federal government and subcontractors, after helping itself to a generous commission? Is this good management?

[English]

Hon. Ralph Goodale (Minister of Public Works and Government Services, Minister responsible for the Canadian Wheat Board and Federal Interlocutor for Métis and Non-Status Indians, Lib.): Mr. Speaker, what is important is for any contractor that does business with the Government of Canada to be able to perform the services that are contracted for, to do so in a proper manner and according to the complete rules of transparency and accountability.

I would point out that my predecessor in the department took steps earlier this spring to launch an entire new process for securing standing offers for firms in this business.

• (1440)

Mr. Gerry Ritz (Battlefords—Lloydminster, Canadian Alliance): Mr. Speaker, at least now we know why the Prime Minister went to Rome. It is going to take an affidavit from the Pope to help out the solicitor general on this one.

Did the solicitor general specifically speak to the RCMP commissioner in regard to a \$3.5 million program? Yes or no.

Hon. Lawrence MacAulay (Solicitor General of Canada, Lib.): Mr. Speaker, as I said to the House a number of times, I speak to the commissioner of the RCMP on a regular basis. In the second last briefing we had, the commissioner of the RCMP just indicated to me that this proposal likely would not be accepted. He liked the proposal but it likely would not be accepted because he did not have the means to do it.

Mr. Gerry Ritz (Battlefords—Lloydminster, Canadian Alliance): Mr. Speaker, whether the proposal is accepted or not is irrelevant. It has no bearing on the facts. Did the minister specifically point out to the RCMP commissioner that Holland College, where the president is his brother, or did he actually say, would be a great place for this thing to go if they were going to do it? Yes or no.

Hon. Lawrence MacAulay (Solicitor General of Canada, Lib.): No, Mr. Speaker. As I have indicated quite clearly many times, when I receive a proposal it is handled in the appropriate manner. I did not indicate to the RCMP what they should or should not do. I did not tell the RCMP what to do or what not to do. I have never done that and I will never do that.

* * *

THE ENVIRONMENT

Hon. Charles Caccia (Davenport, Lib.): Mr. Speaker, after lengthy negotiations, the Canada-Ontario Great Lakes agreement was signed in March 2002 and has been in effect since then, yet the details have not been made public.

Could the Minister of the Environment inform the House as to when the contents of the agreement will become public knowledge,

considering the importance of protecting the world's largest fresh-water ecosystem?

Hon. David Anderson (Minister of the Environment, Lib.): Mr. Speaker, I am happy to tell the hon. member that we are in discussions with the province of Ontario at the present time. My expectation is that we will be able to make the announcement that he asked for in the very near future, but I can assure him and the House that despite the fact that this has not yet been signed, ongoing work is continuing.

In fact, in the last year some \$3 million was made available for projects under the general terms of the agreement, and we intend to make further financing announcements, regardless of the announcement with respect to the agreement, over the months to come.

* * *

HEALTH CARE

Ms. Judy Wasylycia-Leis (Winnipeg North Centre, NDP): Mr. Speaker, the health minister says she wants to make evidence based decisions. She now has the evidence, the hard, cold facts, the conclusive results of the McMaster University study, which show that private hospital care increases death rates.

She also knows that under her watch private hospitals and clinics have opened up in Ontario, Alberta and B.C.

My question is for the minister. Now that she has the evidence, will she act to stop privatization?

Hon. Anne McLellan (Minister of Health, Lib.): Mr. Speaker, as I have indicated before, if one presumes that provincial and territorial health ministers make decisions in relation to delivery methods for health care on the basis of evidence, the McMaster study is an important study. It is one study and I have no doubt that provincial and territorial colleagues will study it, just as I will.

Ms. Judy Wasylycia-Leis (Winnipeg North Centre, NDP): Mr. Speaker, the McMaster study, which shows that private hospital care increases death rates, is a call to action for the minister and the government.

Four months ago the health minister said private delivery was not a big deal. We now know it is a big deal. It is a matter of life and death.

Under the minister new privatization initiatives have occurred in Calgary, Vancouver, Abbotsford, Brampton and Ottawa. At this rate, deaths will occur in Canada as a result of the minister's inaction. Will she now stop privatization—

The Speaker: The hon. Minister of Health.

Hon. Anne McLellan (Minister of Health, Lib.): Mr. Speaker, here is another example of the hon. member's tactics in relation to scaremongering.

As I have said throughout, my provincial and territorial colleagues and I will make decisions on the basis of the best evidence.

Oral Questions

The hon. member is suggesting that this is a useful study in terms of helping us understand those delivery modes which make the most sense in various circumstances. Absolutely. I think the McMaster study will be very useful to all of us in making those decisions.

* * *

• (1445)

GOVERNMENT CONTRACTS

Mr. Bill Casey (Cumberland—Colchester, PC): Mr. Speaker, there is obviously a lot of concern surrounding the questions about the solicitor general's contact with the RCMP commissioner.

The right hon. member for Calgary Centre asked if this had been referred to the ethics commissioner and it seems to me that would be an appropriate way to deal with this. Has it been referred to the ethics commissioner or will it be?

Hon. John Manley (Deputy Prime Minister and Minister of Infrastructure and Crown Corporations, Lib.): Mr. Speaker, the ethics counsellor is undoubtedly prepared to look at any question that is raised by a minister or by the Prime Minister with him, but I point out once again to the hon. member that there is no allegation here, even at the most extreme, that any private or personal interest was being pursued in this case. Rather, what was being considered was a proposal from public institutions, namely two colleges and a university. It is a different matter altogether.

Mr. Bill Casey (Cumberland—Colchester, PC): Mr. Speaker, the ethics counsellor's report on the Gagliano affair is twelve pages long, has four subtitles and twelve sub-subtitles. It obviously took a lot of work and time to prepare. It is hard to believe that the ethics counsellor, over the weekend, on Saturday afternoon, could prepare two of these. Would the government table these two completed reports on the minister of public works and the minister of defence today?

Hon. John Manley (Deputy Prime Minister and Minister of Infrastructure and Crown Corporations, Lib.): Mr. Speaker, insofar as the ethics counsellor advises the Prime Minister on the conduct of ministers, that is a matter between him and the Prime Minister. The Prime Minister takes responsibility for ministerial conduct and that is his job.

* * *

GOVERNMENT APPOINTMENTS

Mrs. Betty Hinton (Kamloops, Thompson and Highland Valleys, Canadian Alliance): Mr. Speaker, we now learn that Portugal, like Denmark, might be receiving a disgraced Canadian minister as our ambassador. Rumours are afoot that the former Minister of National Defence may be appointed ambassador to Portugal.

Will the government assure Canadians that another disgraced minister will not be rewarded with an ambassador's position?

Hon. John Manley (Deputy Prime Minister and Minister of Infrastructure and Crown Corporations, Lib.): Mr. Speaker, I guess the economy is going well, I guess the Alliance Party is very satisfied with the state of Canadian health care and I am sure that the Alliance has no concerns in areas of justice or in other matters of the environment, because that has to be one of the more pathetic questions we have been exposed to in the House in a long time.

Mrs. Betty Hinton (Kamloops, Thompson and Highland Valleys, Canadian Alliance): Mr. Speaker, we are concerned about all of those things on this side of the House, but we are also concerned about the reputation of Canada worldwide and as a trade partner.

The Danish people must be wondering why Canada is punishing them by shipping them one of the Prime Minister's ethically damaged ministers.

One minister did something wrong and was punished. Another did something equally wrong, possibly worse, and he is being rewarded with an ambassadorship.

Do you have any standards on that side of the House, and if you do, what are they?

Hon. John Manley (Deputy Prime Minister and Minister of Infrastructure and Crown Corporations, Lib.): I am sure, Mr. Speaker, that you do have standards and I would speak for them any time.

That really reflects the mentality of the members over there, that this is all about punishment. In fact what we are endeavouring to do and what the Prime Minister endeavoured to do in his speech last week was to deal with the maintenance of public confidence with an eight point plan to deal with issues, some of which have been raised quite legitimately by the auditor general. We have been very transparent and open about those. We have undertaken to make the changes that are necessary. We are looking toward the future, while they are looking to punish for the past.

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[Translation]

GOVERNMENT CONTRACTS

Mr. Michel Guimond (Beauport—Montmorency—Côte-de-Beaupré—Île-d'Orléans, BQ): Mr. Speaker, we have just heard from the lips of the Deputy Prime Minister that the minister of heritage was apparently the one who selected Groupe Everest to organize the cross-Canada consultation on amateur sport.

We would like to know the criteria the heritage minister used to select, totally at random, the company belonging to the great buddy of the minister of immigration?

Hon. John Manley (Deputy Prime Minister and Minister of Infrastructure and Crown Corporations, Lib.): Mr. Speaker, I never said it was the minister, I said it was the Department of Canadian Heritage. According to treasury board regulations, the company was chosen by Public Works Canada.

I would however like to quote the words of the member for Châteauguay who said "I congratulate the government for the consultations it has carried out. I believe they were necessary for the sporting community, be it athletes, coaches, or even other levels of government. There were consultations, and I took part in some. I congratulate the government on that".

This, then is the work which—

• (1450)

The Speaker: The hon. member for Beauport—Montmorency—Côte-de-Beaupré—Île-d'Orléans.

Oral Questions

Mr. Michel Guimond (Beauport—Montmorency—Côte-de-Beaupré—Île-d'Orléans, BQ): Mr. Speaker, is she the one who made the choice? If not, if it is not the secretary of state, who says he is not empowered to award contracts, and if it is not the minister of heritage, then was it Alfonso Gagliano who awarded the contract?

Hon. John Manley (Deputy Prime Minister and Minister of Infrastructure and Crown Corporations, Lib.): Mr. Speaker, the same question may be asked a hundred times, but the answer is always the same.

Not only did the contract respect TB regulations, but I have also just quoted the words of his colleague who has indicated that the work done under this contract was carried out very well.

* * *

[English]

GOVERNMENT APPOINTMENTS

Mr. Stockwell Day (Okanagan—Coquihalla, Canadian Alliance): Mr. Speaker, Alfonso Gagliano's conduct as public works minister is now the subject of at least one police investigation and involving Groupaction. Surely given the Prime Minister's apparent concern about ethics in public life, given that, it is wrong for him to allow Mr. Gagliano to continue as our ambassador.

Will the Prime Minister tell us, is he at least considering rescinding the appointment of Alfonso Gagliano as ambassador?

Hon. John Manley (Deputy Prime Minister and Minister of Infrastructure and Crown Corporations, Lib.): Mr. Speaker, first, the member misstates the facts. The former minister is not under any police investigation. Second, once again in a casual smearing of a distinguished public career reputation, I think it is unsuitable.

The information of which Mr. Gagliano is aware is perfectly accessible through all of this process and he too is accessible to those who are doing the investigation.

[Translation]

Mr. Stockwell Day (Okanagan—Coquihalla, Canadian Alliance): Mr. Speaker, the Prime Minister has put in place a flexible ethics guideline. The minister of defence did not adhere to it and was removed from his position. The minister of public works did not adhere to it, and was demoted. Yet Alfonso Gagliano did not adhere to it and was given an ambassadorship by the Prime Minister. This involves not only international affairs but also funny business.

Could the Deputy Prime Minister perhaps explain this to me?

Hon. John Manley (Deputy Prime Minister and Minister of Infrastructure and Crown Corporations, Lib.): Mr. Speaker, I think the hon. member must have a very good understanding of funny business. He has had plenty of experience.

It must, however, be acknowledged that, in this case, the Prime Minister was recognizing the service an individual had provided to the public for a number of years.

There is also the fact that, here in the House and in the committees of the House, the hon. member can ask any question he wishes on what interests him.

[English]

HEALTH

Mr. Janko Perić (Cambridge, Lib.): Mr. Speaker, my question is for the Minister of Health. With the current pace of life and rising demands on workers in our knowledge based economy, mental illness is expected to rise sharply.

What is the minister doing to bolster mental health research and treatment efforts?

Hon. Anne McLellan (Minister of Health, Lib.): Mr. Speaker, indeed the Government of Canada considers issues surrounding mental health as very important, not only to individual Canadians but to their families and their communities.

Health Canada works across this country to promote mental health, working at the grassroots level developing tools, programs and resources. We also support the CIHR which has funded recently to the tune of close to some \$10 million 55 projects in communities of all sizes to learn more about the causes of mental illness and how we, our families and communities can deal with the challenges of mental illness.

* * *

[Translation]

GOVERNMENT CONTRACTS

Mr. James Moore (Port Moody—Coquitlam—Port Coquitlam, Canadian Alliance): Mr. Speaker, in 1997, the minister of immigration stayed at a luxury condo owned by Claude Boulay, the president of Groupe Everest. First, he said that he never stayed at Mr. Boulay's condo, but his story changed. Now, he tells us that he spent several weeks in this luxury accommodation.

My question for the minister is a simple one: Why did he change his story? Why?

● (1455)

Hon. John Manley (Deputy Prime Minister and Minister of Infrastructure and Crown Corporations, Lib.): Mr. Speaker, his explanation was that he had not clearly understood the question in English. In any event, this question has been asked several times today, and the answer is the same.

[English]

Mr. James Moore (Port Moody—Coquitlam—Port Coquitlam, Canadian Alliance): Mr. Speaker, the purpose of question period is to try to hold the government accountable. It is hard to do that when ministers do not stand up and answer questions that are asked of them.

We asked the solicitor general a simple yes or no question, but he cannot summon the will to stand up and answer yes or no to a simple question. We asked the minister of immigration simple questions. He cannot stand in his place and answer the questions. We tried to ask questions of Mr. Gagliano but the Liberals hid him over in an embassy.

Oral Questions

I ask again a simple question of the Minister of Citizenship and Immigration. If he is worth his income as a minister he will stand up and answer it. Why did he change his story about staying at the luxury condo? Why did he change it?

Hon. John Manley (Deputy Prime Minister and Minister of Infrastructure and Crown Corporations, Lib.): Mr. Speaker, I encourage you to deal with that issue as a matter of a point of order because the rules of the House are quite clear. The minister of immigration has no obligation to stand in the House to answer questions about what he did when he was a backbench member of parliament.

If the member has any question to do with his responsibilities as minister of immigration, if he can think of one, why does he not ask it and the minister will respond?

[*Translation*]

Mr. Gilles Duceppe (Laurier—Sainte-Marie, BQ): Mr. Speaker, as parliamentarians, we are entitled to know who at amateur sport awarded the contract to Everest.

I have a simple question for the minister of heritage—we are told that she is the one. Did she authorize the contract, what were the criteria, and did she know that the president of the company was a close friend of her minister responsible for amateur sport? That is a clear and simple question. Can she answer?

[*English*]

Hon. Ralph Goodale (Minister of Public Works and Government Services, Minister responsible for the Canadian Wheat Board and Federal Interlocutor for Métis and Non-Status Indians, Lib.): Mr. Speaker, let me try to be quite clear. The contract in question was awarded by the Department of Canadian Heritage. It was not the secretary of state's office. All Government of Canada procedures for acquiring communications services were followed.

The specific choice of Groupe Everest was made by officials in the Department of Public Works and Government Services on the basis of the agency's standing offer with that department.

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[*Translation*]

RENEWABLE ENERGY SOURCES

Mr. Gérard Binet (Frontenac—Mégantic, Lib.): Mr. Speaker, my question is for the Minister of Natural Resources.

Renewable energy sources, particularly wind and solar energy, are gaining more and more interest throughout the world.

In addition to reducing our dependence on oil and gas, these energy sources also provide a solution to the pressing problem confronting Canadians: the need to reduce greenhouse gas emissions and other atmospheric emissions from energy production and consumption.

Can the Minister of Natural Resources explain to the House of Commons how the government—

The Speaker: The hon. Minister of Natural Resources.

[*English*]

Hon. Herb Dhaliwal (Minister of Natural Resources, Lib.): Mr. Speaker, renewable energy is extremely important for all members of the House. Last week I launched in North Cape in Prince Edward Island the wind power production incentive, a \$260 million initiative, to develop wind energy across the country.

This new Government of Canada program will help increase the amount of wind energy available across Canada by 500%. This is a substantial improvement and I know all members of the House will support the program.

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AGRICULTURE

Mr. Howard Hilstrom (Selkirk—Interlake, Canadian Alliance): Mr. Speaker, a bombshell was dropped on the cattle industry over the weekend when the Canadian Food Inspection Agency revealed it downgraded Manitoba's tuberculosis free status five years ago. The Liberals neglected to inform the cattle producers, the Manitoba government and the House of Commons of the change in Manitoba's tuberculosis status.

In question period on March 15, in response to my questions, the minister of agriculture stated that all of Canada was TB free. This is clearly not true.

Did the minister not know of Manitoba's change in status or did he just simply mislead the House?

Hon. Lyle Vanclief (Minister of Agriculture and Agri-Food, Lib.): Mr. Speaker, the status of Manitoba is one that does not affect provincial movement of cattle, livestock, interprovincial movement of cattle or international movement of cattle. It has TB free accreditation but is not designated as totally TB free. The Canadian animal health consultative committee and the province of Manitoba has been aware of that.

* * *

● (1500)

[*Translation*]

GOVERNMENT CONTRACTS

Mr. Gilles Duceppe (Laurier—Sainte-Marie, BQ): Mr. Speaker, we now know that it is the minister of heritage who awarded the contract. Since it is her department, she has the responsibility.

My question for her has to do with the criteria she used. Did she know that Groupe Everest belonged to a personal friend of the minister responsible for amateur sport? Did she discuss this with the Secretary of State for Amateur Sport before awarding the contract?

Could she tell us what process she followed, since she is responsible for awarding this contract?

Points of Order

[English]

Hon. Ralph Goodale (Minister of Public Works and Government Services, Minister responsible for the Canadian Wheat Board and Federal Interlocutor for Métis and Non-Status Indians, Lib.): Mr. Speaker, again let me be clear. The contract was awarded by the Department of Canadian Heritage not by the minister. The choice of Groupe Everest was made by officials in the Department of Public Works and Government Services at the time on the basis of the agency's standing offer with that department and that standing offer was the result of a fully competitive process.

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TAXATION

Hon. Lorne Nystrom (Regina—Qu'Appelle, NDP): Mr. Speaker, my question is for the Minister of Finance. It is a question on tax policy. Deaf and hard of hearing people, including students, now are issued tax bills for funds they receive to hire a sign language interpreter or a captioner. This taxation imposes an unfair financial burden and hardship, in particular on students, forcing many to discontinue their studies.

Will the minister do the right thing now and stop issuing tax bills for services that help to provide a level playing field for students and all Canadians who have hearing difficulties?

Hon. Paul Martin (Minister of Finance, Lib.): Mr. Speaker, as the hon. member knows, in the last budget, and in fact in the budget prior to that as well, we substantially improved the tax credits for people with disabilities. It is the government's intention to continue to do this.

I will certainly examine the issue the member has raised.

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GOVERNMENT CONTRACTS

Right Hon. Joe Clark (Calgary Centre, PC): Mr. Speaker, my question is for the Deputy Prime Minister. Is it the government's position that ministers have no authority over the issuing of advertising or sponsorship contracts?

Hon. John Manley (Deputy Prime Minister and Minister of Infrastructure and Crown Corporations, Lib.): Mr. Speaker, the minister of public works has explained what process was followed with respect to that contract. I hope that clarified any confusion the hon. member found in my earlier response in French.

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PRESENCE IN GALLERY

The Speaker: I draw the attention of hon. members to the presence in the gallery of His Excellency Ahmad Humaid Al Tayer, who is the Minister of Communications of the United Arab Emirates and Chairman of the Board of Directors of Emirates Post.

Some hon. members: Hear, hear.

* * *

POINTS OF ORDER

ORAL QUESTION PERIOD

Mr. Jim Abbott (Kootenay—Columbia, Canadian Alliance): Mr. Speaker, it has been the practice of the House during question

period that the opposition can only ask questions of the ministers and their area of ministerial responsibility. We have always been precluded from asking a question about the minister's responsibility with respect to province or other responsibilities that the Prime Minister has given to him.

The solicitor general, in a response to one of the questions today, made it very clear that he, as solicitor general, also had ministerial responsibility for the province of Prince Edward Island.

I would therefore ask if this does not make the case that in future the official opposition and others will be able to ask the ministers questions about their provincial responsibilities along with their other assigned responsibilities?

Hon. Don Boudria (Minister of State and Leader of the Government in the House of Commons, Lib.): Mr. Speaker, the hon. member for Kootenay—Columbia just raised a point stating that he considered it would be appropriate for someone to answer questions about regional responsibilities or responsibilities outside of the minister's administrative function.

I draw to the attention of the House page 426 of Marleau and Montpetit, which says very clearly that a question must lie within the administrative responsibility of the government or the individual minister addressed. The footnote refers to an intervention by the then speaker, the hon. John Bosley, in reference to Sinclair Stevens where at the time Mr. Stevens was asked a question regarding his personal behaviour and something having nothing to do with his department.

At the time the Speaker ruled that the question was out of order on the ground that it did not pertain to Mr. Stevens' responsibility as the minister. He further clarified that questions of a purely personal nature or otherwise were out of order, even if the borderline between what was personal and what was ministerial was not always evident. That was on May 8, 1986, pages 13081 and 13082 of *Hansard*.

● (1505)

Mr. Jim Abbott: Mr. Speaker, the House leader has read us something that is irrelevant to my point. It is irrelevant in that the quotation that he read had to do with the fact that the question related to the personal business of Mr. Stevens. This issue does not have anything to do with the personal business of the solicitor general or certainly should not have.

My point is that the solicitor general in my judgment, and I am looking for your wisdom on this, Mr. Speaker, has clearly opened the door. As a minister that has been assigned responsibility for Prince Edward Island by the Prime Minister of Canada, he has reaffirmed in the House that he has responsibility for Prince Edward Island.

I put it to you, Mr. Speaker, that I should also be able to ask, for example, of the Minister of Natural Resources, who is the political minister for the province of British Columbia as assigned by the Prime Minister and does administrative functions on behalf of the Prime Minister with respect to that provincial responsibility, questions about what is going on in the province of British Columbia as they relate to any spending related to WED or anything of that nature in that province.

I think the solicitor general has opened the door and I would like to drive my car through it.

Supply

The Speaker: I think the hon. member for Kootenay—Columbia has raised a point that may or may not entitle him to ask questions.

The Chair is very generous in allowing members to ask questions in the House, as the hon. member for Kootenay—Columbia is well aware, but it begs the question of who gets to answer. Any member can rise on the government side to answer. The Chair has no control over that. He might ask the hon. Minister of Natural Resources some question concerning British Columbia but the Minister of Finance might be the one to stand up and answer, or the Minister of Fisheries and Oceans, or the Prime Minister, or the Deputy Prime Minister or even the minister of state, the government House leader, who has books in hand and I am sure is ready to argue this point further.

In the circumstances I do not think there is an immediate answer to his question. I am prepared to look at it and come back to the House if necessary. However I am sure that he is not likely to get objections from the Chair if he frames his question and addresses it to someone specific, particularly when someone else gets up to answer which as he knows is commonplace in question period in the House and has been for as long as I can remember.

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BOARD OF INTERNAL ECONOMY

The Speaker: I have the honour to inform the House that Mr. Don Boudria of the electoral district of Glengarry—Prescott—Russell has been appointed member of the Board of Internal Economy in place of Mr. Ralph Goodale, member for the electoral district of Wascana.

GOVERNMENT ORDERS

[English]

SUPPLY

ALLOTTED DAY—INTERNATIONAL TRADE

The House resumed consideration of the motion.

Mr. Ken Epp (Elk Island, Canadian Alliance): Mr. Speaker, when the proceedings were interrupted by question period, the minister was just coming forth with all the wonderful plans that his government apparently had for the well-being of the country.

I find it rather distressing that he exceeded in volume what he produced in substance. I would like to ask him to simply state what he was trying to say. He was so loud that we could not understand his words.

• (1510)

Hon. Andy Mitchell (Secretary of State (Rural Development) (Federal Economic Development Initiative for Northern Ontario), Lib.): Mr. Speaker, I said a number of things. It is unfortunate the hon. member did not hear them.

Let me make it clear. In dealing with the issues of agriculture and softwood lumber the government needs to follow and is following three different processes.

First, we need to understand that the issue of agricultural trade is not simply a bilateral issue with the United States. Agricultural trade exists right around the world. Several countries are heavily involved

in it. Several organizations within the global community groups countries together. As we deal with the U.S. farm bill, it is important that we have consultations with all those individuals because the impact is not just on Canada. It is on many nations around the globe. It is as negative on them as it is on us and we need to deal with them.

The second point is that it is important that we have an opportunity to deal with some of the long term issues that are involved in our industries in terms of agriculture, and I mention that one again. The agricultural policy framework is one such initiative to deal with the ongoing issues in agriculture.

To quote from the Speech from the Throne and again from the budget, we must stop dealing on a crisis management perspective and bring some long term stability to the agricultural industry.

That is why last June the federal minister of agriculture reached an agreement with his provincial and territorial counterparts in the Yukon and why they have spent the past year working toward developing that framework. They are making some good progress. Another meeting is scheduled for the end of June where hopefully they will make some additional progress.

The third component is to deal with short term issues. Structures are in place to deal with some of those short term issues. On the softwood lumber side, my hon. colleague, the Minister of Human Resources Development, has a number of tools that can be used in that respect. There is a safety net program in terms of the department of agriculture to deal with that. There are the regional development agencies right across the country that deal with community adjustment. There is also existing programming and we are looking at the adequacy of that programming. We are looking at additional measures that we may need to take in response to some of the international issues that are happening.

The key point here, and the point we understand as a government, is that we do not simply react in a major crisis, as the Alliance would suggest we do. We take a co-ordinated and an all encompassing approach to ensure we have a clear strategy to deal with the issues that are being brought forth by the inappropriate actions of the United States, both in terms of agriculture and in terms of softwood lumber.

Mr. Grant McNally (Dewdney—Alouette, Canadian Alliance): Mr. Speaker, I would just simply say to the member opposite that this is not a knee-jerk reaction. We have been asking the government for a long term comprehensive strategy for a long time. In fact we began asking for that years ago when the softwood lumber agreement was in place. We knew it would expire and that the government would need to have a plan, and that it did not have a plan.

As a result, workers are now losing their jobs, many of them in my riding. Would he not agree with me on that point?

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Hon. Andy Mitchell: Mr. Speaker, the reality is that we entered into discussions and negotiations as the softwood lumber agreement was coming to a conclusion. We did not do this in isolation. We did it with the provinces and with the industry. One of the things that they made clear to us was that we must work toward a free trade regime and not re-enter into an agreement such as we did five years ago. That was the strategic approach. It was accepted and supported by the provinces and the industry. That is in fact what the government has been doing, continues to do and will do in the future.

Mr. Peter Adams (Peterborough, Lib.): Mr. Speaker, those questions and the answers provide me with an excellent opportunity to participate in the debate. I am pleased to have this opportunity to re-emphasize for the House the importance the government accords to agriculture in Canada.

As was just discussed, I need to remind members that the Minister of Agriculture and Agri-Food has been working non-stop for the past year with his provincial and territorial counterparts to develop the policy that they all agreed to in principle last June in Whitehorse. It is a policy that will take Canada's agriculture sector from the 20th century truly into the 21st century.

As the secretary of state just said, the importance of this agricultural policy framework, as it is called, lies in its ability to galvanize the agriculture sector and to increase its competitiveness and profitability in the long term. It is a strong, integrated policy that focuses on food safety and quality, innovation and environmentally responsible production. Such a policy is this sector's best security for the future. The government recognized this in the December budget when it made a commitment to provide its share of predictable long term funding to support such a policy.

The Minister of Agriculture and Agri-Food and his provincial colleagues continue to make progress toward signing an umbrella agreement on this framework next month.

This new integrated policy is essential for the continued growth of the agriculture sector in Canada as it faces unprecedented challenges. This is not something that can be accomplished piecemeal. No matter how well-meaning, knee-jerk reactions are not the way to go.

Our farmers work in a very complex world environment today. We all know about the U.S. farm bill. We all know about drought, globalization and the increasing consumer concerns and demands. Those are tough challenges but Canadian producers have always turned challenges to their benefit by treating them as opportunities. They have always used ingenuity and innovation to come up with better ways to meet the bottom line. That is how the farmers, not governments, built our agriculture and agrifood sector into a multi-billion dollar business, accounting for 8% of the gross domestic products. It is the largest manufacturing sector in seven out of ten of our provinces and the third largest agrifood exporter in the world.

The agriculture and agrifood sector is a major economic driver in the country. The proposed agriculture policy framework recognizes this and will lead to even greater growth and profitability.

When the nation's agriculture ministers met last June in Whitehorse, they shared a sense of urgency, fully aware that agricultural policy in Canada did not square with the challenges and

opportunities that the new millennium held. What united the ministers in Whitehorse was the recognition that new times called for new measures. They left Whitehorse with an agreement in principle on an action plan to help Canada be the best in the world at meeting the demands of the marketplace.

Over the course of the last year the response to their vision has gone from being cautious initially, as one would expect, even skeptical in the first place, to wide acceptance and broad support among the stakeholders. I stress the stakeholders. I am not talking about wide acceptance and support among politicians.

The reason for that development over the year is quite simple. It is because this approach makes sense. It is the logical approach and the sector sees it as the approach that will increase profitability by equipping it for success in the 21st century marketplace driven by the new expectations of consumers and tight global competition.

• (1515)

A year after Whitehorse, agriculture ministers across the country remain committed to the plan and are determined to make it work.

Only three weeks ago they met in Ottawa to confirm the direction of the proposed framework and review the input that came from the first wave of national dialogue with stakeholders. There still remains much work and analysis to be done and they continue to involve stakeholders as they move forward.

As I said earlier, the proposed agricultural policy framework is about turning challenges into opportunities, opportunities to use our Canadian ingenuity and innovation to out work, out think and out perform the competition so that we can be the world leader in food safety, innovation and environmental sustainability and thereby increase profitability in the sector.

Many of the programs and initiatives captured by the framework are already in place. It is no secret that Canada already enjoys an excellent reputation for the quality of its food, the superiority of its agricultural research and the respect farmers show for the environment. This is the strong foundation on which we plan to build an even better agricultural sector, a sector that will be first in the world in the eyes of consumers.

The five elements have been identified as keys to the success of the framework: food safety, business risk management, renewal, innovation and the environment. Instead of those elements being dealt with piecemeal they will be integrated to be most effective.

The proposed policy would allow practices, procedures and processes to be modified over a transition period, but it is clear that the sooner the framework is fully operational, the sooner the sector and all Canadians can reap the rewards.

Under the policy framework, farmers would have access to the tools they need to meet the challenges in food safety and the environment. The renewal element would offer a range of programming to help farmers acquire new skills, grow their businesses and seek new opportunities.

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Science would be expanded beyond traditional productivity applications to deal with emerging challenges and opportunities in a bio-economy. Long term integrated risk management programming would provide a stable, predictable planning environment.

I can assure the House that the government will not leave farmers fending for themselves. The Minister of Agriculture and Agri-food is looking at all the options available to help producers move forward with greater security.

Other countries are well on their way to drafting their own responses to the new realities of this new century. Canada cannot afford to wait at the starting gate in the race for global business. That gate is open and we have to get a move on right now. With the agricultural policy framework we have the means to get out in front and stay out in front. It is the agricultural sector's best opportunity ever for long term success and profitability.

I do not believe this is the time for short, rapid, knee-jerk solutions. This is a time for an integrated, co-ordinated approach to agriculture which is so varied and so rich all across the country.

• (1520)

Mr. Peter Stoffer (Sackville—Musquodoboit Valley—Eastern Shore, NDP): Mr. Speaker, the reality of the situation is that thousands of farmers and thousands of softwood lumber workers are out of work. They need some measure of stability from the federal government to offset what the United States has done to our country.

My question for the member is quite simple. Besides fighting these deals in the international court systems, such as NAFTA or the WTO, what is the Liberal government prepared to do now to put food on the table of those people who are suffering because of these American injustices?

Mr. Peter Adams: Mr. Speaker I know the hon. member is concerned about people who are unemployed and people in all industries who have been affected by rapid changes in the marketplace, in technology and so on. However I would point out to him and his constituents that this is a Canadian Alliance opposition day. It is a Canadian Alliance motion we are debating.

I will read the hon. member a quotation. The blue book of the Reform Party, or the Canadian Alliance as we call it today, says the party resolves to:

—investigate the feasibility of replacing the compulsory, government operated, privately funded taxpayer subsidized unemployment insurance program with a voluntary, personally financed, privately administered, government regulated registered unemployment savings plan.

The motion today purports to be concerned about the changes brought about by relations between the United States and Canada in these critically important industries. Yet the party putting the motion does not support the unemployment program we have today. I agree with my hon. colleague that the present program is a minimum for people who find themselves in these terrible circumstances.

• (1525)

Mr. Grant McNally: Mr. Speaker, I will rebut the comment of my hon. colleague. He quoted a document from quite a long time ago from the former reform party which is now the Canadian Alliance. The Liberal government has made the EI qualification process much harder and reduced benefits to a much lower level.

I will ask the hon. member a question about softwood lumber which follows up on the comment of my hon. colleague from the NDP. There are a number of mills in my riding and a number of people who will be out of work shortly if there is no resolution to the dispute.

One thing brought to my attention when I visited a plant called Chasyn Wood Technologies was that workers get upset when told their jobs may be lost as a result of the trade dispute. Remanufacturers need to get their wood products on the open market like anyone else. Unfortunately, independent remanufacturers are being lumped in with the trade dispute. They will become uncompetitive overnight when the tariffs take effect, particularly in the first month.

Would the hon. member not agree that people in this group have been affected in a way that puts their livelihood at risk? Would he not agree that the government needs to address the issue immediately?

Mr. Peter Adams: Mr. Speaker, as I said to my hon. colleague at the end of the Chamber, it is one of the roles of government to support people when they are in the kind of difficulty we are seeing in the lumber industry and some of the maritime industries.

However what I hear from over there is sucking and blowing. The hon. member said his party, whatever it is called at the moment, is no longer against EI. Yet he wants support for unemployed workers. Today's motion calls for offsetting trade injury measures for the agriculture and lumber industries. That means support for the industries, something I support. At the same time the Canadian Alliance says an Alliance government would end corporate welfare subsidies because it is not the place of government to pick and choose which businesses should have the advantage over others.

What I hear over there is sucking and blowing at the same time. That is not easy, even for members of that party.

Ms. Sarmite Bulte (Parliamentary Secretary to the Minister of Canadian Heritage, Lib.): Mr. Speaker, I will be splitting my time.

I am pleased to respond to the motion put forward by the hon. member for Vancouver Island North. As we know, the Canada-U.S. softwood lumber dispute is a tough issue and currently our most difficult trade challenge. However Canada and the United States have had 20 years of conflict and litigation over the export of lumber to the United States. Even prior to Confederation Canadian softwood lumber exports were a trade irritant for some in the United States. Regrettably, there are protectionist elements in the United States that want to perpetuate the conflict and have no intention whatsoever of advancing the issue to secure a long term agreement.

Resolving the softwood lumber dispute is a priority for the Minister for International Trade and the Government of Canada. Many Canadians and the communities in which they live depend on this important industry and are seeking free and fair trade with our neighbour to the south.

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I will speak today to the lumber trade challenges we are facing, the actions we are pursuing to defend our industry, and the path we are taking with the provinces and the industry to seek free trade in softwood lumber.

As members know, on May 2 of this year the United States International Trade Commission found that Canadian softwood lumber exports posed a threat of injury to U.S. lumber producers. As a result 27% countervailing and anti-dumping duties have come into force.

The Government of Canada believes the decision is fundamentally flawed. Our industry is not subsidized, it is not dumping and it is not causing or threatening to cause injury to U.S. producers. The international trade commission's decision was not at all unexpected given the protectionist nature of many U.S. softwood lumber decisions in the past year. However it does not make it any less damaging to our industry.

Canadian industry has questioned the U.S. trade actions, as we all have, by asking a simple question: How can the Canadian industry threaten the U.S. industry when we have a stable Canadian share of the U.S. market? The U.S. lumber market is strong and the U.S. industry is profitable. In response to the U.S. determination Canada is conducting a review of the international trade commission's reasons to determine whether the ITC has violated international trade rules under the WTO or NAFTA.

In response to the international trade commission's decision and previous ones by the U.S. department of commerce the Government of Canada is challenging the U.S. trade actions in all legal venues open to Canada. We are taking all necessary steps available to us. We are doing everything possible to defend our industry including: a NAFTA challenge of the U.S. final subsidy determination; a NAFTA challenge of the U.S. final dumping determination by Canadian industry; and a WTO challenge of the U.S. preliminary subsidy determination.

Canada recently launched another WTO challenge concerning the flawed U.S. final subsidy determination and its imposition of countervailing duties on Canadian producers. We are working with the industry to determine whether we can launch a WTO challenge of the dumping decision. As mentioned earlier, Canada is conducting a review regarding a possible challenge of the international trade commission's final injury determination under chapter 19 of NAFTA and at the WTO.

Other general trade issues not exclusively related to softwood lumber include: a WTO challenge of the Byrd amendment which would allow U.S. customs authorities to distribute duties to American producers; and a WTO challenge of U.S. duty deposits policy.

We believe we have strong cases and that positive decisions for Canada will bring the United States government back to the negotiating table in a serious manner so we may achieve a long term, durable solution to the dispute.

• (1530)

As we have heard in the House and as the minister has said many times, the Government of Canada is extremely sensitive to the impact U.S. duties are having on Canadian industry. We know of the

burden being carried by communities and families who depend on healthy trade with the U.S. We are aware of the impact the issue has had in terms of lost jobs and mill closures. Although in the immediate and short term we are confident we have the necessary programs in place to assist displaced workers in communities, we are monitoring assistance measures closely and keeping all our options open.

As the minister of human resources said in the House, she is currently tracking employment insurance claims in the softwood sector so we can have an ongoing and accurate assessment of the extent of the dislocations and their impact on communities. In addition, \$13 million will be made available to provide support and services to softwood workers in British Columbia.

Two weeks ago the Minister of Natural Resources announced \$29.7 million for the Canada wood export program, \$30 million to support research and development activities, and \$15 million for the value added research initiative for wood products. These are long term measures to help ensure the prosperity and competitiveness of Canada's forest industry through diversification and innovation. Diversification will open new markets for our forest products and foster innovation through enhanced research and development capabilities.

It is not only in Canada that communities, companies and workers are feeling the impact of U.S. lumber duties. In the United States consumers, builders, workers and others have been hurt by punishing U.S. lumber duties. This has not been well understood in the United States up to now. Yesterday the Minister for International Trade announced \$20 million in funding to ensure Canada's message about the need for free and fair trade in lumber and other vital sectors is heard and understood in the United States. The Government of Canada is supporting Canadian industry in its education and awareness building campaign in the United States regarding the punitive impact duties have on both countries.

With softwood duties in place we must redouble our combined efforts to resolve the dispute. We must work against U.S. protectionism in a range of other vital Canadian trade sectors including agriculture and energy. The industry led campaign will inform and educate key segments in the United States about the punitive impact the duties have had on them and their interests. When U.S. decision makers realize softwood lumber duties favour the few at the cost of the many we hope the Americans will see the need to resolve the dispute in a reasonable way.

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We are all extremely sensitive to the impact of the unwarranted U.S. lumber duties on Canadian workers, firms and communities. While we remain open to pursuing negotiations leading to a long term solution, the United States must demonstrate a willingness to re-engage on a basis that is mutually acceptable.

The Government of Canada has not received any new proposal or expression of interest from the U.S. administration to resume negotiations. When we do we will consider it. In the meantime the Government of Canada will continue to act on behalf of our workers and lumber dependent communities. We will continue to explore all options to assist them in this time of need. We are challenging U.S. decisions at the WTO and NAFTA. We will continue to defend the interests of Canadian industry.

With softwood duties now in place we must redouble our combined efforts to resolve the dispute. We must work against U.S. protectionism in this vital Canadian trade sector. We must continue toward our goal of free trade in softwood lumber.

• (1535)

Mr. Kevin Sorenson (Crowfoot, Canadian Alliance): Mr. Speaker, I want to thank the hon. member from across the way for her speech. Although she talked about trade she did not mention too much specifically about agriculture. I come from an agricultural riding and I would like to pose a question that was posed to me this morning as I spoke to one of my constituents in the Provost area of Crowfoot. The question was this: How bad does it have to get?

My constituent was speaking about the agricultural crisis facing western Canada and Canada as a whole. The individual I spoke to this morning talked about the farmers around his area who had no grass, no pasture for the cattle and no feed for the cattle. He said that just immediately around his ranch he can count between 2,000 and 3,000 cattle for which there basically is no pasture and no feed.

The municipal district of Provost now has declared an agricultural disaster because of the drought. Other municipalities in my riding have done the very same thing. My riding is in central Alberta, but over the last four or five days there has been heavy frost in northern Alberta and farmers are reseeded up to 500 or 600 acres of canola.

The government continues to play the blame game. We have had subsidies in the European Community and in the United States before. The government blames the Americans for subsidies. Now we see that the Americans are increasing the subsidies and again it continues to blame the Americans.

The headline in today's paper states that farm cash receipts have hit an eight year low. What is the government going to do to combat the Americans, to combat the Europeans, and to show that there is the support from and a will by the government to step forward to save the family farm and to save agriculture in western Canada?

• (1540)

Ms. Sarmite Bulte: Mr. Speaker, first let me begin by giving perhaps a basic lesson in negotiating trade agreements and dealing with the United States.

We must remember that when we negotiate trade agreements, it is about negotiating away protections, but the most important thing one has to remember is that we will never be able to negotiate away protectionism, especially when it comes to the United States.

I am surprised that the member asked about what the government actually is doing about the farms. Where has he been? It was this side of the House, initiated by the member for Haldimand—Norfolk—Brant, who went to the Prime Minister, and the Prime Minister directed him to set up a task force on rural Canada. That task force travelled across the country and talked to people. It talked to farmers. It wanted their input as to how we can work together to find the best solutions. That ended up in an interim report and that interim report is now available for all Canadians, not just rural Canadians but also urban Canadians, to look at and to realize just how important rural Canada is to each and every Canadian's life, to realize what we need to do and what issues need to be addressed.

Again I am quite shocked to be asked what we are doing and when we are going to act. We have been acting. We have been acting throughout. We have been responding constantly at all times to emergencies. We have seen our minister of agriculture work together with the farmers. With all due respect, I think the question is unwarranted.

Mr. Peter Stoffer (Sackville—Musquodoboit Valley—Eastern Shore, NDP): Mr. Speaker, the problem is what the member does not recognize. Last year we had farm families come to our caucus. There was a young 12 year old boy there whose father was a farmer. Twenty-two thousand family farmers left the land two years ago; that was before the subsidy. I asked the young man if he would be farming in the future. He said no. I asked if anyone in his school would be farming. He said no.

My question for the hon. member, for whom I have great respect, is this: Who does she think or who does the government think will be the farmers of the future in this country?

Ms. Sarmite Bulte: Mr. Speaker, again I will repeat to my hon. colleague across the way that we are working together. The government, this side of the House, has recognized how important rural Canada and the family farm are. That is why more than a year ago we started the rural task force, the Prime Minister's task force, directly reporting to the Prime Minister.

We have also participated in the House's emergency debate on agriculture. I believe we were here until 2 o'clock in the morning. It was not just members on the other side of the House who were here, but also members on this side of the House.

I have a great deal of respect for the member, and with all due respect to him, we need to work together to find these solutions. We will do so by doing just what his caucus does: speaking to its farmers and constituents. We too will continue to speak to Canadians, but I think it is even more important that it not be just a rural issue. It is a Canadian issue. I think it is time that all urban members also participate in the debate and find out just how important the family farm is to us.

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Hon. Herb Dhaliwal (Minister of Natural Resources, Lib.): Mr. Speaker, I am grateful for the opportunity to rise in the House today to speak on the issue of American protectionist policies as they relate to softwood lumber.

Many Canadians and the communities in which they live are directly affected by the punitive duties imposed by the United States. I want to assure them that the Government of Canada will continue to press a strong case under the North American Free Trade Agreement and the World Trade Organization.

Resolving the softwood lumber dispute is a priority for the government. As I said in the House a few weeks ago, we must look at not only the short term support but also long term support, such as stronger political advocacy to the American public, market diversification to make us less dependent on the U.S. market, and more research and development to help deal with these issues.

We all understand that in the long term we must develop new markets. We must make sure that we have value added products. That is why on May 16 this year the federal government announced an investment of almost \$75 million toward three new measures that will help secure the long term prosperity and competitiveness of Canada's forest products industry.

At the B.C. softwood summit I attended in Vancouver on May 6, we received the following strong and consistent messages. First, the development of new markets is key and we should focus on Asian markets such as China, India, Korea and Taiwan through wood marketing and government to government engagement. Second, research and innovation are important, not only for the value added sub-sector but also for sustainable forest management.

We have listened to our partners, the industry, the provinces and individual Canadians, and the initiatives that the Government of Canada is taking focus on diversifying our export markets and on innovation and development in the re-manufacturing sector.

The first key to ensuring prosperity and long term competitiveness is diversifying our markets for wood products. Currently about 80% of production is exported to the United States. In the course of the last 20 years, we have developed Japan as our second largest trading partner for our wood products and we know that countries like China, Taiwan, Korea and India present tremendous new opportunities for our wood products industry, opportunities we must begin to tap into.

In March of this year we began the groundwork to do that with the announcement of our \$5.3 million investment in the Canada-China wood products initiative. This initiative is helping to build markets in China's burgeoning housing and construction economy.

To expand our markets beyond the United States, the Government of Canada is committing an additional \$29.7 million in funding for the Canada wood export program. The program is a co-operative, cost shared effort with industry associations, which will invest \$70 million over the next five years in export market development activities.

We will increase our international markets in three ways. First, we will increase the offshore presence of the Canadian industry, giving the industry better visibility. Second, we will provide increased

support to the industry to ensure that it has scientific and technical data to include Canadian species in foreign building codes and standards. Third, we will increase our promotion of the North American wood frame building system and provide technical inputs to codes and standards. This investment will provide opportunities to market wood flooring and other value added products for use in traditional non-wood buildings. In total the Government of Canada is putting \$35 million toward opening new markets for our wood products over the next five years.

The second key to the long term prosperity and international competitiveness of the forest products industry is research and innovation. Canada already has a strong track record in innovation, particularly as a developer of value added wood products. Our goal now is to work with our industry to brand Canada worldwide as a preferred source for top quality and innovative forest products.

To do this, the Government of Canada will invest in two research and innovation initiatives. The first is an investment of \$30 million in Canada's three national forest research institutions: the Pulp and Paper Research Institute of Canada, Forintek Canada Corp. and the Forest Engineering Research Institute of Canada.

● (1545)

These institutes will use the research and development funding to work on activities that will strengthen Canada's competitive position in the world market. These three institutes are the major centres of forest products research in Canada and are key engines of innovation. The funding will help these institutes improve Canada's long term competitiveness in both the wood products sector and the pulp and paper sector.

The government is investing another \$15 million over five years in the value added research industry for wood products. This initiative will support applied research conducted through Forintek and the universities of British Columbia, Laval and New Brunswick. The key part of the strategy is putting this expertise out into the manufacturing sector to improve technology for manufacturing products from lumber.

The initiative will help the value added subsector of the Canadian wood industry, which includes mostly small and medium size companies that produce products such as hardwood flooring, moulding and trim. The program is specifically designed to help the subsector become more competitive in the long term and increase the value of its products. Through this program we will create jobs in British Columbia, Quebec and other provinces.

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All of these initiatives will help secure the future of the wood products industry. We have consulted widely with the forest products industry and the provinces on these initiatives. We are confident these measures will put them in a stronger position to be leaders in long term competitiveness and innovation for the forest products sector. We will maintain this team Canada approach as we continue to work on this issue to help the workers, the communities and the companies that are important partners in the industry.

It is not only in Canada that communities, companies and workers are feeling the impact of U.S. lumber duties. In the United States consumers, builders, workers and others are also hurt by these punishing U.S. lumber duties. That fact has not been well understood in the United States.

Yesterday the Minister for International Trade announced \$20 million in funding to ensure that Canada's message on the need for free and fair trade in lumber and other vital sectors is heard and understood in the United States. The Government of Canada is supporting Canadian industry in its education and awareness building campaign in the United States on the punitive impact duties have on both the U.S. and Canada. When the U.S. decision makers realize that softwood lumber duties favour a few at the cost of many, we hope Americans will see the need to resolve the dispute in a reasonable way to the benefit of both countries.

The Government of Canada is extremely sensitive to the impact U.S. duties are having on Canadian industry. We know the burden on our communities and families that depend on healthy trade with the U.S. We are aware of the impact this has on job loss and mill closures.

Although in the immediate and short term we are confident that we already have the necessary programs in place to assist displaced workers and communities in need, we are monitoring assistance measures closely and we will keep all options open. The government continues to make sure it is working. The Minister of Industry, the Minister of Human Resources Development, we are all working together to determine what more we can do in terms of helping the workers and the communities.

In conclusion, the Government of Canada will continue to act on behalf of our workers and lumber dependent communities. We will continue to explore all options to assist them in time of need.

We are challenging U.S. decisions at the World Trade Organization under the North American Free Trade Agreement. We will continue to defend the interests of Canadian industry. However, with softwood duties now in place, we must redouble our combined efforts to resolve the dispute. We must work against U.S. protectionism in this vital Canadian trade sector and continue toward our goal of free trade in softwood lumber.

We hope the Americans come back to make sure we resolve this through negotiation. It is not in the interests of either Canada or the U.S. to continue in this way. I have been to Washington to send this message to many of the politicians. I have also been to communities across British Columbia, to Port Alberni and Prince George, to personally and directly hear from people who are hurting.

We as a government will not let them down. We will ensure that we provide them support so they can get over this difficult period

until we have a final ruling either through NAFTA or through the WTO.

• (1550)

As a government, we have made this our number one priority to make sure that we help the communities and resolve this issue for the long term for Canadians.

Mr. John Duncan (Vancouver Island North, Canadian Alliance): Mr. Speaker, I listened closely to the Minister of Natural Resources. I was at the same meeting as the minister in Vancouver on April 29 at the premiers summit. I took away something entirely different from that meeting. People were not asking for all of the measures the minister was talking about, the self-justifying \$90 million announcements over the last week and a half which are a smokescreen for government inaction on this file. They were looking for what the government would do to address those very real issues that are addressed in today's opposition motion which calls for, among other things, implementing offsetting trade injury measures for the agriculture and lumber sectors. The lumber sector was obviously the subject of that meeting.

Multiple government speakers have all avoided that substantive part of the discussion. Another phenomena has been at work, which is that all those Liberal members of parliament from forest dependent ridings are tending not to speak to the motion. This concerns me very much.

Why is the government continuing to avoid entering into dialogue and discussion on putting in place programs to assist workers and programs to deal with the tariffs, particularly when the minister endorsed such a program as recently as March 29?

• (1555)

Hon. Herb Dhaliwal: Mr. Speaker, I was at the summit. Clearly, if the member would look back at the press conference and the stories, a couple of very important themes came out of the summit.

One is market diversification. I think the hon. member will agree there was a very strong consensus at that meeting that we need to develop new markets. We need market diversification. This is something the industry has applauded. In fact people in the industry said they had been working on this and it is extremely important for them. It will leverage new money because the \$35 million we have put in will be matched by the industry. We are looking at anywhere between \$70 million to \$100 million over the next five years that could be put in. That was something extremely important. There was a very strong consensus on that.

The other point that was agreed to at the summit was we need to put more money into research and development. That is what we have done. In addition there was very strong support for advocacy programs. We have done that.

Supply

Are there other things we need to do? Absolutely. We need to go beyond what we have done. We need to look at long term measures to make sure we are competitive. We need to look for new markets. We need to look at other programs to help the industry, the community and those people who will find difficulty.

The government is looking at those options. We certainly want to take in any views the opposition members have on specific proposals they think the government should carry out. I would like to hear those specific proposals. I have not heard them. They have said we need to help, but they should give us specific proposals. What can we do for communities? What can we do for individuals? What about the industry? Give us some specific proposals. We are looking at it. We are reviewing it. We are very much engaged in this and we want to respond to Canadians who will be hurt by the protectionism of the Americans. The opposition talks about the Americans all the time and how they believe in free trade. The Americans talk about free trade but their actions show otherwise.

Mr. Reed Elley (Nanaimo—Cowichan, Canadian Alliance): Mr. Speaker, I know the minister is very aware that my riding has been very hard hit by this. There are four Doman mills in my riding. I know that he has had extensive conversations with the chairman and CEO of that particular industry, Rick Doman. I know that Mr. Doman has been asking the government for a long, long time for loan guarantees.

It is all right to talk about market diversification. It is all right to talk about spending \$20 million to educate the Americans about how good our forest practices are and what is going on. All of that kind of stuff does not help the immediate problem in my riding of mills shutting down and workers being laid off. I have constantly asked the government, ministers of the crown, to come up with extra protection for our workers, but we get nothing.

Will the minister from British Columbia, purporting to represent British Columbia industries, give us some hope that our workers will come out of this without losing their shirts and their homes?

Hon. Herb Dhaliwal: Mr. Speaker, I certainly recognize the effect in the hon. member's riding, the whole Nanaimo area and the coast, where we produce high end lumber products, high end cedar products. They are affected more than any other part of the province of British Columbia or the country because they produce premium products. They are affected by the 27% tariff more than other areas. I am very much aware of that.

The idea he has put forward in terms of loan guarantees to support the mills that can continue to operate even under these difficult circumstances is an option we should look at. It is an option the government will review.

If the opposition members are very serious about this, then let them put forward a detailed proposal as to exactly how to do it. I have not seen that from them. Rather than just make general comments, let us see the specific proposals they want to put on the table. We are willing to listen. We want to make sure that we respond. If they want to really participate, let them put something on the table.

• (1600)

Mr. David Anderson (Cypress Hills—Grasslands, Canadian Alliance): Mr. Speaker, I will be glad to split my time with my

seatmate, the member for Nanaimo—Cowichan, who as we all know is one of the most hard working and effective MPs in the House.

Today we are speaking to the opposition motion:

That this House has lost confidence in the government for its failure to persuade the U.S. government to end protectionist policies that are damaging Canada's agriculture and lumber industries and for failing to implement offsetting trade injury measures for those sectors.

Today's debate reminds me of that old saying that failure to plan is a plan to fail. We see failure on a number of levels and we will talk about some of those levels today. We see it in both the agricultural sector and the softwood lumber sector. I will talk about agriculture today for the most part. We see failure on two national levels. We see failure in the United States with the new ineffective and defective farm bill. We see failure here with the ongoing inaction and lack of vision with regard to both of the issues but particularly with regard to agriculture.

We see a failure in the U.S. A year ago as we were working toward the Doha talks, the U.S. was pretending to lead the way. It wanted to have free trade. It wanted to lead into that to reduce subsidization. The Americans took a strong position apparently at those talks. Now we find they are going in a different direction. We may have to look to the Cairns group for the support we need to turn back some of the subsidization which the U.S. is engaging in now.

The Americans have pulled off a new farm bill as basically an attack on their neighbours and friends. I would suggest they are giving us the impression they are free enterprisers but that is a phony impression from what we see in the bill. We can see there are some closet socialists in the United States on their way to a wreck. Apart from the farm bill the Americans are running a \$100 billion deficit this year and we all know that cannot continue. Their deficit and their farm bill have been brought about by a lack of vision.

The United States' agricultural subsidization over the years has not saved its rural areas. In a lot of ways it has destroyed its rural economies. In a small town across the border from us a lot of people put their land into the CRP. They let their machinery sit or else they sold it off. When they brought the land back out of that program, they did not have the money to buy new machinery. They did not have the money to get back into farming so they turned the land over to their neighbours and the farms just get bigger and bigger. The massive amount of money that has been spent on the U.S. side has not saved its rural economies.

The bill is a complete failure. We keep hearing there is about \$180 billion in the bill but it has been suggested it will be a lot higher than that. It has been suggested it may rise as high as \$400 billion U.S. over 10 years.

Supply

I would like to quote a couple of U.S. agricultural economists. Daryll Ray is from the University of Tennessee's agriculture policy analysis centre. He has great concerns that they have vastly underestimated the amount of money they are going to spend in the farm bill. The second person who has a concern about this is John Dittrich, who serves as a policy analyst to the American Corn Growers Association. He said in *Better Farming*:

If ending stocks for program crops remain in the same range or higher, as they have been for the last several years—10% for corn, 7% for soybeans, for example—then the average annual cost of these farm bills could be around \$32 billion [U.S.] per year. I think Congress has underestimated both bills' cost by more than \$10 billion per year.

That is an almost 50% miscalculation by congress on the cost of the program. This is not a solution. Dittrich also added "These bills maintain and then add to the distress in farm country which means these distresses will accumulate".

The farm bill will be a complete failure. We not only have failure in the United States though, we have failure here as well. That is the failure to lead in the agricultural sector. In the agriculture department we see once again there is a complete failure and a complete lack of connection with the farm community.

A few weeks ago the assistant deputy minister came to the agriculture committee. One of the questions he was asked—and he had to be asked it a number of times before he would answer it cleanly and clearly—was whether he had a plan to deal with the drought situation. His answer once we got it out of him was that no, they did not have a plan. It is one year into a drought in Saskatchewan and two to three years into a drought in Alberta and the agriculture department does not even realize it is a situation for which it should be planning.

• (1605)

Another \$15 million has been spent on the implementation of the new APF and the farmers were basically excluded from the closed door consultations.

Mr. Reed Elley: Mr. Speaker, I rise on a point of order. This is a very important debate, crucial to two very important segments of our economic production and there is hardly a government member in the House to listen to it. I think we ought to call in the members.

And the count having been taken:

The Deputy Speaker: Debate shall continue.

Mr. David Anderson: Mr. Speaker, it is a great concern to me as it is to my seatmate for Nanaimo—Cowichan that members opposite do not seem to be interested in this subject at all.

I would like to talk about another failure of the government. It completely failed in informing the U.S. government about the impact of the bill. It is interesting that government members can stand over there now and have a lot to say, but they do not seem to want to listen to anything about agriculture.

The government has not been lobbying the United States. It has not let the United States know what our issues are. For example, months ago bureaucrats from Ottawa decided to announce that we would be attempting to influence the U.S. secretary of agriculture. I do not know if this was done deliberately or if it was a mess up by the bureaucrats, but as soon as a number of Washington senators

heard that, they told the agriculture minister not to bother going down there. We are back to moronic bungling in our bureaucracy that keeps us from being effective with our American neighbours. We made one call to the secretary of agriculture and basically have shied away from letting U.S. politicians know what our issues are.

That showed up a couple of weeks ago when a number of MPs went down to the United States and met with some congressmen and representatives. The member for Lethbridge who does a good job was on that trip. They found that American politicians did not know there was an issue. No one up here had bothered to tell them that the U.S. farm bill would cause tremendous problems for Canadian farmers. We need to do a better job in letting our U.S. friends know what is going on. That was not done with the U.S. farm bill. We can say that the Americans do not care, but we also have an obligation to let them know what is going on and what we feel about the situation.

The government also fails to respond to threats in the agricultural area. Its response has basically been nil on all fronts when it comes to agricultural issues.

We were aware that there would be a massive increase in subsidization included in the U.S. farm bill. Our government chose to do nothing. We were aware for the last several months that new crops would be included in the U.S. farm bill. There was no response from our government. We were also aware that country of origin labelling would be brought in and there was no response from our government. This is one issue we could have headed off with a bit of co-operation and a bit of work with the government. The cattle producers and the Canadian Alliance offered solutions months ago that would have prevented the inclusion of country of origin labelling in the farm bill. The government refused to listen.

At the beginning of February the Liberals were warned that their refusal to expand the terminal feedlot protocol would result in the inclusion of country of origin labelling in the farm bill. That terminal feedlot protocol allows the free flow of cattle between U.S. producers and Canadian feedlots. It is currently restricted because Health Canada has concerns over the spread of disease. Research has been done showing that these fears are unfounded. The government would not remove the restrictions, thus the Americans left country of origin labelling in their farm bill.

In response to questions on February 8, the minister of agriculture acknowledged the link between country of origin labelling and the terminal feedlot protocol but he refused to act. In response to a question from the member for Lethbridge his answer was:

Mr. Speaker, there is some connection between the terminal feedlot protocol and the country of origin labelling. I discussed that with Secretary Ann Venamen as recently as 6.15 yesterday afternoon.

If the government had listened to the official opposition, Canada could have prevented the inclusion of mandatory country of origin labelling which will be a huge issue once it comes in. Once again, Liberal delay and indifference to western Canada is threatening Canadian industry and jobs.

Supply

A lot of other responses from the government have been lacking as well. I was amused by the public relations exercise conducted last week. We were told we could not get ministers of the crown to go to Saskatchewan to talk to the government and to the prairie provinces. As soon as trouble started here in Ottawa, ministers were all over the country trying to take attention off of what was happening here. The government sent three ministers: the one in charge of softwood lumber, who has been a complete failure on that issue; the one in charge of agriculture, who is in the middle of being a complete failure; and the other was the senior cabinet minister from our province, who has done little or nothing for our province in nine years.

The member for Peterborough commented that the government made a commitment to long term funding in the agriculture policy framework. The reality is that the estimates are down \$650 million this year from last year. We need to pay attention to that and realize that if this government comes up with a plan that puts in \$650 million, all it is doing is replacing the money it had in the program last year.

• (1610)

In conclusion, I would like to make three suggestions which are suggestions of the Canadian Alliance. First, we need to challenge immediately on the world trade level the new crop inclusion and country of origin labelling. Second, we must begin to compensate the producers and the people who are affected by this international trade damage. Third, we need change on two levels. We need a change in our attitude toward the United States government. We also need to make the necessary changes within the federal departments in order to make agriculture competitive and effective.

Mr. Larry Bagnell (Yukon, Lib.): Mr. Speaker, it is interesting the member would suggest that MPs should be chastized for not bringing up the farm bill at the recent meeting with congressmen in Rhode Island. A number of Alliance MPs were on that trip.

Mr. David Anderson: Mr. Speaker, I am sorry if I left the wrong impression. I understand the farm bill was discussed in Rhode Island.

Basically we were discussing something after it had happened. The discussion needed to take place several months ago. We knew that country of origin labelling would be in the bill. We knew that new crops, pulses and those kinds of things would be put in the bill. We knew the subsidization would be increased. That discussion needed to take place through last winter and earlier on and it did not take place. We needed that to happen. It did not happen. Now we are stuck with a bill that will have a tremendous impact on this country because we did not let the Americans know it would be a problem up here. Some of them know now. More of them need to know.

Mr. Peter Stoffer (Sackville—Musquodoboit Valley—Eastern Shore, NDP): Mr. Speaker, I would like the member to know that we in this party will be supporting today's motion.

We do have some concerns in terms of the view of the members of the Alliance Party. They have mentioned the word drought many times yet at the same time they deny that global warming even exists.

Regardless of the length of time it will take to negotiate these deals through the WTO or the NAFTA dispute panel, it will take a

long time to do that. The member has indicated we need support programs for those people who suffer from the unfair trade practices and he is absolutely correct. The fundamental problem is NAFTA itself. When the U.S. cannot compete fairly it will use protectionist measures to protect itself. It has been doing that ever since we have been a country, since 1867. It did it with shipbuilding. It is about to do it with auto parts. Now it is doing it with softwood lumber and agriculture.

As a representative of the Alliance Party, the official opposition, what would the member's party do to fundamentally restructure that deal so that it is not just softwood lumber and agriculture but all the other things that we compete with the Americans in order to have a truly balanced and fair level playing field?

• (1615)

Mr. David Anderson: Mr. Speaker, we will not solve the issue of global warming here today. I would just like to point out that April was one of the coldest Aprils that we have had for decades, so I do not know if that was a sign of global warming or cooling.

There are a number of questions that the member raised on the WTO challenge issue. We feel that we need to initiate the trade challenges immediately, particularly with country of origin labelling. That will not become mandatory for two years but it has to be done now because those things take that amount of time to work through the system.

Another aspect of that is we have suggested to the government that there be a rapid response team and process put in place for when these trade issues arise. Although it would not necessarily be binding, people would sit down to discuss and sort those things out ahead of time so that they could be worked out. That way these things would not take three to five years to solve.

As the Leader of the Opposition mentioned earlier, we have a concern that the federal government has not been committed to the free trade agreement and is allowing it to not work properly. I would just like to point out that agriculture and softwood are not integral parts of that agreement. That is part of the reason, we would suggest, we are having trouble with these. Maybe we need to include more of these things rather than scrap the agreement.

Mr. Paul Szabo (Parliamentary Secretary to the Minister of Public Works and Government Services, Lib.): Mr. Speaker, the member spoke very well on this important issue.

We have had serious issues with regard to subsidies in Europe as well to the detriment of Canadian agricultural products. In fact, the subsidies are so large that we cannot possibly manage to compete with them. I expect the same is happening with the U.S. farm bill. It is an enormous subsidy.

Supply

Can the member tell the House whether or not the solution to this is to try to somehow match subsidies and get into a subsidy war, or is there a reasoned approach to deal with trade practices bilaterally and globally?

Mr. David Anderson: Mr. Speaker, our agriculture producers have succeeded in competing with people for years when there has been massive subsidization in other parts of the world. We have a good group of producers. We can compete if we are given a fair chance to do that.

I would suggest that one of the things we need and one of the ways to take advantage of low prices at the primary product level is that we must begin to value add. We have to start to do that. I know it is developing here in Ontario, primarily because there is freedom within the Ontario wheat board to be able to market one's own grain and develop value added. We need that freedom in western Canada as well in order to begin to move up that chain, to begin to value add, particularly for the crop we grow the most of, which is wheat. We must be able to do something with wheat to bring some value back into our communities.

Mr. Reed Elley (Nanaimo—Cowichan, Canadian Alliance): Mr. Speaker, I want to thank my hon. colleague for his very kind remarks at the beginning of his speech and I want to reciprocate by saying that I think he is also a very hard working member. In fact I would venture to say that almost all members of parliament are hard working.

I rise once again to hold the government to account for its lack of strong action on behalf of the Canadian softwood lumber industry. I have spoken with constituents from my riding of Nanaimo—Cowichan who are astounded with the government's lack of response toward the softwood lumber duties and tariffs. I would suspect, without having conducted a scientific poll, that they would be very much in agreement with the motion which we are presenting here today:

That this House has lost confidence in the government for its failure to persuade the U.S. government to end protectionist policies that are damaging Canada's agriculture and lumber industries and for failing to implement offsetting trade injury measures for the agriculture and lumber sectors.

While my riding has an agricultural base, it is relatively small in comparison to the softwood lumber industry so I will focus my remarks on that area. I recently did a count of how many times I have spoken out on softwood lumber since I was first elected to the House in 1997. This will be my sixth major speech on this topic. I have had six member's statements and sixteen press releases. I have written countless letters to constituents and ministers, including invitations to visit Nanaimo—Cowichan, and I have given dozens of interviews with local newspapers and radio and television outlets. This is a hot topic in my riding.

There is no other subject that I have spoken more about and yet it seems there is no other subject that the government has done less about. The constituents of Nanaimo—Cowichan whom I see in the streets, at the stores and at community events all ask the same question: Why is the government not doing something to resolve this situation?

It is a simple issue to understand. The United States, for all of its grand talk about being a free trading nation, really is not. It is a protectionist country and will do everything to protect its own

citizens, businesses and economy. In many ways, of course, we would find that admirable. However, it flies in the face of everything the United States says publicly to Canadians and to the rest of the world.

I agree with the premise that we do not want to have ongoing subsidies, trade wars and undue tariffs and duties at the 49th parallel, so what is the real problem here? May I suggest that the problem is that this government and ultimately this Prime Minister really have very little credibility, sway or force in Washington, D.C.? Is it any wonder that Canadians as a whole have lost much confidence in the government? When it has no effective voice with its largest trading partner, the Canadian people lose confidence in the government itself.

The government cannot say it was not warned about all of this by the official opposition. Time after time, year after year, long before the agreement expired, Canadian Alliance members, and the Reform before them, have risen in the House to ask questions, raise negotiating points and ask for the government's plan of action and details on how it was dealing with the changes to the softwood lumber agreement. For the most part all we received was the "don't worry, be happy" routine.

In the past, the secretary of state called the people of B.C. nervous Nellies when they raised public concerns. The Minister for International Trade stated that no jobs have been lost due to the current softwood lumber problems. When that sort of thing is heard in my riding, heads begin to shake.

The government does not seem to get it. I have challenged and invited members to tour my riding and meet some of the real people who have been affected by the government's lack of response. The people of Nanaimo—Cowichan, indeed all Canadians, should be nervous, nervous with the lack of response from the government concerning softwood lumber.

The minister needs a serious reality check when he says that no jobs have been lost. According to Human Resources Development Canada in my riding, there were over 725 new employment insurance claims up to the end of March 31 of this year that were directly related to the softwood lumber industry, and an estimated further 2,000 jobs lost through the spin-off effect of the regional economic downturn. These numbers do not reflect the people who have taken retirement from the industry altogether, who have taken a job in another industry or who have moved out of the area. Sadly, there have been many people in that last category. That is just in my riding alone.

With the 27% duty in effect, local mill owners and managers are now looking at their remaining staff. Employees are living on the edge, expecting the layoff axe to fall at any moment. These are people who are being thrown out of their careers through no real fault of their own.

•(1620)

The loss of confidence in the government has evolved through empty promises and platitudes stemming from the inability of the government to negotiate in a strong and forthright manner with the United States. Yes, I believe in free trade and negotiated settlements, but when we come to the negotiating table we must approach it from a position of strength and have something to trade.

My colleagues and I suggested long ago that we needed to put ourselves in a stronger negotiating position. We have heard that echoed somewhat by some of our own government ministers from B. C. Schoolyard children know this lesson well. They know that to trade their bag of marbles for someone else's hockey stick may require an incentive such as their baseball as well.

Canadians know that we have other resources that the Americans want. California not only wants our B.C. hydro, it needs it. Another hot summer of rolling brownouts and blackouts shutting off air conditioners will drive the point home. Chicago and the midwest would sure like to have our natural gas to heat their homes during the cold, windy months of January and February. The American energy companies are actively looking for ways to put in pipelines from Alaska to the southern 48 states.

Simply put, the time for this is long past, and we need to start negotiating and playing hardball at doing it. Why can we not protect and build our Canadian economy, save Canadian jobs and expand our softwood lumber industry? What does the government not understand?

Previous governments and many Canadians worked hard to develop a rules based free trade agreement with both the United States and Mexico that would bring some guaranteed access to their markets and keep Canadians working. Yet in this present dispute, our government has failed to keep even the market share in softwood lumber we had previously in the United States and has allowed it to be taken over by non-NAFTA countries such as Sweden and Brazil, which now are reaping the rewards of our hard work. That is simply unacceptable.

The U.S. has attempted to tarnish the forest practices of all Canadians. Canada's timber supply is mainly through crown land, compared to the American system which is over 50% private woodlots. While the Americans want a Canadian public auction process, the government has failed to point out that most wood sold in the U.S. is brokered through private deals, not public auction.

The government has failed to adequately point out that while the Canadian softwood lumber industry has regularly upgraded equipment and technology, much of the American industry has not. In turn, the government has failed to point out that American softwood lumber policy is being run largely by lobbyists for private U.S. companies. Need I remind the House that some of these lobbyists work for companies which have profits that are individually far greater than those of even our biggest companies combined?

I come back to the fact that I have twice invited the Minister for International Trade and his parliamentary secretary to visit my riding for a reality check. So far they have been conspicuous no-shows. It is due to this lack of inaction on the part of the government to put a personal face to this economic tragedy that my constituents, and

Supply

Canadians alike, see this as another failure on the part of the government. It is a part of restoring confidence in government to help Canadians.

I will be voting in favour of the motion, reflecting, I believe, the attitude of my constituents:

That this House has lost confidence in the government for its failure to persuade the U.S. government to end protectionist policies that are damaging Canada's agriculture and lumber industries and for failing to implement offsetting trade injury measures for the agriculture and lumber sectors.

•(1625)

Mr. Pat O'Brien (Parliamentary Secretary to the Minister for International Trade, Lib.): Mr. Speaker, I listened to the member enumerate the many speeches that he has given and the questions that he has asked and so on. I heard him say that there has been a lack of response from the government. That is simply incorrect.

There was wide consultation by the government before the softwood lumber agreement ran out. There was and still remains a national consensus. Even his own party critics agreed that to renew the softwood lumber agreement was not the thing to do, that it should be left to run out and then we would have free trade unless the Americans took punitive trade action. Unfortunately they have again done that and now we are pursuing every legal option available to us.

I would like to ask the hon. member to comment on this: If his party was so busy on this file, why were there at least two months a year ago when that party had no trade critic whatsoever? Weeks and weeks went by when neither that member nor anyone else could even get their House leadership to allow them to put a question on softwood lumber. These are verifiable facts. Maybe he could explain that inconsistency with all this concern of his party for the softwood lumber file.

Mr. Reed Elley: Mr. Speaker, the member knows full well that there is far more important work done by the members of parliament than that which takes place in question period. If he wants to simply stand in question period and make some great point, fine, but we have had a trade critic who for at least two years now has been actively meeting and talking with people in industry, who has been talking with U.S. government people, who has been talking with stakeholders and who has been asking the government behind the scenes what its plan is.

The very fact of the matter is that it is the government's responsibility to come up with the plan. The government knew this agreement was expiring. It knew full well that something had to be in place. Yes, it is true we did not want to see another agreement as had been struck earlier. It was not working for Canada. However, it is the government's responsibility to negotiate with the Americans to make sure that something is in place so that we do not have these punitive tariffs that are destroying our industry.

If the constituents in my riding were asked the question, they would say, and we maintain, that it is the government's responsibility to do that kind of negotiating. It failed to do it long before this agreement expired. It is responsible for putting our industry into the kind of position in which it is today. It is not the opposition. It is the government. That is where the buck stops.

Supply

•(1630)

Mr. Peter Stoffer (Sackville—Musquodoboit Valley—Eastern Shore, NDP): Mr. Speaker, I cannot help but agree with the hon. member that one does have to bargain from a position of strength.

He did mention gas and pipelines. That refers to linkage in the argument. One thing many Canadians across the country have asked me and our party is why Canada does not just turn off the lights and the gas lines to America until it comes to its senses and gets rid of this.

I am asking the official opposition, is that the opposition policy or does it think that what the government should be doing is adding linkage to the discussion? How angry are we? Will we stand up for our agriculture producers and our softwood lumber producers by shutting down the gas and the electricity from Quebec or the natural gas from Nova Scotia in order to teach the Americans a lesson? Is it referring to that in that type of argument? Because if it is, it would be a great debate, one that I would love to participate in.

Mr. Reed Elley: Mr. Speaker, I understand what the member is saying. I know how very difficult it is in a huge country like ours, natural resource based in its economy, with every region of the country depending on primary resource industries that over a period of time seem to be getting deeper into trouble, but when we talk about even the concept of linkage, it causes problems right across the country. There is no question about this.

What we are trying to point out is that somehow the government must come up with a stronger bargaining position with the Americans and that these items need to be discussed. That is all we are saying.

Mr. John Harvard (Charleswood St. James—Assiniboia, Lib.): Mr. Speaker, I will be sharing my time with the Parliamentary Secretary to the Minister for International Cooperation.

Agriculture and agrifood trade accounts for approximately one-third of the balance of trade of all goods and services in Canada. A very important part of that balance of trade comes from an excellent bilateral trading relationship with the United States.

In 2001 Canada's agrifood exports to the U.S. were worth over \$16.5 billion, which was 17% higher than the year before, and represented over 62% of the value of all of our agrifood exports.

Canada also imported \$12.3 billion in agrifood products from the U.S. last year compared to just under \$11 billion in the year 2000.

Canada-U.S. agricultural trade is a good news story. The vast majority of trade in agrifood products between our two countries occurs on a smooth and continuous basis.

Canada and the U.S. recognize the importance of a good trading relationship which benefits agricultural sectors in both countries. To assist in maintaining this relationship, Canada and the United States established the consultative committee on agriculture in 1999 as a follow up to a bilateral record of understanding, an ROU, reached the year before. The purpose of the committee is to monitor the implementation of specific items outlined in the ROU action plan, as well as to provide a forum for Canadian trade and agriculture officials to periodically review issues affecting bilateral agriculture trade. This mechanism serves as an important early warning system

to help identify and resolve issues before they become full fledged disputes.

The Canada-U.S. consultative committee on agriculture achieved a great deal in its first two years of operation. Many of the items identified in the initial action plan were addressed and resolved, and other issues were taken up by a group as they emerged as potential trade irritants.

During 2001 the committee developed a renewed action plan that would help to provide more concise direction to its future activities. The action plan was endorsed by Canada's Minister for Agriculture and Agri-Food and the U.S. secretary of agriculture on May 3 this year.

This is not to say, however, that the agrifood trading relationship between Canada and the U.S. is completely devoid of any problems. For example, Canada, along with many other countries, is very disappointed in the direction of the U.S. farm bill, known as the farm security and rural investment act, 2002.

Along with many other countries, including the EU members, Australia, Mexico, India, Brazil, China and South Africa, just to name a few, our government has raised our concerns and frustrations at the highest levels of the American administration. The Prime Minister raised them with President Bush, and ministers have expressed our concerns to their U.S. counterparts throughout the legislative process.

Further, the Canada-U.S. interparliamentary group was able to raise its concerns earlier this month during its annual meeting in Newport, Rhode Island, a group in which the Alliance member from Vancouver North Island participated.

In particular, we Liberals are concerned about the increase in trade distorting support as well as a provision for retail level country of origin labelling for meat, produce, fish and seafood that becomes mandatory in 2004, and will have a significant and detrimental impact on Canadian manufacturers and exporters.

We are also concerned about the establishment of a new marketing loan program for dry peas, lentils and small chick peas which has the potential to cause long term market distortions for these crops.

We are also working on a number of fronts to pursue Canadian interests in the face of this legislation.

First, this legislation, and the high levels of domestic support by other countries such as the EU, underscore the importance of achieving fundamental agriculture reform. In the Doha declaration, WTO members undertook to achieve substantial reduction in trade distorting domestic support in the WTO agriculture negotiations. I know that the Minister for International Trade and this government are committed to achieving that objective.

•(1635)

Second, the government is working with other countries, such as other Cairns Group members, to press the U.S. to regain its leadership role which was so instrumental in achieving the launch of WTO negotiations. For example, on May 15 the Cairns Group issued a statement that expressed deep regret over the farm law and called on the U.S. to renew its commitment to global agricultural trade reform at the WTO agriculture negotiations. Many countries reiterated these concerns about the act at an OECD ministerial meeting in Paris the following day and repeated the call for U.S. leadership.

Third, the Liberal government is continuing a detailed analysis of the act and will be monitoring the implementation of the legislation extremely carefully to ensure that the U.S. conforms fully with its international trade obligations. We are also in touch with other trading partners on this and sharing information.

On this side of the House we are committed to working closely with the industry and provinces as we proceed on these various fronts. That was strikingly clear last Friday when the Minister of Agriculture and Agri-Food, the minister responsible for the Canadian Wheat Board, the Minister for International Trade and the Minister of Finance all met with provincial and farm group representatives to discuss the future of the industry in western Canada.

We will also work with our U.S. allies with respect to the country of origin labelling provision to ensure that Canadian trade interests are not compromised.

We recently emerged from a U.S. investigation which refuted allegations by U.S. wheat growers that Canada is underpricing or overdelivering on quality in its exports of wheat to the U.S. It is worth pointing out that in announcing its decision, the U.S. trade representative rejected requests from the domestic industry to impose tariff rate quotas on Canadian wheat entering that country. This would have been a flagrant violation of U.S. international trade obligations, a point that the U.S. administration recognized.

Nevertheless, the U.S. trade representative has indicated that the U.S. may request WTO consultations or prepare a possible countervail/anti-dumping case. We have consistently made the point that our wheat exports are market driven and respond to the demand in the U.S. for a consistent, high quality product. Canadian wheat is traded fairly and the operations of the Canadian Wheat Board are in full compliance with all of Canada's international trade obligations. The Government of Canada will continue to defend the interests of this important sector.

In spite of these very important issues, we should not overlook the fact that there are many examples of the excellent co-operation that takes place every day to keep very large volumes of product flowing unencumbered across our shared border. Canada and the U.S. work together on many agriculture and agrifood trade issues, including everything from biotechnology issues to food safety, to customs procedures, and will continue to do so in recognition of the very important trade benefits that each country enjoys.

Before I finish, I would like to say just how naive I believe the opposition is being by proposing that the farm bill is a policy

Supply

directed at Canadian producers and the fault of the Canadian government. This was a move to protect political interests in the U.S. during an election year. It is a destructive step backwards in global trade liberalization and no amount of lobbying from a conservative President Fox in Mexico or a close friend and ally, Prime Minister Tony Blair, was going to persuade the American congress and senate otherwise.

I would also like to comment on the opposition's poorly thought out suggestion that offsetting trade injury measures should be implemented. Canada is a key beneficiary of the rules based trading system under the WTO and NAFTA. If we believe that a trading partner has violated its trade obligations and injured our domestic interests we have recourse to WTO or NAFTA dispute settlement mechanisms. This is what a rules based system provides. Seven in ten Canadians think that Canada should follow established trade rules. In contrast, any targeted assistance to a domestic sector could be countervailable and would invite a trade action against Canadian interests.

•(1640)

[*Translation*]

The Deputy Speaker: Before proceeding to questions and comments, it is my duty, pursuant to Standing Order 38, to inform the House that the questions to be raised tonight at the time of adjournment are as follows: the hon. member for New Brunswick Southwest, Public Works and Government Services; the hon. member for Cumberland—Colchester, aboriginal affairs.

[*English*]

Mr. Jason Kenney (Calgary Southeast, Canadian Alliance): Mr. Speaker, first, I would like to make a suggestion to the hon. member who just spoke. Perhaps he should speak to the speech writing department at DFAIT and suggest that it produce more than one template speech for Liberal members because much of what he just said was reiterated verbatim by some of his colleagues earlier.

I find it quite remarkable that Canada today is facing the greatest trade catastrophe in post-war history and yet not a single member of the government has evinced a patina of responsibility on their part for what has happened. It is all the Americans' fault.

Could it be that the lack of action on the part of the United States to our trade concerns has something to do with the fact that the Prime Minister and his nephew both suggested support for Al Gore in the U.S. presidential election, or that the president has written off and dismissed the Prime Minister as Dino, which is apparently the nickname the president has given him, a representative of a political past that is not in touch with the American administration?

Would the hon. member also comment on the government's failure to take up proactively with the United States the possibility of broadening and improving the FTA and NAFTA to include softwood lumber since 1993?

Supply

Why is it that the government did not take up the mantle of free trade and press more vigorously for the kind of agreement which would have precluded the sanctions that are now threatening the existence of our lumber and agricultural industries?

Mr. John Harvard: Mr. Speaker, I do not know whether I can answer all those questions. It might take some time.

First, let me point out one thing to the hon. member. I guess he has something against repetition.

Yes, the government has repeated certain points since the beginning of debate today. However I have been listening to the official opposition members and they have harped on the same thing over and over again. How many times have I heard them say that this was all the fault of the Canadian government?

If the hon. member is really serious maybe we would be more than happy to enter into a pact not to repeat anything that we say if members opposite will do the same. I doubt very much that he would enter into that kind of agreement.

Now he is suggesting that if we somehow had a better relationship between our Prime Minister and the president, this U.S. wave of protectionism would disappear into the ether.

Let me just advise the hon. member that in the last 20 years there have been four softwood lumber disputes. President Bush has not been there for 20 years. Our Prime Minister has not been here for 20 years. I suspect something else is at work other than what he is suggesting.

The hon. member has also suggested that perhaps we should open up the NAFTA package or even the free trade agreement that was consummated in 1988. Is that what he is seriously suggesting?

If he thinks that the free trade agreement and NAFTA are working quite well does he and his Alliance Party want to open them up? I would ask him to ponder on that for a little while.

• (1645)

Mr. Gurmant Grewal (Surrey Central, Canadian Alliance): Mr. Speaker, I have three questions for the hon. member.

First, Canada's largest trading partner is the U.S. Eighty-five per cent of our trade is with the U.S. However the Liberal government has been ineffective in diversifying our trade with the east, west and south.

Second, the government has not strengthened our trade relations with our neighbours, our largest trading partner. This weak Liberal government has been an ankle biter to the Americans on ICC, the international criminal court; on the national missile defence; on landmines; and on NATO. The Prime Minister has even bad mouthed the American president on *Open Mike*. The Prime Minister and his cousin have also made other remarks.

Third, the government has been ineffective in taking care of the regulations controlling the lumber industry, forestry, particularly with counterproductive regulations. Even the market practices have not been dealt with by the government. New technology has not been encouraged for the forestry industry to use.

I would ask the member what the government has done to show that it has been effective in dealing with our trade, technology, regulations and other practices in the lumber industry?

Mr. John Harvard: Mr. Speaker, let me remind the hon. member that since the implementation of the free trade agreement trade has doubled. I think that says something about not only the effectiveness of the trade agreement, but also the effectiveness of our government on this side.

If he is wondering about our relations with other countries, especially in terms of free trade, since 1993 under the Liberal watch, we have entered into a free trade agreements with Chile, Costa Rica and Israel. We are in serious negotiations with the EFTA countries. I think we are doing very nicely on those fronts.

[Translation]

Mrs. Marlene Jennings (Parliamentary Secretary to the Minister for International Cooperation, Lib.): Mr. Speaker, in my view, this afternoon's debate is quite an important one. It is an opportunity for us to examine the current trade relationship between Canada and the United States and to look at the tools available to the government and to Canada to manage that relationship.

Canada's trade and investment relationship with the United States is fuelled by the increasing integration of our economies and facilitated by a rules-based trade system offered by the World Trade Organization (WTO) and the North American Free Trade Agreement (NAFTA).

This relationship is also quantitatively and qualitatively different from that with any other country. Canada's relationship with the United States is both solid and dynamic. The two countries share the largest bilateral flow of goods, services, people and capital between any two countries in the world.

In 2001, Canada exported \$351 billion in goods to the United States and imported \$218 billion in return. Services exports totalled \$31.7 billion in 2000, with corresponding imports at \$37.6 billion.

Since the implementation of the Free Trade Agreement in 1989, two-way trade has more than doubled, as my colleague mentioned earlier. Since 1992, two-way trade in goods has increased by approximately 12% per year.

Moving about \$1.9 billion worth of goods and services across the border each day, Canada and the United States are each other's largest customers and biggest suppliers. While the majority of Canada-U.S. trade moves freely across the border each day, disputes inevitably arise. Given the magnitude and complexity of the relationship, management of the Canada-U.S. trade relationship is Canada's top trade policy priority.

I now wish to address certain dispute settlement mechanisms.

Many people focus on the dispute settlement systems under the WTO and the NAFTA, which we are using, for example, in our softwood lumber challenges, as the key means of resolving disputes. However, Canada has an array of tools at its disposal to deal with disputes and to address issues before they become more problematic. These of course include consultative and dispute settlement mechanisms under the WTO and the NAFTA.

Before looking at the consultative mechanisms in more detail, I want to re-emphasize the preferential benefits for Canadian trade that have been a direct result of the NAFTA.

You will recall, for example, that Canadian exports were exempted from the U.S. safeguard action announced on March 4, 2002, imposing additional tariffs on imports of 16 steel products.

The fact that our exports of these 16 products were not subjected to these additional tariffs is very important. Since NAFTA, there has been an integration of the North American steel production sector. This is an integration that is not necessarily seen in other North American sectors. Canadian producers will tell us this and have told me this. In addition, American and Mexican producers have confirmed that steel is the most integrated industrial sector in North America.

This exemption was pursuant to those provisions of NAFTA that allow imports from Canada to be exempted from actions if certain conditions are met.

•(1650)

Over the past several years, this particular provision of NAFTA has meant that Canadian imports were exempt from the application of American safeguard action on such products as steel wire rod, line pipe, wheat gluten, tomatoes and bell peppers, and corn brooms.

In addition, Canadian exporters have benefited from the dispute settlement provisions governing anti-dumping and countervailing duty measures established by chapter 19 of first the Canada-U.S. free trade agreement and then by the North American Free Trade Agreement. On 22 separate occasions, anti-dumping and countervailing duties were reduced following chapter 19 review and, on one occasion, the duties were removed entirely as a result of such a review—softwood lumber in 1994.

I think it is important to focus on this good news, these positive effects, which demonstrate that we are indeed an important vendor to the United States and they are an important customer of Canada, as far as Canada-U.S. trade is concerned. In a goodly number of cases, disputes are settled with no negative effects. The mechanisms are in place and they are more than ever useful and effective.

Then there are the consultative mechanisms. I note that under the NAFTA, over 30 entities were established to facilitate trade and investment and to ensure the effective implementation and administration of the agreement. Key areas of ongoing work include trade in goods, rules of origin, customs, agricultural trade and subsidies, standards, government procurement, investment and services and cross-border movement of business people. These NAFTA working groups and committees help to smooth the implementation of the agreement and provide forums for exploring ways of further liberalizing trade between members.

Another important mechanism for managing bilateral issues is the Canada-U.S. Consultative Committee on Agriculture, the CCA. The main objective of the CCA, which is co-chaired by Canadian and U.S. officials, is to reach solutions to emerging bilateral agricultural concerns before these become major irritants.

The CCA has proven to be useful in a number of instances in relieving bilateral trade tensions and in forestalling precipitous

Supply

actions by Northern Tier states in particular. An important feature of the CCA is the formal role provided for states and provinces: the Province/State Advisory Group serves as a forum for provincial and state governments—usually at the level of the provincial agricultural minister and his U.S. counterpart—to discuss bilateral agricultural trade issues and to work together on areas of concern.

I have not been able to address the involvement and role of parliamentarians but I think I have been able to demonstrate that the government will continue to make full use of the various mechanisms—some of which I have listed—and will do everything possible to ensure prompt resolution of the inevitable disputes.

We are counting on the WTO and NAFTA to further improve access to markets and to fine tune the rules of international trade. I think this is the general strategy that is required.

•(1655)

[*English*]

Mr. Richard Harris (Prince George—Bulkley Valley, Canadian Alliance): Mr. Speaker, after listening to the hon. member it is apparent that her speech was handed to her by someone in the department.

She has gone on about a number of different mechanisms. We all know those mechanisms exist but the reason we are in this crisis, which should be made clear, is because of the government's complete and utter mismanagement of the relationship between Canada and the United States.

Regarding the softwood lumber issue, we will get to the mechanism at the WTO and at the NAFTA. However in the meantime we have tens of thousands of softwood lumber workers unemployed. We have mills in a financial crisis and now they are having to face the burden of billions of dollars of tariffs imposed by the United States because of the way the government has confounded friendly relations with the U.S.

The government has mismanaged this portfolio in a huge way. A number of things have happened such as the ambassador from Canada saying during the U.S. elections that he was hoping for an Al Gore democratic win.

Does she not believe that rather than getting into the issue in February 2001 the government could have eased the burden of this crisis if it had dealt with it before the SLA expired?

•(1700)

Mrs. Marlene Jennings: Mr. Speaker, I have to wonder sometimes where some members of the opposition are. I will not say all as I do not want to generalize.

I understand that the member may not have been in the House of Commons for the past 20 years, but if we are to believe that he is as well read and as interested in the issue of softwood lumber, in the issue of agriculture and the protectionist attitudes of the United States, then he would know that in terms of softwood lumber there have been four disputes in the past 20 years.

Supply

The issue of whether or not Mr. Bush feels as friendly or has as heart warming sentiments toward our Prime Minister as he or his father may have had toward previous Canadian prime ministers simply is not an issue. It is silly. I cannot believe that the member, who normally tends to speak with a little more common sense than not, although I will not put a precise figure to that, would make such a statement.

Yes, there is a softwood lumber dispute going on now and Canadians know there is a dispute. The difference between the official opposition and some of the other opposition parties and the Canadian public is that the Canadian public thinks the government has taken the issue seriously. They know that the government did not just start negotiating when the agreement ended but it began working and negotiating years before. As a result of the government's action there was and still is a coalition between the provincial and territorial governments that are concerned with the sector, the players and with the unions.

It is interesting that the government was able to forge the front. The front did not just happen the day after the agreement. The specific agreement is as a result of the work of several years.

I would like the member of the opposition, if he should speak to this issue again, to at least recognize that the common front that continues to exist to defend the Canadian softwood lumber industry—

The Acting Speaker (Mr. Bélair): Resuming debate, the hon. member for Medicine Hat.

Mr. Monte Solberg (Medicine Hat, Canadian Alliance): Mr. Speaker, it is my pleasure to rise and address the motion. I want to remind the House and the people who are watching on television exactly what the debate is about. The motion states:

That this House has lost confidence in the government for its failure to persuade the U.S. government to end protectionist policies that are damaging Canada's agriculture and lumber industries and for failing to implement offsetting trade injury measures for the agriculture and lumber sectors.

I want to address some of the things that my Liberal colleague said a moment ago. She talked about how ridiculous it is to suggest that some of the problems that we have right now might flow because of bad relations between Canada and the United States. I will give a little historical background.

Coming out of the second world war Canada and the United States established all kinds of unique arrangements and partnerships, especially on defence. The reason we could do that was because the Americans trusted us as an ally. They knew that we would stand by them shoulder to shoulder. There were all kinds of arrangements, from Norad to purchasing agreements that allowed the Canadian defence industry to participate in bidding on U.S. defence contracts. There were literally dozens of them. They were not agreements that were open to any other country, just Canada. They flowed from the fact that we were a trusted ally.

I want to argue that the government has eroded that relationship. It has poked the U.S. in the eye, over and over again. We had the Prime Minister running around campaigning and saying that he did not want to be a close personal friend with President Bush, like Brian Mulroney was with Ronald Reagan. He made a point of that. As though somehow we define our sovereignty by how we alienate the

Americans even though they are our largest trading partner, the most powerful nation in the world. What good can come from that I do not know but that is what the government did. Now the government denies that it is a problem. I think that is complete hokum and it defies common sense.

I want to address a specific issue that is important for my riding. We export cattle to the United States. Alberta is the biggest cattle exporter of any province. In total the cattle industry is worth about \$3.5 billion of exports into the United States. We export grain and oilseeds which have been pounded in recent years by low commodity prices. We also have other kinds of products, for example, vegetables and other commodities. They are all going to be hurt by the U.S. farm bill.

What concerns me is that the government knew for months, in fact years that this was coming, but it did nothing. For example, my friend from Lethbridge in February asked a specific question of the agriculture minister about country of origin labelling. He pointed out at that time in February that there was a connection between the insistence of the U.S. to push toward country of origin labelling and something called terminal protocol, which is effectively a way of allowing U.S. beef to come into Canada, be fed in Canada, turned around and sent back to the United States where it would be slaughtered.

The problem at the time was that some people were concerned about a couple of diseases, one of which is called bluetongue. There was concern that if these cattle came in there might be some chance that bluetongue could be spread in Canada. The Canadian Cattlemen's Association, although it had a few reservations said it was a manageable problem. The feeder said there was no problem, to bring them in, and it could work with that.

When my friend from Lethbridge asked the minister about it, first the minister torqued the issue and said that the Canadian Cattlemen's Association was completely opposed which was untrue and at the time he did acknowledge that there was a tie between country of origin labelling and the terminal protocol. However he did not do anything about it. Even though there is broad support to establish the terminal protocol and effectively get rid of the country of origin labelling problem, he did not do anything about it. The result is that Canada now faces at this point voluntary, but in a couple of years mandatory, country of origin labelling which will have a huge adverse impact on the cattle industry in Canada.

● (1705)

I remind viewers and the House that the prairie farm economy is reeling right now. Grains and oilseeds are in terrible shape. Commodity prices are low. There is a drought in my riding, in Lethbridge and much of Saskatchewan. The one pillar that has been fairly strong but has started to weaken recently has been cattle. It will be devastated if country of origin labelling comes into effect as a mandatory measure in two years.

The government had the chance to stop it and the minister as much as admitted that, yet it did nothing. That is unacceptable. It had the chance. It has absolutely blown the trade file in so many very specific ways. It is unforgivable at a time when agriculture is reeling. The government and the minister had a chance to do something and grab the opportunity. Unfortunately they did not do that.

Supply

This is a \$180 billion program that the United States is implementing over all, or \$280 billion Canadian. It will have a devastating impact on commodity prices over the long run. It will set back negotiations with the Europeans at the next round of GATT. I am worried that it will take a longer period of time to drive down subsidy levels overall, which means that many farmers, including farmers in the third world, will suffer.

There was a time when Canada had tremendous influence with the Americans. That was one of the selling features of Canadian foreign policy. We used to say that we had a privileged place at the ear of the Americans. We were their greatest ally, their greatest trading partner, and we could talk to them about these things because we had that privileged position. Clearly, we have lost that. We were not able to do anything on softwood lumber and the U.S. farm bill. It speaks volumes about how we have lost prestige in the eyes of our American neighbours.

I believe we need two things. First, we need a change of attitude over on the other side. We must start looking at the U.S. as our ally and friend. When we are called to stand beside the U.S. after an event like September 11, there should be no hesitation. We saw hesitation from the government. We have a moral and legal obligation to get behind the U.S. when that kind of reprehensible act happens. We did not do it. We dropped the ball. I was truly ashamed of the government in the wake of September 11.

Second, we need an action plan when it comes to these sort of trade disputes. The Mexicans and the Americans are working on a rapid response trade dispute mechanism. The U.S. senate today passed a bill that starts to address that. Canada has not done anything.

My friend from Lethbridge has a private member's bill or motion that begins to address those things but the government has done nothing. We need an action plan that has measures like that. We need an action plan that begins to think about trade injury compensation programs. The government has not even thought of a plan even though it knew that the softwood lumber agreement would come to an end after five years.

The government has really bobbled the trade file. It has done a terrible job in establishing long term good relations with the United States, our greatest friend and trading partner, the most powerful nation in the world, one that we have had a long friendly relationship with. The result is that Canadians are paying the price. They will pay the price in the form of our inability to export the way we need to do as a trading nation and that will result in a lower standard of living.

I urge Liberal colleagues across the way to pay attention to what they have heard from my colleagues today on this issue. If they do, I know that they would begin to produce a trade policy that would make some sense.

• (1710)

Mr. Peter Stoffer (Sackville—Musquodoboit Valley—Eastern Shore, NDP): Mr. Speaker, one of the suggestions made by my colleague from northern Manitoba was that Canada should institute a national housing program so that we could use a lot of materials within our own country to help support national housing programs and build units across Canada so that no one would have to be homeless. It would do two things. It would provide quality homes

and jobs for people, and provide homeless people with a place to live. Would my hon. colleague from Medicine Hat support that type of initiative?

Mr. Monte Solberg: Mr. Speaker, I appreciate my friend's concern about the homeless. I know he is a pretty compassionate person and that he has thought of this idea which is wonderful. However what that would do is let the government off the hook on this issue.

I would love to have a debate sometime about how we deal with homelessness in Canada. It is a serious issue. What I am concerned about is that if we start to offer those types of solutions, we will never resolve this over the long run. We ultimately need to have a WTO ruling that would lend credence to what we already know is true: that Canada is correct on this issue.

Unfortunately, the government did not do a good job of preparing us for what would happen after the previous softwood lumber agreement came to an end. We are in the unfortunate position now where we are starting to think about those kinds of things. If we had started to deal with this a number of years ago, we would not be having a discussion today about the sorts of issues that my friend has raised. I think that is—

• (1715)

[*Translation*]

The Acting Speaker (Mr. Bélair): It being 5.15 p.m., it is my duty to interrupt the proceedings and put forthwith every question necessary to dispose of the business of supply.

[*English*]

The question is on the motion. Is it the pleasure of the House to adopt the motion?

Some hon. members: Agreed.

Some hon. members: No.

The Acting Speaker (Mr. Bélair): All those in favour of the motion will please say yea.

Some hon. members: Yea.

The Acting Speaker (Mr. Bélair): All those opposed will please say nay.

Some hon. members: Nay.

The Acting Speaker (Mr. Bélair): In my opinion the nays have it.

And more than five members having risen:

The Acting Speaker (Mr. Bélair): Call in the members.

The House divided on the motion, which was negatived on the following division:

(*Division No. 288*)

YEAS

Members

Abbott
Anders
Bachand (Richmond—Arthabaska)

Ablonczy
Anderson (Cypress Hills—Grasslands)
Barnes (Gander—Grand Falls)

Supply

Bergeron
Borotsik
Breitkreuz
Brisson
Cadman
Casey
Chatters
Comartin
Cummins
Davies
Desjarlais
Dubé
Duncan
Epp
Forseth
Gagnon (Champlain)
Gauthier
Godin
Gouk
Grey
Harper
Herron
Hillstrom
Jaffier
Kenney (Calgary Southeast)
Lalonde
Lebel
Loubier
Lunney (Nanaimo—Alberni)
Masse
McDonough
Ménard
Merrifield
Nystrom
Penson
Picard (Drummond)
Rajotte
Ritz
Roy
Schmidt
Solberg
Spencer
Stinson
Strahl
Thompson (New Brunswick Southwest)
Vellacott
Wasylcia-Leis
White (Langley—Abbotsford)
Yelich — 103

Bigras
Bourgeois
Brien
Burton
Cardin
Casson
Clark
Crête
Dalphond-Guiral
Day
Desrochers
Duceppe
Elley
Fitzpatrick
Gagnon (Québec)
Gallant
Girard-Bujold
Goldring
Grewal
Guimond
Harris
Hill (Prince George—Peace River)
Hinton
Johnston
Laframboise
Lancôt
Lill
Lunn (Saanich—Gulf Islands)
Mark
Mayfield
McNally
Meredith
Moore
Pallister
Perron
Proctor
Reid (Lanark—Carleton)
Robinson
Sauvageau
Skelton
Sorenson
St-Hilaire
Stoffer
Thompson (Wild Rose)
Toews
Venne
White (North Vancouver)
Williams

Jackson
Jordan
Keyes
Knutson
Laliberte
LeBlanc
Leung
Longfield
Macklin
Malhi
Marcil
Martin (LaSalle—Émard)
McCallum
McKay (Scarborough East)
Minna
Murphy
Nault
Normand
O'Brien (London—Fanshawe)
Owen
Pagtakhan
Peric
Pillitteri
Redman
Richardson
Rock
Savoy
Scott
Shepherd
Speller
St-Julien
Steckle
Szabo
Tirabassi
Torsney
Valeri
Wilfert — 133

Jennings
Karetak-Lindell
Kilgour (Edmonton Southeast)
Kraft Sloan
Lastewka
Lee
Lincoln
MacAulay
Mahoney
Maloney
Marleau
Matthews
McGuire
McLellan
Mitchell
Myers
Neville
O'Brien (Labrador)
O'Reilly
Pacetti
Patry
Phinney
Pratt
Regan
Robillard
Saada
Scherrer
Sgro
Simard
St-Jacques
St. Denis
Stewart
Telegdi
Tonks
Ur
Vanclief

PAIRED

Members

Bachand (Saint-Jean)
Eggleton
Graham
McCormick
Parrish
Plamondon
Rocheleau
Volpe — 16

Asselin
Dromisky
Fournier
Guay
Paquette
Pettigrew
Price
Tremblay

● (1745)

[*Translation*]

The Speaker: I declare the motion lost.

* * *

ASSISTED HUMAN REPRODUCTION ACT

The House resumed from May 27 consideration of the motion that Bill C-56, an act respecting assisted human reproduction, be read the second time and referred to a committee.

The Speaker: The House will now proceed to the taking of the deferred recorded division on the motion at second reading of Bill C-56.

(The House divided on the motion, which was agreed to on the following division:)

(*Division No. 289*)

YEAS

Members

Adams
Allard
Assadourian
Bachand (Richmond—Arthabaska)

Alcock
Anderson (Victoria)
Augustine
Bagnell

NAYS

Members

Adams
Allard
Assadourian
Bagnell
Bélanger
Bertrand
Binet
Bonin
Boudria
Brown
Bulte
Caccia
Carroll
Catterall
Chamberlain
Coderre
Comuzzi
Cullen
DeVillers
Dion
Drouin
Easter
Eyking
Finlay
Fontana
Fry
Godfrey
Guarnieri
Harvard
Hubbard

Alcock
Anderson (Victoria)
Augustine
Barnes (London West)
Bennett
Bevilacqua
Blondin-Andrew
Bonwick
Bradshaw
Bryden
Byrne
Calder
Castonguay
Cauchon
Charbonneau
Collenette
Copps
Cuzner
Dhaliwal
Discepola
Duplain
Efford
Farrah
Folco
Frulla
Galloway
Goodale
Harb
Harvey
Ianno

Private Members' Business

Barnes (Gander—Grand Falls)
Bélangier
Bergeron
Bevilacqua
Binet
Bonwick
Boudria
Brien
Brown
Bulte
Caccia
Carroll
Castonguay
Cauchon
Charbonneau
Coderre
Comuzzi
Crête
Cuzner
DeVillers
Dion
Drouin
Duceppe
Easter
Eyking
Finlay
Fontana
Frulla
Gagnon (Québec)
Gauthier
Godfrey
Guarnieri
Harb
Harvey
Hubbard
Jackson
Jordan
Keyes
Knutson
Laframboise
Lalonde
Lastewka
Lee
Longfield
MacAulay
Mahoney
Maloney
Mark
Martin (LaSalle—Émard)
McCallum
McKay (Scarborough East)
Ménard
Minna
Murphy
Nault
Normand
O'Brien (London—Fanshawe)
Owen
Pagtakhan
Phinney
Pillitteri
Regan
Robillard
Roy
Sauvageau
Scherrer
Sgro
Simard
St-Hilaire
St-Julien
Stewart
Telegdi
Tirabassi
Torsney
Valeri
Venne

Barnes (London West)
Bennett
Bertrand
Bigras
Blondin-Andrew
Borotsik
Bradshaw
Brisson
Bryden
Byrne
Calder
Casey
Catterall
Chamberlain
Clark
Collenette
Copp
Cullen
Dalphond-Guiral
Dhaliwal
Discepolo
Dubé
Duplain
Efford
Farrah
Folco
Forseth
Fry
Galloway
Girard-Bujold
Goodale
Guimond
Harvard
Herron
Ianno
Jennings
Karetak-Lindell
Kilgour (Edmonton Southeast)
Kraft Sloan
Laliberte
Lanctôt
LeBlanc
Leung
Loubier
Macklin
Malhi
Marcil
Marleau
Matthews
McGuire
McLellan
Meredith
Mitchell
Myers
Neville
O'Brien (Labrador)
O'Reilly
Pacetti
Patry
Picard (Drummond)
Redman
Richardson
Rock
Saada
Savoy
Scott
Shepherd
Speller
St-Jacques
St. Denis
Szabo
Thompson (New Brunswick Southwest)
Tonks
Ur
Vanclief
Wilfert — 160

NAYS

Members

Ablonczy
Anderson (Cypress Hills—Grasslands)
Breitkreuz

Abbott
Anders
Bonin

Burton
Casson
Comartin
Davies
Desjarlais
Duncan
Epp
Gagnon (Champlain)
Godin
Gouk
Grey
Harris
Hilstrom
Jaffer
Kenney (Calgary Southeast)
Lill
Lunn (Saanich—Gulf Islands)
Masse
McDonough
Merrifield
Nystrom
Penson
Perron
Rajotte
Ritz
Schmidt
Solberg
Spencer
Stinson
Strahl
Toews
Wasylycia-Leis
White (North Vancouver)
Yelich — 73

Cadman
Chatters
Cummins
Day
Desrochers
Elley
Fitzpatrick
Gallant
Goldring
Grewal
Harper
Hill (Prince George—Peace River)
Hinton
Johnston
Lebel
Lincoln
Lunney (Nanaimo—Alberni)
Mayfield
McNally
Moore
Pallister
Peric
Proctor
Reid (Lanark—Carleton)
Robinson
Skelton
Sorenson
Steckle
Stoffer
Thompson (Wild Rose)
Vellacott
White (Langley—Abbotsford)
Williams

PAIRED

Members

Asselin
Dromisky
Fournier
Guay
Paquette
Pettigrew
Price
Tremblay

Bachand (Saint-Jean)
Eggleton
Graham
McCormick
Parrish
Plamondon
Rocheleau
Volpe — 16

● (1755)

The Speaker: I declare the motion carried.

(Bill read second time and referred to a committee)

[English]

It being 5.58 p.m., the House will now proceed to the consideration of private members' business as listed on today's order paper.

PRIVATE MEMBERS' BUSINESS

[English]

HOUSING BILL OF RIGHTS

Ms. Libby Davies (Vancouver East, NDP) moved that Bill C-416, an act to provide for adequate, accessible and affordable housing for Canadians, be read the second time and referred to a committee.

She said: Mr. Speaker, I am pleased to rise in the House today to speak to Bill C-416, the housing bill of rights. This is an important debate. I will begin by outlining the purpose and intent of my bill.

Private Members' Business

The housing bill of rights addresses the need to create a national affordable housing strategy. It may be surprising to Canadians that this is something we do not have in Canada. We are the only industrialized country in the world that does not have a national housing strategy.

However the bill would do more than that. It would entrench in law the right to affordable housing for all people. As a signatory to the 1976 United Nations international covenant on economic, social and cultural rights, Canada already recognizes and protects the fundamental human right to adequate housing. Under Bill C-416 the right would be formalized and enshrined in Canadian law and not merely in international covenants to which Canada is a signatory.

I will talk about the scope of Bill C-416 and what it would do. It outlines that individuals would have the right to secure, adequate, accessible and affordable housing without discrimination. These rights would extend to security of tenure as well as protection against arbitrary eviction, forced relocation or any other form of harassment. The right to housing would include housing appropriate to individual or family specific needs.

Bill C-416 would guarantee the right to privacy and a safe and healthy environment free from the threat of violence. It would ensure housing was affordable. It would provide for protection from rent increases, property tax increases or other costs that were sudden or excessive and had the effect of diminishing housing as a basic human right. That is the general thrust of the bill.

It is important to enshrine these rights because many people take for granted that everyone in Canada is well housed and that we are a wealthy country. The reality is that growing numbers of people in Canada do not have adequate, safe and affordable housing. This is in part because we have not recognized housing as a legitimate right in Canadian society.

I have brought the bill forward because for a number of years we have seen a growing crisis in Canada. Four years ago the Federation of Canadian Municipalities declared homelessness a national housing disaster. Municipalities across the country passed resolutions urging the federal government to develop a national housing strategy to respond to the growing crisis. The Toronto Dominion Bank, the Toronto Board of Trade and many other organizations have recognized that we have a housing crisis in Canada. As I have mentioned, we are the only western developed nation without a national housing strategy.

I will speak briefly about the crisis before us. It may surprise some people to learn that about 250,000 Canadians will be forced to sleep in emergency shelters this year. Almost one in five rental households, or about 800,000 Canadians, pay more than 50% of their income on rent. Between 1991 and 1996 housing need as defined by CMHC, not by me or anyone else but by the government's own housing agency, skyrocketed upward. Some 1.7 million Canadian households are now defined as being in core need. That means people who pay more than 30% of their income on rent.

I find it quite shocking that the number has increased by 40% over a five year period. Half the tenant population in Canada can afford to spend only \$580 per month on rent. Yet what we have seen,

particularly in our urban communities, is the lowest vacancy rate in history since statistics were adopted by CMHC.

• (1800)

We are facing a crunch not only for people at the bottom of the economic ladder who are destitute on the streets. We are facing a crunch for tenants who work, students, seniors, and families who find they are paying more and more of their often meagre monthly incomes for shelter costs which are becoming exorbitant. These are some of the things that contribute to the housing crisis

I am sure when some members of the House, particularly from the government side, get up to speak they will say there was a problem but the federal government fixed it by signing a housing agreement in Quebec City last November with the provinces and territories. I was there when the agreement was signed. I have worked with many of the organizations that have monitored it. While the agreement is an important step it has in no way created a financial or policy foundation from which to develop a truly national housing strategy.

In the six months since the deal was signed only one of the provinces, the province of Quebec, has lived up to the commitment it made in terms of the money it has put in. Five of the 10 provinces have gone the other way and cut money for housing.

This information has been monitored by the National Housing and Homelessness Network. The network put out a report card a week ago which clearly demonstrates that the agreement has been a dismal failure. First, it does not provide for an adequate number of units. Second, only one province has made a real commitment to put money into developing affordable housing.

As the National Housing and Homelessness Network has pointed out, the agreement is flawed. It offers no guarantee that affordable housing will be produced. It allows the provinces to replace provincial money with federal money. This is happening in my own province of British Columbia. Some provinces are sidling around the agreement and doing a bit of a shuffle game. They are robbing Peter to pay Paul. There are serious flaws with the agreement the government signed with the provinces and territories last November.

The agreement outlines that over a five year period \$680 million should be committed at the federal end to housing. Maybe that will produce 5,000 units per year, and that is a qualified maybe. We have documentation from CMHC and other organizations that says the need in various communities across the country is about 30,000 units annually.

This should give members an idea of how far short the agreement is from what we need to do to develop a national housing strategy. Even the government's own task force, the Prime Minister's caucus task force on urban issues which was not an all party task force, called for a national strategy. I will quote from its report. It recommend that the Government of Canada:

Establish A National Affordable Housing Program that could include:

—Strengthening the mandate of Canada Mortgage and Housing Corporation to develop A National Affordable Housing Program in collaboration with all orders of government, and housing providers—

It made the recommendation after the agreement was signed last November, so clearly even the Liberal task force is aware of the grievous shortcomings of the agreement signed last year.

Private Members' Business

I am one of the people in the House who continually raises housing issues. I found it ironic that the Deputy Prime Minister who is the minister responsible for CMHC and housing responded to a question of mine last week by saying no one noticed he had responsibility for CMHC. It was alarming that the minister responsible for housing would joke about the fact that no one knew he was the minister of housing because of all his other duties.

• (1805)

We see the Prime Minister shuffling his cabinet. I sure as heck wish he would shuffle in a real housing minister. We would then have someone on the government side who was clearly responsible for this most basic human right and need in Canadian society. The Minister of Labour is the co-ordinator of homelessness. However we have not yet seen a minister truly responsible for taking on this important question.

I find it quite ironic that parliament has not had a debate on housing policy since I came here in 1997. It is a demonstration of how the Liberals have not been committed to a proper affordable housing program.

When I started working on the bill and putting out information I wrote to organizations and individuals across the country. I received some wonderful mail. I will quote a few people who wrote to me. I got a letter from a fellow in Kelowna, B.C. who cannot afford housing. He said:

I agree we need more affordable housing. I am 44 years old and have had to leave the workforce at 33 due to health problems. I would be writing to you by computer but I do not have one. I am on a disability pension, but now there is nothing out there to rent for \$325 a month.

I also have a letter from the National Union of Public and General Employees, often referred to as the national union. In a letter to the finance minister in support of my bill the union pointed out:

While your government sits on the largest budgetary surplus among the OECD countries we have a growing housing crisis in this country.

This is a shocking fact. We do not have a housing crisis because we lack the financial capability to deal with it. We have a housing crisis because we have lacked the political will and leadership to make it a priority and make sure it is adequately contained in the budget.

I have a letter from the Carnegie Community Centre Association in my riding of East Vancouver. It says:

Given the Carnegie Centre's situation in the centre of one of Canada's poorest neighbourhoods, the crisis of homelessness is particularly critical for us as we have constant and immediate contact with the extreme suffering it causes.

I want to underscore this. It is not some sort of academic or hypothetical situation. A week or so ago a video was released in Toronto that showed the conditions in an emergency shelter. It showed people sleeping on mats on the floor inches away from each other in violation of even the United Nations' policies for refugee camps. We are talking about Canada, not refugee camps.

I have visited shelters in Toronto. I was appalled to see people sleeping on the floor on mats with only one washroom for the men and one for the women. I am talking about extreme suffering. I am talking about people freezing to death and people who have TB because they are out in the cold and living in unhealthy conditions. This speaks clearly to the suffering caused not by individual failure

but by the failure of the government to do anything about it in terms of public policy.

Bill C-416 is a good bill. It is well written. Many people have commented on that. I want to acknowledge some of the groups that contributed and helped produce the bill, particularly Dr. David Hulchanski, a professor at the University of Toronto. Dr. Hulchanski is one of Canada's foremost housing experts. He has helped monitor Canada's progress in meeting its housing commitments under the social and economic covenant.

The National Housing and Homelessness Network has done a tremendous amount of work to keep the pressure on the federal government and bring the issue forward. I also acknowledge the Toronto Disaster Relief Committee and the Tenants Rights Action Coalition.

I have received about 2,000 petitions in support of Bill C-416. I hope the bill will bring about a real commitment from all members of the House to recognize housing as a human right, act on it and make it a reality for Canadians.

• (1810)

Mr. Peter Goldring (Edmonton Centre-East, Canadian Alliance): Mr. Speaker, I am pleased to rise today to speak to Bill C-416 on affordable housing. It has been of great interest to me for many years now.

Last week the media quoted it as a tragedy and a national disaster. A street nurse charged that we had conditions so deplorable that they violated the United Nations basic requirements for refugee camps. One observer appalled said that she was struck by the images of body after body after body. We may think this sounds like a description of a war area or a third world hospital camp, but it is not. It is an emergency shelter for the homeless in Toronto.

As the Toronto *Star* pointed out, anybody who doubts the need for more affordable housing should watch the one minute documentary that made newspaper headlines last week. It shows a man searching for a place to wedge in his narrow mat and sleeping bag, stumbling over prone bodies, packed together like sardines in a can. The unidentified shelter is just one of the many across Canada and the situation reoccurs with depressing monotony, night after night.

However it does not have to. Affordable rental housing has been a critical need in Canada's major cities for years. Today in most communities more condominiums are built new or converted from existing apartments than new rental units are constructed. Even though the economy is relevantly buoyant, the national rental inventory is shrinking and singles entry level rental housing is practically unavailable.

While it is clearly a provincial responsibility under the constitution, roller coaster federal funding for non-profit housing has seriously upset the free market for affordable housing and the provinces ability to respond accordingly.

Private Members' Business

For many years the government has provided most of the funding and grants for social housing but unfortunately what was good intentioned, the hope of providing economically affordable housing, has been bogged down in community desires for aesthetic preferences. Construction costs have soared as architects, designers and well-meaning people add to projects eating up precious housing dollars. At the same time capable private housing providers are discouraged from attempting to respond to this very significant need. While non-profit projects enjoy tax free status, municipal taxes are punitive, being much higher for rental units than for private housing. This condition further discourages private rental housing providers.

Private businesses cannot compete with the multiple grants, the tax free status, the funding latitude for excessive architecture and the municipal taxation relief available to current social housing providers. The result is that many working poor are left wondering why their housing has fewer features than the social housing projects of their neighbours.

Because constitutionally housing is a provincial matter, the question we at the federal level need to ask is: what can the federal do to help the provinces remedy the situation?

The Liberals say "We will spend another \$753 million of homeless funding on non-profit social shelters and transitional shelters and spend more again on non-profit housing with more to follow". The Liberals leave us without a plan, without guidance and without funding for private housing providers.

The Progressive Conservatives say "Spend \$1.25 billion on non-profits, fund co-op housing and give away federal land". Again we are left without a plan, without guidelines and no funding for private housing providers.

The NDP says, "Spend 1% of Canada's GDP. No rooming houses are wanted". Again, there is no plan, no guidelines and no funding for private housing providers.

These are obviously ineffective approaches. First, in co-operation with the provinces, we need to develop a clear national policy for shelter and housing. This policy must incorporate guidelines and rules that will permit private housing providers to participate on a level funding and benefit playing field with non-profit providers. The homeless problem is not caused by a funding shortage. The root of the problem lies in how the money is being spent.

●(1815)

In contrast to the good intentions of the hon. member for Vancouver East, the bill is mired in legalese and logistics that, by constitution, are provincial and therefore outside of Ottawa's sphere of authority.

I also hope that this was unintentional on the member's part, but the bill seems to blatantly discriminate against the most affordable housing that is readily attainable, what is commonly referred to as rooming house rooms. Surely the hon. member does not intend to do away with rooming houses, as Bill C-416 seems to indicate. To do so, especially with a crisis looming in affordable housing, would be unconscionable.

One need only ask the people living in Toronto shelters and others how many could and would gladly pay \$300 per month for a clean,

secure rooming house room if there were any available at all. I am sure the member from the NDP could easily verify that one half of Toronto's homeless sleep on the streets or in emergency shelters because there is no independent entry level housing available.

I do mean inexpensive, privately operated rooming houses with a shared kitchen and bathroom and not expensive, high-rise apartments that house only a lucky few, such as the ones that Jack Layton wants to build at a staggering \$100,000 per unit. I repeat that I mean basic rooming houses like the ones that could be built by the hundreds by private operators who are ready, willing and able to proceed if only assisted with a mere \$15,000 per unit of funding.

Toronto's annual funding cost for 6,000 homeless is a staggering \$180 million or \$30,000 per shelter bed per year. With only 25% of this annual cost or an investment of \$45 million 3,000 rooms can be built. That would empty out half of Toronto's shelter system. Imagine closing Toronto's shelters because of lack of use.

Where could the \$45 million in funding come from? How about Toronto's share of the \$753 million national homeless funding? How about the minister responsible for the homeless actually dedicating the homeless funding for homes for the homeless? That is a rather radical thought, shocking some would say; homeless funding for the homeless.

The Department of National Defence in Toronto could get their armories back. The city of Toronto could save \$90 million per year because those 3,000 roomers would be able to pay for their own housing and enjoy the dignity of self-sufficiency and security that most of us desire.

Imagine properly designed, private business transit shelters for short term emergency use with 4 people per room, not the 100 per room, as was shown on the recent video presently, being contracted by non-profits to the city and not for \$45 a night but \$20 per night, cleaner with more security, privacy and dignity for the client.

Can private industry alone fix the homeless plight? Of course not. They are proven experts in efficiency when it comes to bricks and mortar and tenant management. One only has to turn back the clock 30 years and count how many homeless there were on the streets of Toronto at that time. Why there are so many today?

Private Members' Business

Toronto's homeless plight can be greatly relieved not by pouring millions of dollars into social shelters and not by building grandiose high-rise social housing, but by reinvesting in entry level private housing such as rooming houses and economical walk up apartments and investing in traditional, modest, affordable starter housing. Toronto's mayor, Mel Lastman, summed it up simply and succinctly last week when he said "We need more affordable housing, not more shelters".

Rather than focusing on increasing shelter space, I say we must focus on encouraging the building of independent living homes. We must develop and implement a national housing and emergency shelter policy. Private industry under appropriate government agreement could and should have access to the same benefits as non-profits for providing affordable rental homes.

Taxpayer funded housing assistance should be restricted to funding economical entry level homes. The Liberals have failed miserably in helping the homeless find affordable independent living homes. We must do better than this.

• (1820)

Mr. Steve Mahoney (Parliamentary Secretary to the Deputy Prime Minister and Minister of Infrastructure and Crown Corporations, Lib.): Mr. Speaker, I must say right off the bat that if I were ever forced to make a choice between that analogy and the analogy of the NDP, I am afraid I would lean toward the NDP. Fortunately, I am not about to accept that either. I thank the Lord that we are not in a position where we will be looking at creating some Dickensian community of rooming houses at a subsidy rate of \$15,000 a room, as the member said. That is absolutely unbelievable.

What we need in the way of housing for people in our communities is a home. We need a place where children can have meals before they go to school in the morning or where they can come home at night and spend some time with their family. We do not want to create some mythical solution that the private sector will magically snap its fingers and build a bunch of rooming houses.

In fact in the previous speaker's area of Edmonton, a rooming house called Urban Manor applied for a RRAP grant to try to rehabilitate but it did not qualify. Why? Because the building was condemned. The government gave the money to another group, the type of group that the member blamed in his speech. Blame the victim, blame the homeless because they do not have a home. What an astounding comment. I am a little aghast at some of those remarks.

I do want to address the bill because this is a critical issue. I want to assure the member that the Deputy Prime Minister takes the issue very seriously. His remarks may have been intended to say that some people were not aware of the fact that he was responsible for a number of crown corporations, including CMHC. Prior to the role that the Deputy Prime Minister was given by the Prime Minister, CMHC came under public works. Therefore there was a transfer and a recognition that more attention needed to be paid to CMHC issues by the government and to the issue of a housing program.

I also want to talk a little about the deal that was signed in Quebec City last November. I think the mover of the bill pretty much said that it was not a bad first step but that it did not go far enough. I can assure members that the government has not taken the position that

we have solved all the housing problems in this country because of that one agreement. However let us visit that agreement and talk about the framework and the importance of it.

Yes, it is \$680 million and it is apportioned to the provinces around the country to match. The member is correct when she says that the only province so far to have matched dollar for dollar is the province of Quebec. I congratulate the province of Quebec for stepping forward and doing that. However other provinces have signed on.

We have four signed agreements, two of them territories, and we are very close on a number of other fronts. These may not be dollar for dollar but the framework has been set up to acknowledge the fact that the provincial governments are indeed responsible and should at least be held accountable for some portion of the responsibility of housing. This is not something that should be unilaterally solved through some kind of unilateral declaration in a bill that puts this into the charter of rights and says that some—

• (1825)

Mr. Peter Goldring: Mr. Speaker, I rise on a point of order. I would like clarification of the comments made by the hon. member a few moments ago and ask if he could possibly table the document—

The Acting Speaker (Mr. Bélair): I am sorry but this is not a point of order at all.

Mr. Steve Mahoney: Mr. Speaker, I am not surprised the member is upset because he did contact the office to say that he protested the building of a new facility and would rather have seen the money go to the building that had been condemned. The government said, no, that it would do that regardless of the interest of a member opposite to somehow support the owner, builder or developer of that particular project.

The government believes in supporting the non-profit community. We believe in co-ops. We have been very supportive in working with co-ops to establish a national agency that would allow them to manage their federally owned and operated co-ops. That is in the works. I recognize that stuff gets bogged down in red tape but it will definitely be established.

We are in touch with co-op organizations and literally working with them on a daily basis. The Deputy Prime Minister has asked me, as his parliamentary secretary, to roll up my sleeves a little and take charge of some of these issues to see if we can get them moving and get some of the agreements solved.

I am pleased to say that we are making progress. However let me be clear. This is not a unilateral solution. There is a saying that for every major problem in government there is a simple solution and it is usually the wrong one. That could clearly be stated as the case here. We need the provinces at the table.

Private Members' Business

It has been suggested that we should bypass the provinces and go directly to the municipal sector but we know what happens then. We would not only be bypassing what is a traditional relationship in the country but frankly we would be letting provincial governments off the hook, letting them walk away from what is partly their responsibility. The federal government has recognized that it has a role. It may not be the days of AHOP when we had assisted home ownership programs. Those days were pretty wonderful in terms of national housing. It also may not be the days when there was a trilateral agreement between federal, provincial and municipal sectors to build non-profit housing, to fund them and to provide subsidy money but, believe me, the government has made a substantial commitment: \$680 million leveraged with the involvement of the provincial governments and the municipal governments in certain areas. That translates into \$1.32 billion for housing. That is a substantial housing program.

Anyone who says that is not part and parcel of a national strategy on housing is playing a bit loose with the facts. Clearly we are saying that we recognize the need. Everybody, federally and provincially, backed out of housing when the deficits were piling high. This government had a \$42 billion deficit. Provincial governments were facing deficits. It was a mistake and I am prepared to admit that all levels backed out.

When I left provincial office, the new Mike Harris government in Ontario came in and the first announcement it made was to cancel all housing projects in the province of Ontario, even some of them retroactively after they had been approved, had architectural drawings and had agreements. All the money yanked out of the system. It was catastrophic. There were lawsuits involved and all kinds of problems. The bottom line was that the housing flow ceased in that particular province as a result of the actions of one government.

What we need is a comprehensive partnership, a partnership with leadership from the federal government. That is on the table with \$25,000 per unit of federal dollars in subsidy to be matched by a further \$25,000 from provincial, municipal, private non-profit, co-ops, private builders and anybody else who wants to get involved in providing housing for people who need it.

I will close by saying that the solution to our problem is sure as heck not to build a bunch of rooming houses. It is to build homes for Canadians who need affordable and good quality homes for their families.

• (1830)

[*Translation*]

Ms. Diane Bourgeois (Terrebonne—Blainville, BQ): Mr. Speaker, first I would like to commend the efforts by the hon. member for Vancouver East in readdressing social housing.

The presentation of her bill will once again afford me an opportunity to speak to this issue, but this time in a far more optimistic tone. As we know, since last November, a number of bilateral agreements between the Government of Canada and the governments of the provinces and territories, including the Government of Quebec, have been signed with a view to stimulating the creation of affordable housing.

The federal government's withdrawal from social housing has had catastrophic results. Some provinces have been experiencing a housing crisis for a long time, and it is already some years since the Canada Mortgage and Housing Corporation, for which the federal Minister of Public Works and Government Services has responsibility, first informed the minister of the scope of the crisis.

As a result, some provinces experienced a huge jump in the number of households in desperate need of accommodation. These past ten years, because of the federal government's stubborn insistence on keeping a high profile, we in Quebec have been deprived of more than 50,000 social housing units. On numerous occasions the Bloc Québécois has called upon the federal government to reinvest in housing. Although we feel that a bill like that of the hon. member for Vancouver East is a good thing, unfortunately we also feel it contains some problematic elements.

First, last year in 2001 the federal, provincial and territorial ministers responsible for housing met on two occasions in order to fine tune the affordable housing initiative so that it would meet the needs and priorities of each province and territory. At Quebec City in November last year, they established a definitive frame of reference that was unanimously accepted by all of the ministers.

This frame of reference includes the following important elements. First, provinces and territories have the primary responsibility for the design and delivery of housing programs within their jurisdiction. Second, provinces and territories require flexible programs to address their affordable housing needs and priorities. Third, this initiative needs to create affordable housing for low to moderate income households. Fourth, units funded will remain affordable for a minimum of ten years. Fifth, provinces and territories will be required to match federal contributions overall. Provincial and territorial contributions may be capital or non-capital in nature, and may be in cash or in kind. These contributions may be made by the province or territory or by a third party. I will explain why.

The reason this agreement was approved was because it met the requirements of provinces which, like British Columbia and Quebec, had already taken steps to meet their housing needs, in New Brunswick, Prince Edward Island and Nova Scotia, where the population is decreasing and where it can be said that there is no housing crisis, in Newfoundland, a province which prefers to spend its money on renovating housing, and in the Northwest Territories, which are short of money and prefer to invest in other ways.

• (1835)

Therefore, in response to the outcry from the provinces, the federal government finally accepted that its financial contribution to this cost shared program be given to the provinces, and that they would decide how to spend it based on their needs.

This makes the third element of the bill, the development of a national housing strategy, unnecessary. Based on what I described earlier, the provincial governments are responsible for their budgets in addition to their dealings with their municipalities.

As a result, I do not see how the federal government could require the provinces to reserve 1% of their budget for national housing programs. Furthermore, we know that, in Quebec, there are mechanisms to ensure the fair distribution of funding through the Société d'habitation du Québec and the protection of renters through the Régie du logement. In Quebec, we are organized.

Also, a few years ago, Quebec developed a policy to fight poverty. It is therefore important that the administration of any federal-provincial agreement in this area be left to the province. In Quebec, it is the government of Quebec that consults with municipalities and assesses projects.

For all of the reasons I have mentioned, the bill put forward by the hon. member for Vancouver East cannot be retained, and the Bloc Québécois will oppose it.

● (1840)

[English]

Mr. Greg Thompson (New Brunswick Southwest, PC): Mr. Speaker, I am pleased to say a few words to Bill C-416, the short title of which is the housing bill of rights. I commend the member for Vancouver East. On many occasions she has been on her feet in the House on housing issues. She has also spoken on some of the other social problems in her riding which is not an easy riding to represent knowing some of the social ills she has dealt with in this place in her efforts to get some help for the people she represents. It is not an easy job for her.

Other members are absolutely correct when they say that this issue has never been debated as a government bill in the House.

The interesting thing to point out is that the Canadian Mortgage and Housing Corporation is only a skeleton of what it used to be many years ago during the Trudeau era and the Mulroney era. Giving some credit to the Liberal government at that time, it actually had a housing policy with some teeth and some money to do something. I only have to remind the House of the big hit health care took following the 1993 election. In addition there was proportional gutting of the government's housing policy and CMHC is simply a skeleton of what it used to be.

Prior to that there was co-op housing, seniors housing and not for profit housing. Family units were built. The Government of Canada provided capital to help make family housing affordable. I can remember as a member of parliament in the early 1990s cutting the ribbon at the openings of many of these projects.

Many projects were done with assistance from service clubs in our individual communities. The Canadian legion became involved and co-sponsored some of the housing projects. It helped to raise money in the community, as did the Kiwanis club, and in some cases even volunteered labour to help build some units. I do not think there was a member on either side of the House at that time who did not partake in some of these openings over the years. That all ended abruptly with the election of the Liberal government in 1993.

I want to get into some of the detail in the member's bill. The preamble of the bill is interesting. It is quite long. It quotes the UN universal declaration of human rights, the international covenant on economic, social and cultural rights to which Canada is a signatory, and the UN committee on economic, social and cultural rights.

Private Members' Business

In particular, the preamble points out that the United Nations committee recommended that the federal, provincial and territorial governments address homelessness and inadequate housing as a national emergency by reinstating or increasing social housing for those in need, improving and enforcing anti-discriminatory legislation in the field of housing, and it goes on. All in all, it is a very laudable goal.

The other thing that strikes me about the bill as opposed to any government bill is the specific way it attacks the problem whereas government bills are very general and do not flesh out the detail. I have to give credit again to the member for Vancouver East for being very specific in what she wants to do and what she would like to see the Parliament of Canada do.

The bill has two main parts. One part makes it illegal to discriminate against people for housing purposes and the other part of the bill lays out a proposed national housing strategy.

● (1845)

I do not have to remind you, Mr. Speaker, because you have seen it happen as we all have, but there is a discriminatory aspect to housing. There is no question about it that the poor in our country are discriminated against in terms of housing. It has nothing to do with anything other than being poor. The bill addresses that in addition to a number of other discriminatory practices that happen from time to time in the country. In general, the anti-discrimination section of the bill states "Every individual has the right to secure, adequate, accessible and affordable housing". The bill then goes on to state:

No person shall make any discrimination in respect of another's right to housing under this act on the basis of race, national or ethnic origin, colour, religion—

The author of the bill has gone on in detail to list nearly 20 grounds of prohibition against discrimination. In all fairness she has covered just about every possible discriminatory angle in the bill and I give her full credit for that.

I agree with the thrust of the bill, but I do question, and it is just a question because none of us know for sure, how many of those would actually hold up in a court of law. Certainly many of them have been tested but how many of them would hold up we do not know. We do know the courts might have something to say regarding our right to be more discriminatory, for example in renting a basement apartment as opposed to renting an apartment in a large complex. That is something that will have to be fleshed out if the bill ever gets to the committee stage.

The second part of the bill outlines a national housing strategy. The terms and conditions are somewhat utopian, but if we are trying to do something we might just as well set our goals very high. Again, I give the member full credit for this.

Private Members' Business

Prior to 1993 we used to have a national housing strategy. Back in the 1970s and the 1980s, in the Trudeau era, urban affairs was one of the biggest departments with the most clout here in Ottawa. We can say that the department got too big and bloated and maybe out of control, but the fact of the matter is it was addressing the very need the member now sees as a priority that has to be addressed. With a bit of fine tuning we could go back to the same principles that were exercised in the 1970s and 1980s and make them work. That is the challenge the government should take up.

I notice in this week's edition of *Maclean's* magazine that saving our cities is the front page story. In fairness to the member, it is not just cities that she is addressing in her bill because obviously there is rural poverty and rural housing needs which have to be addressed as well. That is also part and parcel of her bill. There is no question the needs of our cities have to be addressed. The government has to take a lead role on this and get out from the constitutional blanket under which it has been hiding.

We will have to see what comes out of the meeting on May 31 to June 3 in Hamilton, Ontario. We are hoping the finance minister will come out of that with some kind of clear intention on the part of the government.

In conclusion, we support the member in her efforts. We would love to see this as a votable item. Unfortunately it is not, but maybe the member can resurrect the bill, as is often done, bring it back as a votable item and move it on to committee stage where we can flesh out the details in support of a very worthy cause.

● (1850)

Mr. Ken Epp (Elk Island, Canadian Alliance): Mr. Speaker, first I want to pick up on what my colleague tried to do on a point of order in which he did not get very far and that is to correct the record.

I am sure the hon. member for Mississauga West had a source of information which was less than impeccable. I think it is damaging to the reputation of a builder and a project manager to have information put out that is in fact not true. In this particular case, the residence he talked about, Urban Manor in Edmonton, which is in my colleague's riding of Edmonton Centre-East, is in fact a place that right now has 62 residents in it. If it had been condemned by some level of government, we would expect it to be empty. It is not empty. In other words, the information was less than impeccable. I think that is a good way of putting it and we have set the record straight.

We ought to commend those people who are currently planning to build another unit. It will provide housing for many more people.

When this issue of housing came up, I could not help but think of when members of my family first came to this country. They came here as refugees. I do not know if all the members even know what a granary is but in the early 1920s and up until the time I was a youngster, it was a wooden structure that was used to hold the grain that was taken off the farm.

When my family first came to this country they landed in Montreal and ended up going by train to Saskatchewan. They were met by a family whom they had never seen before who were part of an organization called MCC, the Mennonite Central Committee, which helped refugees come to Canada. This family re-outfitted a

granary for my family. I remember my grandmother telling us youngsters many times how grateful she was that when they came here there was someone who provided something for them that they could not provide for themselves. Out of generosity, they provided what they could. At the time it was a rebuilt structure, probably about the same quality as many detached garages that we have now for our cars. My family lived in that and were very happy to have shelter.

Shelter is indeed a very important aspect of people's lives. The member has gone so far as to call it a basic human right. It certainly is a very important issue especially considering the climate in which we live. We need to take whatever steps we possibly can in order to provide affordable housing for those who do not have it.

One of the flaws I see in some of the projects that are being promoted by government is that the people in charge know no bounds on how to spend money. It is quite possible to build very affordable apartment style housing units which cost a reasonable amount. They would be available with government subsidies for the poor and would provide them with basic housing. Unfortunately too often we see that the people who get involved in these projects have very fancy architectural plans and go way overboard in the way they spend the money. They could build twice as many units with the same amount of money if they simply stayed with basic housing.

Most people, like my grandparents when they came here, are not looking for anything fancy. Certainly in our society nowadays people expect a kitchen, perhaps a sitting room or living room, some bedrooms and a bathroom or two. That is not an expensive project, but it is if it includes a whole bunch of architectural niceties that go far beyond what one would call basic housing which would provide for people's needs.

I also think very fondly of the Habitat for Humanity organization which indirectly gets government subsidies since it is a charity and I believe is eligible to offer taxable receipts. People who are charitable by nature get together, provide the materials, supply the work and build basic housing for people who cannot afford it. It is a wonderful thing. The people themselves help to build it. It is another plan which I think we should build on.

Mr. Speaker, I could give the rest of my speech but your signal quite clearly indicates I can only give half of it as my time is up.

● (1855)

Ms. Libby Davies (Vancouver East, NDP): Mr. Speaker, I would like to thank the members who participated in the debate and for the time they took to read this important bill and give their perspective.

I acknowledge that the province of Quebec has been leading the way in social housing. I came from a province that was leading the way in social housing but since the change of government there we have been going in the other direction and losing a lot of ground.

I appreciate some of the comments from the parliamentary secretary. I would agree that housing is not a unilateral solution. The bill advocates the need for federal, provincial, territorial, and aboriginal people to work together.

Adjournment Debate

The parliamentary secretary said that the federal government recognized the need for housing. That is somewhat true but it has to be qualified by pointing out that it was only after an incredible amount of pressure by groups like the Federation of Canadian Municipalities, the Canadian Housing and Renewal Association or the Toronto Disaster Relief Committee, or even a guy that I came across called Daniel Dufresne who on his own went out and collected almost 1,500 signatures on a petition to put forward the need for housing. There has been a groundswell from the community who have pressed the government since it bailed out in 1993.

I was curious to hear the parliamentary secretary say that the government supports co-ops. I am glad to hear that the need for an independent agency may finally come to fruition because the Co-operative Housing Federation of Canada has worked for that for a long time.

In some ways it is such a sad irony because co-ops are a real Canadian success story. They were started in Canada. They are the living example of how to produce affordable, mixed housing where families can live in safety and security, and where a real sense of community can be developed. However there have been no new co-ops developed since 1993 when the federal government opted out of social housing and co-op funding. To me that is a real tragedy.

Even with this new agreement the province of Quebec will still continue to develop co-ops. That is great, but nowhere else is that likely to happen because unfortunately this framework does not have the teeth or the guts to bring to fruition some of these important points that have been made by various members in the House today. To me that is the real tragedy of what is going on here.

We have enormous capability and resources in this country to produce not for profit social housing, or co-op housing, yet we seem to let it go to waste because we have not had the financial program to put it together.

This debate has been important. I hope we are a little further ahead in recognizing the importance of people's individual human rights, to have basic shelter and adequate, safe and secure housing. I encourage the government to go beyond its framework agreement and to look at a real national housing strategy that gets us closer to the goal of providing 30,000 units a year, to build safe and healthy communities with the municipalities, provinces, territories, aboriginal communities and with local organizations that are now ready to develop that housing.

[*Translation*]

The Acting Speaker (Mr. Bélair): The time provided for the consideration of private members' business has now expired. As the motion has not been designated as a votable item, the order is dropped from the order paper.

ADJOURNMENT PROCEEDINGS

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

● (1900)

[*English*]

PUBLIC WORKS AND GOVERNMENT SERVICES

Mr. Greg Thompson (New Brunswick Southwest, PC): Mr. Speaker, this goes back to a question that I asked in the House a couple of years ago on a contract where there may have been improprieties by the Government of Canada. I have written the auditor general and the commissioner of the RCMP on this file. It has to do with a company called Lancaster Aviation.

I am concerned about a contractual agreement that Lancaster Aviation entered into in addition to some other points with a company, headquartered in Deerfield Beach, Florida, called Airspares International owned by an international drug smuggler and money launderer convicted in the United States of America. In his warehouse he has spare aviation parts and military equipment owned by the Government of Canada. I have had this file and carried it forward for two years. The government has yet to come good in terms of delivering information on this file.

The first question that I posed in the House of Commons was to the defence minister, the minister of public works two ministers ago, including the minister who was just sacked a week ago. This file was in the hands of three ministers who have been dismissed by the Prime Minister of Canada because of how they have bungled a number of files.

However in speaking privately with the minister of public works today I suggested to him that he is now in charge of a department and he still has the same parliamentary secretary. I told him that I did not want to hear the same response that I have heard in the House for two solid years.

We want to know what happened to those spare part. How could a company in Canada under contract to the Government of Canada be allowed to go to Florida to engage in a contract with a convicted international money launderer and drug smuggler?

When the ministers stood in the House over the last two years they said that everything was okay and not to worry. However the commissioner of the RCMP said that it did not investigate this file because it was not asked to investigate this file. When ministers stand in the House and respond, they are not responding in a factual way.

I want information as does the Canadian public on this file. It would be interesting to know whether or not any of these spare aviation parts wound up in the hands of international terrorists. Members will recall September 11 and the connection of the aviation industry in Florida. Would it not be nice to know where those aviation parts are and whether or not the Government of Canada was actually paid for those parts? Would it not be nice to know whether or not this convicted felon is still under a contractual arrangement with the company from Milton, Ontario, and how the Government of Canada continues to award this company, Lancaster Aviation, contract after contract without a bidding process?

Adjournment Debate

Those are the kinds of questions we want answers to. We are hoping that the parliamentary secretary under the guidance of the new minister might provide some factual detail on those spare parts and that contractual arrangement.

Mr. Paul Szabo (Parliamentary Secretary to the Minister of Public Works and Government Services, Lib.): Mr. Speaker, I thank the hon. member for his persistence on this matter. It is an important question that he raises.

As a result of a competitive bid process in 1997 and in 2000 Lancaster Aviation won contracts to market and dispose of surplus aviation assets, which included a couple of helicopters worth some \$20 million and eight Challenger aircraft worth about \$30 million. In addition, there were spare parts associated that had a value of somewhere under \$1 million.

Lancaster Aviation markets these in the best location it can and that happens to be in Florida. There it has leased hangar space for the storage of those assets. Indeed, the two helicopters were sold to the U.S. Department of State for \$20 million U.S. The eight Challenger aircraft were sold to DDH Aviation of Fort Worth, Texas for \$30 million U.S.

There are currently only about \$1 million or less of spare parts assets. They are in the custody of Lancaster Aviation but still belong to the Government of Canada.

The member has raised an important point. He has written to the RCMP about this. Lancaster Aviation has rented storage space from an incorporated company whose owner has been convicted of an offence. It is certainly not the practice of the Government of Canada to do business with convicted felons. In this case our current practices do not provide for checking down the road a lessor of property that a contractor may use.

As a consequence, notwithstanding the hon. member's interventions, I have asked departmental officials to review our contracting practices and procedures to determine whether further safeguards are desirable as they relate to either subcontractors or other parties engaged by those with whom we have a contract. We have a \$250,000 deposit by Lancaster. The assets are secure. They belong to the Government of Canada. Indeed, the process will go on.

I thank the hon. member for raising this issue, for taking it to the RCMP and asking to ensure that we have made every possible effort to safeguard our assets. We will continue on behalf of the member's interventions to reassess from time to time our practices of contracting.

● (1905)

Mr. Greg Thompson: Mr. Speaker, I would like to know why the Government of Canada refuses to request an investigation of this file, by either asking the FBI or the RCMP in conjunction with the FBI to go to Florida, and do an investigation to find out what happened to the spare parts that I am talking about.

Henry McFlicker is a convicted felon and a convicted money launderer. Would that not raise suspicions when he is sending out advertisements advertising himself as being in a contractual arrangement with a supplier of spare parts from the Government of Canada, and the sole distributor of those parts? It just does not add up.

Why does the government refuse to investigate Henry McFlicker? Why will it not tell us exactly what happened to those \$15 million in spare parts? Where did they wind up? Are they in the hands of terrorists? Does Henry McFlicker still own them? Were they seized when the FBI raided him and he was convicted of money laundering? What happened to those spare parts is the bottom line.

Mr. Paul Szabo: Mr. Speaker, Lancaster Aviation continues to market the remaining assets. As I indicated, there are less than \$1 million of spare parts left.

I would also indicate that notwithstanding the member's concern the RCMP has made inquiries and has determined that it has not been asked by the U.S. security intelligence agencies to conduct any investigation into the relationship between Lancaster and Airspares. The RCMP has taken appropriate steps to ensure that there is no matter here which it should be rightfully involved in.

I thank the member for the question. I hope as a consequence of his interventions that our contracting practices and the safeguards that we have put in place will ensure even to a greater extent the safeguarding of the assets of Canada.

● (1910)

ABORIGINAL AFFAIRS

Mr. Bill Casey (Cumberland—Colchester, PC): Mr. Speaker, I appreciate this opportunity to bring back to the House a question I originally raised on February 27. To explain this a little, the Atlantic office of Indian Affairs and Northern Development has been in Amherst, Nova Scotia for about 50 years. Every so often it seems that the bureaucrats and officials decide that they would rather have it somewhere else and we go through an exercise in which the employees of Indian affairs and the people in the town of Amherst and the surrounding area go through this agony of wondering what is going to happen and if we are going to move the Atlantic office of Indian affairs or not.

Amherst is a small town of 10,000 people. The office of Indian affairs employs 140 people who all have families. They participate in the community as volunteers and so on. It is really important to this community for the office to stay there.

We went through this in 1990 and in 1997 and now again are going through it in 2002. In 1997, the last time we went through this, I approached the minister of Indian affairs and asked her about the move. She said they would respect the wishes of the natives. The natives held a meeting at the Atlantic policy conference of first nations chiefs. They voted to leave the office in Amherst. When I came back to the House and spoke with the minister, she said if that was what the natives wanted that was what the government would do; it would honour the wishes of the natives.

Adjournment Debate

However, here we are back again just a few years later discussing whether we are going to move it. The bureaucrats now have engaged a private consultant to do a study to find out whether it should be in Fredericton or Halifax or wherever. We believe strongly that the officials would rather have it somewhere else even though Amherst is the best location. It is centrally located for all of the first nations it serves. It is the best place to service the first nations from. It is a day trip for almost all of the 38 first nations it serves. If the office moves somewhere else, it will then be an overnight trip for first nations for services. It is a low cost operation. It has been proven to serve the community well from Amherst. We definitely want it to stay there.

Let me say again that if they decide to move it, the impact on Amherst, and the impact is supposed to be part of the study, will be very dramatic and very negative. We will lose 140 jobs that are in downtown Amherst and provide our small business community with a lot of assistance and support. We will lose volunteers who are not replaceable. Many of the employees at Indian affairs are volunteers in our community. Even organizations like the United Way have indicated that they will suffer if we lose this office. A principal came to me one day and said that we would lose schools and teachers if we were to lose the Indian affairs office, because with the lower student count we could not justify so many teachers.

The minister has told me personally and directly that if in the study it comes out that it will cost more to move the regional office, he will not move it. Again let me say that the natives have voted to leave it in Amherst.

The economics of the situation are that it is more cost effective to leave it in Amherst. It is going to cost perhaps \$3 million to \$5 million to move it. It is going to cost hundreds of thousands of dollars a year more to operate it.

I would ask the minister if he would confirm now, if he is ready to say, will the office of Indian affairs for the Atlantic region stay in Amherst, Nova Scotia?

Mr. John Finlay (Parliamentary Secretary to the Minister of Indian Affairs and Northern Development, Lib.): Mr. Speaker, I am pleased to respond to the hon. member for Cumberland—Colchester on behalf of the Minister of Indian Affairs and Northern Development concerning the location study of the INAC Atlantic regional office.

As the member knows and as he has so fairly said, a location study by the Department of Indian Affairs and Northern Development's Atlantic regional office is currently underway. It is not a relocation study, as various sources have said. I would like to remind hon. members that it is perfectly normal for a department to periodically review the effectiveness and efficiency of its service delivery to clients, which in this case are Atlantic first nations communities.

Over the last number of years, as the member mentioned, the role of the department has evolved increasingly into an advisory role as programs have devolved to first nations. Therefore, this type of assessment is necessary in order to ensure that Atlantic first nations continue to receive the support and services they require and that these needs are balanced with the most effective use of taxpayers' dollars.

In saying that, I am not rebutting any of the points made by my hon. friend across the way. It is just that this is being done by an independent party. Any decisions that may result from the completed study will be based on a solid business case and thorough cost benefit analysis.

However, since the study has not yet been received, no decisions have been made and they will not be until the study is received. As part of normal business practices a location study to review service delivery to clients by the Department of Indian Affairs and Northern Development's Atlantic regional office is currently underway and, I repeat, is not a relocation study.

The Minister of Indian Affairs and Northern Development has received correspondence from the hon. member regarding the study and it has been reiterated to him that the location study is about cost benefit analysis and optimum conduct of the Government of Canada's business, not about relocating the office.

Regional staff are provided with regular progress reports on the review and local union representatives have been kept informed by regional management through regular meetings. Atlantic region officials have discussed the review with the mayor of Amherst as well as with the hon. member for Cumberland—Colchester and the Atlantic Policy Congress of First Nations Chiefs executive committee.

The Atlantic regional office has been located in Amherst, Nova Scotia for the past 50 years. Indeed, two district offices, one in Halifax and one in Fredericton, were closed in 1989 and responsibilities were centralized to the Amherst office. It is the only INAC regional office across the country not located in a provincial or territorial capital, but it is the only regional office that deals with more than one province. In fact, it deals with all of the Atlantic provinces.

The relationship between the Government of Canada and first nations has changed significantly. The government's aboriginal agenda requires closer co-ordination among various federal government departments and other levels of government as well as other stakeholders. Therefore, INAC determined it was appropriate and timely to examine whether Amherst was the best location from which to continue to co-ordinate INAC's regional activities for the four Atlantic provinces. A business case analysis by an independent party is the mechanism identified to complete this work.

This activity is a normal business review exercise of INAC's operational efficiency and a review of costs to ensure that its obligation to aboriginal people in the Atlantic region and to all Canadians is made in the most efficient and cost effective manner.

● (1915)

Mr. Bill Casey: Mr. Speaker, I appreciate the answer. It is not as good as "yes, we will leave it in Amherst", but it is not bad. I appreciate the fact that the parliamentary secretary points out, which is that it is not a relocation study but a location study.

I also am glad he pointed out that it is the only regional office not located in a provincial capital but that it is the only one that serves four provinces. Amherst is absolutely geographically in the centre of the four provinces and in the centre of the map of the first nations, who, after all, are the people the office serves.

Adjournment Debate

Previously the minister told me that if the study indicates that it is more economically feasible to maintain the office in its present location, he would leave it there. It is a business study and if the business study shows that it is best to leave it in Amherst, he would leave it there. I wonder if the parliamentary secretary could confirm that it is still the same policy. If it costs more money to move it to and operate it at another location, will the government leave the regional office in Amherst?

Mr. John Finlay: Mr. Speaker, the answer to that question, as I have already indicated, is yes.

As the member opposite is aware, the focus of the study is to assess the current location of the INAC Atlantic regional office in order to confirm it remains effective in serving the needs of our clients and is an efficient use of taxpayer dollars.

I took the trouble to look on my map before I came back to answer this question tonight because I was at least apprised of the topic. I found that the member's statement was quite correct. It did appear to me that Amherst was right smack in the middle of the four Atlantic provinces. Therefore perhaps we should feel confident that the right decision will be made.

[*Translation*]

The Acting Speaker (Mr. Bélair): The motion to adjourn the House is now deemed to have been adopted. Accordingly, the House stands adjourned until tomorrow at 2 p.m., pursuant to Standing Order 24(1).

(The House adjourned at 7.19 p.m.)

CONTENTS

Tuesday, May 28, 2002

ROUTINE PROCEEDINGS

Government Response to Petitions

Mrs. Redman 11797

Canadian Human Rights Act

Miss Grey 11797

Bill C-465. Introduction and first reading 11797

(Motions deemed adopted, bill read the first time and printed) 11797

Petitions

Child Pornography

Mr. Solberg 11797

Canada Post

Mr. Crête 11797

Questions on the Order Paper

Mrs. Redman 11797

GOVERNMENT ORDERS

Supply

Allotted Day—International Trade

Mr. Duncan 11798

Motion 11798

Mr. O'Brien (London—Fanshawe) 11799

Mr. Hilstrom 11799

Mr. Proctor 11801

Mr. O'Brien (London—Fanshawe) 11801

Mr. Borotsik 11803

Mr. Hilstrom 11804

Mr. Crête 11804

Mr. Cullen 11804

Mr. Duncan 11806

Mr. Proctor 11806

Mr. Crête 11806

Mr. O'Brien (London—Fanshawe) 11808

Mr. Desrochers 11809

Mr. Duncan 11810

Mr. O'Brien (London—Fanshawe) 11810

Mr. Proctor 11810

Mr. Thompson (Wild Rose) 11812

Mr. O'Brien (London—Fanshawe) 11812

Mrs. Desjarlais 11813

Mr. Stoffer 11814

Mr. O'Brien (London—Fanshawe) 11815

Mr. Stinson 11815

Mr. Casey 11815

Mr. O'Brien (London—Fanshawe) 11817

Mr. Stoffer 11817

Mr. Borotsik 11817

Mr. Borotsik 11818

Mr. O'Brien (London—Fanshawe) 11819

Mr. McNally 11820

Mr. Casson 11820

Mr. O'Brien (London—Fanshawe) 11821

Mr. Penson 11822

Mr. Reid 11822

Mr. Mayfield 11823

Mr. Hill (Prince George—Peace River) 11824

Mr. Harper 11824

Mr. O'Brien (London—Fanshawe) 11827

Mr. Hilstrom 11828

Mr. Herron 11828

Mr. Mitchell 11828

Mr. Hilstrom 11829

Privacy Commissioner

The Speaker 11830

STATEMENTS BY MEMBERS

Member for Etobicoke—Lakeshore

Ms. Leung 11830

Canada-U.S. Relations

Mr. Hill (Prince George—Peace River) 11830

Science, Technology and Informatics Fair 2002

Mr. Bélanger 11830

Howard Mackie Awards

Mr. Tonks 11830

Education

Mr. Jackson 11831

Softwood Lumber

Mr. Mayfield 11831

Burlington Economic Development Corporation

Ms. Torsney 11831

Code of Ethics

Mr. Bergeron 11831

Mining Industry

Mr. St-Julien 11831

Science and Technology

Mr. Merrifield 11832

Foreign Affairs

Mr. McKay 11832

Social Programs

Ms. Davies 11832

Liberal Government

Ms. Picard 11832

Robert Lay

Ms. Catterall 11832

Agriculture

Mr. Borotsik 11833

ORAL QUESTION PERIOD

Government Grants

Mr. Harper	11833
Mr. MacAulay	11833
Mr. Harper	11833
Mr. MacAulay	11833
Mr. Harper	11833
Mr. MacAulay	11833
Mr. Sorenson	11833
Mr. MacAulay	11833
Mr. Sorenson	11834
Mr. Manley	11834

Government Contracts

Mr. Duceppe	11834
Mr. Manley	11834
Mr. Duceppe	11834
Mr. Manley	11834
Mr. Gauthier	11834
Mr. Manley	11834
Mr. Gauthier	11834
Mr. Manley	11834

Health

Ms. McDonough	11835
Ms. McLellan	11835
Ms. McDonough	11835
Ms. McLellan	11835

Government Contracts

Mr. Clark	11835
Mr. Manley	11835

Government Grants

Mr. Clark	11835
Mr. MacAulay	11835
Mr. Reynolds	11835
Mr. MacAulay	11835
Mr. Reynolds	11835
Mr. MacAulay	11835

Government Contracts

Mr. Lebel	11836
Mr. Manley	11836
Mr. Lebel	11836
Mr. Manley	11836

Government Grants

Mr. Toews	11836
Mr. Manley	11836
Mr. Toews	11836
Mr. Manley	11836

Government Contracts

Ms. St-Hilaire	11836
Mr. Goodale	11836
Ms. St-Hilaire	11837
Mr. Goodale	11837
Mr. Ritz	11837
Mr. MacAulay	11837
Mr. Ritz	11837

Mr. MacAulay	11837
--------------------	-------

The Environment

Mr. Caccia	11837
Mr. Anderson (Victoria)	11837

Health Care

Ms. Wasylycia-Leis	11837
Ms. McLellan	11837
Ms. Wasylycia-Leis	11837
Ms. McLellan	11837

Government Contracts

Mr. Casey	11838
Mr. Manley	11838
Mr. Casey	11838
Mr. Manley	11838

Government Appointments

Mrs. Hinton	11838
Mr. Manley	11838
Mrs. Hinton	11838
Mr. Manley	11838

Government Contracts

Mr. Guimond	11838
Mr. Manley	11838
Mr. Guimond	11839
Mr. Manley	11839

Government Appointments

Mr. Day	11839
Mr. Manley	11839
Mr. Day	11839
Mr. Manley	11839

Health

Mr. Peric	11839
Ms. McLellan	11839

Government Contracts

Mr. Moore	11839
Mr. Manley	11839
Mr. Moore	11839
Mr. Manley	11840
Mr. Duceppe	11840
Mr. Goodale	11840

Renewable Energy Sources

Mr. Binet	11840
Mr. Dhaliwal	11840

Agriculture

Mr. Hilstrom	11840
Mr. Vanclief	11840

Government Contracts

Mr. Duceppe	11840
Mr. Goodale	11841

Taxation

Mr. Nystrom	11841
Mr. Martin (LaSalle—Émard)	11841

Government Contracts

Mr. Clark	11841
-----------------	-------

Mr. Manley	11841
Presence in Gallery	
The Speaker	11841
Points of Order	
Oral Question Period	
Mr. Abbott	11841
Mr. Boudria	11841
Board of Internal Economy	
The Speaker	11842

GOVERNMENT ORDERS

Supply

Allotted Day—International Trade

Motion	11842
Mr. Epp	11842
Mr. Mitchell	11842
Mr. McNally	11842
Mr. Adams	11843
Mr. Stoffer	11844
Ms. Bulte	11844
Mr. Sorenson	11846
Mr. Stoffer	11846
Mr. Dhaliwal	11847
Mr. Duncan	11848
Mr. Elley	11849
Mr. Anderson (Cypress Hills—Grasslands)	11849
Mr. Bagnell	11851
Mr. Stoffer	11851
Mr. Szabo	11851
Mr. Elley	11852
Mr. O'Brien (London—Fanshawe)	11853

Mr. Stoffer	11854
Mr. Harvard	11854
Mr. Kenney	11855
Mr. Grewal	11856
Mrs. Jennings	11856
Mr. Harris	11857
Mr. Solberg	11858
Mr. Stoffer	11859
Motion negated	11860

Assisted Human Reproduction Act

Bill C-56. Second reading	11860
(Bill read second time and referred to a committee)	11861

PRIVATE MEMBERS' BUSINESS

Housing Bill of Rights

Ms. Davies	11861
Bill C-416. Second reading	11861
Mr. Goldring	11863
Mr. Mahoney	11865
Ms. Bourgeois	11866
Mr. Thompson (New Brunswick Southwest)	11867
Mr. Epp	11868
Ms. Davies	11868

ADJOURNMENT PROCEEDINGS

Public Works and Government Services

Mr. Thompson (New Brunswick Southwest)	11869
Mr. Szabo	11870

Aboriginal Affairs

Mr. Casey	11870
Mr. Finlay	11871

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