

THE LEGISLATIVE ASSEMBLY OF MANITOBA
2:30 o'clock, Wednesday, October 1, 1969

Opening Prayer by Mr. Speaker.

MR. SPEAKER: Presenting Petitions; Reading and Receiving Petitions.

REPORTS BY STANDING AND SPECIAL COMMITTEES

HON. AL. MACKLING (Attorney-General)(St. James): Mr. Speaker, I beg to present the Eighth Report of the Standing Committee on Law Amendments.

MR. CLERK: Your Standing Committee on Law Amendments beg leave to present the following as their Eighth Report.

With respect to Bill No. 10, The Fisheries Act, briefs were submitted to your Committee by:

Mr. Archie Micay, Q. C., on behalf of Bodner Fish Distributors Ltd., Independent Fish Co. Ltd., Main Fisheries Ltd., Manitoba Fisheries Ltd., Neptune Fisheries Ltd., Mid-Central Fish Co.

Mr. Barry Hughes, Q. C., on behalf of Northland Fisheries Ltd.

Mr. P. M. Lazarenko, on behalf of Northland Fisheries Ltd.

Mr. Tom Graham, on behalf of Keystone Fisheries Ltd.

Mr. C. V. McArthur, Q. C., on behalf of Independent Fish Co. Ltd.

Mr. V. Hrychko, on behalf of Independent Fish Co. Ltd.

Mr. Montague Israel, Q. C., on behalf of Canadian Fish Producers Ltd.

Mr. Jack Maibach, on behalf of Northern Lakes Fisheries Co. Ltd.,

Mr. John Ateah, on his own behalf.

Mr. A. Greenberg, on behalf of Canuck Fisheries Ltd. operating Seven Seas Fisheries.

Mr. D. Harvey, on behalf of The Freshwater Marketing Board.

Mr. Bill Hayes, Manitoba representative on The Freshwater Marketing Board.

Mr. Morley Green, on his own behalf.

Your Committee has considered Bill No. 10, The Fisheries Act, and has agreed to report the same with certain amendments.

All of which is respectfully submitted.

MR. MACKLING: Mr. Speaker, I beg to move, seconded by the Honourable the Minister of Finance, that the report of the Committee be received.

MR. SPEAKER presented the motion and after a voice vote declared the motion carried.

MR. SPEAKER: Notices of Motion; Introduction of Bills.

INTRODUCTION OF GUESTS

MR. SPEAKER: At this point I should like to direct the attention of the honourable members to the gallery where we have 62 students of Grade 9 standing of the Norberry School. These students are under the direction of Mr. Balness and Mr. Dewar. This school is located in the constituency of the Honourable Member for Riel. On behalf of all the honourable members of the Legislative Assembly, I welcome you here today.

We also have 25 students of Grades 11 and 12 standing of the Campus School, Moorehead State College, Minnesota, in the United States of America. These students are under the direction of Mr. M. Jerry Jacobs. These students are the guests of the Honourable Minister of Youth and Education. On behalf of all the honourable members of the Legislative Assembly, I welcome you here today.

MR. SPEAKER: Orders of the Day. The Honourable Leader of the Official Opposition.

ORAL QUESTION PERIOD

MR. WALTER WEIR (Leader of the Opposition)(Minnedosa): Mr. Speaker, I wonder if, before the Orders of the Day, I could enquire of the Minister of Health whether he or any of his staff have met with the Dental Association in relation to the proposed Dentacare scheme?

HON. SIDNEY GREEN (Minister of Health & Social Services)(Inkster): Mr. Speaker, no.

MR. WEIR: Mr. Speaker, might I ask the Minister if it is his intention or the intention of his department to meet with them?

MR. GREEN: Mr. Speaker, there's no fixed intention formulated in that connection.

MR. SPEAKER: The Honourable the House Leader of the Liberal Party.

MR. GORDON E. JOHNSTON (Portage la Prairie): Mr. Speaker, I'd like to direct a

(MR. G. JOHNSTON cont'd) question to the Honourable Minister of Health and Social Services. I have to make a short statement in explanation first, Mr. Speaker.

Councillor Everett Leader of the Rural Municipality of Portage la Prairie has resigned in protest of the granting of the licence to establish a 2,500 head feed lot within 900 feet of the Assiniboine River near to the Portage la Prairie water supply. My question is, then, is the Minister aware of this problem, and if he is, what steps are being taken to protect the pure water supply of the City of Portage la Prairie? And what steps are being taken to protect the recreational area, which probably will be developed in the headwater of the Portage Diversion Dam.

MR. GREEN: Mr. Speaker, I'll take the question as notice. And I would indicate that there's nothing in the member's question which indicates that any of the subjects which he has raised have -- whether there is any indication whether there is any damage, but we'll take the question as notice.

MR. SPEAKER: The Honourable Member for Churchill.

MR. GORDON W. BEARD (Churchill): Mr. Speaker, I'd like to direct a question to the Minister of Finance. I noticed that West Germany has agreed to set the mark free, and it is anticipated that it would probably rise six percent; and in respect to the borrowings, would this mean that we would have to repay an additional six percent, or is there something in our agreement with them?

HON. SAUL CHERNIACK, Q. C. (Minister of Finance)(St. John's): Mr. Speaker, it would indeed mean that, had we borrowed money on the German market as was indicated should be explored by the Member for River Heights. I am really not aware of the details of the borrowing by the previous government as to whether or not there is an involvement currently between the present government - or the government of Manitoba rather - and payment back in German marks. It would have been extremely serious if that had been the case, but I can't really answer about what sort of dealings were done by the previous government, and I certainly will look into that. But the borrowing, the only borrowing in which this government was involved in, was a borrowing in Canadian dollars in Canada.

MR. BEARD: Mr. Speaker, further, it is advised in today's paper - The Winnipeg Free Press of October 1st - that there were borrowings of some \$27 million to finance Manitoba Hydro projects in the past.

MR. CHERNIACK: Well I haven't seen the report and, as I say, if indeed there was borrowing in German marks, then this would be a problem that I would want to report on.

MR. SPEAKER: The Honourable Member for Assiniboia.

MR. STEVE PATRICK (Assiniboia): Mr. Speaker, before the Orders of the Day, I wish to direct my question to the Honourable Minister of Labour. Would the Honourable Minister agree that the use of ex parte injunctions in Manitoba by management in a legal strike is denying the right of workers to picket in a legal strike.

HON. RUSSELL PAULLEY (Minister of Labour)(Transcona): I wonder if the honourable member would repeat the question.

MR. PATRICK: Would the Minister agree that the use of ex parte injunctions in Manitoba by management in a legal strike, which is going on at the present time, is denying the workers the right to picket in a legal strike?

MR. PAULLEY: I've already made statements of my personal opinion on this, Mr. Speaker. I think that there may be a meeting of minds between my honourable friend and myself in this regard.

MR. PATRICK: A subsequent question, Mr. Speaker. Would the Minister agree that the use of injunctions could have serious consequences in the labour-management atmosphere in Manitoba?

MR. PAULLEY: It is my personal opinion so expressed on a number of occasions that the answer to my honourable friend's question is yes.

MR. PATRICK: Mr. Speaker, I have a subsequent question. Would the Minister or the government consider and recognize the emergency of this matter, and immediately have legislation presented to eliminate ex parte injunctions.

MR. PAULLEY: I've already indicated to this House, Mr. Speaker, that my department is taking under review all labour legislation, including this particular point. There will be no legislation presented at this particular session but I assure my honourable friend the point he raises is under active consideration.

MR. SPEAKER: The Honourable Member for Birtle-Russell.

MR. HARRY E. GRAHAM (Birtle-Russell): Mr. Speaker, I would like to direct this question to the Honourable Minister of Finance. Has the Honourable Minister made arrangements to pay out ten million of the \$15 million four percent bond issue, which is due today, out of Consolidated Revenue, or have refinancing arrangements been made?

MR. CHERNIACK: I don't believe that there's any provision whereby you can pay capital borrowing out of Consolidated Revenue without some special provision making it possible. I am assuming that it was paid in the normal way, but this again is a kind of question I would like to obtain more information about before I deal with it specifically.

MR. GRAHAM: A supplementary question, Mr. Speaker. Would the Honourable Minister inform the House of the financial arrangements that have been made, if indeed they have been made?

MR. CHERNIACK: Yes, I thought I made it clear that I intended to look into it.

MR. SPEAKER: The Honourable Member for La Verendrye.

MR. LEONARD A. BARKMAN (La Verendrye): Mr. Speaker, I wonder if I could take this opportunity to introduce the former member of La Verendrye, the very popular Mr. Albert Vielfaure, at this time.

MR. SPEAKER: The Honourable Minister of Tourism and Recreation.

HON. PETER BURTNIAK (Minister of Tourism & Recreation)(Dauphin): Mr. Speaker, a few days ago there were several questions asked of me. I remember that on one occasion I wasn't present for the few moments when the question was asked, and I'd like to make the reply now - give the answers now.

1. In respect to the Honourable Member for Virden regarding the roadside parks, I'd like to inform the honourable member that the signs on the roadside parks will be taken down thus allowing overnight camping at least till 1970 in the fall - and I will make a decision then.

On the other question which I at the time didn't think it needed an answer because I thought that I explained very thoroughly as to the qualification of one Mr. Peter Thiessen - this is in regard to the question that was asked by the Honourable Member for Lakeside. I think that about the only thing that I did not explain in the release at the time was how much it was going to cost, and I want to assure my honourable friends that the cost will be very little. The other qualifications, I am sure, are listed in the release and if the honourable member wishes me to do so I'll send him the list. Will that be okay?

On the one point here, while I'm on my feet, with respect to the federal policy on national parks, with regard to Clear Lake. I might inform the House that within the next few days I'll be leaving for Ottawa to the conference there, and I'm sure at that time we will have a full report to give to the House.

MR. SPEAKER: The Honourable Member for La Verendrye.

MR. BARKMAN: Mr. Speaker, I'd like to direct my question to the Minister of Municipal Affairs. Can the Minister advise what have been the results of his department's survey concerning payments of municipal taxes, and, of special interest of course, what proportion have been paid in the rural areas?

HON. HOWARD R. PAWLEY (Minister of Municipal Affairs)(Selkirk): Mr. Speaker, this question was posed by the Honourable Member for Arthur about two weeks ago, and it is my understanding that it's part of the survey that is presently being performed by the Department of Agriculture.

MR. BARKMAN: A supplementary question, or perhaps I should redirect it to the Minister of Agriculture. Has he any information on this matter at this time?

HON. SAMUEL USKIW (Minister of Agriculture)(Lac du Bonnet): Mr. Speaker, I'm sorry I didn't get the content of the first question put to the Minister of Municipal Affairs.

MR. BARKMAN: It was asked, Mr. Speaker, if the Minister could advise on the results of the - I said his department's, I guess it's your department's survey concerning payments of municipal taxes and especially those of rural areas.

MR. USKIW: To my knowledge, it has been brought to my attention that it's too early to assess the impact of rural economics in Manitoba today insofar as it relates to the payment of property taxes in that a lot of these taxes are due October 1st or something of that nature, so that it's really premature to have an opinion at this time.

MR. SPEAKER: The Honourable Member for Riel.

MR. DONALD W. CRAIK (Riel): Mr. Speaker, before the Orders of the Day, I wanted to

(MR. CRAIK cont'd) direct a question to the Honourable the Minister of Mines and Resources. Could he indicate whether, as a result of his attendance at the Mines Ministers' Conference in eastern Canada, whether there was any further agreement regarding jurisdiction over mineral rights in Hudson's Bay, particularly with respect to the oil drilling that's going on?

HON. LEONARD S. EVANS (Minister of Mines and Natural Resources)(Brandon East): Mr. Speaker, unfortunately because of the pressure of business in the House I was unable to attend the Mines Ministers' Conference. However, I would report that I have received correspondence from my counterpart in the Province of Ontario, and officials in my department are now in the process of setting up a meeting between my associate in Ontario and myself, and this should be held in the relatively near future.

MR. SPEAKER: The Honourable Member for Arthur.

MR. J. DOUGLAS WATT (Arthur): Mr. Speaker, I'd like to direct a question to the Minister of Agriculture. I wonder if he could tell us when we might expect the report from his Fact-finding Committee on Agriculture. I think this may well have a bearing on the question that was asked in regard to municipal taxes.

MR. USKIW: I think I answered that question a few days ago when I was asked whether or not it would be tabled during this session.

MR. SPEAKER: The Honourable Member for Assiniboia.

MR. PATRICK: Mr. Speaker, I wish to direct my question to the Honourable Minister of Municipal Affairs. Has the government, or can the Minister advise if the government has formulated a policy in respect to the Inner Perimeter Beltway?

MR. PAWLEY: I'm afraid I didn't quite catch the final few words of the honourable member's question.

MR. PATRICK: Has the government a policy on the Inner Perimeter Beltway, and is the government at the present time approving the partial purchases of land by the Metropolitan Corporation?

MR. PAWLEY: Mr. Speaker, this is a matter that will be discussed by the relevant departments concerned about this particular issue and a policy determination will be made in due course. At the present time there is no policy determination in respect to same.

MR. PATRICK: Mr. Speaker, a supplementary question. Can the Minister advise if the land expropriations are still taking place, or has there been any in the last while?

MR. PAWLEY: I wonder - the Honourable Minister of Transportation, it actually refers to his department. I'm having a fine job today passing the buck, Mr. Speaker.

HON. JOSEPH P. BOROWSKI (Minister of Transportation)(Thompson): Mr. Speaker, there's been several notices of expropriation come to my desk from the Metro people, and I've told them that we're not going to deal with any of them, we'll simply hold them up until the Cabinet and caucus have had an opportunity to review the whole matter, after which time we'll have to make a decision whether we're for the beltway or against it. In the meantime, I'm holding up all expropriation orders.

MR. SPEAKER: The Honourable House Leader of the Government.

MR. PAULLEY: Mr. Speaker, knowing the interest of the House and the general public in the strike that has been going on between the Society of Crippled Children and the Teamsters' Union, I thought that the House would be interested to know what the present situation is respecting the same. So I would like, Mr. Speaker, just to make the following brief statement.

Regarding the current dispute between the Society of Crippled Children and the Teamsters' Union, I wish to advise the House that the union has indicated to me that they are willing to resume work and have the dispute referred to a conciliation board set up by me under the Labour Relations Act, and to accept the findings of such a board. My officials this afternoon are meeting with the members, the officials of the Society for Crippled Children, who have indicated that they, too, are prepared to the same voluntary binding arbitration. It is my hope that, as the result of the meeting this afternoon, that the two disputants will get together, compile terms of references, and that I will be requested and will do so immediately on request, establish a board to resolve the dispute. It seems to me, Mr. Chairman, that there is every likelihood that the buses will soon be on the road and I am pleased to say that I appreciate very much the indications of cooperation between the Society and the Teamsters' Union in resolving this dispute.

MR. SPEAKER: The Honourable Member for Assiniboia.

MR. PATRICK: Mr. Speaker, I wish to thank the Honourable Minister for the information

(MR. PATRICK cont'd) and I compliment him for his action.

I only hope that he would probably offer his good offices in respect to Bell Foundry.

MR. PAULLEY: Mr. Speaker, if the same spirit of cooperation existed in respect of the dispute at Bell Foundry, then I could assure my honourable friend I would be more than pleased to make a similar statement to the House in respect of that dispute. As my honourable friend is aware, I made the statement the other day - I believe yesterday - that the union had requested the same. I have had no indication from management that they are prepared to meet on similar terms to that in respect of the dispute with the bus drivers.

MR. JAMES H. BILTON (Swan River): Mr. Speaker, would the Minister permit a question?

MR. PAULLEY: Surely.

MR. BILTON: I wonder, whilst this arbitration board is sitting are there any arrangements being made to handle the crippled children so that they can go about their business at school?

MR. PAULLEY: It has been indicated to me, as I thought I had said a moment ago, Mr. Speaker, that on the establishment of the board the union has indicated to me that they are prepared to put the buses on the road pending the decision of the board.

MR. SPEAKER: The Honourable Member for Radisson.

MR. HARRY SHAFRANSKY (Radisson): Mr. Speaker, I wish to also join the Honourable Member for Assiniboia in thanking the Minister for resolving this problem. I am sure that my constituent will be most happy. As you recall, I brought this to your attention privately and I'm most happy to hear that there is a settlement in sight. Thank you.

MR. SPEAKER: The Honourable Minister of Health and Social Services.

MR. GREEN: Mr. Speaker, the Member for Riel asked me a question some weeks ago. I was rather late in getting the answer - perhaps if he's notified he'll read it in Hansard tomorrow. He was asking whether it was correct that 100 percent of the sewage in Greater Winnipeg is being treated; and the answer, as I indicated I suspected, is that no, 100 percent is not being intercepted. Of the total population of roughly 500,000, some 25,000 live in the southern area, principally Fort Garry, which is not intercepted. The remainder of the area wastes are intercepted and treated to give the 80 to 90 percent range. The long-term commitment by the Metropolitan Corporation stipulates that all wastes shall be intercepted prior to the end of 1971, and we are now getting a report from the Metro Council as to just how far this has gone and the prospects for completing this commitment by the date mentioned.

The Honourable Member for Carillon is also not here -- (Interjection) -- Has he? Oh. He asked the question concerning Churchill Forest Industries and the problem of waste treatment facilities that are proposed for that complex. We've been in touch with the company, who assure us that their plans include the installation of the most up-to-date treatment processes, and we haven't any definite design of these processes but we are staying in communication with them.

MR. SPEAKER: The Honourable Member for Fort Rouge.

MRS. INEZ TRUEMAN (Fort Rouge): Mr. Speaker, on a point of privilege. A couple of days ago I had occasion to stop at Misericordia Hospital to visit with the Honourable Member from Wolseley. He asked me if I would bring a message to the honourable members of this House telling them how much he appreciated the card which they sent with all their autographs on it. He said to tell you he thinks it's a very poor way to collect autographs but he was most appreciative of the sentiment behind this. He is recovering rapidly now and is walking around a bit every day, and hopes that before the Session prorogues he will be able to come down to greet you again himself.

ORDERS OF THE DAY - GOVERNMENT BILLS

MR. SPEAKER: The adjourned debate on third reading on the proposed motion of the Honourable Minister of Agriculture. The Honourable Member for Rhineland.

MR. JACOB M. FROESE (Rhineland): Mr. Speaker, knowing that the bill has passed the various stages and is up for third reading now, since I was deprived of not contributing to the debate at the time of second reading I felt that I should at least voice my opinion on the matter as such . . .

MR. PAULLEY: Mr. Speaker, may I direct a question to my honourable friend? Did you say that you were deprived of the opportunity of speaking on second reading? Would you kindly explain?

MR. FROESE: Yes, Mr. Speaker, I am going to explain. Because I was called out. I didn't get that far yet in my speech. Someone called me and I was called out and it just so happened by the time I came back I was unable to take part in the debate. I am not blaming the government in this case at all.

The bill deals with the Natural Products Marketing Act and amends it in certain respects, and while I do not want to take issue at this time with the various matters that it contains, nevertheless I feel that certain teeth are being put into the bill and the powers are strengthened, and this will definitely place a greater onus on the producers and that we will probably see more enforcement of this Act, and greater enforcement and more policing. Whether this actually will be done by putting more men on the road or whether it will just be a matter of the producers conforming more on their own, I think this is something we will have to wait and see.

During the discussion of the principle of the bill, mention was made that we need greater public relations between the Marketing Commission or Corporation and the producers. I would well agree with this that probably this area could certainly be gone into to a greater extent and see whether something could not be done in this direction, that we could have greater cooperation. But, Mr. Speaker, as you well know, legislation of this type and especially marketing legislation in this province, where you have compulsion and regimentation being ordered by the boards in control, tends to rub certain people the wrong way, and I don't blame them for it. I personally do not subscribe to monopolies and this is what we actually have through these marketing corporations because they are the only source to which the producer can sell his product once they are being put into being and in operation. Also, I have always taken the position that the cost of operating these commissions are larger than if the producers or the private business did this for them, because we find that this particular commission had a very heavy deficit which had to be covered by the province, and now, because they are strengthening the Act, probably this will have the result that more of the product will probably go through the commission now and that there will be less bootlegging, as it has been referred to; and in this way that the commission might recover more of its expenses in this way.

Mr. Speaker, this is the way I see the particular bill and the amendment that is being passed. I do hope that the Marketing Commission is not too severe in exercising its powers and that understanding will prevail.

MR. SPEAKER: The Honourable Minister of Agriculture.

MR. USKIW: Mr. Speaker, I just want to make one correction to the comments that were made by my honourable friend the Member for Rhineland, and that is dealing with the question of changes in the Act which would imply greater enforcement on the producers. There is no change in the Act that is going to increase the enforcement provision with respect to producers. The only change that is affected, as far as enforcement is concerned, has to do with enforcement against the buyers, not the producers.

MR. SPEAKER put the question and after a voice vote declared the motion carried.

MR. PAULLEY: . . . Committee of the Whole House, Mr. Speaker. The Honourable Member for McGill I guess would have the -- the Honourable Member for Brandon West, excuse me.

MR. BILTON: He's still out of the city.

MR. PAULLEY: Well, I wonder if somebody would propose the motion to go into Committee of the Whole House.

MR. WEIR: Mr. Speaker, if I may, just on the point of order. We don't mind having somebody propose the motion, but I just wonder if in view of the fact that he is not here and that we are holding that one, in view of the fact that there was going to be a reprinting, I believe, of Bill No. 12, which hasn't been distributed as yet, that I think we'd like, if it was possible, to have a chance to have a look at it before it was considered in third reading, and that would leave only Bill 26, if you would like not to go into Committee this afternoon but proceed with other business.

MR. BILTON: Mr. Speaker, in the absence of the honourable member, I would like to move, seconded by the Honourable Member for Roblin, that the matter be allowed to stand in his name.

MR. PAULLEY: Mr. Speaker, I accept the suggestion of my honourable friend the Leader of the Opposition. At least for the time being we will pass up going into Committee of the Whole House. I am not just quite sure whether or not the reprinted edition is available. It may be for distribution. So then, Mr. Speaker, I wonder if you would kindly call the

(MR. PAULLEY cont'd) adjourned debates on second readings of government bills.

MR. SPEAKER: The adjourned debate on second readings, on the proposed motion of the Honourable Minister of Finance. The Honourable Member for Assiniboia.

MR. PATRICK: Mr. Speaker, I adjourned the debate for my leader.

MR. SPEAKER: The Honourable Leader of the Liberal Party.

MR. G. JOHNSTON: Mr. Speaker, it's customary, on speaking on second reading, to confine one's self to the principle of the policy contained in a bill. However, on examining the contents of Bill 39 there are really two principles involved. One is the principle of the ability to pay taxation, and of course I am speaking of the government's proposal to finance a large share of the Medicare premium through the ability-to-pay principle, so the bill contains an increase in the personal income tax field to finance this part of government spending. Now, we in this party are in agreement with this form of finding the necessary revenues and we have said so earlier in this session. We have said so during the Throne Speech debate. I would like to confine my remarks to the other part of the bill where it proposes to increase the corporate income tax from 11 to 13 points, or an increase of about 18 percent.

Now I know I take the risk from some of my honourable friends, and they will suggest that I am speaking on behalf of the giant corporations and big business, etc., and I am willing to take that risk, but I would like to refer members to the TED Commission Report and in the preface on the iii, page iii, which is the second page in, and I quote in part from the opening paragraph which speaks of the terms of reference . . . the TED Report: "The findings considered in relation to the targets were to form the basis for recommendations on how best to stimulate and coordinate public and private activities in the industrial and commercial development of the province." So I don't think that there are many people in this House who can quarrel with that.

On the two pages later, and I quote in part the final paragraph - and the preface is signed by R. E. Grose, chairman of the committee: "The Commission is deeply grateful to the counsel and criticism of the many persons in government, labour, universities and industry, who have worked with it. In shaping its findings, however, it alone takes responsibility for all statements made in the report." And I don't think many members in this House can quarrel with that statement.

To quote on Page 4 of the preface, there are four points which the Commission gave priority to examine, and I quote the points: "1. To give economic development the highest priority in personal, business and governmental programs. 2. Recognize the importance of increasing efficiency in every use of Manitoba's resources, material and human. 3. Maintain a positive, constructive, forward-looking expansion area outlook. 4. Use careful study of Manitoba's problems as a basis for intelligent and innovative actions to solve them."

Now, Mr. Speaker, we must decide whether or not the proposal by the government to tax the industry of this province to the position where they are higher than other provincial jurisdictions -- I think that this proposal should be examined very closely. It has always been assumed, I believe, that the responsibilities of any provincial government - in particular the Department of Industry and Commerce - should be to attract new industry. Also you would think it would be the responsibility of the same department to encourage and foster existing industry to expand. And the third point, which I didn't think bore repeating or mentioning, although it apparently appears to have been lost sight of, is that we must keep our present industry. We must keep the industry we have and where they have been operating over the years and competing for business across the country and into other markets, this form of business should be carefully considered, although when I heard my honourable friend the Member for Crescentwood speak the other day on the Budget Speech, I was a little bit alarmed as to whether or not this was going to be the aim of this government or not, because he said, and I made notes while he was speaking - I haven't checked this in Hansard but the note I have before me tells me that he said: "We can no longer rely upon private enterprise." That was one statement. He also said further that "we can't wait for private enterprise." He said that we can't wait for private enterprise to do certain of the things, I think, that he wants to be seen done in this province.

Well, may I remind him and his friends that think like him, that the private enterprise tax base in Canada in general, and in Manitoba in particular, have been taxed along with others, with the wage earners, with the farmers and with all other sectors of the economy, have been taxed to supply Canada with a pension plan that's second to none in the world. They have paid

(MR. G. JOHNSTON cont'd) . . . taxes to the supplementary income plan for the older people who can't qualify for the pension plan. They have paid taxes towards the manpower and retraining programs which have been a boon to the under-educated and those unfortunate enough to live in locations where economic activity is not what it should be, and many many other programs. So I'm rather disturbed when I hear from my friend the Member for Crescentwood when he says that he can't wait for private enterprise and he can't rely upon private enterprise to, I presume, do their share in reaching the goals that he thinks are desirable.

Now, when we consider business as we know it in the province of Manitoba, I suppose they could be divided roughly into two classifications: the one type of business where its whole operation is located within the province, and where their competitors are doing much the same thing. Perhaps I could use an example like a plumbing and heating contractor who obtains a bid to help in the construction of a building in Thompson or Brandon or Winnipeg or wherever, and a new tax is imposed upon him, he can pass the tax along, and his competitors will be doing the same thing. So there is no unequal situation as far as competition between these types of companies go. Eventually the consumer is going to pay, or the customer is going to pay any increase in taxation. But what about the company - and these are the companies whom we prize most highly of all - what about the companies who do a large part of their business exporting outside of the borders of Manitoba? Whenever a tax increase is put upon them, within that province, this must surely affect them in the position of competing with other businesses who are located in other jurisdictions.

I'd like now to draw to your attention a company that has built itself up wholly in Manitoba and it's a highly successful company in its field, and it is competing very favourably with what we know, or what we would term as the giant corporations, and I'm referring to the Versatile Manufacturing Company. This company has, over the years, built its plant and its reputation up to the point that the company operations now in the sales field are in the neighbourhood of \$30 million a year, and out of the \$30 million of business done in the past year, approximately \$27 million worth is exported outside of the province of Manitoba. This means that Manitoba consumes \$3 million or about 10 percent of their over-all production; the other 90 percent is exported, and of the export 65 percent of the business is done in the United States.

MR. CHERNIACK: How many employees?

MR. G. JOHNSTON: This company employs approximately 700 people, I believe.

Now what happens when this company has an additional tax placed upon it and it finds itself in the position where it must absorb the tax, pay the tax, yet compete with other firms?

MR. CHERNIACK: What is the company's profit?

MR. G. JOHNSTON: I don't know.

Let us take the present position for this company when they build a swather and it is going to be sold outside the province. For the sake of argument we'll say that the price set upon this by the company for its cost is \$2,000.00. Presently, when they sell a swather to a dealer in Saskatchewan or Alberta or the United States, they take a mark-up. And for the sake of argument I will suggest the mark-up is \$2,000.00. So there's \$500.00, not a profit, but there's \$500.00 of gross profit that comes directly back to the company. Now part of this money will become the net profit, and part of that again will become taxes which will go to Ottawa coffers, and through the federal-provincial tax-sharing agreements, some of this money will filter back down to the provincial tax till.

Now if the company decides to try and save money on their operation, what is to stop them from setting up a sales office, a sales organization duly incorporated in the various provinces where it exports and in the United States? I would suggest that here's one way of avoiding paying some of the extra tax.

We'll take the same swather that I was talking about, which cost the company \$2,000.00. They would then send it or sell it to their selling agency in another province, and their selling agency - which would be incorporated there - would sell the swather to a dealer for the \$2,500.00 and there would be a \$500.00 gross profit - gross profit that is. The money then is resting in another province, or the United States. Eventually a share of that money which became profit, a share again of that would become taxable with the money remitted to Ottawa. Then this is where I think Manitoba is going to miss some tax dollars. So instead of anticipating, oh, we'll say \$100,000 more money in taxes from this company, we find that the company has set up selling companies in other jurisdictions, and the profit which would have come back to Manitoba has stopped in other provinces.

(MR. G. JOHNSTON cont'd)

Now, if we take the same case in the United States it's even worse. Where a company like this does 65 percent of its business in the United States, and they set up an American corporation and sell to that corporation at cost, then it's quite obvious that the American governments are going to benefit through taxes by profits being made in their jurisdictions, and the Canadian economy over all is going to lose in tax dollars.

So I wonder if my friend the Minister of Finance, when he was contemplating this type of taxation, whether he considered this? And whether he considered . . .

MR. CHERNIACK: Mr. Speaker, I wonder if the honourable member minds my interrupting, if I may ask a question? This interesting example of the \$2,000.00 swather selling for \$2,500.00, has he got any sort of an idea of how much the two percent corporation income tax would be on that transaction?

MR. G. JOHNSTON: Very small, Mr. Speaker. I can't give him a figure but I would suggest that the two percent on the company profits at the end of the year's operations, would suggest to the company executive the way to reduce their cost of operation by restructuring their company in the manner that I've suggested; that they would set up selling agencies in other jurisdictions.

MR. CHERNIACK: Mr. Speaker, . . . I answer the question he asked as to whether I considered it, I would tell him that as a lawyer I'm sure that the mere thought of the cost of doing what he suggests is much greater than the two percent of the net profit.

MR. G. JOHNSTON: No. One man, one office could do this. He's not going to store in a warehouse the product and go out and seek sales, but the sales will go through a corporation set up in Alberta, Saskatchewan, United States. -- (Interjections) -- Well, Mr. Speaker, the figures that I have given have been largely hypothetical but I have talked to an executive in that company and this is what he tells me. Now you may not think ethically this is the thing to do, but legally it can be done.

MR. CHERNIACK: Whose opinion is it?

MR. G. JOHNSTON: Legally it can be done, and I ask you had you considered this when you set up this form of taxation?

MR. CHERNIACK: Yes.

MR. G. JOHNSTON: You tell me you have. Fine. Well then, perhaps I made my speech for nothing. Perhaps then, my friends across the way, although they express concern in people and their position in life, I hope that they have considered what this means if it affects some of the jobs in this province. I surely hope they do, and this was the reason for us, during the Budget Speech, the Liberal Party saying, well, we believe business should pay their fair share. There's nothing wrong with that; nothing wrong with taxing them as much and as reasonably as anyone else. But when we go too far to where the businesses presently here, the businesses looking at this province, are saying to themselves: "Well, should we or should we not?" Well I suggest to you, Mr. Speaker, that our whole industrial economy can be in a very very dangerous position if this is the way some of the business people are thinking.

We have the Premier presently on a tour of Eastern Canada, and I suppose, from what I read, that the prime objective of that tour is to reassure the business community once again that they are welcome in Manitoba. Well, we all know they're welcome, Mr. Speaker, but I say again it has to be more than words, words of welcome. Money and capital know no boundaries. Although perhaps some members might not agree with that, the people with money to invest are going to go where they can get the best return and where they feel the most secure with their investment. And I'm suggesting that this type of taxation is going to directly counter anything Premier Schreyer can say in Eastern Canada. He cannot explain that away. There's no way he can explain it away, that the corporation taxes are higher here than they are in Ontario.

Now, if the shoe were on the other foot, Ontario need not be that concerned. They have so many other things going for them, that a small increase in their corporate tax over another province wouldn't put them in that bad of a position. But while we're trying to attract industry and business to come into our province, and I'm sure this is what Premier Schreyer is trying to do -- I don't know if all of his party agree with that stand, but I know the Member for St. Boniface, when he made the stand he did a few months ago, this was part of his position when he explained to the people of the province that he was trying to help Mr. Schreyer to reason with the other elements in the party who were so hard-line socialists that they intended to turn

(MR. G. JOHNSTON cont'd) the province into a socialistic empire.

So, Mr. Speaker, I would ask the Minister to reconsider this part of the bill. I will tell him that the Liberal group here cannot support this part of the bill, and I know, I know some of my honourable friends will get up on the other side and accuse me of protecting the giant corporations and allowing them to have a haven here that they shouldn't have. I know that's going to happen. But we're talking about the jobs and the aspirations of people in Manitoba right now.

MR. SPEAKER: Are you ready for the question? The Honourable Member for Churchill.

MR. BEARD: Thank you, Mr. Speaker. I would, in entering this debate again, I would like to re-emphasize the fact that in tackling this from the ability to pay, government still hasn't taken into consideration the high cost of living in different areas of the province, and particularly, of course, in Northern Manitoba. I think that the concept of higher wages and the incomes of small business in the north can afford to pay these additional taxations is wrong. It's wrong in principle and it's definitely proving to be a case, and I am sure that the Honourable Minister must have had some indication from members of his caucus in respect to the problem that this lies at the doorstep of the people of northern Manitoba.

It was unfortunate that he was not able to be here to close the budget debate, but I would hope that he would have something to offer when he closes this debate in this respect, because I cannot emphasize too great the problems that income tax has in respect to small businesses. I have been involved in small businesses in the north for some years, and the union agrees with me in this respect, and also of course the larger industries, that really you get to a level of wages where there's no point in giving more in wages because the government is there ready to snatch it back, when they get to a point where you can offer somebody something extra over and above what they're getting in southern Manitoba - and certainly we have to compete in many ways in the north and one way is to offer them more money - but if the government is there to snatch it back before the wage earner gets it, then really they're no better off. And it bothers me, Mr. Speaker, to hear people going around with the idea that the northern miners are going around with money bulging out of their pockets, and the small businessmen are able to get along fine and dandy; there's no real problem. My goodness, I can just recall personally that in moving north I pay more in freight than I was making in southern Manitoba alone, as a business expense, and so there are many other things that are involved in doing business in the north.

I think also that he is not taking into consideration in respect to budgeting the fact that government services themselves are not up to the same standard as they are offered in the south. So it's wrong in, not only ability to pay, but in what you are getting for what you are paying for, and I will prove my point much better when we get into Health and Social Services in respect to many of these things that government are well behind on, and the fact that one of the growing, one of the largest growing communities in the north, the Town of Thompson is now being held back because of the lack of ability of government services to keep the road open on a year-round basis. This is one of the problems of weather in building roads, but these are the services the government are not able to keep up with and yet they are willing to go ahead and loan additional tax on the incentive, and the only real incentive, that companies have to draw people up to the north, and if they tax and continue to tax this and do not accept some principle which will allow the people to keep their money, this additional incentive, then they are always going to be short of a labour pool in the north. And goodness knows, we have struggled along in the north where I have always used a figure of at least 1,000 jobs available in the north that aren't being filled, and this alone is, if you want to extend it out, is a terrific loss of revenue to the Minister of Finance on a taxation basis even if it was given some exemption in respect to the relation to high cost of living. And this is lost, and it has always been lost, and it is still being lost and it will be lost more and more as time goes by, because people realize that and only look at the amount of money that they have in their hand at the end of the week or the end of the month.

Now I'm not in disagreement entirely on the fact that the tax is the place, possibly -- that the income tax is the proper place to raise money, but I think that you have got to relate that to the higher cost of living and you can't do it if you continue on the same basis as is being done where you are using the same formula regardless of where the person lives. What good is northern incentive, cost of living, which the government recognizes is necessary to government employees, and yet on the other hand, they turn around and tax them on these

(MR. BEARD cont'd) . . . incentives? And so the employees in many, many respects, particularly where they are locked in to wage scales in government services, find that indeed they are behind rather than ahead of the game when they move to the north.

I think that these problems which continually come up are ones that government are not paying enough attention to. Now I realize it's a new party in power. They haven't maybe had a chance to really assess this, but they knew this problem; they knew this problem from years back, because I have heard their campaigning for years back and I have agreed with them on this, but unfortunately, when they come to us with a budget, as they have, without taking some time to give recognition to the northern labour pool, then they are falling in the same trap as other governments have in the past, and said, "We will treat you the same but we are not going to give you the same. No sir. We will cut you off on government services because we can't afford to do that when you get past 53." Maybe some other time, but the time is now, Mr. Speaker, not later, so far as government services are concerned, but apparently it is the time now to tax and as far as we are concerned we've always prepaid the things that have been offered to us, or finally come.

They say that you should sit down and accept this as something that is a little extra. There are no extras in the northern half of this province. There are no ways, quick ways, to get to government. The communication problems are very difficult. The communication in respect to housing, that was brought up by the Member for The Pas only yesterday, is one that is a real difficulty and it's becoming a government service and it is an alternative housing, Mr. Speaker. It's not urban renewal. It is in fact just housing - some place for somebody to live so that they can take their family there and earn a living and produce dollars for this province, not only through industrial dollars, tax dollars, but their own personal income tax dollars, and this is being lost every day. It's being lost every day, and if there is any difficulty in getting this point across, then I'd suggest that Cabinet watch the want ads every day and see what the International Nickel Company have in the papers, Press and Tribune; on the radio. I don't know whether it's on TV too but I hear it on the radio, I see it every day in the paper, large ads. They are not there to advertise the International Nickel Company. They're trying to introduce new labour into the north. They are trying to get a labour force, not only for exploration purposes but to just get along, and I think that when we introduce budgets such as this, without complementary exemption, then I think that we are in very great difficulty, and I again appeal to the Minister to take another look at this and perhaps, when he brings his budget in next winter, then maybe he can do something about this. I don't want to hear that the Federal Government should raise the exemptions for people living in the north because this then puts it on somebody else's shoulders and this is not the answer, because we know that unilateral policies set by Ottawa do not deal with, cannot deal with every individual case, nor do I believe the Minister can, but I do think that he can take into consideration the policies that are accepted in northern allowances, for instance, in respect to the amounts of isolation that you are living in, the difference in costs of living that are imposed upon you, and help to assist even their own civil service in providing teachers with incentives to go to the north and to be able to keep those incentives. Those are the important things.

In closing, I would say that one other problem that we have to deal with, of course, is the corporation tax, and I agree that larger companies can well afford in most cases to pay that money, and I don't say that the tax that has been assessed at this time is going to chase people out of this province. I don't believe this. Not at this time. But let's not kill that golden goose again because, if it was ever brought effectively to my mind, it was the other day when I saw a picture of a very good friend of mine, Harry Peterson, who has now been appointed the new president of the International Nickel Company for Australia. It means that there is nickel available in other areas of this world. There are mines opening up, and if this company is reaching out, then we have to be careful that it doesn't by-pass Manitoba's future exploration and future mining to take advantage of greater incentives in other areas of this world. Thank you very much.

MR. SPEAKER: The Honourable Member for Sturgeon Creek.

MR. FRANK JOHNSTON (Sturgeon Creek): Thank you, Mr. Speaker, I would like to compliment the Honourable Minister of Finance. I didn't have the opportunity before, last Monday, as he was away. Regarding Bill No. 39, Mr. Speaker, I would like to say that I couldn't disagree more with any bill that could possibly come to this House. In fact, I disagree so heartily with the comments that were made when it was under the estimates by the

(MR. F. JOHNSTON cont'd) Honourable Minister of Health, that every time I get stuck when I'm speaking I'm going to yell "Socialism". He has decided that this is what is going to benefit them and I disagree implicitly.

MR. RUSSELL DOERN (Elmwood): Do you know what it means?

MR. JOHNSTON: I think so. Do you?

MR. DOERN: What does it mean?

MR. JOHNSTON: Mr. Speaker, could I carry on please? The previous member that just spoke has spoken about business, and the Honourable Minister has made a point several times and the Honourable Minister of Health and Welfare made a point the other night, that he couldn't possibly see how this minute increase would scare businesses out of Manitoba. It is fairly obvious that I don't think they have made a complete study of what business will do or won't do in Canada or international businesses as a whole. I can assure you I have seen them move or change their head offices of corporations over a half of one percent or less if the profit over-all is there, and the fact that he said we didn't see them running from Ontario, because they were higher, into New Brunswick because they were lower, or running into Manitoba when we were lower, is very obvious. There are 10 million people in that area down there and I assure you if you have got the traffic for a piece of property where a hot dog stand should go, you will get more rent for it, and the man is willing to pay more rent for it if he's got a market. I assure you there are businesses in Ontario, if you get off the plane at Malton Airport and drive down through Toronto alone, that you have never seen in Manitoba, and I assure you now you never will. You won't even recognize the names I have for them and they are not even interested to come here, because we haven't had the population and now we've got the highest corporation tax in Canada.

It's all very well to say people don't move. They do move. I can tell you an example of a company that's thinking of moving, I'm not saying because of our new corporation tax, but they have other benefits in other provinces and he can take the manager and the two engineers that work for him, who both earn more than \$11,348 a year, and go and put his head office in Alberta just as easy, and he probably will. He just has to ask the head office if he can. There is no problem. His men are covering the western territory as it is, and they will continue to. As far as the corporation tax is concerned, you have asked people to come and develop in this province and then you turn around and say we're the highest, and then you use the excuse that it's only minutely higher and it won't bother anybody. I assure you it will. It's been said it will; business is saying it will now; and you'll prove it that it will.

Now, you turn around and we've also said that we are going to tax the man that makes \$11,348.00 a year the 4.5 or 8 or whatever it is in this province, and he's now going to subsidize, no matter how you cut the cake, 96 percent approximately of the people. Now I'll tell you something you don't know about the people of Manitoba. What you don't know is they are the proudest people in the world. They don't want to ride on anybody's back. They want jobs. They want a chance to do a job. That's what industry in here will give them a chance to do. Can anybody tell me in this room it's fair that a man paying tax on \$15,000 a year is going to subsidize a man paying ten? Is that fair? -- (Interjection) -- Yes, he is now.

MR. GREEN: He was doing it . . .

MR. F. JOHNSTON: Oh no. He was subsidizing on the basis of the federal but now he's subsidizing.

MR. GREEN: You had a provincial income tax too.

MR. F. JOHNSTON: Right. Sure he was. But now you are taking it on the Medicare. This is the idea of this bill, to change the tax basis for the basis of Medicare and that's the basis the Minister got up and said, all these figures of . . . because his Medicare is lower, his tax is less, or his tax is higher. One way or the other, no matter how you cut the cake, it's simple arithmetic. You have now said that everybody earning more than \$11,348 a year is subsidizing the other guy. And do you mean to tell me -- (Interjection) -- No I won't Mr. Speaker; he can sit down. And do you mean to tell me that a man making \$8,000 a year has to have his Medicare subsidized? When I am buying services I expect to pay for service. If I am paying federal income tax and earn more money, I'll pay it, and by God I do. If I live in a bigger house than the next guy, I am perfectly willing to pay taxes, but I'm telling you right now, my appendix is worth no more than anybody else's. Now let's get that straight. And it's no different, it's no different than the Honourable Member from St. Boniface driving his Cadillac into a garage and he'd be darned mad if he was asked to pay more money for gas. --

(MR. F. JOHNSTON cont'd) (Interjection) -- If you are going to talk paying money for services, then I might say it was the Honourable Member from St. Boniface who said people count and I was sorry he wasn't here when I told him that people of Manitoba are proud and they don't want to be carried on anybody's back.

MR. LAURENT L. DESJARDINS (St. Boniface): I heard you. I heard you.

MR. F. JOHNSTON: Well it was worth repeating again, Mr. Speaker. Now, right off the bat, we are saying that you have got to pay now the same amount of money or less than this man. You turn around and you say to a man that one percent, it isn't worth one percent or slightly more of his salary for Medicare, and if you work it out, the man earning \$8,000 a year, if he is paying about one percent he would be paying about \$170.00, and you can't say one percent of a man's salary is not worth Medicare. He's subsidizing the man paying \$10,000 a year, the man over \$11,348, and you've . . . you've said it isn't fair. Fiddle? You'll be fiddling. You've said it isn't fair. "Give me one fair reason" was the Honourable Minister of Health and Welfare . . . Well, I say it's unfair. You've been unfair to all the people of the province. You've been unfair to the corporations in the province and you're going to be unfair to the whole of the western corporations. -- (Interjections) -- Yes I'm stuck - Socialism. Stuck. That's it.

Now this guy that's making \$11,348 a year that's doing the subsidizing. Well, my honourable colleague says school teachers, but I'll tell you, an engineer keeps six men working in this province. How many have you got in your law office? Yeah. How many people does the scientist keep working? How many people does any draftsman or anybody that's working in this salary level keep working? It's very easy. Every engineer.

MR. BILL URUSKI (St. George): Would the Member permit a question?

MR. F. JOHNSTON: No. Sit down! I'm not going to answer a question, Mr. Speaker. Just answer me that. Every single engineer in this province keeps approximately six people employed: carpenters, everything else. Methinks it hurts, Mr. Speaker, because now we're getting to them. Now we're getting to them. Every single, every single lawyer keeps at least maybe eight to ten people employed in this province and you're going to tax them. You're going to get rid of them. He's going to go elsewhere. Well, they're not all as small as the other . . . They are all going and I assure you, I assure you, just let any corporation say to a man, "I'd like to transfer you to Manitoba right now." He'd say, "I'm sorry, boss, I'd rather go to Alberta where the branch office is.

A MEMBER: More or less.

MR. F. JOHNSTON: More or less. Anywhere. You're going to hurt. As I told you in the first speech I made in this House, the only people you'll have left here to tax are the people who are here now.

And then another thing. Let's get back to one other question, Mr. Speaker. Mr. Robichaud, when he raised his tax, do you know where he went in industry? He went from nothing to less and he's got people running all over the North American continent, like our present premier, saying, "Please come to our province and pay more." Mr. Speaker, they've done it. They've put their one foot in, and the worst part of it, Mr. Speaker, they state frankly there's more to come. Thank you.

MR. SPEAKER: The Honourable Member for Rhineland.

MR. FROESE: Mr. Speaker, the bill before us has to do with the new income tax the government intends to impose on the people of Manitoba and also on the corporations that are here and that probably will remain here.

Mr. Speaker, I cannot help but feel that this tax that we're imposing on the people will act as a deterrent to development of this province and especially so in connection with industry. I would like to know from the government, and especially during this part of the debate, what can Manitoba show at the present time in development in connection with the private enterprise sector? We know there's development going on in Greater Winnipeg but most of this has to do with hotel, motel or office buildings and providing space of this type, but how much of this does actually contribute to the actual production and growth of Manitoba? I think there's very little going on at the present time that contributes to the actual growth and production in this province, and now with the added 18 percent on personal income tax, surely this is going to have a depressing effect. It will have a depressing effect as far as the corporation tax is concerned, although the Minister of Health the other day tried to minimize its effect to a point almost where it was negligible, but I'm sure that this is not the case.

(MR. FROESE cont'd)

Then, too, we are not giving relief as far as taxation is concerned in connection with the situation in other provinces in connection with the estates, which in my opinion is an inducement. Then also we in Manitoba haven't got the milder climate that exists in the coastal province of western Canada, so that in addition to the lower taxation in these provinces, they also have a milder climate which attracts people more than Manitoba does, and this is why I'd like to know from the government just what is happening today in Manitoba. Are we attracting industry and to what degree?

I have a copy of the Financial Post of September 20th which has two articles, one on Alberta and another one on British Columbia, as to what is taking place in those provinces, and I think it wouldn't hurt to remind honourable members, especially on the government side, as to what is taking place there. First of all, the Alberta Resources Railway, which is a railway that cost roughly \$96 million, is being constructed from Brule to Grand Prairie and this is bringing remarkable results. The headline of this particular section of the paper says: "Alberta's newest railroad is confounding the experts." -- (Interjection) -- Well, it's a provincial railway. "The \$96 million Alberta Resources Railway line what opened this year from Brule on the Canadian National Railway main line to Grand Prairie, 230 miles north, may begin to pay its way within five years."

Then the next big company that is mentioned here is the McIntyre Porcupine Mines Limited; "has a \$450 million contract with Japan to deliver 30 million tons of coal at two million tons a year from 1970 to 1985. The Japanese have indicated recently that they consider the McIntyre order an interim item. If the price is right, they'll buy greatly increased quantities from the Smoky River area surrounding Grand Cache, halfway point on the new line, almost immediately." So here they certainly have something going for them in a large way.

It goes on to say: "The area traversed by the new railway has become a petroleum exploration hot spot so that this will lead to the exploration of greater petroleum and further the petroleum industry. We also have another firm, the Atlantic Richfield Company, an American petroleum corporation, and Sperry Rainbow Oil Limited will start building a \$7 million gas plant in the area this year to process 40 million cubic feet a day, producing 3, 600 barrels a day of condensate and 100 long tons of sulphur daily. Presumably the condensate and sulphur will go to market by rail." So they're putting to use this railway and it's opening up tremendous prospects for them.

Another one: "Proctor and Gamble Company of Canada will proceed with its plans for a mill that will employ 1, 000 workers and produce 600 tons of bleach kraft pulp daily. The produce would be shipped to the P & G conglomerate in the U.S." Another big item working on behalf of their people which is going to employ 1, 000 people - that's 1, 000 new jobs for them.

They mention "The Canadian Utilities Limited is now in the final stages of planning a coal fire generating plant for Grand Cache that will have a nominal capacity of 150, 000 kilowatts," and there is some more mentioned in this particular item.

The article on B. C. also is very promising. It says: "In British Columbia new rail lines will bring earth's riches to market. Japan coal deal was a spark." And if honourable members are interested, certainly they can read up on this very matter and this very item, and it is certainly very promising to read those articles.

On the other hand, Mr. Chairman, I would also like to remind honourable members that the cost of government is not going to stay put. That same issue of The Financial Post of September 20th has a headline: "Canada Heading for One Billion Dollar Economy." I just wonder how much Manitoba will stand to benefit of this increase in the economy, whether we will share and have our just share of this increase in the economy of this country, because they go on to state in a graph in this same paper, the increase that they indicate here, the increases that they expect to take place in cost of government of the various departments and the different items within the department from 1967 to 1975, and some of the items mentioned here - housing costs today per person are something like \$270. 00 per person. This is going to increase to something like \$380. 00. A 43 percent increase is what they indicate here from '67 to '75.

Health services will increase from roughly \$120. 00 per person to \$175. 00 or \$180. 00. Also 45 percent increase. Education is to increase during this period by 214 percent, and so it's all along the line that we can expect further increase in costs and this will mean increased cost to the government if we are to retain the percentage rate of assistance that we have been giving up until now. So this means that within the next year or two from now that we will require further moneys, and what is this government's plan and where are they going to get the

(MR. FROESE cont'd) additional moneys at that time when we are now reaching the peak as far as provinces are concerned in this Dominion?

We note from the paper that Saskatchewan is taking a different attitude in that they intend to reduce its spending by \$11 million, and this particular item is from the September 27th issue of The Financial Post. They point out in that particular article that they intend to cut capital projects by 6.1 million, administrative costs by 4.1 million, and this is supposed to be done just by not filling positions that become vacant. They have a deferred program of \$700,000. Then they go on and list how this will affect their various departments. Their Highways Department will spend less by 2.1 million. — (Interjection) — This is a point I am going to come to, Mr. Speaker. Maintenance by 500,000; hospital construction \$500,000 cut, and other Health Department cuts, deferrals 1.1 million; the university construction is being cut by 750,000; the Department of Agriculture estimate by 900,000; Public Works by 900,000. This is what they're proposing in Saskatchewan because they feel that they will not get the necessary money from Ottawa under their agreements - that they will be short.

MR. CHERNIACK: . . . income tax. Mr. Speaker, I wonder if . . .

MR. FROESE: So I would like to hear from the Minister what our government has in mind come next January. We know what their position is now. Do they want to continue with this policy of increasing spending costs and also increasing taxes, or what will be the situation in a matter of months?

I know the speakers of the other parties, the Liberal Party critic mentioned that we should have tax reform in this province. I do not disagree. I think we should examine our tax structure because I think real estate, especially real estate in rural Manitoba, farmland, is being taxed excessively right now and certainly if the cost of schools and education is going to increase by 214 percent, as indicated by that graph, certainly we cannot continue to put all of this additional taxation or additional cost on real estate. Something else will have to be done. And if this government is going to continue with their policy of taxing the rich, or taxing those that are able to pay, well, let's see them reduce the tax on real estate in rural Manitoba.

One thing that I was rather interested to hear was the matter of the interest structure assistance that they mention in their budget. I hope someone on their side of the House is going to spell out for us just what they mean by this assistance. What are they planning to do in that regard? Because I'm very interested in this because rural Manitoba definitely needs this type of assistance when they get industry into their areas.

On the other hand, I think we should never take the attitude that we have a captive industry in Manitoba, that industry is captive here and that they cannot leave, because we've seen this, especially in connection with head offices. Too many of them have left Manitoba already and this could also happen to other industry, and I do hope we can avert this and that this will not take place in too large a degree, because we do not have too many industries that are in the producing field. We have the packing firms and we have some manufacturing in Manitoba, but I think this is in a very limited form and we need increase rather than decrease in this area.

When the New Democrats were in Opposition, I recall too well the many speeches that were made by their members in that they expected to get a larger share of their revenue from natural resources. When is this going to happen? I would like to hear from them what we can expect in the future, what is going to happen in this respect.

We have now changed more or less from the premium system to the income tax system in support of the medical program in Manitoba, although we have not eliminated the premium system. Is it just to leave the door open that in case we have further increases in medical costs, that they will then be added to the premium again? Is that the reason for leaving the back door open so that this can be done?

Mr. Speaker, these were some of the comments that I felt I would like to make at this point and I will now give the Member for St. Boniface an opportunity to make his speech.

MR. SPEAKER: The Honourable Member for Lakeside.

MR. ENNS: I rise, Mr. Speaker, in the hope that maybe that would bring the Honourable Member for St. Boniface to his feet, but in the event that he wants to have the wisdom of my few comments on the bill before us before he replies, he shall have them.

Mr. Speaker, you know, I would really like to express a few words, kind words to the Minister of Finance, because really it is not fair to say that the bill before us is of any surprise to any of us here. It is fair to say to all the members of the House that all of us were well informed, well ahead of time, in their speeches in the past number of years, indeed in their election campaign of June 25th, that what is embodied in this bill would, in fact, happen. And again, Mr. Speaker, none of us were so naive surely that the promises made by this present government to bring about the reduction in the medicare premium - that they in fact did bring about - would come about through some hocus-pocus form of magic, and to their credit I would have to suggest to all of us in the House they have never attempted to indicate to us that this in fact wouldn't take place.

So, Mr. Speaker, if I could accept the action taken with respect to the reduction in medicare premiums, the transfer of taxation to who is going to pay for that reduction, in itself, in isolation from other acts that this government has done in the very short time that it has been in office, you know, Mr. Speaker, I, while perhaps not agreeing with them, would find it very difficult to make any serious criticism of the approach taken in this bill. However, Mr. Speaker, that's not the case and I have to point out to the members in the House and to the public at large that we can't accept a measure of this sort in its isolation.

The Minister of Transport the other day referred to this House as being filled with a bunch of two-bit politicians. Well, I just wanted to get to the phrase "two-bit" because I suggest that this government is in fact going to "two-bit" industry right out of this province in the approach that they are taking, because you have to add up the little extra things that they are doing that are hurting - the little matter of estate tax; the little matter of corporation tax; the little matter of personal tax; the little matter of perhaps a few extra dollars for Hydro rates in this province; the little matter of -- (Interjection) -- well, I can come right back to South Indian Lake on this, Mr. Speaker, if that's the intention of this House, and I think that perhaps maybe that's the subject that I am better versed on to speak in any rate. But nonetheless, Mr. Speaker, it's in this very context that the honourable members and the government don't fully appreciate the business community or don't fully appreciate what makes economic development tick in North America, and what's of course important, here in Manitoba. We pass over glibly the suggestion without even benefit of talking to experts, bring the experts here, as to just what that little amount extra will be when we are talking for instance about Hydro rates.

Pretty well everybody has agreed that the Hydro-electric power development that this government, or this past government put forward was, without question, the cheapest source of power that would supply the abundant source of power for the needed economic development in this province. The only suggestion that has -- it has been said to us though, it has been said to us just recently in a very thin 21 page report that there might be a little increase, a little increase here. Well, Mr. Speaker, it's really around that little word, you know, the suggestion we have heard several times now about the little increase here, the minimal effect of the corporation tax, the minimal effect of holding that dubious honour of having the highest corporation tax in Canada. It's a lack of appreciation from the members opposite of what this has to that nervous jittery million dollars of investment from wherever it comes from, whether it's local, whether it's encouraging our own business to expand in this province, whether it's attracting other business to expand in this province, or what have you.

Furthermore, while not related to the monetary bill, it shows up again very much in the performance of the members opposite. They honestly believe that members of the government, members who are charged with the responsibility of economic development and planning in this province, can stand up in this House and make speeches, support resolutions, that will cause an equal kind of an earthquake shudder through the investment community of this continent that some people fear might happen with the blast in the Aleutian Islands tomorrow morning at 10 o'clock; but at the same time the Premier of this province entertains and wines and dines 500 or 600 businessmen and makes speeches to the contrary. -- (Interjection) -- No, this is not the point, the point that I'm making is -- (Interjection) -- Mr. Speaker, this is again -- after all this is just a little different. There's nothing wrong with a backbencher getting up. . . .

MR. BOROWSKI: Mr. Speaker, on a point of order. Is the member suggesting that the

(MR. BOROWSKI cont'd.)... Premier is squandering money wining and dining 600 businessmen?

MR. ENNS: Mr. Speaker, I don't think that's a matter of order. I might suggest to the Premier that he could wine and dine the members of this Legislature as has been the custom in the past and we are kind of waiting for it some of these days, but it's a legitimate business trip on the part of the people of Manitoba that the Premier has undertaken -- (Interjection) -- Whose expense do you think he is my friend? I suggest, Mr. Speaker, that the Honourable Minister of Transportation - and I really don't want to take advantage of him in this case because he has indicated in the last few days where he is still somewhat lacking in just who pays for what in this province - but certainly the money being spent in wooing Bay Street at this moment by our first Premier is coming out of the tax dollars of every one of us here in Manitoba. Mr. Speaker, I want to come back - you know, I haven't got -- (Interjection) -- my colleague will make a speech in far greater depth, but it's this lack of appreciation, lack of understanding of what a little difference means. They can afford to -- we can have pure unadulterated Marxism flowing across from us from the other side on one occasion...

MR. PAWLEY: Socialism, socialism.

MR. ENNS: Marxism, Communism if you like - that's what I want to say - Communism, and on the other hand we have the Minister of Finance, who is a fine conservative fellow in many respects, off with the investment world trying to convince them that we here in Manitoba will provide a challenge to the business community. Mr. Speaker, we are going to provide a challenge to the business community in Manitoba.

Now, Mr. Speaker, I just suggest, as I said at the beginning, if the bill before us was an isolated situation where for reasons best known to the government, or for unique reasons in this province we had to raise money for a specific purpose - in this case medicare - by raising our personal income tax, by raising our corporation tax, Mr. Speaker, there is no magic as to where money has to come from and I might well not have made this speech. I suggest to you, Mr. Speaker, and I suggest to all members of this House, the people in Manitoba, that that is not an isolated case. It has to be added together with the other things that have taken place, the lack of appreciation of what a little difference means when one is seeking best returns on one's investment.

And furthermore - and this really is I think the frightening aspect of the budget speech that was delivered the other day, and essentially I suppose the principle contained in this bill - is that the Minister of Finance is making no bones about the fact that this is the direction that we are going. So I should say we should all be forewarned gentlemen, there should be no surprise in succeeding budgets when we continue to turn the screw a little harder and continue to make it more difficult to provide jobs for Manitobans, because that's the way of course it has to be put, Mr. Speaker. As my honourable friend the Leader of the Liberal Party mentioned, it's not speaking on behalf of big business, we're speaking on behalf of jobs for people in Manitoba, on behalf of many thousands of Manitobans, the fact that it's only through this means that we can somehow improve that disputed figure of Manitobans who earn below a certain point in terms of their average income or their reportable income.

Mr. Speaker, I hardly suspect that the government would accept my advice, would accept my advice or indeed perhaps anybody's advice on this side of the House, as to what events will occur if a certain line of action is pursued. But I suggest, I suggest most sincerely that upon the return of the First Minister that you tune into the business community, that you tune into the investment community and let them be your guide in the future in this important area, because we are dealing in an area that has every bit as much impact on our social way of life, our ability to support necessary and needed social programs, our ability to expand and to maximize our opportunities in this province, and yet it always seems difficult to relate these programs to the fact when we were talking simply about industrial expansion. I suppose it's for this reason that we have people taking issue with economic development in the province or the "Growing to Beat 70" slogan and so forth.

Well, Mr. Speaker, I suggest that this government has shown a woeful lack, a woeful lack in understanding what that little bit can mean in the difference of having some of the development take place here, that the Member for Rhineland related that are taking place in Alberta and B.C., take place here in Manitoba.

MR. SPEAKER: The Honourable Member for St. Boniface.

MR. DESJARDINS: Mr. Speaker, the Honourable Member from Lakeside said that we should tune into business and they will give us the guideline for Manitoba. I think that it makes

(MR. DESJARDINS cont'd.)... more sense to tune in to all the people, to all the people. I don't think that any party or any government should work for one party or one group of people alone, be they professional, businessmen, small business, big business and so on. What will be good for Manitoba has to be good for all the people of Manitoba. And I would like to know once and for all - I want this determined now - if a political platform during an election, or a principle or a legislation, or a piece of legislation or a bill, are those the things that can be painted with communism, socialism, conservatism, liberalism? Are those the things that we can call, well this is something that smells of communism. I would like the members to answer this once and for all, because the members on this side do not worry about the issue but the people that bring in the issue. As soon as a member from this side stands up he is a communist. No matter what, if he wants to talk about ability-to-pay principle, immediately he is a communist and he is against big business.

MR. BUD SHERMAN (Fort Garry): That's rubbish.

MR. DESJARDINS: I know it's rubbish, that's what I'm trying to tell you, it's rubbish. That's exactly what I'm trying to tell you. You have been talking about the ability to pay, you have been talking about the ability-to-pay principle as if it was wrong, and the member that said it's rubbish was the last one that told me, when I asked him, "I feel that it was right, the premium system for medicare is absolutely right, I subscribe to this one hundred percent." Did you say that or didn't you when I asked you that question? Did you say that? He was in Ottawa and he voted for medicare - he voted for medicare. Not only did he vote for medicare, but he voted for medicare to come in one year ahead of time. That same member, Mr. Speaker, that same member, now they are chastising this group, a group of people in this House because they are talking about ability-to-pay principle. I didn't think I'd have to read my bible again, if we can leave the TED report for a minute, but there are too many new members that are shooting off their mouth without knowing what their party stands for. -- (Interjection) -- All right, you learn it from me, you'll learn something else from me, you will learn something else from me. And your apprenticeship in Ottawa wasn't too good because you've got an awful lot to learn and I'm going to teach you right now, because I'm going to tell you from your friends -- (Interjection) -- we are going to talk about ability-to-pay principle right now.

MR. SHERMAN: You've ranted and raved for two months - that's all we've heard.

MR. DESJARDINS: All right, and I'm going to rave for a little while again, for a couple of minutes or more, maybe you'll learn some more.

MR. SHERMAN: Excuse me if I don't listen.

MR. DESJARDINS: Well if you want to leave fine. This is the way you take your responsibilities, very seriously, so this is fine. I have listened to his dreaming - and I say dreaming because he's the worst dreamer in the whole House - but now he's going to listen to this and I'm going to quote one of his good friends. You see when you talk about ability to pay, when you bring in a tax and if it's under a government that is headed by a conservative leader, it's all right. If Roblin or Weir or some of the other fellows brought it in, there's nothing wrong, nothing wrong with it at all. -- (Interjection) -- Be patient, it's coming - in fact it's going to come right now - and I'll quote from Page 22 of a special session that we had on October 16, 1961, and my honourable friend -- well, the ones in the front they are always so attentive, but I'm talking about the back benchers, the two that are making so much noise on this, and I quote. This is Mr. Roblin speaking - nobody ever called him a socialist - that's Mr. Roblin. "Now, Sir" - if you don't mind I don't want to quote him - or get him out of context, so be very attentive. "Now, Sir, there is one other and it is the final point that I want to make today that is implicit in these arrangements. It is that under this agreement we have a power which was available to us before, but not available in such a way that we could make use of it." He's talking about a new arrangement, tax share arrangements with Ottawa. "We now have the power to set our own tax rate at a rate above the level provided for in the standard arrangement, or indeed below it if that should be thought good for the finances of our province, and we can have the Federal Government collect this additional tax without charge to us. As I explained, this was not allowed under the old tax rental. You could do it all right; you had to get outside the agreement to do it. Ontario and Quebec did do it and you would have to collect for yourself, but now we are able to do it within the agreement." -- (Interjection) -- I'll table this if you want it, it's Hansard.

MR. GREEN: I wonder if the honourable member can tell me under which Federal Government, who was the Leader of the Government that made that possible?

MR. DESJARDINS: Well, I direct you -- you look at the Member for Morris and you will

(MR. DESJARDINS cont'd.)... be reminded. He says, "It will be collected for us by Ottawa at no cost to us, thus under Tax Collection Agreement Ottawa will collect whatever rate of tax the province desires to impose without charge, and I would like to say, Sir, that we are taking advantage of this provision to raise an additional tax of one percent on the tax on personal income of our people and one percent" - no, that must be a misprint - no, Sir, "one percent on the corporation tax in the Province of Manitoba and we are going to use this money to reduce the hospital premiums that we are asking our people to pay.

"Now, Sir, from the government's point of view this is important because this is something very new." So they're the ones that started it. It was new before - it was new before. -- (Interjection) -- This is in English and I'm having a hard time. Wait awhile. "This was not possible" -- Don't you want to hear this? Don't you want to hear this? -- (Interjection) -- Don't you want to hear this? "This was not possible for us under the old arrangement, but I think it is advantageous that we are able to do it now because we have long maintained, Mr. Speaker, that the present level of hospital premiums at \$6.00 for married people and \$3.00 for single people had a very serious effect amongst others." Surprising eh? -- (Interjection) -- I did and we'll deal with that. "That effect is that it is the same rate of tax, the same number of dollars on all citizens regardless of their ability-to-pay." - There's that socialistic form - "Rich and poor alike have to pay the same share." You know, this is what you're talking about, your famous appendix there. "This rate was imposed when in our opinion at that time there was no alternative to doing so because we did not have an alternative means of raising the money unless we introduced a sales tax" - well, that was before of course - "to find this money to pay our hospital premiums." Now you've got the sales tax. "We raised it with the greatest of regret." So does the Minister of Finance, he doesn't like digging - well, maybe he likes digging in your pockets but not in the pockets of the other people. "We raised it with the greatest of regret, but we determined that at the first possible opportunity we were going to reduce these premiums and to invoke the principle of ability-to-pay." Aren't you surprised? Aren't you surprised?

"Now, Mr. Speaker, when the hospital premiums were first imposed at \$4.10 for married and \$2.05 for single, at the relatively low level it was considered by the House that citizens could pay these premiums without undue hardship, particularly as provisions was made that those who were not in a position to handle the matter would have their premiums presented to them at the expense of the Consolidated Revenue" - and I'll come back to that too - "And members know that some thirty-five or forty thousand people have free hospital premiums in that way. But that's not the case with the premiums of \$6.00 and \$3.00." Six dollars, and he's not talking about 9.80 -- (Interjection) -- Yes, that's my speech today and boy, this is a good one. "It underlines our determination to introduce the ability-to-pay principle in connection with hospital premiums at the first opportunity. We now have the ability to implement that policy in the way that I have suggested, because it seems to me that one percent increase on taxable personal income on the people of our province does introduce the measure of ability-to-pay. Personal income tax is, so far as I can see, one of the best measures yet devised of ability-to-pay and we are going to take advantage of it. Thus we are able to introduce the ability-to-pay principle in our hospital premium system to a greater extent than ever before through the personal income tax" - and the corporation tax - but I don't want to rub it in. And I could go on because this is indeed a good speech. Just a minute. I lost my place.

MR. PAULLEY: May I ask my honourable friend a question? Have you got the speech in which the former Premier said that the sales tax was as dead as the dodo?

MR. DESJARDINS: Yes. We heard about that too. We could find that if you like.
-- (Interjection) -- Don't be dirty, Jake.

MR. FROESE: You'll be working yourself out of a job.

MR. DESJARDINS: My honourable friend said today - oh, he's very concerned - "The poor people making \$15,000 are subsidizing those making \$10,000.00." -- (Interjection) -- Oh yes, and boy, am I glad. He said - and I think I should repeat that this is the Member from Fort Garry so that we have that in Hansard - says: "Right."

MR. F. JOHNSTON: I said right.

MR. DESJARDINS: Oh, the two -- you're both linked together. You're going steady.

MR. SHERMAN: On a point of privilege, Mr. Speaker.

MR. DESJARDINS: You're not going steady? I'll retract that if you're not going steady.

MR. SHERMAN: The Member for St. Boniface is indulging in his usual practice of distortion and innuendo. I made no such comment in response to any comment coming from this side

(MR. SHERMAN cont'd.) . . . of the House or his side of the House. I'm doing the best I can to try to make sense out of his comments and I'm listening very intently. I said nothing.

MR. DESJARDINS: Well, if it's so hard to make sense, this was Roblin speaking. He said, Mr. Speaker - there is no doubt about this - I asked the question after one of his speeches if he agreed that the financing of the medicare program as was done by the former government, if he agreed with this and he said, "Yes, without a doubt, 100 percent." -- (Interjection) -- Well, this is what I said. If you'd keep quiet for a minute and listen you'd understand what I'm saying.

MR. SHERMAN: That isn't what you alleged. You alleged that I responded to a comment from the back row here.

MR. DESJARDINS: You've got me mixed up now, we'll have to think that over because you've got so many back rows.

MR. SHERMAN: Well, you started that way. . . .

MR. DESJARDINS: And I'm going to finish, if you don't mind. I'm going to finish if he doesn't mind, and even if he does anyway.

Now, Mr. Speaker, these two members, especially the dreamer and the one that spoke today, were worried, are worried about having to worry about the man who makes \$10,000. Now in the way that the former government financed their medicare program you had a person that might make about \$900.00 a year who wasn't only paying for the full cost of his medicare but he was subsidizing somebody else. Now is that fair? Is that fair? You were worried about somebody in the \$15,000 bracket subsidizing those in the \$10,000; I'm saying is it fair that somebody making not 9,000, \$900.00 should subsidize somebody else?

MRS. TRUEMAN: Mr. Speaker, on a point of privilege, is the member aware that 55,000 people were receiving their medicare premiums paid by the previous government and their drugs and their prosthetic appliances . . . -- (Interjection) --

MR. DESJARDINS: No, no, let her go. Let her go. Go ahead.

MRS. TRUEMAN: consider the \$900,000.

MR. DESJARDINS: Thank you very much, Mr. Speaker. She made the point very clearly. They were not receiving anything free. The man making \$900.00 was paying for it because they were getting \$4 million from Consolidated Fund before. That was wiped out and the poor man with a revenue of about \$1,500.00 or so was paying the full cost of his medicare insurance. This is what we're trying to tell you. This is what we are trying to tell you. People on a pension that might get \$900 to \$1,200 - and if he had a house he was assessed, five percent of that was considered an income, and if he went over the \$1,500.00 he was paying his full medicare. And he wasn't only paying for himself, he was paying for all those - how many did you say? Please repeat that again. He was paying for the fifty-five or so thousand that were not getting it free.

MRS. TRUEMAN: Mr. Speaker, I'm not certain that I understand. Are you saying that a person with an income of \$900.00 is paying taxes? Isn't there \$1,000 exemption on everyone?

MR. DESJARDINS: I said that had an income, that could have an income of around \$900.00 but have some property and five percent - or maybe \$900.00 is a little too low - but around \$1,000 or \$1,100, as long as he had a revenue and they counted five percent, five percent of the value as an income, he was paying the full shot.

MR. GREEN: Would the member permit a question in this connection? Would he not agree that the person who is earning even less than \$900.00 who did not wish to appear at a government bureau and apply for public assistance, empty his pockets and cross his heart and spit, also had to pay the full premium?

MR. DESJARDINS: Well, that certainly is another point. I can understand why the honourable member had difficulty believing this because it is shocking. It is shocking and it was shocking last year, and this is why we rebelled and this is why it is so vital to think about the ability-to-pay principle. Now I hope that the honourable member will see what we mean. I'm certainly not against business - never mind big, small, medium business - I'm not against business at all, but I think that we have to think about the ability-to-pay. I agree with Mr. Roblin, with what Mr. Roblin said a while ago, and we have to. These people, as I say, as long as they had what was considered an income - and it's not all revenue as I tried to explain - a little over \$1,500.00, they were paying not only the cost of their coverage of medicare but for all those others - all those others - all the other people that could not pay, that had no revenue at all because that was the entire financing of the medicare. This is why I nearly was

(MR. DESJARDINS cont'd.)... kicked out of this House when I suggested that somebody wasn't telling the truth, because they weren't, they were talking about no increase in tax and there was, at least \$4 million. So now you see if you want to be sincere, well, if you're sincere, just place yourself - I was going to say "Harry" but that's a little too friendly - my honourable friend, just place yourself with a revenue of \$900.00 and having to pay what you did a while ago.

MR. F. JOHNSTON: Mr. Speaker, will the honourable member permit a question?

MR. DESJARDINS: If you had been a little more polite to my group I'm sure I would have said yes, but you were too rough.

This is the ability-to-pay principle that we're talking about. Now are we going to say: Well if the Conservatives bring this in and Roblin said it was new, brand new - this is getting interesting; there's a caucus on the other side - but in the meantime if they were saying....

A MEMBER: Well, you can't sit in one.

MR. DESJARDINS: Oh, I had a chance, I was invited in that caucus. Mr. Speaker, what I'm trying to say is that you cannot say: Well, this is new, we'll have the ability-to-pay principle, and all of a sudden a change of government, you're going to be the doom - what do they call them? Doom and Gloom boys. Well, we've heard nothing but doom and gloom. Last year it was crying, blaming the Federal Government for everything; and now it's doom and gloom, everybody is going to leave Manitoba. Well, all right. The Conservatives know exactly where to draw the line; they know exactly how to charge; they know exactly how far to go on ability-to-pay principle. Mr. Roblin said that \$6.00 was too much and we said that \$9.80 was too much. And my honourable friend said a while ago he wanted to make a point that I had a 1965 Cadillac and I should pay a little more. Well, it doesn't belong to me, it belongs to a business and I pay for that. I pay as much as you and I'll pay, I'll pay my share. I'm satisfied because I think we have to think of the....

MR. F. JOHNSTON: Do you want to pay more?

MR. DESJARDINS: Sure, I want to pay more. If I can help the poor fellow that's getting \$1,500, I'll pay more any day in the week very proudly - very proudly. And I say to you -- (Interjection) -- What was that?

MR. SHERMAN: Why don't you pay your employees more?

MR. DESJARDINS: Did you ever work for me?

MR. SHERMAN: No.

MR. DESJARDINS: How do you know what I'm paying then? McCarthy was at it again. They've been fooling around trying to find out how much my employees get.

MR. SHERMAN: If you want to give money away, give it to your staff.

MR. F. JOHNSTON: Do you want to pay the same for food?

MR. DESJARDINS: My staff - and who's talking, who's moaning and groaning about the Minimum Wage Board? Exactly the same two members. Now they're telling me to pay more. They're telling me to pay more, but be careful, you're going to hurt business. You're going to hurt business. Be careful on this. And now they're saying why is my appendix worth more than yours? He just told us why. He can keep 10 or 15 people occupied, and the poor guy getting \$900.00 is lucky if he stays occupied, if he gets a job. Wonderful people with brains like that, they've got to go out and produce, so their appendix is worth a heck of a lot more.

MR. F. JOHNSTON: Eight thousand.

MR. DESJARDINS: Eight thousand - what's he talking about? Fire crackers? Eight thousand what? I'm talking about the people that were getting the \$900.00 and we're talking about the ability-to-pay principle.

MR. F. JOHNSTON: Mr. Speaker, on a point of privilege.

MR. DESJARDINS: What privilege? That's a new twist - go ahead.

MR. F. JOHNSTON: Did I say at any time - did I mention the man making anything under eight thousand? I mentioned eight, ten and I said he could well afford to pay the same as a man that's making 15. I'm not against helping the poor man and we can, but I mentioned eight; I mentioned 10. You're talking about 900, not me.

MR. DESJARDINS: Mr. Speaker, maybe he'll be satisfied the next time, but let's get it straight. Don't come and cry if there's an increase and instead of the man making 11,000 something breaks even it comes down to the 10,000, you'll be satisfied because we'll nab him too. Is that what you mean? You don't want him to pay?

MR. F. JOHNSTON: It would have been fairer all around if the break-even point was lowered. You could have helped the poor man and given that guy a break at the top. You

(MR. F. JOHNSTON cont'd.).... should have done both.

MR. DESJARDINS: You should be ashamed of yourself, you socialist, talking about.... You should be ashamed of yourself. That's a disgrace for a socialist like this member to come in and advocate larger income tax. I'm disappointed in him.

MR. F. JOHNSTON: Anybody who uses the ability-to-pay concept is still wearing a green hat and sitting at a high desk.

MR. DESJARDINS: Who's got a high desk? You're a row higher than I am so you are a little higher. Mr. Speaker, I know they are trying to interfere but we were talking about ability-to-pay principle. This is what the Roblin government did. We're just following the same example of something new. We feel that his appendix is worth a little more than the rest of the poor people that can't even find a job and this is all we're doing. We're rectifying - and if I remember right, many of the members, some of them, I'm not mentioning any names, I'm just looking, but some of them have said, "Do you know why we were defeated? Because of those high premiums we charged the people of Manitoba."

MR. ENNS: Who said that?

MR. DESJARDINS: I said that I'm just looking; I'm not mentioning any names. You know me, Mr. Speaker, I don't want to get anybody in trouble out there with their members because there's enough dissension in that group as it is now.

I say, Mr. Speaker, that I ask the members on this side, tell us what is communism; tell us what is wrong; where to draw the line; but then let's play with those rules. Don't just wait till somebody does something and wave the flag and say it's terrific, and then all of a sudden another government comes in, rectifies some of these things, call them communists and so on because the people of Manitoba....

MR. ENNS: Mr. Speaker, I do believe I have a point of privilege.

MR. DESJARDINS: Oh. Go ahead.

MR. ENNS: Mr. Speaker, he has throughout his tirade made several references that we have called certain pieces of legislation and certain actions on the part of that government socialist, or Marxist or what have you. I just want to make it very clear that I made no such remarks.

MR. DESJARDINS: No, he called them communists, Mr. Speaker.

MR. ENNS: I was making a specific point of suggesting that if we have socialistic speeches, Marxist speeches, communistic speeches coming from members of that side, at the same time that you have the Premier and others making cooing and wooing noises to the investment dealers on Bay Street, that they cannot divorce themselves from that. I at no time made the reference to the bills or to the House.

MR. CHERNIACK: This is a point of privilege again. I'm not aware of group privilege, and I don't know that the honourable member is speaking on behalf of 2, 6, 8 or 22 members on that side of the House, and I don't think it's in place for him to make the speech that he's making.

MR. DESJARDINS: Mr. Speaker, I know that this hurts the member opposite us today. If I'm not careful the premiums will probably be increased a bit again, so I think that we should leave it at that. But I ask my honourable friend from now on before they start crying, and before they're trying to say shame when people are considering the ability-to-pay principle - remember who started it. Remember what government started it, and then know all the facts. I'm pleased that the Honourable - the most beautiful member in the House anyway - I'm pleased that she realized now how difficult it was on some of the people and I don't think she realized that it was that bad. This is why we're talking about the ability-to-pay principle. And if this - like Mr. Campbell said last year - if this is socialism, well I'm a socialist.

MR. SPEAKER: The Honourable House Leader of the Liberal Party.

MR. G. JOHNSTON: Would the honourable member permit a question?

MR. DESJARDINS: Yes, Mr. Speaker.

MR. G. JOHNSTON: I was very interested to hear his views on the ability-to-pay, and I'm very happy to find that we're in agreement on that with respect to personal income tax. Would the member mind telling the House whether or not he agrees with the part of the bill which raises the corporation tax to the highest in Canada?

MR. DESJARDINS: Well, Mr. Speaker, first of all I agree that we have - we need the money, that's the first thing. And I think it's gonna hurt. We try to do it as fairly as possible, as fairly as possible. Now I know when we were meeting together in previous years that we talked about this, and maybe we didn't have the solution. Now if my honourable friend, the

(MR. DESJARDINS cont'd.).... House Leader of the Liberal Party can suggest - I'm open-minded - can suggest other ways of getting the money - it's not good enough to say the ability principle and reduce this, and then criticize the means of getting the money. It will always be difficult. If my honourable friend is ready to say, well all right instead of so much percent, 18 percent, make it 25 percent or something, well let's discuss, but I will not be put on the spot and say, are you for this and for that. Actually I'm against all taxes; it hurts. It hurts. But then I'm sure that Mr. Roblin didn't like to increase the income tax; I'm sure that he meant it when he said that the income tax was dead as the - not the income tax, the sales tax was as dead as the dodo. I don't think that he wanted it. He was forced to it. I know that nobody likes to put taxes on supplies, on fuel - what a worse tax that we had just a few years ago on fuel in a place like Manitoba - it's so cold.

MR. GREEN: That was planned.

MR. DESJARDINS: Well I wouldn't say it's planned because I'm very charitable. I'm not like you, I'm charitable. But I say that if we get together and discuss this all right, but I cannot answer the Honourable Leader of the Party. I don't like it. I don't like it, but somebody has to pay for it. I don't think it's that bad. Somebody made a suggestion; I think it was the Minister of Health, that is reasonable, it seems like a joke. It seems like a joke but they were talking about the - maybe their campaign contribution would be this. Well that might be a way. The honourable member that is talking about chasing industry, he's chasing industry. They had \$100.00 plate dinners to pay his expenses. That's going to chase the business right out of Manitoba.

MR. SHERMAN: Mr. Speaker, on a point of privilege. I must assume that that last remark is directed at me, it was intended in my direction.

Well I do read the paper. I have many friends in the newspapers, on both newspapers with whom I've worked, but I don't believe everything I read in the newspapers, and I would suggest that it would be a good rule of life and policy for the honourable member to follow. And at this point I disassociate myself from those remarks of his and I categorically deny that the event to which he is referring either has taken place or is taking place.

MR. DESJARDINS: I'm very sorry, Mr. Speaker. I'll accept this and I'll forget that one of the members on the other side tried to sell me one of those tickets.

MR. SHERMAN: This is the usual distortion and slander that we get from that member.

MR. DESJARDINS: I qualified it though.

MR. SIDNEY SPIVAK, Q.C. (River Heights): We've had an interesting debate so far, and I'd like to make a contribution and maybe deal with the matter in a different way. I'm happy that the Honourable Member for Crescentwood is present because I think it's necessary in order to deal with the approach in connection with the Act, to make reference to the speech that was made during the budget debate with respect to the "Growing to Beat '70" campaign. Lest there be any misunderstanding of what was said during that debate, and its relevance to this debate, may I say that my understanding -- and unfortunately I walked in during the period of time that the honourable member was speaking, and I had missed the earlier part of it -- my understanding now, in reading Hansard of what he said is simply that private enterprise has failed successfully to beat poverty. Now this is what he said, and therefore from his point of view a slogan "Gowing to Beat '70" is irrelevant. Now that's important because it simply means that the way in which the structure of our society - the way in which our society operates, is not operating successfully to solve the problems of poverty. But then there has been no evidence presented to us, and I'm not really aware of any evidence that is available, that would indicate any contemporary society that we have today that in fact is solving the problem of poverty.

MR. GREEN: Sweden is.

MR. SPIVAK: There's still poverty in Sweden.

MR. GREEN: But they're much better off than we are.

MR. SPIVAK: This is a question of degree. We're now talking about solving poverty and this becomes important, because I want to direct my remarks to this so that we are in a position to deal with this pretty effectively insofar as the legislation before us.

There is really no evidence, and if Sweden has eliminated poverty and there can be evidence brought forward to this House which will indicate it fully, then this is fine, I'm prepared to listen. But my information and my reading indicates that it hasn't, entirely.

MR. GREEN: Substantially.

MR. SPIVAK: The Honourable Minister of Health and Welfare is continually saying

(MR. SPIVAK cont'd.)... substantially; it's all a question of degree; I'm suggesting to you that no structure in our society in modern times has relieved poverty.

But we then come onto another situation. We have, the Member from Crescentwood and others, and particularly the Premier, using - not growing to beat '70 but other expressions such as equalization of opportunity; redistribution of -- (Interjection) -- no, no they're not terrible slogans, but they're as meaningless as "Growing to Beat '70". -- (Interjection) -- They're as meaningless as growing to beat '70 in the term that the Honourable Member for Crescentwood used it the other day, because those are only slogans, and that's exactly what he said. I'm suggesting to the honourable members on the other side, and I'm suggesting as well to the Prime Minister when he uses the term "just society", or when the Honourable Member from Crescentwood uses human development supported by economic development, or maximize the difference between social benefits and social costs, that we are now talking in terms of the kind of catch phrases that in his terms, with respect, are in fact irrelevant.

Now if we suggest that - and the Honourable Member for Crescentwood shakes his head - we then have to say, well there is poverty, have we really identified poverty in our area in Manitoba, and what are we doing about it? Here is where we come to a very important thing, because notwithstanding the fact that the Green Book is used and the statistical information is furnished from that Green Book, it would appear that we really at this point do not know, we can indicate many cases that we know, certain situations that we can talk about segments of our society, and say that there are real problems, and we can talk of our senior citizens, and talk of the native people without any question, and say there is no doubt there are high incidents of poverty....

MR. CY GONICK (Crescentwood): May I ask the honourable member a question?

MR. SPIVAK: Well, Mr. Speaker, I'd like the opportunity of finishing, and surely I'll allow him to ask me any questions.

MR. CHERNIACK:... Mr. Speaker, during this interruption. I've been sort of waiting, being absolutely sure in my mind that the honourable member was coming back to speak of the principle of the bill. May I urge that he do so before he debates the budget again.

MR. SPIVAK: My purpose, Mr. Speaker, isn't to debate the budget again, but to really talk about the way in which we will be able to correct, or at least provide the money - not correct, but provide the money for the kind of social programming that's going to have to be done if we are going to be able to solve the problems of poverty. And what I'm suggesting here is that while the Honourable Member from Crescentwood has talked about other catch phrases, realistically he has not suggested any alternative to the private enterprise system. He has talked....

MR. GREEN: Mr. Speaker, same point of order that was raised by the Minister of Finance, the bill before us is to increase certain rights of taxation, and it would seem to me that the member should somehow direct his remarks to the subject matter of the bill.

MR. SPIVAK: Mr. Speaker, I'm intending to do this because I'm going to start talking about corporation taxes. -- (Interjection) -- All right, fine. But let me now make this my point.

The Honourable Member from Crescentwood has really not suggested any alternative other than the catch phrases and has talked about nationalization, talked about crown corporations and suggested that crown corporations could in fact realize monies that could be used by the Provincial Treasurer. If that happened, we obviously wouldn't need an increase in corporation tax. -- (Interjection) -- Well, but of the crown corporation. The Honourable Member from Crescentwood already informed us of that. But I'm suggesting if in fact the crown corporations were successful, obviously monies would then be available to be used by the Provincial Treasurer for whatever purposes he sees fit. However, we've already referred to the fact of the experience in Saskatchewan, which is a real experience. Well, there's no evidence that anyone's going to present to me about Saskatchewan that's going to indicate that in fact they were profitable, and they could have been profitable.

But now we now talk in terms of our system, and of how we operate in Canada. We must recognize that we are still going to try and correct the problem of poverty by being able to apply government action where necessary in social reform, by using whatever tax monies we can have made available to us to accomplish that objective. And I'm suggesting as well, that obviously we have to be concerned that we are going to be able to continue to have the economic base here on which you're going to be able to tax, to be able to provide the monies that are required.

(MR. SPIVAK cont'd.)

Now we then come to the question and the serious problem of whether the corporations of this country and of this province are really going to be affected by the action that has been undertaken by the government in raising, or proposing to raise the corporation income tax. We've had the Honourable Minister of Health and Welfare already indicate that it's a small percentage, that there's a small incident of taxation involved, and that really corporations would not be concerned. We've had others who presented similar evidence.

I would suggest to you that corporations are going to be concerned about two things. They are going to be concerned about the rate of taxation - the incident taxation, and that no doubt this is a consideration on their part in locating or expanding. But they're also going to be concerned about stability of taxation; and the one thing that has been ignored in everything that has been discussed so far is the question of stability. Because no corporation is going to enter into an area where it finds itself in a position that it will receive a greater impact from taxation than it would receive in other areas. Not because of the present laws, but at what may happen in the future. Now for those of you who think that this is not real, we have some very concrete and specific examples in Manitoba where corporations were not prepared to come in this province unless there was some way in which they could guarantee that they would not be taken advantage of.

And the three examples that I can refer to, without naming the corporations involved, are corporations that were able to locate in the rural areas of Manitoba but insisted, because they would be the largest assessed group in the rural area that they would go in Manitoba, but insisted that there had to be an agreement in which there would be a stability of assessment so that there would be no advantage taken of them. They were prepared to pay their fair share, and they were prepared to pay the going mill rate; but they did not want to have a situation in which they went into a municipality and five years from today that assessment was raised so that more taxes would be realized from them. In the Rural Municipality of Gimli, in Minnedosa, and the Rural Municipality of Cornwallis - before these enterprises were undertaken -- (Interjection) -- and The Pas as well - before these enterprises were undertaken, they insisted that the stability in connection with the assessment had to be determined. Because there's no doubt that the rural municipalities as they attempted to develop their area, and if the corporation going in was the only industry or the main industry in there, there was no doubt that more money was going to be required, and they did not want to be put into a disadvantage position.

I can say from my experience dealing with one specifically where we were competing with another rural municipality in another province where a number of industries were there, the argument that was advanced to us was simply by our locating in that area we know that if the mill rate goes up we ourselves are going to be paying the same rate as everybody else and that's fair - that's fair, but we do now want to put ourselves in a position where we go into another area and by the change in the assessment, the increasing in the assessment as a result of the review that could occur, that we would be in a difficult position and be dunned and therefore they insisted on that stability.

What I'm suggesting here is that the Honourable Minister of Finance in his attempt to try to realize the moneys that were sufficient to pay for the medicare premiums, has put Manitoba in a position where there is no doubt corporations are going to examine very carefully whether they are going to be prepared to enter into Manitoba, not just because we are the highest corporation taxed province in the country, but because no one knows where this is going to end in Manitoba; and this becomes of real concern.

So then the suggestion would be made, then how could we have done it? And the Honourable Member for St. Boniface said: "Is there another way?" Because he really didn't answer the honourable member -- (Interjection) -- No. I'm going to talk about another way. I'm going to talk about a way -- unfortunately the Minister of Finance was absent that day when I spoke about it, but let me quote it to him. Let me quote back one of his speeches. -- (Interjection) -- No. As a matter of fact it's curious because probably one of the other ways that we could successfully talk about would be lotteries. There's no doubt about it, -- (Interjection) -- The Liberal Leader said we could tax the fools. I mean this is what -- (Interjection) -- Well I'd like to read the Honourable Minister of Finance back the statement that he said. -- (Interjection) -- No, it's very interesting. This is on page 1024 of Hansard in 1967, the Honourable Minister of Finance, when in opposition and the budget critic -- (Interjection) -- Horrible? Said -- no, no, I didn't say horrible -- said: "The New Democratic Party has spelled out its

(MR. SPIVAK cont'd.)... ideas for increased revenues, and indeed expressed the thought, which may be considered revolutionary by some, of borrowing for the program on a temporary basis until a new tax structure can be created on a national basis."

And I suggest, Mr. Speaker, that that alternative was available to the Honourable Minister of Finance. — (Interjection) — Let me just say this. The Minister of Finance when in opposition said that a revolutionary way of borrowing money for a program on a temporary basis until a new tax structure can be created was a way. Well I don't know the revolutionary way of borrowing money, but the revolutionary way of being able to meet the need; now we know that we have a White Paper; we know that there is going to be a new tax structure; we know that what — (Interjection) -- well, let me suggest that the Honourable Minister of Finance suggested this was a way, and I am wondering whether in view of what has taken place whether there should not have been consideration in connection with this to be able to at least put us in what has to be a competitive position with other provinces for corporate investment.

Now let me continue, because it becomes very important. We know that there is going to be a White Paper, we know that there is going to be new tax legislation. We don't know how much revenue or what new tax forms will take and how much revenue can be realized, and it's going to be pretty obvious that even the manner in which we budget now, or the manner in which revenue is raised now, may very well be obsolete in a couple of years, so it was possible to do this and at least put us in a competitive position.

MR. CHERNIACK: Do you agree with it?

MR. SPIVAK: It's not a question of whether I'm agreeing with it. I would like to know, and I'm hoping that the Honourable Minister will have an opportunity when he closes debate to indicate whether this was really seriously considered and whether the decision was arrived at, not to proceed this way, because (a) the revolutionary way wasn't as revolutionary as suggested, or because they felt that the government could not borrow the money, or whether they felt that there is not going to be a new tax structure created on a national basis.

Now anyone that suggests that corporate decisions are not made without relating all the total costs of taxation is incorrect. I recall a particular incident of one major concern, who is not yet in Manitoba and whom I hope will come into Manitoba -- (Interjection) -- Well, may I finish, Mr. Speaker. I recall one corporation, who would be coming not only into Manitoba but in this case would be a new plant to Canada - and we are competing with a couple of other provinces in connection with this - where as a result of several meetings at their head office we were met with a group who were responsible for putting forward before the Board of Directors all the information on the costs related to operating in Manitoba and in other locations. And I know, because it was discussed at that time, and the members of the Department of Industry and Commerce were present though and they could certainly indicate this directly to the Premier and tell him of the experience. I know and they know that the problems of taxation were very real, that every incident of taxation was computerized, that the variables were taken into consideration, and that at one point it appeared that the balance would be tipped on what I would consider a small and insignificant matter in terms of dollars and cents, but nevertheless it was indicated to us that when the Board of Directors looked at the situation, without having any particular feel for Manitoba as opposed to two other provinces, that their decision was going to be made on the plain straight facts in front of them and those facts would be the realities of what were today and the probabilities of what will occur in the future.

Now there is no doubt that the New Democratic Party is committed to a program of social reform and there is no doubt that we look forward and hope that they are going to bring forward in the next session their programs. The question will be, where are they going to get that money from? The only thing that we can suspect is that taxation will have to continue to rise, both on the ability-to-pay and both on the basis of corporate income tax. We don't know what other sources they are going to be using; they may very well be able to use a revolutionary way of borrowing. But what has happened is that in this situation, having used the leverage that was probably less available in Manitoba, having used the leverage, they now have put themselves in a position - and this is why this budget isn't as important as the next budget because it's the next budget that is going to be the important one - but this is why the next tax increase will become the most important one because it will relate to the kind of revenues that are going to have to be raised to be able to carry through the programs. -- (Interjection) -- I am not suggesting that we will get another increase, but I'm suggesting that you are not going to be able to carry through your social reform program unless you do.

MR. PAULLEY: Well you leave that to us eh?

MR. SPIVAK: I am going to leave this to you. I am going to wait and see, I'm prepared to do this. I have been waiting for quite a bit so far that has not happened, but we will wait a few more months and then maybe you will make a decision. -- (Interjection) -- You have 11 years to go? Well, as usual the Honourable Member for Elmwood is a pessimist.

I'm suggesting that this budget and this tax increase is not the important one. It's the next tax increase that's going to become important, and I'm suggesting as well that no corporation in the next period of time is going to realistically make its moves in Manitoba unless it has to, and they are going to adopt the same attitude that appears to be adopted by those who met with the Premier last night, in which they simply have suggested that they are going to wait and see. I wonder whether at this stage of our economic development, and with the momentum that in fact existed in our economy and with the developments that were on horizon and with the things that could possibly happen - because the difficult thing in Manitoba is to make things happen, they don't always happen and that's a reality and unfortunately.

MR. PAULLEY: You tried and failed.

MR. SPIVAK: We tried and failed?

MR. PAULLEY: That's why you're not over here now.

MR. SPIVAK: The Minister of Labour, who just as soon as he was appointed stood up and said we had the best unemployment rate in Canada, and proudly stood in the front and centre at that time, didn't cause that, and the developments that the Premier is talking about when he goes down east asking for others to come here are not the developments that this government were responsible for. Now the time may come when you are going to be able to stand up and say "we did something", but right now you can't say that and it's important to recognize that we on this side, and the people of Manitoba, are going to be looking to see the kinds of development that are going to occur.

MR. PAULLEY: You did so little you got thrown out of office.

MR. SPIVAK: Well, we may have got thrown out of office for a lot of things, but I am not sure we were thrown out because we did so little. -- (Interjection) -- I wasn't thrown out.

But anyone that suggests realistically that corporations will not look at Manitoba in a different way than they did before is ridiculous. Now I have a couple of suggestions - the Premier isn't here - and I would make them very seriously. I would suggest to the Premier, because he is going to be giving up the Ministry of Industry and Commerce in January, that he consider appointing the Minister of Health and Welfare as the Minister of Industry and Commerce.

MR. GREEN: Mr. Speaker, in all fairness, twice the honourable member was interrupted, once by the Minister of Finance and once by myself. He was told to direct his attention to the bill. He has spent nothing but the last 20 minutes telling us that the bill is really not important and he hasn't talked about the taxation that's mentioned in the bill. Now he's talking about the next Cabinet that he's suggesting for this group. He's so intent that some day that he will be a Cabinet maker that he wants some practice. I would suggest that he get back to the subject matter of the bill.

MR. G. JOHNSTON: On the same point of order, Mr. Speaker, I wonder if my honourable friend heard the speech, the contribution made by the Honourable Member for St. Boniface. He pretty well covered the waterfront.

MR. SPIVAK: I'll be completing my contribution but I simply might say this, that the suggested Cabinet changes are for the purpose of trying.

MR. DESJARDINS: Mr. Speaker, on a point of order, I'd like the Honourable House Leader of the Liberal Party to tell me where I was out of order when I talked about the ability-to-pay principle?

MR. SHERMAN: Mr. Speaker, could I suggest the Member for St. Boniface read Hansard tomorrow, if he can decipher the convoluted statements that he made.

MR. DESJARDINS: You misunderstood me, I was directing my remarks to the Speaker, not to the.

MR. G. JOHNSTON: Mr. Speaker, I'm not suggesting that the Honourable Member for St. Boniface was out of order, I'm suggesting that he had the widest of latitude in making his speech and I expect, because of that, that other members would have the same privilege.

MR. SPEAKER: Would the Honourable Member for River Heights continue with the debate of the bill.

MR. SPIVAK: Unfortunately, it appears that this will not -- because the suggested change

(MR. SPIVAK cont'd.).... would not occur and the economic development that would come as a result of the change would not be present, the corporation tax is likely to increase, there's a possibility that maybe it will be reduced if the suggestions I propose are seriously considered. I would suggest that the Honourable Premier consider the Minister of Health and Welfare as the next Minister of Industry and Commerce so that he can be able to apprise the business community, as he did us on this side, on how little the incident of taxation is. And in lieu of that, I would suggest that the Honourable Member from Crescentwood be made the Honourable Minister of Industry and Commerce so that he may learn from the business community, in a very pragmatic way, the manner in which they have to operate within this province to make a profit, and as a result of that, the way in which job opportunities are created and the manner in which incomes can really effectively rise.

Now I would - the Premier is not present - I would hope that the Honourable Minister of Finance would offer my suggestions, and I hope that they would be seriously considered.

MR. GONICK: Would the honourable member permit a question?

MR. SPIVAK: Yes.

MR. GONICK: I wonder if the honourable member could tell us, over the past 11 years, to what extent the Conservative Government has been able to reduce poverty in the Province of Manitoba? Has he measured the amount of poverty that they have reduced in the Province of Manitoba?

MR. SPIVAK: Well, Mr. Speaker, I understand that the Honourable Member from Crescentwood has access to almost all governments files in Manitoba, and I would suggest that the honourable member discuss this with the Deputy Minister and others who have on record the various documents that would indicate -- (Interjection) -- Well, I'm not in a position to indicate factually. I do....

MR. GONICK: You mean you've forgotten so soon?

MR. SPIVAK: No, it's not a question of I've forgotten, you know I don't have full figures in my head but I do know this, that in the course of three years that I sat in Cabinet, and in the course of three years that I sat on various sub-committees of Cabinet, information was supplied both verbally and in written form by many of the civil servants which gave us some indicator of what contribution was being made to eliminate poverty as a result of the course of action and activity of the government. And I suggest as well to the Honourable Member from Crescentwood that all he has to do is look at the Manitoba of 1958 and look at the Manitoba of 1969 and he can assess the difference in poverty.

MR. CHERNIACK: Mr. Speaker, I wonder if I can close debate. -- (Interjection) -- That's exactly what I said.

. . . . continued on next page

MR. SPEAKER: The Honourable Member for Fort Garry.

MR. SHERMAN: Mr. Speaker, it seems to me that one aspect of our life in this province that has been overlooked in the bill before us is the urgent recommendation in the TED Report that taxation levels be held at their present level insofar as that is possible, and the urgent entreaty to all those responsible for the economy of this province to apprise themselves of the fact that our taxation levels have reached, or nearly reached the level of ultimate tolerance. And it is this aspect of the bill before us which is precisely that involved in the principle, and contained in the principle of the bill, that persuades me to enter the debate at this time.

It seems to me, Mr. Speaker, that the government policy as enunciated in the bill is that the government sees itself really as the great leveller and the great equalizer of society in the Province of Manitoba. Now this is not an unconscionable role or function. It's one that I don't happen to agree with but I don't suggest that it's in any way an immoral or unethical or unconscionable one. But the point is - and I think I have made reference to my feelings in this direction earlier, I did so during the Budget debate - that in acting as a great leveller and a great equalizer the government is forced into a position of bringing certain levels of society, certain sectors of the community down to the level of sectors that occupy a lower status rather than attempting to bring those at the lower stratum up to a denominator of a higher degree in value. It seems to me that enactment of legislation that would boost income taxes of a personal and corporate nature to the extent that would be the case under this Bill 39, that we would be, Mr. Speaker, smothering incentive and promoting mediocrity.

There's an interesting story on the front page on tonight's Winnipeg Tribune. I haven't had the opportunity to acquaint myself with all the facts in it as yet. I say it's interesting; I think it certainly bears examination. I don't know how fully documented the case made in that story happens to be, but certainly the very strong inference that one draws from it is that the First Minister, while making a very strong personal impression in eastern Canada, has not in the opinion of the journalist who wrote the story, Mr. Duart Farquharson I believe, has not convinced or persuaded businessmen and investors in eastern Canada that his administration will provide a healthy and exciting and rewarding climate of an economic nature in Manitoba, at least not one sufficient to lure them in any great number into the business confines, the business parameters of the province of this time. Now we would all earnestly hope that the First Minister will meet with considerably more success while he's in the Toronto area and while he's in other eastern centres - I believe he's in Montreal today and tonight - but I don't think that one could deny that the inference of the story in tonight's paper is that to which I've just referred.

I also have noticed an interesting item in the latest releases of the Government Information Service which suggests that later this month the First Minister will be leading a delegation of Manitoba businessmen into North and South Dakota, a delegation I think as described in the Information Services Bulletin consisting of some 11 businessmen. Well I wonder, and I ask the First Minister, Mr. Speaker, and I ask it really half facetiously, whether this is what we're down to in the Province of Manitoba in the economic climate being presaged by the Government of the day, an involvement of only 11 businessmen, a participation of only 11 businessmen in a mission to the north central United States headed by the First Minister of this province with the avowed intention of seeking out new business and manufacturing opportunities. I would have hoped, Mr. Speaker, that the economic climate personified by the First Minister would have been one that would have encouraged a much greater participation than that. However, the Minister of Finance may be able to revise those figures upward. It may be that more than 11 people are participating, but these are the figures that were given in the Government Information Services Bulletin and I find them rather dismaying and discouraging.

The other point that concerns me with respect to the principle of the Bill, Mr. Speaker, is the fact that the Minister's revenue estimates are only revenue estimates at this time, and he is the first to have conceded such in his budget speech 10 days ago and in his presentation of this Bill, but they may be highly unrealistic to a degree not envisioned by the Minister of Finance himself. They're based, after all, on an economic growth, the rate of economic growth, which in my opinion and the opinion of many members on this side of the House . . .

MR. CHERNIACK: Mr. Speaker, on a point of order. I made it absolutely clear that the supplementary estimates increases were based not on an estimate provided by us but the exact figures provided to us by the Federal Government.

MR. SHERMAN: Well, Mr. Speaker, perhaps I've made a mistake in terminology because the point I'm trying to make is that the revenue estimates are based really on a hoped for return - are based on a hoped for return pegged to economic growth and related to past performances and related to immediate and future projections. -- (Interjection) -- Well, perhaps my terminology, Mr. Speaker, may be unfortunate but I don't think it alters the case that I'm making. The fact is that the economic growth of this province and this country is what is going to produce the kind of return, the kind of revenue estimates necessary to finance this government's program now and in the future, and the principle of Bill 39, it seems to me, Sir, destroys the credibility of that hope and those estimates because the Bill itself really discourages the kind of growth necessary to generate that revenue.

Mr. Speaker, an editorial in the Free Press last Saturday I think pointed up the concern of many of us on this side of the House and many of us in the Manitoba community at large, business and non-business, for the economic future of the province and the opportunities that may be restricted and blunted under the high level of taxation, income taxation, corporate and personal which now appears to face us. I think it could be safely said that the Winnipeg Free Press is not a newspaper known particularly well for its conservative views, and I commend the message contained therein to the Minister of Finance and to the government, because it sounds a note of caution and of warning which all of us would do well to heed.

My own view, Mr. Speaker, is that this government is in a corner of its own making and of its own regretting; that to a very large extent this government is hoisted on its own petard, if I may use that phrase. This government really would prefer realistically to aid and encourage industry here in Manitoba. It knows that industry must be encouraged; it knows that investment must be invited and excited. The First Minister himself has made it very clear that he is sensitive to this requirement. But this government promised during the election campaign, sweeping reductions in the Medicare premium and it had to deliver on those promises, Mr. Speaker. This is not an unusual situation in a political context for a party to find itself in, but the facts are as described in my view, Sir, that having made the pledge, having gone out on the limb with respect to Medicare on which it did, the government in a sincere desire to live up to its commitments and its pledges found that it had to make those sweeping reductions in Medicare, and the only conscionable and the only humanitarian way that it could find to finance that program once the premium system was virtually abolished, or largely abolished, was through the application of the ability-to-pay principle as it functions at the level of corporate and personal income tax.

Now, I don't quarrel with the ethics or the morality of that position, Mr. Speaker, because no one could quarrel with the ethics or the morality of such a position, but I quarrel with the economics of it and with the mechanics of it and with the ramifications of it. The Member for St. Boniface has reminded me on several occasions, and I feel Sir, I haven't needed any reminding, that I voted for Medicare when I was a member of the House of Commons. -- (Interjection) -- I did vote for it and I don't retract my position or my stand of that day. I also concede that the ability-to-pay principle where programs of social legislation are concerned is of course desirable, and where practical and when practical and insofar as it's possible to implement the principle, I say that I subscribe to such implementation. But I also believe, Sir, and I'm sure that the Minister of Finance would agree with me, that in an economic situation one has to operate on the basis of putting first things first and making it possible to be solvent and to come as close as reasonably practical and possible to balancing one's budget and to avoid creating unnecessary fiscal and financial difficulties and therefore approaching everything from the point of view of one thing at a time and everything in due course and perhaps approaching programs of this type in graduated steps; and I would ask the Minister of Finance whether it was not possible to reduce Medicare premiums to some degree but perhaps not to have reduced them as widely as was done at this time, at the same time having in mind the desirability of reducing them to the fullest possible extent when it became practical and possible. On that basis it seems to me, Mr. Speaker, discouragements to business and investment such as exists now could have been avoided and the premiums could have been reduced gradually as the gross industrial product of the province grew.

As for the Member of St. Boniface and his references to the fact that I was always for Medicare, I reiterate that I was for Medicare as it was, that I was for Medicare as it was in Manitoba, in Alberta and in Ontario at that particular point in time, having in mind the need for maintaining what I feel is a very delicate balance between spending and revenue in

(MR. SHERMAN cont'd) this province, a very delicate balance that supports our economy, and having in mind our province's competitive position in Canada.

I don't say that the Medicare program as enacted through federal legislation two years ago was ideal. I concede that there were shortcomings in the program and I would have hoped that I would have been counted among those who in the course of time would have played a participatory role in reducing those shortcomings and improving the legislation. I question the common sense of attempting to make these improvements, necessary as they may be, in a precipitous manner, in a precipitous manner, Mr. Speaker, that causes great risk and danger to other aspects of the economy and to other aspects of our provincial society. I submit that this is what has been done at the present time and that it's the possibilities of these ruptures and repercussions of any economic nature that I see as the probable unfortunate consequences of Bill 39 and the sharply upgraded increases in personal and corporate income tax in our province. I ask the Honourable Member for St. Boniface what good are these people that he talks about - and we're all concerned with them - what good are people if there are no jobs for those people, if there's nothing to hold them here.

Mr. Speaker, I see the clock is at half past five and I would move, seconded by the Honourable Member -- (Interjection) -- I don't need to adjourn the debate at this point. I would like to continue my remarks when we return to the debate.

MR. SPEAKER: The honourable member will be able to continue when this matter next appears on the order paper.

It's 5:30. The House is adjourned and will stand adjourned until 2:30 tomorrow afternoon.