

THE LEGISLATIVE ASSEMBLY OF MANITOBA  
10:00 o'clock, Friday, October 3, 1969

Opening Prayer by Mr. Speaker.

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

REPORTS BY STANDING AND SPECIAL COMMITTEES

HON. RUSSELL PAULLEY (Minister of Labour)(Transcona): Mr. Speaker, I beg to present the Ninth Report of the Standing Committee on Law Amendments.

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

Your Committee has considered Bills:

No. 34 - An Act to amend The Civil Service Act.

No. 37 - An Act to amend The Social Allowances Act.

No. 36 - An Act to amend The Health Services Insurance Act.

And has agreed to report the same without amendment.

Your Committee has also considered Bills:

No. 20 - An Act to amend The Public Schools Act.

No. 38 - An Act to amend The Election Act.

And has agreed to report the same with certain amendments.

All of which is respectfully submitted.

MR. PAULLEY: Mr. Speaker, I beg to move, seconded by the Honourable 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 65 students of Grade 9 standing of the Norberry School. These students are under the direction of Mr. Balness, Mr. Dewar and Mrs. Skromeda. 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 this morning.

The Honourable Leader of the Official Opposition.

ORAL QUESTION PERIOD

MR. WALTER WEIR (Leader of the Opposition)(Minnedosa): Mr. Speaker, I see the First Minister back. I wonder if I could encourage him to advise the House and the people of Manitoba of the announcement that he made to the people of Quebec in relation to the \$6 million that's to be provided immediately to Manitoba farmers, and on which information was refused to us in the House yesterday.

HON. ED. SCHREYER (Premier)(Rossmere): Well, Mr. Speaker, I'd be quite happy to do that. During the course of this press conference, I indicated that it was our hope that we would be able to propose to this House legislation that would enable the Agricultural Credit Corporation of Manitoba to make available funds in that order of magnitude.

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

MR. GORDON E. JOHNSTON (Portage la Prairie): Mr. Speaker, I'd like to direct my question to the First Minister. In view of the serious impact that the west coast shipping strike will have on the prairie economy, would he consider, in unison with the other western premiers, to make representations to the federal Minister of Labour to intervene and settle this strike before any more serious effects will happen on the western economy?

MR. SCHREYER: Mr. Speaker, as my honourable friend I'm sure knows, on Monday last when the premiers of the three prairie provinces met in Regina, such a letter or telegram was sent to the federal Minister of Labour asking the Minister of Labour to call -- well he couldn't call, but urging that he request the Prime Minister to reconvene parliament at an earlier date in order to deal with this grave problem. One presumes that the federal Minister has received that communiqué from the Prairie Economic Council, and I suppose he will be taking it under advisement now.

MR. SPEAKER: The Honourable Member for La Verendrye.

MR. LEONARD A. BARKMAN (La Verendrye): I also want to welcome the First Minister back. I hope he had a successful trip. I'd also like to pose a question to him. In view of the fact that earlier in the session, or at the beginning of the session, he said there might be an economic report of Manitoba, that there might be one, is it the intention of this government to present this report to the House soon?

MR. SCHREYER: Mr. Speaker, perhaps the Honourable Member for La Verendrye could be a little more specific. Does he refer to some existing report, or simply a report on the state of the economy of the province?

MR. BARKMAN: I'm referring to the report that formerly was made by the Manitoba Economic Consultative Board.

MR. SCHREYER: Mr. Speaker, I'll have to take that question as notice.

MR. SPEAKER: The Honourable Member for Churchill.

MR. GORDON W. BEARD (Churchill): Mr. Speaker, it's usually permissive to pass along congratulations at this time, and I noted in last night's paper, in the House of Representatives in the U. S. A. where a Michael Harrington, 33, won his seat by over 7,000 votes. Incidentally, he is a Liberal Democrat. That now makes two of those animals.

MR. SPEAKER: The Honourable Member for Arthur.

MR. J. DOUGLAS WATT (Arthur): Mr. Speaker, before the Orders of the Day, I'd like to direct a further question to the First Minister in regard to the answer that he gave to my Leader insofar as the \$6 million in money that's going to be made available to farmers in Manitoba. I wonder if he could give us some indication of what form this will take. Is this going to be directed to subsidize loans through the Manitoba Agricultural Credit Corporation?

MR. SCHREYER: Mr. Speaker, when I was making that statement at this press conference in Montreal, I indicated that legislation to this effect would be before the House, and I assumed that it would have been before the House this week. It may still be today, I'm not sure. The bill has already been introduced and given first reading. My colleague the Minister of Agriculture will be able to answer your question with a good deal of detail and precision, I'm sure, when the bill comes up for second reading.

MR. SPEAKER: The Honourable Member for Riel.

MR. DONALD W. CRAIK (Riel): Mr. Speaker, I wanted to direct a question to the Minister of Transportation, but perhaps the First Minister or his replacement can indicate the answer to me.

The St. Vital School Division was negotiating with Metro for two older schools, Woodlawn and Lavalee, which are in the direct pathway of the new Inner Beltway, and as an alternate replacement for these schools they had gone ahead about two months ago and bought alternate property which they were able to get a fairly good buy on, but this cost them \$160,000.00. This was done on the understanding that the -- (Interjection) -- Well, I have to give you the background to it. The question is, now that they're stuck with having bought alternate property and the Minister of Transportation has put his freeze on the purchase of Woodlawn and Lavalee schools - the two older schools that were going to be demolished - can he indicate what they should do with their \$160,000 bank overdraft that they're stuck with for this new property? The problem is that they can sell the new property, and probably sell it . . .

MR. SPEAKER: I believe the honourable member has put his question. He is now entering into debate.

HON. SAUL CHERNIACK, Q. C. (Minister of Finance)(St. John's): Mr. Speaker, I think I can answer the question which has not yet been completed. That is, that the statement was made - clearly made - that Cabinet wishes to review the proposals and the prices and the entire question of the beltway, and intends to do so, and matters that have proceeded to date are not cancelled; they are in abeyance until we have an opportunity to look at it and we hope to have that very soon, depending on how we progress in the House.

MR. CRAIK: . . . the government undertake to compensate the taxpayers of St. Vital for the cost they're being put to in the event that action is not announced soon?

MR. CHERNIACK: Mr. Speaker, we don't know what the event will be. We are working at it and we will look at it and consider all the factors.

MR. SPEAKER: Orders of the Day. The Honourable House Leader.

MR. PAULLEY: Mr. Speaker, if there are no further questions, I wonder if you'd mind calling third reading of Bill 12.

MR. SPEAKER: The adjourned debate on the proposed motion of the Honourable Minister of Consumer and Corporate Affairs.

MR. SCHREYER: Mr. Speaker, if I might, I'd like to reply to a question that was asked by the Honourable the Member for Assiniboia some few days ago, and that is as to whether or not I could give any indication whether the Centre Point development project would be proceeded with, and the answer that I would like to put on the record is that this matter is still under consideration. It is under consideration both by the Government of Manitoba and also by at least one, and perhaps two, of the companies that would be involved with development in this large project. It cannot be said that either is holding the project up because there are some companies involved who have not yet come to any definitive position on it themselves, nor has the government just yet.

MR. JACOB M. FROESE (Rhineland): Mr. Speaker, the other day when we were dealing with the - I think it was the Civil Administration Act, I requested their wage scale and the Honourable Minister at that time said this would be given to us. I have not received it to date and we'll be dealing with the bill today. I wonder if the Minister could provide the wage scale for us.

MR. SCHREYER: Would the honourable member please indicate to whom this question is directed?

MR. FROESE: Well, I didn't realize that - I don't know exactly who is in charge of that particular bill. It's the Civil Service Bill.

HON. HOWARD R. PAWLEY (Minister of Municipal Affairs)(Selkirk): I am, Mr. Speaker. It was in Law Amendments last night and passed.

MR. FROESE: That's right. Now that the Minister is here, I asked him for the wage scale under that bill, and you said that this would be provided. I haven't received it as yet. I wonder whether it could be provided before we deal with the bill in Committee of the Whole.

MR. PAWLEY: I must say, Mr. Speaker, I was quite surprised. The Honourable Member for Rhineland had requested that there be representatives of the Civil Service Commission and the Manitoba Government Employees Association at the Law Amendments Committee for questioning, and yet he presented none of his questions to them there last night.

MR. FROESE: . . . Sir, I had private discussions with those very people.

HON. LEONARD S. EVANS (Minister of Mines and Natural Resources)(Brandon East): Mr. Speaker . . .

MR. SPEAKER: Order please. I think that we have embarked on a rather dangerous precedent this morning, where the third reading of a bill was called and in the midst of it there was an interruption to reply to a former question, and this, as all honourable members appreciate, opens up the whole question period all over again. If that privilege is allowed to one side of the House, then how can it be denied to the other side of the House? I would seek the guidance of the House as to whether we proceed with Orders of the Day or allow questions before Orders of the Day to continue.

MR. PAULLEY: Mr. Speaker, if I may, I'd like to appeal to the House to proceed with the calling of the resolution for the adjourned debate. However, I do not wish to preclude any urgent consideration of any urgent question, or the likes of that, that may be forthcoming.

MR. WEIR: Mr. Speaker, on the point of order, it's my view that Orders of the Day aren't called until the question period is over. Obviously it wasn't over because the First Minister wanted to reply to a question, and as far as I'm concerned if anybody else at this stage of the game wants to, they're perfectly at liberty to. And if the Minister of Mines and Natural Resources has something on this basis that he'd like to say, I think that he's in a position to say it, but we're still before the Orders of the Day.

MR. PAULLEY: My honourable friend has just repeated exactly what I said.

MR. SPEAKER: The Honourable Minister of Mines and Natural Resources.

MR. EVANS: Mr. Speaker, a few days ago the Honourable Member for Fort Garry asked a question on the cost of the Cass-Beggs report. I have now obtained the information from our financial branch of the department, and the total cost is \$3,528.24 - I'll repeat, \$3,528.24. This does not include the cost of the printing of the report, which I wouldn't think too excessive. So I would say that approximately the report cost \$3,600.00.

MR. BUD SHERMAN (Fort Garry): Mr. Speaker, may I thank the Honourable Minister for the information, and ask a supplementary question, and ask if that includes the stipend paid Mr. Durnin?

MR. EVANS: Yes, it includes the total cost of the report. The report was based on the services that Mr. Durnin provided to Mr. Cass-Beggs, and therefore that is included.

MR. SPEAKER: The Honourable Member for River Heights.

MR. SIDNEY SPIVAK, Q. C. (River Heights): Mr. Speaker, my question is for the First Minister. Has the government been informed on Mr. Durnin's disagreement with the findings of the Cass-Beggs Report?

MR. SCHREYER: Mr. Speaker, has my honourable friend been informed of any such disagreement?

MR. SPIVAK: Well, Mr. Speaker, my question has been posed to the First Minister and I'd like an answer, yes or no.

MR. SCHREYER: Mr. Speaker, the honourable member's question is based on a premise which may be completely false.

MR. SPIVAK: That may be, Mr. Speaker, but I think it would be in the interest of clarity in this House for the First Minister to indicate whether the answer to the question is yes or no.

MR. SCHREYER: Mr. Speaker, I don't answer hypothetical questions, and when my honourable friend indicates whether this is what he definitely understands and indicates what the basis of his information is, I'll answer the question.

MR. SPEAKER: The Honourable Member for Fort Garry.

MR. SHERMAN: Could I just direct a question to the Honourable Minister of Youth and Education, Mr. Speaker, and ask him if he would, just for the record, state the satisfaction and commendation of members of this House in the exemplary manner in which students from the University of Manitoba and the University of Winnipeg carried out a protest on Wednesday against the U.S. underground nuclear test, for the exemplary manner in which the protest was carried out.

HON. SAUL A. MILLER (Minister of Youth and Education)(Seven Oaks): I'm not sure that's a question, Mr. Speaker. It sounded more like a statement, and if it is, I'll concur with the honourable member and say it was in an exemplary manner in which they handled it, and really congratulate them for the manner in which it was done without any fuss or furor.

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

MR. G. JOHNSTON: Mr. Speaker, I'd like to direct a question to the Minister of Finance. In view of the sharp increase in the rise in the cost of living, is the government contemplating an increase for superannuated employees in the pension?

MR. CHERNIACK: Mr. Speaker, that's obviously a question of policy, which will be announced when policy is determined.

MR. SPEAKER: The Honourable Member for River Heights.

MR. SPIVAK: Mr. Speaker, on several occasions the First Minister has taken as notice the questions that have been asked as to whether the province would be represented before the Interstate Commerce Commission in connection with the discontinuance of the passenger service by Great Northern Railway from Winnipeg to St. Paul and Minneapolis, and in view of the fact that Centennial year is coming and we expect many people to be coming from the United States, will consideration be given to the province's position?

MR. SCHREYER: Mr. Speaker, I think I should advise my honourable friend that there is great reluctance on our part to make representation before the Interstate Commerce Commission on the proposed discontinuance of the Great Northern Railway passenger service to Winnipeg. The reasons for this reluctance are twofold: one, that, according to our information, that service is very much going unused, greatly unused - in other words the number of passengers is very low, very small; and the second reason is that we have reason to think that any attempt to oppose ourselves against the application for discontinuance before the Interstate Commerce Commission might well result in less favourable terms on freight rates between Winnipeg and Minneapolis.

MR. SPIVAK: A supplementary question. May I ask the First Minister whether either he or the members of the Department have discussed this matter with the City of Winnipeg, who are going to be opposing the application, or at least whose representative will be opposing the application.

MR. SCHREYER: Mr. Speaker, there has been liaison of course. It's a matter of difference in policy approach and in judgment.

MR. SPEAKER: The Honourable Member for Riel.

MR. CRAIK: Mr. Speaker, my question is to the House Leader. Can he indicate whether the government now intends to call the Committee on Public Utilities?

MR. PAULLEY: It is still under consideration, Mr. Speaker.

ORDERS OF THE DAY - GOVERNMENT BILLS

MR. SPEAKER: The adjourned debate on third reading on the proposed motion of the Honourable Minister of Consumer and Corporate Affairs. The Honourable Member for Rhineland.

MR. FROESE: Mr. Speaker, last night when we were discussing this very matter, or was it the afternoon just before 5:30, the time would not allow me to take part in debate at this point so I adjourned debate for that reason and also for another reason, and that was we were dealing with that bill page by page and I felt that I had to check some of the items before I was willing to let it pass completely. I have done so in most of the matters that I was particularly interested and, as members know, there is a lot of detail in this particular piece of legislation, a lot of work has gone into it over the past number of years now by various committees, and I think this House owes a special vote of thanks and gratitude to Mr. Harold Buchwald who has done I think an immense amount of work on this particular piece of legislation. I would be interested to know from the Minister concerned whether the regulations under this Act have been completed and how soon they will be available, because I for one would like to have copies of those regulations as soon as possible once they are available.

I am afraid of one thing, and that is that this piece of legislation will act as a burden to business in a number of ways, that certainly it will require different forms. It will require the additional work of filling out many forms. This was shown to us in committee by the people making representation. Some of them had already had stacks of forms that they had to fill out, and this will, unless their particular forms are revised, it will mean an additional form. However, be that as it may, I also feel that some of the sections are rather severe. Section 49 was one that was mentioned. This is the one that was dealing with the 25 percent of equity where you have to have leave of the court to sue. I don't know at this time just how it will work out but I think we should be prepared, if it is difficult to work out, and if it should be too severe I think we should be willing to amend this at some later date when we have had the experience of this particular legislation.

In my opinion, it will also mean more policing or law enforcement in connection with inspection because, unless inspection is made or people come to us with complaints, that this will mean we will have to put additional people on the road. There is provision for this new body to be set up under the Act, which no doubt will also be an additional cost to the government.

Then there is the other matter of prying into private business. This seems to be coming about more and more, that we are going to private business enterprises with this and with that and prying into their private businesses, and certainly this Act is another requirement of such a type. No doubt the Ombudsman, once he is appointed, will probably be called on at various times to check and do some work in connection with this particular Act.

One other fear that I had was that the cost of interest or the cost of borrowings to the people generally would go up or would be increased. However, in discussing this with Mr. Buchwald, he explained that in the provinces where they have had this Act in operation that the contrary has been the case, that finance companies and mortgage companies went down with their interest rates and that the net result was not that the cost of borrowing was increased but rather that it was lowered. If that is the case . . .

HON. RENE E. TOUPIN (Minister of Consumer and Corporate Affairs)(Springfield): Who mentioned this, Mr. Speaker?

MR. FROESE: Mr. Buchwald - this was in private discussion, it was not in committee, if the Honourable Minister likes to know, because this apparently was the experience in Ontario and I'm quite happy if that is the occasion because I always had the fear that it would be the opposite, that some of the people would find it more difficult to obtain credit if such legislation was being passed. So, in that respect, I am happy and I do hope that the new Act and the legislation will work out.

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

MR. PAULLEY: Mr. Speaker, I wonder if you would now call the adjourned debate on second reading of the two government bills, numbers 39 and 41, each in order.

MR. SPEAKER: The adjourned debate on the proposed motion of the Honourable Minister of Finance. The Honourable Member for Fort Garry.

MR. SHERMAN: Mr. Speaker, when debate was adjourned the other day I had come very

(MR. SHERMAN cont'd) . . . . near to the conclusion of my remarks on this particular measure. My case has been, the point I have striven to make, Sir, has been that we cannot in conscience on this side of the House, with our concern for the economic climate of the province of Manitoba and the development of a progressive atmosphere for investment and enterprise, we cannot in conscience support the kind of increases in taxation, income taxation of a personal and corporate nature, that are proposed in the legislation before us. Our position has been stated clearly, Mr. Speaker, and I don't wish to take up any more time of the House in making my remarks available for the record except to reiterate that, in my view, there were possible steps and mechanics that could have been undertaken that would have made it possible for the application of the ability-to-pay principle to be introduced on a graduated scale where the Medicare premiums are involved, in such a way as to avoid the precipitous action in the field of taxation that now faces industry and now faces the provincial economy.

I agree with those who have argued that there were heavy and onerous burdens under the system of financing Medicare as it previously existed for many members of our society, but at the same time one has to keep in mind, as I have said, Sir, the delicate balance that exists where our economy and our community prosperity exists in Manitoba. We have not enjoyed, at least up to this point, some of the rich blessings of natural heritage and natural resources that have accrued to certain other provinces in our land. We have striven through successive administrations to get this province moving economically and industrially. I think considerable and substantial progress had been made in that area and I respect the sincere desire of the First Minister and his administration to continue that course. I disagree with the philosophic approach they bring to it but I respect their sincere desire to continue that course. I find it difficult to understand how that course can be continued if difficulties and limitations and strictures such as those implicit in this increase in taxation are placed on business that already exists here and on potential businesses, potential entrepreneurs and investors in this province.

Now, as I said the other day, I realize that in its position with respect to the Medicare premium pledges made, the government has had very little alternatives, very little recourse, other than the steps undertaken. During the campaign and certainly prior to it, the government of the day made it plain that it believed in substantially reduced Medicare premiums, and in order to keep that pledge and fulfil its moral commitments, it has had to seek fairly severe and drastic ways of making up the revenue that was otherwise provided for financing Medicare from other sources. The application of the ability-to-pay principle on the broad scale on which it is now applied in the field of Medicare, has produced the necessity for the kind of bill that is now before us, and I appreciate the corner that the government is in and the difficulty that they have in financing the program and keeping the pledges they conscientiously made in the election campaign, but I reiterate, Mr. Speaker, that the objective surely must be the greatest good for the greatest number, and that in our economic and competitive position in Canada many of the forms of social legislation, many of the improvements which all of us would agree are desirable, must be undertaken on a graduated scale, and the speed and the extent, the speed with which and the extent to which the government moved in slashing the Medicare premiums has, I think, bordered on the dangerous, Sir, because the only recourse they have had, the only course open to them, to support that position and to finance the new measures, has been this precipitous one of increasing income taxes, personal and corporate, very heavily and I submit that, in my view, it may have been possible to introduce these improvements on a graduated scale in such a way as to hold the line in the taxation areas almost at the level at which they existed prior to the introduction of the new budget if not precisely at that level.

It may have been necessary for some minor upward revisions in taxation, but the ones with which we are now faced in this province are extremely onerous for entrepreneurs and investors, who are vitally necessary and whose necessity is conceded by not less a personage than the First Minister himself. He has addressed himself very seriously to the need for new investment, new growth in this province. He has just returned from a trip in Eastern Canada and the Eastern United States where he has tried to sell the province of Manitoba successfully to investors and entrepreneurs as a good place to come for business, and I submit that he must find it a pretty difficult and challenging and, perhaps in some ways, depressing responsibility when he's confronted with questions about the taxation situation. He has talked honestly and candidly to the prospective investors in the east about the six point rise in the area of personal income and the two point rise in the area of corporate income tax, but he knows and we all know and no doubt those prospective investors and entrepreneurs themselves know that

(MR. SHERMAN cont'd) . . . . it boils down in every-day mathematics to 18 percent taxation increases in both cases, and my fear would be that this kind of extensive upsurge in taxation levels would very largely defeat the purpose and the cause of the First Minister's forays into those Eastern business markets even before he gets underway. I hope he will have better news to report; I hope I am wrong in that estimate; but I would have thought, Sir, that while fulfilling its expressed concern for those who were carrying an unfair share of the Medicare cost, the government would have found it possible at the same time to protect and safeguard the delicate industrial and economic balance that had been achieved in this province as it stood on the threshold of what I believe was substantial economic boom. The consequences of this bill as I see them, Sir, can only serve to blunt that forward thrust.

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

MR. BARKMAN: Mr. Speaker, I have very little to add or to contribute to this debate. I think our Party has made our position clear, not only during the debate of this bill, but also during the budget discussion, and of course the other day my colleague the Leader of the Liberal Party also brought up the matter of the Versatile Company, and regardless of how many times we have tried to put amendments into the . . . I think that our position has been made clear, and there is no doubt in our minds that we have accepted the principle on ability-to-pay, and we have also approved of a tax on individual income tax to a certain point, especially since it affects perhaps some of them in the higher brackets. And again I must say I have very little to add at this time. I do want to reiterate that we certainly have strong reservations to the high increase of almost 20 percent on the corporation taxes as related to the economic development of this province, so for this reason I think it will be our duty to vote against this bill unless this government can assure us, or is prepared to have a complete study of these taxes as we tried to suggest, and particularly the corporation taxes.

The reason I really got up this morning, I was rather amused with the question by the Honourable Member for Osborne the other day, and I think he asked it rightfully. I must admit that it became of interest to me and also of concern because he was really asking a question that I couldn't answer and I guess perhaps he couldn't himself at that time, and I would turn to Hansard, 1113 and the honourable member asked us - to freshen our minds, he says and I quote: "I was wondering, seeing Saskatchewan is mentioned so often, if anyone in the opposition benches could cite right now a Crown corporation which was engaged in an industrial sector which had some promise of profit which lost money. Now could you, Sir, give me one just one such example. It seems you're talking around these generalities of Crown corporations in Saskatchewan." Well, I don't know if he's taken the trouble . . .

MR. PAULLEY: May I ask my honourable friend, who were you quoting?

MR. BARKMAN: The Honourable Member for Osborne, on Page 1113 of Hansard. I have tried to find part of the answer because, as I say, I don't blame him for being interested and I certainly was also. And here are some of the facts. During the reign or regime, or the time of the CCF government, during their time of office they set up 19 Crown corporations and nine of them closed out or had to be disposed of. This resulted in a total loss of first of all of over \$2 million for the nine, then of course these Crown corporations that went broke or had to be sold did not pay the interest on this amount, where the treasury had to pay interest at 3 1/2 percent at that time which came to another \$770,000, making a total of \$2,769,000. Now the nine that I am referring to, one was a box factory, one was a cannery, one was a shoe factory, one was a woollen mill, one was a Crown Housing Corporation, one was a lumber mill, one was a fish board, one was a fish marketing board, and also the northern trading. Those are the nine, and of course these Crown corporations either went broke or had to be disposed of. Now those that didn't fail . . .

MR. IAN TURNBULL (Osborne): Would the honourable member submit to a further question? The crux of my original question was this. Were these Crown corporations established in those sectors of the industrial economy which were dynamic sectors and which could, under the operation of either a publicly owned corporation or under the operation of a privately owned corporation, develop a high rate of profit? I would think that all those items that you've mentioned there . . .

MR. SPEAKER: Order, please. Has the honourable member a question or is he entering this debate?

MR. TURNBULL: Yes, the question was, these industries that he's mentioned, have they, or were they established in the dynamic sector of the economy or were they established for experimental

(MR. TURNBULL cont'd) . . . purposes to see if those industries could survive in Saskatchewan?

MR. BARKMAN: Well, obviously the question is again asked and he doesn't know and I might not either perhaps, although I could say to my honourable friend that somebody told me at one time that a good politician never asks a question unless he knows the answer, but I'll try and give you part of this answer.

The other ten, as I said, that did not fail - which you're referring to as possibly being more exciting Crown corporations, and I'll name some of them - but it so happened that these others had a definite monopoly. I'm referring to the Timber Board, where all the timber had to be sold at its own prices as you perhaps well know; I'm referring to the printing industry as one of the ten where the government for example did all their own printing and of course the prices were not perhaps necessarily competitive; and I'm also referring to the insurance, you might say by compulsion, all the truckers, public vehicles had to - definitely were protected by bonds, naturally making them a safer bet, and of course they also had the privilege of insuring the government buildings and the rest of it. And naturally this included the monopoly of the buses, which in their right I guess there's nothing wrong with it, but there is, when you hold a monopoly -- (Interjection) -- Yes, there are others I'm sure, and I am sure that this is only partly the answer.

MR. CHERNIACK: Would the honourable member permit another question.

MR. BARKMAN: I'll try it.

MR. CHERNIACK: The debate that he is referring to in which the Honourable Member for Osborne participated, was that a debate on this bill?

MR. BARKMAN: I'm not sure, Mr. Speaker.

MR. CHERNIACK: If it was, then I certainly don't object to the debate continuing, but if it was on some other bill then I'm trying to relate this debate to the bill, the principle of the bill before us, and I'm having difficulty.

MR. BARKMAN: Well, perhaps I could put it this way. I think I was trying to point out our concern for the high corporation taxes, and I'm referring to this question on that basis and I'm trying to bring it into context. Although I must say to the honourable member - I've very little more to say - I could say that three of the ten were sold out because they were losing money, and I'm referring now to the Saskatchewan Transfer Company, also the Saskatchewan Aviation and the Saskatchewan Fidelity and Casualty Insurance and quite a few others.

But, Mr. Speaker, the main point I'm trying to make is this, that as the Honourable Member of Crescentwood mentioned the other day that the free enterprise system had been used as a vehicle of success, and I am sure that this government is aware that this vehicle has to be used and I think they're fortunate, I think this party is fortunate that there is such a thing and I'm happy when I hear that the First Minister of that group tries to think the same on that basis. So all I was trying to point out is that there is grave concern as far as I'm concerned to uphold the free enterprising system on this side of the House.

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

MR. CY GONICK (Crescentwood): Mr. Speaker, I just want to make a few comments, and the reason I do so is because during the course of the debate over this resolution the member for River Heights - I see he is back with his bible I believe on his desk - he made some comments directed towards me and I take this opportunity to reply. I think all members heard that the Member from River Heights admitted that the slogan "Growing to Beat '70" was a meaningless cliché. I'm glad to have that on the record. I think we're all interested to hear that the Member for River Heights also said that the slogan that I put forward, "Growing to Beat Poverty", was also a meaningless cliché.

MR. SPIVAK: Mr. Speaker, on a point of order, I did not say that. On a point of privilege, I did not say that, and I would ask the Honourable Member from Crescentwood to look at the Hansard and show me where I said this.

MR. GONICK: I have looked at Hansard, I don't have it handy, and that's exactly what you said, that yours was a cliché and so was "Growing to Beat Poverty."

MR. SPIVAK: Mr. Speaker, just on a point of privilege on this, I think I indicated the clichés that were meaningless and I did not say "Growing to Beat Poverty" was a cliché that was meaningless.

MR. GONICK: No, Mr. Speaker, I would be the first one to admit that a slogan is not a program and should not be confused with being a program. However, a slogan can give some direction, can indicate direction of a government, can indicate the objectives of government,



(MR. GONICK cont'd) . . . . can indicate priorities of government; and my purpose in mentioning "Growing to Beat 70" as a slogan was simply to comment that it provided no program, provided no direction, showed no priorities, and therefore I agree with the Member for River Heights it's a totally meaningless slogan.

Now what is empty about a slogan "Growing to Beat Poverty". It's empty only if no program had been mentioned to meet the objectives of that slogan, whereas in my speech, which the Member for River Heights is critical of, I made very direct comments on a program to beat poverty. I think what has happened here is that the member now heeds the warning of the Minister of Health and Social Services in which he said that if the members opposite continue to take our programs and scream socialism, that the only result will be to create a large number of socialists. So rather than that, what he is doing is he is saying "clichés, they're all clichés."

Well what did I say with regard to a program to beat poverty? I don't think it was a cliché. I don't think it was empty. I said if we were interested in beating poverty we should do it in a direct manner. We should redistribute taxes - which we've done; we should build housing for the poor, and I hope that over the next session we will begin a program. This is only my view, not the view of the government as yet, that we will build housing, hundreds of houses for the poor every year. I would hope that we would begin a program of community development - not begin, expand a program of community development to mobilize the poor to organize for themselves, to control their own lives rather than having their lives be controlled by landlords, welfare agencies and the corner grocery store. I said that to make some impact on the question of poverty there had to be greatly expanded training facilities for the poor, there had to be a totally different approach to education for the poor, and I'm glad to see that other people are saying the same. For example, there was a very excellent series in the Winnipeg Free Press on education with remarks quoting from many sources how irrelevant much of the education today is for the poor, the middle-class education is for the poor, and that there will have to be a total orientation to make that education meaningful. I said too that the ultimate answer to poverty is not welfare, it's jobs, good paying jobs, and this had to be part of a program for poverty. I also remarked that this was not something that could happen overnight, it's something which we must begin doing, and I think that this budget is a beginning.

There's one other comment I want to make to the member. He again, in dismissing some of my comments and the comments of other members in this group, notes that many of us are teachers, that we're very academic, that we're very abstract, very theoretical, not very practical, and I'm surprised that the member would direct that on myself. He seems to believe that he is the only man of business experience in this House, or at least we don't have men of business experience in this House. I would like to remind him - I don't see that I should have to because he's very familiar with my own business experience - and I would just say to the members that I am a businessman, have been in business for almost a decade, and I must say that I think that my business can almost be described as big business because the magazine that I am the publisher of is now one of the biggest circulating Canadian magazines - and the Member from River Heights is a subscriber to that magazine, and I'm noting that many of the other members opposite have become subscribers to that magazine. So I don't think it's fair to assume that because many of us are teachers on this side that we are totally devoid of business experience; it's just not true.

Now, another point I'd like to make is that the members opposite seem to believe that taxation is the critical factor in attracting or affecting location of business, and they fail to mention other factors which this government is actively engaged in improving, which certainly would be a factor in locating business, and I'm talking about the health of the population and the work force; I'm talking about the education and training of the work force; I'm talking about availability of recreation facilities. And I must say to the member that businesses have been leaving centres which have been marked by pollution, centres marked by overcrowdedness, a lack of housing for their work force, and I'm suggesting to them that if we can make progress in these areas of expanding recreation facilities, of improving our health facilities, of improving our technical training and so forth, that this should be, should be a great attraction to businesses in looking for a location.

And I said one other thing which seems to have disturbed the member opposite and that is that we can't wait, we simply can't wait for private enterprise to come in at their leisure to do the things that have to be done to eliminate poverty. We're not going to drive it away; we

(MR. GONICK cont'd) . . . . welcome it. But there's an urgency, there's a high cost - and the members opposite are always talking about costs - there's a high cost to waiting and we don't have the time. Now what's lacking? I think it's fair to say that we have an excellent population providing an excellent labour force; we have unemployed population, under-employed population, population working in low wage industries available for jobs, for productive jobs; we have the technology - we generate technology at the universities and so on which seems to be not picked up by local businesses, much of it. Or we can buy technology; it's easy to buy technology. And it's easy to get capital. That's not really a problem if you have profitable investment opportunities. What has been lacking here is entrepreneurship. I don't say it's been totally lacking, I say it isn't sufficient and hasn't been sufficient and we can't wait for private entrepreneurship to come in and do this job because it costs too much; waiting costs too much, costs too much in the lives of the people who are poor.

So I'm suggesting that what I suggested is that we have to begin a program of expanding public entrepreneurship. We have to take the initiative, we have to be the dynamic force if the dynamic force is not available from the outside in the private sector. And this isn't a new solution, it's an old solution, it's a traditional Canadian solution. It goes back many years, many years before Saskatchewan; it goes back to your founding father, the founding Father of the Conservative Party.

Members opposite talk about failure of public entrepreneurship, failures of Crown corporations. Is Manitoba Hydro a failure? Is Ontario Hydro a failure? Is the Manitoba Telephone System a failure? Is Saskatchewan Power a failure? Is Air Canada a failure? Is Polymer Corporation a failure? You talk about monopoly, and there's an interesting example of public entrepreneurship because that's not one in utilities, that's one in manufacturing, and if the members opposite know as much about industry as they claim to, they will know that Polymer is probably the most successful rubber manufacturing company in the world, setting up its own branch plants around the world and coming up with some of the best technology - new technology - in that industry.

The Member from La Verendrye in his contribution mentioned the failures of Crown corporations in Saskatchewan, but I think he too is being a good politician by providing only some of the information that was necessary in examining that record. He assumes that all Crown corporations are meant to earn profits. That's certainly not the case. Many of the ones he mentioned were not set up to earn profits. Many of the ones, like the shoe factory that was mentioned, were set up - why? A new Crown corporation, a Crown corporation to bail out private enterprise that had failed, on the initiative of the local community who demanded that the government do something to hold that industry in their town, temporarily at least. They may have made a mistake, but they were bailing out private enterprises as much Crown corporation has in the past. I think that's a mistake. I think Crown corporations should be expanded into profitable areas, dynamic areas, not into sick industries. But that was their strategy and this was in response to the initiative of the people in that area.

MR. G. JOHNSTON: Mr. Speaker, could the honourable member name some specific fields at which he feels public ownership would be advantageous to Manitoba?

MR. GONICK: I will not, because I may be -- not because I fear to do so, because this is something of government policy and there will be, I would imagine over the years of our office, you'll hear as to what areas this government may be interested in.

Now I want to say one other word . . .

MR. FROESE: Would the honourable member . . .

MR. GONICK: I'm just almost finished.

Does this destroy initiative, as the Member of Fort Garry remarks, these new Crown corporations? Does this destroy initiative? I can't see how it destroys initiative. It seems to me just the opposite, it mobilizes initiative; it mobilizes capital; it mobilizes technology; it mobilizes skills. In what sense does it stagnate the economy, does it destroy public initiative? I just can't understand that.

And finally, Mr. Speaker, the members opposite argue that, in my view, public entrepreneurship in the form of Crown corporations or in other forms is an end. I've never said this is an end, it's a tool, a tool that must be employed if other tools fail. I remarked that other tools are failing to solve the question of poverty in this province and therefore we must begin to expand and to explore with new tools. I don't suggest this as a panacea, this is going to be the solution, the only solution, but it's one tool that's available to us which we must use more vigorously.

(MR. GONICK cont'd)

Thank you, Mr. Speaker.

MR. SPEAKER: The Honourable Member for Rock Lake.

MR. HENRY J. EINARSON (Rock Lake): Mr. Speaker, would the honourable member permit a question?

MR. GONICK: Yes.

MR. EINARSON: In your remarks - I tried to listen with intent, Mr. Speaker - I was just wondering if you could explain in a little further detail as to how the small grocery store affects the destiny of the poor man?

MR. GONICK: I suppose the member hasn't had direct experience with this, but surely the member knows that in areas of poverty the poor often become dependent on the goodwill or the bad will of the corner grocery stores or other merchants because of his ability to get by on a day-to-day basis.

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

MR. FROESE: I would like to ask the honourable member a question as well if he would care to answer. Does he know of any Crown corporations that did not have monopolistic powers that was able to maintain or stay in business?

MR. GONICK: Well I mentioned one, it's the classic case. It's certainly not the only one, but Polymer certainly is a case in point of a Crown corporation, which is not in the monopoly situation, among the most successful in the world in that industry.

MR. SPEAKER: The Honourable Member for River Heights.

MR. SPIVAK: I wonder if the honourable member would permit another question. I wonder if he would indicate to the House whether he would consider operating a public corporation, that is entering into a Crown corporation if there would be no profit?

MR. GONICK: Well we do it, the Member for River Heights, we do it very often. The C. B. C. is not operated on a profitable basis. We do it because it's a service we need and private enterprise is not interested in providing that service because there is no profit. It's a vital service, therefore the public must provide it.

MR. SPIVAK: Well, just a supplementary question to that. He indicated in his address that he would be interested in profits being made by corporations which would in fact be plowed back into the general revenues. Now I recognize there may be some areas that there would be concern, but in terms of a specific industrial undertaking, would he consider that there should be a public corporation if there would be no profit? In terms of a specific industrial undertaking?

MR. GONICK: The answer to that is that there may be external benefits to any industrial effort which may not provide profits to a particular enterprise but may bring such benefits to other enterprises in the form of input, such as to make it possible for them to earn substantial profits, whether they be private or public enterprises, that an industrial enterprise which may not be able to earn profits for itself but would not incur losses may be an enterprise that would be of substantial interest to a government - to any government. And we have done this - every government has done this very thing.

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

MR. HARRY E. GRAHAM (Birtle-Russell): Mr. Speaker, in rising at this time, I noticed with interest some of the comments of the Member for Crescentwood and also the shaking of the head of the Minister of Finance, and I sort of agree with him that many of the comments of the Member for Crescentwood aren't worth mentioning at this time so I won't deal with them any further.

MR. CHERNIACK: Mr. Speaker, may I only record that fact that the way my head moves is no indication or justification for the honourable members to decide what my reaction to anything is.

MR. G. JOHNSTON: Mr. Speaker, does the Honourable Member for Crescentwood cause a nervous twitch to my honourable friend's head?

MR. CHERNIACK: Well, Mr. Speaker, if anything, I was admiring the manner in which he presented his argument, and whatever my reaction was, it was more admiration and respect than anything else.

MR. GRAHAM: Well, Mr. Speaker, all these things are just a matter of interpretation, and the degree of interpretation.

Getting back to the question of interpretation, I want to recall some of the incidents after

(MR. GRAHAM cont'd) . . . . the 25th of June and the reaction of these people and the public news media in Manitoba as a result of the June 25th election. It was immediately noted in the public press the considerable favourable response to the victory of the New Democratic Party in the public opinion poll. However, since that time, and in view of probably statements that have come out by this government and the policy or lack of policy of this government, probably the public opinion news media have started to have second thoughts and probably they are concerned about the future of Manitoba

Mr. Speaker, last Saturday on the editorial page of the Winnipeg Free Press, a paper which initially dealt very favourably with the election of Mr. Schreyer as Premier of this province, had this to say about the situation in Manitoba today. And I would like to quote, Mr. Speaker, the actual word for word account on that date. "When opposition Leader Walter Weir teed off on the Schreyer government for its recent budget and the possible effects of its new taxes on Manitoba development, he used blunt and vigorous language, but undoubtedly he was reflecting the doubts and fears held today by many Manitobans, particularly those in the business community. Despite Premier Ed Schreyer's continued assurance that business, industry and investment capital have nothing to fear from his government, it is now apparent from the budget what lies ahead. The government's first major step in the economic field has been to boost provincial personal and corporate income taxes by 18 percent, giving this province the doubtful honour of having the highest taxes in these fields of any province. The immediate result of this can only be to sound a warning to individuals and corporations who may have been contemplating setting up here, or expanding existing plants.

"In voting for an NDP Government in June, it is clear that many people failed to grasp that this would be the inevitable course of an administration dedicated to social principles. Perhaps some of the fault lies with the failure of the Conservative and Liberal parties during the campaign to bring the issues clearly before the electorate." Mr. Speaker, I want to digress for a minute and say that I agree with this fact. Now I'll continue to quote: "Premier Bennett in British Columbia made a point of highlighting this consideration during his campaign. Indeed, it was almost the sole and deciding issue in B. C. That the voters there grasped the significance was emphatically demonstrated in the election returns." -- (Interjection) -- Perhaps the member would sooner make his comments to the Free Press, I'm just quoting from the Free Press.

"A review of the present economic outlook for Manitoba is less than encouraging. It is difficult to understand why this was not more appreciated last June. The experience of Saskatchewan was there for anyone to see, years of industrial stagnation and an ever-increasing shortage of investment capital. Only now is Saskatchewan starting to make up for lost years and regaining the confidence of investors. In the same way, the example of Great Britain under a labour government was there for everyone to see. Why anyone should imagine that the course of an NDP government in this province would be different is hard to imagine.

"A comparison of Manitoba's economic outlook with those of the other prairie provinces shows some unpleasant differences. Manitoba's need for business expansion, industrial development, new farm stability and programs with expensive restructuring and substantial pools of long-term investment capital for mining and exploration is starkly apparent. What incentives are needed to achieve these objectives in this province? Local individual investors, corporations, or outside business developers will certainly be influenced in their outlook by the higher tax rates in Manitoba, by the province's debt structure, the lack of growth in recent years, a dormant index of productivity in relation to increased labour costs, the serious disadvantages in matters of estate taxes, and now all the uncertainties inherent in the present stripe of government. Faced with these facts" . . .

MR. TURNBULL: On a point of order. The honourable member now speaking I think is now in his second session here, and I was wondering if he's reading his remarks?

MR. GRAHAM: If the Honourable Member from Osborne would pay attention, he would know that I am quoting.

"Faced with these factors, it is unlikely that new industry for the prairies will come to Manitoba. Are present manufacturers and business firms likely to invest in office and plant expansion? Mining companies and large industries that call for high risk and long-term capital investment can hardly be blamed for passing Manitoba by. It has been rightly said that there is nothing so nervous as a million dollars, particularly when its investment is subject to the economic theories and planning of a socialistic government. If the outlook for business

(MR. GRAHAM cont'd) . . . . and industry is clouded, what is the future for major farm properties, local head offices and larger local investors? Farmers must realize that under the government's announced policy on estate taxes there is virtually no possibility now that a farmer can hand on his farm to his children when he dies, as can be done by farmers in Saskatchewan and Alberta. Why should a Manitoba farmer continue to try to build up his farm or incur further costs or debts to diversify? The state will force it into liquidation when he dies. The same outlook faces the small merchant or owner of a small family business. Under present handicaps, why should head offices of business corporations continue to locate in Winnipeg when they could operate more efficiently in other provinces?

"And what about retired business executives who constitute pools of local investment capital as well as expertise and valuable local knowledge? Why should they continue to live in Manitoba? There are more attractive climates elsewhere where taxes are less, investments less risky, and where they face a smaller levy against their estate when they die. There is now little incentive for them to continue in Manitoba. How can Manitoba corporations now attract top flight executives and key men when they realize they will have to pay extra thousands of dollars of income taxes, that bonuses on profits will be less, and there will be no estate tax advantages? All the planning and social reforms that can be advanced by the Schreyer government will not produce real benefits, nor will employment and wages increase unless ways can be found to attract more investment capital to this province. But the present course of the government seems designed more to chase money out of Manitoba. These arguments and those advanced by Mr. Weir undoubtedly will be criticized as being detrimental to Manitoba's welfare. The real interests of the province, however, can be served only if the hard facts are placed squarely and not glossed over. Only in this way can needed changes and improvements be brought about."

Now, Mr. Speaker, those are not my words, but they are the words of the editor of the largest circulated daily newspaper in Manitoba. I don't know the motives of the man, the politics of the man, but I know that he must assume considerable responsibility for those words, that he must have written them after considerable deliberation. He must have had the interests of all of Manitoba at heart before he would sit down and pen those words. Now if he is that concerned, I think that many of us should also rise to the occasion and express our concern.

There was one point that concerned me, and this was a point that was brought out by the Finance Minister when he stated that the increase in provincial income tax would really only affect 4.9 percent of the population to a greater degree than what was in existence before. I don't argue with his figures at all. I accept that as probably being true, that 4.9 percent of the population of Manitoba will pay more, but there is one thing that I do express concern about and that is, who are those 4.9 percent of the population of Manitoba? In what category in Manitoba do they fit into our great mosaic? And I believe, Mr. Speaker, that that 4.9 percent constitutes the men whom we in Manitoba consider to be the leaders of our province, the men who, through initiative and ability, have risen to the point where they have become leaders in community affairs, they have become leaders in personal affairs, and they have become leaders in corporate affairs. And these are the men that this government is going to tax.

Just for an example, I had a table drawn up just to point out exactly how much it affects these various people. Let me take, for example, an executive in a corporation, who is married, he has two children, and this is based on an exemption at the rate of \$550.00 each. He has made charitable donations which, for tax calculation purposes, have been assessed at \$100.00. He has a pension deduction of five percent of income up to a maximum of \$1,500, and he has paid into the Canada Pension Plan at the rate of \$82.00 annually. And let's just take a look at that man if his salary is, say, \$25,000 a year. Under the proposed new tax in Manitoba, his total tax will be \$7,778.47. Now in Ontario, if he had been living in Ontario in 1970 he would be paying \$7,060.15. In Manitoba, this man would pay \$718.32 more. Now is that sufficient to entice a man to come to Manitoba to provide the leadership that we need in Manitoba, to tell him that you will pay \$718.32 more to come in here and offer your services to all of Manitoba?

Now, supposing he was twice as good a man and he earned \$50,000 a year. Under the present proposed schedule his total tax bill would be \$21,924.98. If he was in Ontario, he would pay \$19,841.64, and these figures are still based on a wife and two dependents, charitable donations, five percent pension plan etc. The difference would be \$2,083.34. Now Mr. Chairman, I could give you the figures for 10, 15, 20, 25, 30, 35, 40, 50, 60, 70, 80, 90, up to 100 thousand dollars, but it would be repetitive and I don't think it would serve any useful

(MR. GRAHAM cont'd) . . . . . purpose, so I just cite these two examples.

MR. PETER FOX (Kildonan): Mr. Speaker, would the honourable member permit a question? Could he inform this Assembly how many people are earning \$25,000 and more, or even \$10,000 and more in this province?

MR. GRAHAM: For the information of the member, I have not calculated that figure. I am accepting the figures of the Minister of Finance when he says that 4.9 percent of the population of Manitoba will pay on an income of over \$11,000 a year. I accept his figures. Now, to break it down and to say how many earn \$25,000 a year, how many earn \$30,000 a year, I think it's very difficult to arrive at, so I have just drawn up a table to show the differences at the various levels.

Now, this quite obviously has also caused some concern amongst labour union people because last night in Committee we had the head of the labour union movement, Mr. Coulter, in front of us and he expressed his opinion there that the union movement expressed eagerness in their desire to participate in this ability-to-pay principle, so I just question whether the Minister of Finance shows the right level when he said that this should start at the \$11,000 level. Perhaps it should be at the \$6,000 level or the \$4,000 or the \$8,000, but I'm just wondering if we have not missed a golden opportunity here when we have men who are eager to help and we have closed the door on them.

Now one other thing does concern me, Mr. Speaker, and we have seen in the last week and we have been given notice that in the immediate future, the Leader of our province has been to Toronto, to Montreal, to New York, he's going to Japan, and I understand he is also going down to the midwestern portion of the United States, and I just question the advisability of the leader of our province riding off like the headless horseman in all directions. I'm not too sure if it's expressing confidence to the people when this House is in session and the business of this province is being conducted, to have our leader travelling off in all directions. I also notice that he is leading a delegation of 11 businessmen to the midwestern states. Now I don't know if this means there's only 11 businessmen left in Manitoba or not, but I'm just taking it from the Information Services of this government, or maybe he could only get 11 businessmen out of Manitoba who would agree with him. I don't even know if there were any fish processors in this group, but it concerns me to see the leader forsaking the primary purpose of this House, the government of Manitoba, to be travelling in all directions.

Now, Mr. Speaker, my prime reason in rising at this time is to point out -- I don't think it's my duty to advise the Minister on how to proceed but I do rise to express my concern, and I noticed with interest the other day a headline in a paper and it dealt with the First Minister's trip down east, and the headline stated something to the effect that Bay Street was shyder with Schreyer. Now I would say this, Mr. Speaker, that if the province continues under the leadership, that the people of Manitoba will be left higher and drier with Schreyer.

MR. SPEAKER: The Honourable Member for Riel.

MR. CRAIK: Mr. Speaker, it may well be that the theory of relativity will change if we wait awhile and look at what happens in the near future. -- (Interjections) -- Mr. Speaker, if the Honourable the First Minister -- I think he should, after a trip like that, be allowed to speak from his chair because I know how tired he probably is arriving back from his trip.

I wanted to pass some comments with respect to the bill under discussion, and in the introduction to this I wanted to congratulate the Member for Crescentwood for participating in the debate with the comments which he made, and I think that this sort of exchange in the House is one that is healthy and one that is necessary if we are to look at the basic principles of how our province is to operate. This doesn't mean that I agree with him but I think that the presentation of ideas and the debating of them helps all of us that are in the Legislature bring into greater focus the various principles involved in the different groups that are in this House, and also lets the electorate know what some of the basic principles and philosophies are of the people that they have elected to the House and what the philosophies are of the government.

I was particularly interested to hear him make some comments with regards to, first of all, the lack of entrepreneurship that existed in the province, and particularly in respect to it capitalizing on the outputs and products of people at the university who are probably, I would assume he meant, employed there in a research capacity. I think this is a particularly interesting question because I am one of those that believe that the future, our economic future in Manitoba, lies not so much in the natural resources of the province, whether they be north

(MR. CRAIK cont'd) . . . . or south, but lies more in the human resources which we have in the province. It lies in -- you can prove it through economics if you like. If you look at the products that we have coming out of our educational institutions, it's not hard to see that we're doing a very good job of exporting them to other parts of Canada.

We are also, as a nation in Canada, doing an extremely good job in doing fundamental research, scientific research, but we're doing an atrociously poor job in the applied area which would tend to turn the product of our brain power into an economic return. And one of the basic reasons, of course, is that we have never demonstrated in Canada the degree of entrepreneurship that some other countries have, notably the United States to the south of us, who by virtue of the fact of larger corporations and more capital and an earlier start and a larger market, larger home consumption, a larger base to work from, do have an added advantage.

But in addition to that, there is this very difference of attitude towards entrepreneurship that exists in the two countries, and Canada has never developed a philosophy in general that can compete with the entrepreneurial spirit that is prevalent in the United States. As I have said, we have done an extremely good job in this country and you can prove it through your OECD statistics or any other way you like, that we're pouring as much money into fundamental scientific research as an other country in the western world is, including the Scandinavian countries, but the amount of money that's going into turning those ideas into something productive and something that has a market value, or has a consumptive value of some sort, the amount going into that in this nation is atrociously poor, which really brings us down to the conclusion which I think is a valid one, that we are developing a nation of people who are being produced by our educational institutions that tend to be thinkers rather than doers, and until we change some of the thinkers into doers we're not likely to capitalize on our human resources, and therefore I basically have some disagreement with the Member for Crescentwood when he says that the business community is not knocking on the doors of the university. Well the business community never will, and the basic reason is that there is a difference between a businessman and a scientist, there is a basic difference between a businessman, an entrepreneur, and the great great majority of those in academic institutions. And I think it's not being critical of either one to say, but I think that the only way we are ever going to capitalize on the ability of our people to apply their human resources in this area is for those people who have those resources to do it themselves. They are going to have to, as much as anybody else, take the initiative in turning brain power into something which has economic or marketplace value.

Probably one of the best examples we have is the Polaroid Corporation in the United States headed by Dr. Lamb. His application of a scientific knowledge to something that can be of value to the market is probably the best example you could possibly get of entrepreneurship demonstrated by somebody who is basically a scientist, and until this happens on a more wide-spread basis, we just aren't going to get the sort of production out of our human resources that we should be getting. We aren't getting it now and we're not going to get it if we simply rely on an existing small business community to go to the people with that brain power. It has to be generated partially from within that source of brain power, which are the institutions of higher learning.

Now, the other argument that the member presented was with respect to the possibility of government getting into business and providing entrepreneurship, capitalizing on this, as through a Crown corporation or otherwise. But let us realize that the basics of entrepreneurship lie in the profit motive, and I think he destroyed his own argument when he was talking about a situation where - I think it was a shoe factory of Saskatchewan was created because there was pressure from the town to bail them out of a problem, and that is the basic reason that entrepreneurship does not work in government, because government, as a body or as a Crown corporation, is more influenced by the political pressures of a town in making a decision in the arena where the profit motive should govern, and for those reasons the two driving forces are completely at odds. And unless the profit motive is allowed to work in freedom and encouragement, it will never produce anything. The Stanford Research Institute about a year and a half ago put out a publication, put out by an economist by . . .

MR. GONICK: Would the honourable member say that the Manitoba Hydro provides no entrepreneurship in Manitoba?

MR. CRAIK: Well, it's pretty difficult, Mr. Speaker, to look at a public utility that is in a monopoly position. He did make reference, though, to the Polymer Corporation. He may be correct in saying the Polymer Corporation is an example of a Crown Corporation that has done well and therefore they should be the example. I think the other side of the equation is

(MR. CRAIK cont'd.) . . . that if a private organization had got the start the Polymer Corporation got with the demand for synthetic rubber during the war and got its basis started and its patents lined up - and the patents were developed in the initial instance as a result of that need during war time to produce synthetic rubber - if in fact the Polymer Corporation was operated today by a private company and had a virtual monopoly in Canada through tariff protection and could export into foreign markets through tariff structures too, you might well find that Polymer Corporation under private entrepreneurship may in fact be many times as big as it is. As a matter of fact, if you ever visit Polymer Corporation and spend a few hours in the plant, which I've done on two or three occasions, you might well wonder if perhaps under private entrepreneurship they mightn't do better, but to use them as an example may or may not be a valid example. And all the rest of them that the honourable member gave pretty well were challenges which were confined to a monopolistic situation.

But the basic point that I want to make, is that I agree with him that what we want is entrepreneurship, but you do not get it out of government bodies or government-sponsored bodies as a general rule. The concept of the profit motive, which in my opinion is a healthy one, and I mentioned the work that was done by the Stanford Research Institute, for one, that had done a considerable survey through the various business schools of the United States that came up, but buried beneath the entrepreneurial drive that came out of this was the profit motive in all cases, and I would say that far from being -- as the First Minister has said, he does not consider the word "profit" a dirty word. -- (Interjection) -- I think that this says an awful lot. I'm going to turn it round and say the word "profit", that the profit motive in people is one of the basic driving forces, and if you lose it you've got a dead society. And that is, the basic difference in philosophy between the government side of the House and this side of the House is this basic difference of opinion about their attitude towards the word "profit". Well, let me say categorically that the profit motive is the basic ingredient and spice that is required in society to keep it viable and to keep it progressive. Now with those . . .

MR. GONICK: Would the honourable member permit a question? I wonder whether he would consider the founding father of his Party, John A. Macdonald, not to have been the entrepreneur who made the CPR possible, not working through a profit motive but through a motive to build a nation state?

MR. CRAIK: Well, no, I am not against an action of that sort for a specific requirement. There you wanted an intercontinental railway and you had to have it and it was in the national interest, and if you're balancing off holding western Canada in Confederation versus its going to the United States, any of us would have made probably the same decision. That's correct. But I don't think that we can use that as an argument on that particular example. -- (Interjection) -- No, it's not. You have national interests there that are at stake as opposed to the other interests, but the only thing that you might look at, and I don't know who could analyze it, but you might look at a comparison between the CPR and CNR on the same footing and the same basis, and then you might be able to say one is better than the other.

MR. GONICK: But they are not private enterprise.

MR. CRAIK: Let me tell you, it's not just a matter of a profit and loss statement; it's not just a matter of that. As far as I'm concerned, the matter of profit and loss statement and competition is not the key in our society today to the desirability of having non-Crown corporations in areas where they could be Crown corporations, and I would use the example of the Greater Winnipeg Gas Company which is in pretty nearly a monopolistic situation except they're competing with oil and electricity, but if you use that as an example, they have a monopoly on gas. Now you might well rationalize that they would fall under the category of a group that could well be a Crown corporation because, first of all, they're merely a utility -- they are a utility, I guess, a public utility; and secondly, that they are very nearly monopolistic. But I would say that the important factor there is that the employees of the gas company in Winnipeg have a very different attitude towards their company than the employees do of Hydro or the direct employees of the Provincial Government, and that is the important factor. It's not the fact that the hierarchy of the company is a profit-seeking group as compared to the mass of people that are working for that company that have developed a company spirit and are proud of the fact that they are private. That is more important . . .

MR. EVANS: . . . question? Would you not agree that the chief criterion by which we, as members of the public in Manitoba, should judge the usefulness of such a corporation as the gas corporation or the gas utility that you mentioned is . . .



MR. SPEAKER: Order. I appreciate the fact that in recent times questions of this type have been resorted to more and more frequently, questions of an argumentative type. Now, if it's the Honourable Minister's intention to present his view, I'm sure that he could enter into the debate at an opportune moment, and I would ask the co-operation of all members to refrain from asking questions of an argumentative type, because if they are, in the interests of maintaining good debate and the efficiency of this House they will have to be ruled out of order. The Honourable Member for Riel may proceed.

MR. CRAIK: I'd be very happy to entertain any questions at the end of this, if you so desire.

MR. RUSSELL DOERN (Elmwood): Are you suggesting that government employees have no spirit?

MR. CRAIK: I'm suggesting in that analogy that the people working for in that particular case have a very individualistic sort of approach to their work and to their personal position compared to those that work for the other Crown corporations or the government employees, and I would suggest that you might want to explore this further and see if you can find it, because I certainly do, and I have some very good friends that worked for all of these different organizations and you'll find it below the surface not too far. As a matter of fact, it goes back to the time of the take-over attempt of the gas company back when they brought in an exorbitantly high rate structure in the initial instance, which my honourable friend is well aware of and I think we're in agreement on that, in the initial instance. When the old gas company brought in \$1.17 per m. c. f. structure in the initial instance, it was only through some public-spirited individuals which brought on significant pressure to get the Deutsch Commission established to drive the price down, and certainly in terms of dollars and cents . . .

MR. PAULLEY: I hate to interrupt my honourable friend but I wonder if the Deutsch Report on the take-over of natural gas has anything to do with the proposition before the House at this time?

MR. CRAIK: That's probably a very good point, Mr. Speaker, a very good point. All I'm going to say is that the employees at that time, even under those circumstances, one of the very interesting things was that they, under no condition, wanted this to become a utility. Now you can tell them they're wrong and so on but all I'm saying is that there is a difference, that they feel differently than those people that are direct public utilities.

MR. DOERN: Does that include people on the minimum wage?

MR. CRAIK: With that, Mr. Speaker, the main thing that I want to talk about is the requirements of our society, and the Member for Crescentwood's remarks which he made I think were very valuable. I think there's a very basic disagreement in our interpretation of how you capitalize on an entrepreneurship, but we're certainly in agreement that what we want to do is take our people who are trained and have put themselves into the position where they can capitalize on their human resources, and again this is Manitoba's future; it lies more there in the science-based industries of this province than it lies in our natural resources. The first hundred years of Manitoba are based on natural resources; the second hundred years are going to be human resources despite what we spend most of our talking time talking about in this House, and until we capitalize on the science-based industries we are not going to progress economically, and I would leave it at that.

Now, I want to relate this to the bill that is before us, and I have taken the privilege of diverging because it was done by the speaker preceding and it was a good contribution and I wanted to comment on it. Essentially what this bill does now is to say to that group of people, "We are going to let you stay in Manitoba to do this but in our ability-to-pay goal we are going to ask you to pay a higher income tax, presumably to cover Medicare costs." Well, I don't think we basically disagree that ability to pay is a desirable principle, but we have to ask ourselves the question: what are the practical repercussions of doing this? And there is no question that there are pretty practical arguments that say that this is a bad move, to add another six points on to the personal income tax and two points on to the corporation tax, despite the fact, all the logical arguments, that say that you are going to get it back anyway because you are not making these monthly Medicare payments.

Now what are the arguments? Well first of all, the people that we are producing, the 19,000 people that are going to pay those dollars over and above this "break even" point, are by and large the people that you are trying to produce out of the Member for Crescentwood's classes at his university and the other people that have the drive and ambition and the

(MR. CRAIK cont'd.) . . . . entrepreneurial spirit to do exactly what we say has to be done in Manitoba, and you can't tell me that this isn't going to be one of the greatest incentive programs here to drive those graduates right out of Manitoba as fast as they can go, because you can include them along with the mobility group in this province, and the majority of those 19,000 people are in that mobility group, and it doesn't matter whether you rationalize to them or not that they are getting their money back through Medicare and that we are making sure that their social services are looked after. It's a matter, a practical fact, that what is going to be going on amongst those people right now is they are going to be saying, "39 percent versus 28 or 33, why stay in Manitoba? The elements are against us. The government is not indicating that it is going to provide the entrepreneurial spirit. The taxes are higher than anywhere else in Canada, so . . ." It doesn't even matter if they're wrong, but you are not going to get to each one of those individually and tell them, and I'm saying with all sincerity that I think that what is happening is in this group, which are your producers, as much as the person that is in the lower income group but provides, as the Member for Sturgeon Creek says, the multiplier factor that provides jobs for those other people, you are providing one of the best incentive programs there is to drive them right out of Manitoba.

Now, when the Federal Government brought in its social development tax last October, it put \$120.00 limit on the tax, and the reason given by the Minister of Finance at that time was that the upper income bracket in Canada was taxed at a higher rate than other countries in the western world, and that was the express reason for putting it on so that there was a cut-off so that this was not, this tax on the upper income bracket, was not compounded any further, that the incentive that is provided did not become so great that it actually affected somebody's ambition.

Now the psychologists will say that it is very hard to suppress the entrepreneurial and drive and spirit of a creative person. You can tax them all you like, you can't slow them down. So this is what my friends opposite are gambling on, that you can't actually curb the entrepreneurial spirit and in actual fact this tax is not going to be a factor. But I suggest that the Federal Government and the Minister of Finance at that time and the federal Cabinet had given considerable thought to this, and their analysis in showing that Canada had one of the highest income taxes at the upper levels was a good and valid reason to put an upper limit, but the Manitoba Government has said, "We are going to do a flip flop on this. We are going to go exactly opposite. Those people that are making \$20,000 a year or \$15,000 a year that are paying 35 percent income tax, we're going to put it on him because actually he has got 65 percent of his earnings left." And they make very rational arguments.

Well, perhaps they haven't considered the fact that even people who live on \$15,000 don't save any money; that they spend it all. And where do they spend it? Well, some of it is spent on maybe a little larger car, a larger home, but some of it is also spent on donations to their church, commitments to the United Way, and other commitments that help society go round. I know that there are a great many in that tax bracket that certainly don't have to use the \$100.00 deductible on their tax form. Their donations to charity and so on far exceed that amount, and these are the people that are the bad people that the government wants to get at; they want to take their money out of that group. But they are not only taking it out of that group, they are taking it out of everybody who pays income tax, but they have developed this magic figure of \$11,348 and said that nobody below that is going to get hurt but those above can afford to pay it. So as a matter of policy they've decided to provide the great incentive program to ask people to not have any desire to come to Manitoba, which is the worst part of it, the national organizations which transfer these people in here.

HON. PHILIP PETURSSON (Minister of Cultural Affairs) (Wellington): May I ask the honourable member a question?

MR. CRAIK: Well I indicated that I would undertake any questions at the end of it and I'm just about finished, Mr. Speaker, so you'll have lots of opportunity here.

Those were the basic arguments that I wanted to make, Mr. Speaker. I must say that if you are wondering what my position is on this, I think that it's pretty clear I'm against, personally. I'm not sure I'm speaking for a group either, but I'm against this method of financing Medicare. I don't think that there were that many anomalies in the previous Medicare program that could not have been corrected with some minor surgery and straightened away. I think what is more important is that come next year and the year after, the other very necessary fields such as urban renewal, education, the highways program and all the rest, are

(MR. CRAIK cont'd.) . . . . going to be looking for the elbow room in taxation to carry out the very necessary programs that our province needs and wants, and essentially what you have done is cut off your leg in terms of your expanded areas of taxation to carry out your other very necessary programs. And I don't think that basically there is anything wrong with the ability-to-pay program. Certainly I am in agreement with it in terms of medical care, as I am in terms of education, but I am afraid that in the total mix that to put such a top loading on the upper incomes of the upper tax brackets is a wrong move at this particular time.

MR. HARRY SHAFRANSKY (Radisson): Mr. Speaker, would the honourable member permit a question? He stated that he is opposed on the principle of ability-to-pay. Has he another idea?

MR. CRAIK: I didn't say I was opposed to it. I said I wasn't opposed to it, to the ability-to-pay principle, but I think that all of these — it all amounts to taxation and the government has many many programs that are very, very important to the residents of this province, and to put a top loading on income tax to make us 18 percent higher in provincial tax than in the nearest province, is too much of a top loading, and I think first of all that premium programs are a necessity and I think that the premium program that applied to Medicare could have been doctored up to correct anomalies, and I don't deny that there were anomalies in the previous Medicare program. It was a new program; it did take a period in which these were sorted out. But another argument that I would present to you at this time is that programs which are based on premium or on direct taxation are programs which remain in the arena of public awareness, and I think if this is true in Medicare as it is in education, that you are going to keep people more involved in education with the local property tax than if you aren't.

Now let's not get into that argument but I'll point to the editorial of about two weeks ago in which the head of your Hospital Commission, Mr. K.O. McKenzie, was quoted as saying, "Medicare and hospital costs in 1970 are going to go up by 10 to 14 million dollars," and he says the public doesn't seem to be aware; you can't arouse any interest in this. You know, the costs are rising too fast. Now one of the reasons that it escapes public awareness, and maybe they should raise by that much, but if they raise \$10 million or \$2 million when you are paying it directly, primarily out of central revenue, the public is never aware. It comes down solely that the only fellow that is aware, or that's primarily aware, is the First Minister and the Minister of Finance who is trying to balance the budget. Otherwise, if it's based on premium, at least public opinion has a direct say in how you are going to cut the pie up, and public opinion should decide, as largely as possible in government, to the greatest extent possible, public opinion should decide on what the total government pie is and how it is cut up. And every time you take away a direct taxation of one sort or another — and it doesn't change the total size of the pie except Parkinson's law takes over when you get into non-direct taxation — it doesn't matter how you cut it up, the total amount for the next year is going to be the same, but public opinion less and less has a voice in how this is done as the taxation becomes less direct, and more and more we get towards this monolithic sort of structure where people just say "they" are doing it.

Mr. Speaker, with those remarks I'll . . .

MR. SPEAKER: The Honourable Minister of Mines and Natural Resources.

MR. EVANS: I would just say a very few words in this debate. I wasn't going to originally, but having listened for the last half hour or so to the eloquence from the other side, I've been spurred into action, you might say.

A lot of the comments made with respect to income tax and the detrimental effect of this small percentage increase in the income tax in the Province of Manitoba, I think are rather alarmist. I would submit, Mr. Speaker, that the influence is strictly marginal; that surely in the choice of business to locate here that this slight change in the tax structure would be a very marginal influence in the decision. Surely there are many more important factors that have to be considered, and I would like to suggest for a moment that there are many factors that contribute to economic growth apart from just simple assessment. The matter of health is a very important factor. If you examine any theory on economic growth you will see that there are these other factors that are equally as important. Health conditions are one. Education, the level of education, the type of education is another. And I would say, to remind my honourable friends on the other side, that education can contribute to the quality of entrepreneurship, as I am sure he will agree with me, and I would assume that also historically this government has provided considerable entrepreneurship in economic development. You

(MR. EVANS cont'd.) . . . . go to England historically, and you can see where the English state, through various types of laws, subsidies, granting of monopolies, had for many, many years contributed towards economic growth, and there are many examples in the world today where you can see government playing a very key role in promoting economic growth. Cultural factors have an effect as well.

Now we are all interested in economic growth inasmuch as I suppose we all have certain materialistic ambitions. I would submit, Mr. Speaker, however, that the problem of economic growth is not going to be solved by reducing income tax rates by one or two points or moving them up by one or two points. It's far more fundamental than this. There's a problem of resource limitations, and I'm not certainly going to go into the details here. There is the question of the Canadian tariff. The economic development of Manitoba is functioning within the Canadian tariff wall. As a matter of fact, a few years ago an economist by the name of John Young, who was working for the Gordon Commission at that time, estimated that many millions of dollars each year transfer from the prairies and from the Maritimes to central Canada simply by virtue of the fact of the Canadian tariff structure, and I submit that the change in the Canadian tariff structure may have a significant influence on the rate of Manitoba economic development. There's the question of railway rates that are equally very important in determining the amount of growth that occurs here. The decision of oligopolies, the decision of oligopolies and I submit, Mr. Speaker, oligopolies today do not necessarily simply maximize profit. They are in the business of strategic enterprise. They are in the business of protecting themselves to insure that they continue to exist in a rather safe way, and in order to insure this existence they may not wish to maximize profits, and the decision of oligopolies, therefore, will have a bearing and do have a bearing on our economic growth, and this unfortunately isn't always in our favour because of controls in central Canada and because of head offices being across the border usually.

The matter of capital supply, the supply of capital, is another significant factor and I'm suggesting that this is not necessarily influenced by tax rates only, but by the concentration of those capital suppliers. Indeed I listened to a very interesting speech during the unveiling of the Growing to Beat '70 program at the Metropolitan Theatre, and Mr. Spivak was there and heard this economist from the University of Western Ontario tell us that there was a problem of lack of capital and part of this problem was the fact that the capital suppliers were located in eastern Canada, and if there is an excessive demand for capital in relationship to the supply, they are naturally going to allot it in the most convenient way - and I am not blaming them necessarily for this, but it's just the way things go. They will allocate it to industries that are proximate. And this happens in many types of capital investment including mortgage investment. The matter of federal policies will have a bearing on our economic growth. Federal tax policies of various kinds, federal central bank policies will have effects on our growth.

Well, what should our economic aims be anyway? It is simply -- and I am afraid that members on the other side sometimes simply talk in terms of more production, just simply a rise in provincial income. Well this is not good enough. It has to be compared with the rate of population increase as well, and if we do get an increase in our provincial income but we have a faster increase in our population, I submit that our standard of living is not rising, in fact our per capita income would be decreasing. And really this is what we want, isn't it, a rise in the income per capita. I'm suggesting, Mr. Speaker, in these brief remarks, that it's a very complicated problem and it doesn't all resolve on a matter of personal or corporate income tax. Besides wishing to increase our income per capita we should also be striving to eliminate poverty, and I think this is one of the most serious economic and sociological problems that we have.

Another matter that we should be concerned with is regional economic disparity right within the Province of Manitoba. Now I want to get back to the medicare premium tax first and the income tax method of payment. I submit, Mr. Speaker, to the members of this House that the act of this government in shifting from a premium tax - we have a very small premium tax and it still exists, we'd like to eliminate it but it's very very small compared to what it was - we've shifted it, we've shifted the burden to the income tax base. And I suggest by this very act, Mr. Speaker, we have improved the lot of the average Manitoban perhaps living in the rural parts of the province more so than we have the urban areas. Because if you look at the TED Report, or you look at the Dominion Bureau of Statistics Report on average incomes, you will find - well, you'd go to the TED Report in 1961 and I daresay the figure is still

(MR. EVANS cont'd.) . . . . probably true for today - 1961, the rest of Manitoba, I mean outside of Winnipeg, the average income was only 73 percent of that of Metropolitan Winnipeg. In other words, and I can quote other statistics, where you can see the average incomes are definitely lower in the rural parts of the province in the small towns. By shifting now from the premium to the income tax method we have in effect improved the lot of the average rural Manitoban and small town dweller. We have, there's no doubt about it, and all our friends from rural Manitoba should be most thankful of this. And this is simply part and parcel of bringing about an equitable society.

I've suggested that this matter of increasing the standard of living and eliminating poverty is not a very simple thing. It's not simply a matter of entrepreneurship, not simply a matter of more investment. There's a matter of -- I wouldn't belittle our agricultural industry as the honourable member in a way seemed to suggest when he says that it's the scientific industries alone we should look at, our old resource base is not good enough. I would agree it's not just good enough, but I think we can't write off agriculture that simply. I think one of the most important ways to increase income in Manitoba is to assist in the restructuring of agriculture. Now this, too, has been discussed at conferences under the auspices of my good friend from River Heights - and I agree to this - and so restructuring of agriculture. We're in the process of restructuring the fishing industry. The average income of the fisherman of Manitoba is going to increase, and this is a real way to improve our standard of living.

We've got to attract industries here but we want to attract high productivity industries. We should endeavour to get a greater share of the Federal income pie, and indeed, if necessary, we should consider using Crown corporations where they may, as a tool, help us to achieve our ends. This is not an end in itself, and I agree with the Member from Crescentwood that the utilization of Crown corporations is a tool as a means to an end, the end being a better way of life for us.

I would also submit that one of the solutions is more economic research and more planning on the part of the government. We have to know more carefully the direction in which we want to go. We should study industries within the province by category; examine the returns that may come from these industries. We should be more aware of our regional disparities and the problems facing the people of the small towns and the rural parts of the province.

In conclusion, I would say that economic well-being is not the final goal either. This, too, is only a means to an end, and surely the final objective is to improve the quality of life. And to improve the quality of life of the people of Manitoba surely we must try, where we can, to increase the average income per capita. But we should also be concerned that we have adequate parks, that we eliminate ill-health, that we eliminate disease, that we wipe out pollution where it exists, that we eliminate slums wherever we see them and that poverty be eliminated off the face of the map of Manitoba. This surely, Mr. Speaker, is our end, the quality of life.

Let me close by referring to a book that was written by John Kenneth Galbraith, the Canadian economist who is now an American citizen, was the Ambassador to India, was an economic advisor to the late President Kennedy, who is now a Harvard University Professor. In this book, that maybe some of you have read, "The Affluent Society," he describes the case of a very wealthy man - I guess the type of people that the Honourable Member from Riel is thinking about - who's fairly well off, has a good car, his wife is well dressed, his children are well dressed, they've got a beautiful lunch, a very expensive picnic, they've got all the good meats and all the hors d'oeuvres and so forth and all the beverages that they wish, and they decide that they are going to go for a picnic in the park on a Sunday afternoon.

Well, they get into their expensive car with their lovely clothes and their abundant food and they decide to go to the park, and they find on their way there that although they have a lovely car they're having a rather rough journey because the roads are not in proper shape - not enough taxes going into roads perhaps. They get to the park, they find the park is in very bad shape, there's not enough flowers, it's ill-kept and so on, simply because there is not enough public expenditures into parks. Then his wife becomes ill, and even though they have plenty of private wealth there are not enough hospital beds so his wife can't get into the hospital when he wishes. His children go to school but they don't get the proper training because the school system doesn't pay the teachers enough.

All I'm suggesting is that historically we're going to find that we're going to have as a community - and this is not only in Manitoba but in North America and Europe and the world - collectively we're going to have to pay a greater share into the public purse, because simply

(MR. EVANS cont'd.) . . . . this is one way to help improve the quality of life.

Well, I've said enough so I . . .

MR. CRAIK: Mr. Speaker, can we - the question is to the Honourable Minister - can we quote him as saying we are going to have to pay more into the public purse?

MR. EVANS: I didn't hear the last part -- (Interjection) -- No.

MR. SPEAKER: The Honourable Member for Roblin.

MR. J. WALLY McKENZIE (Roblin): Mr. Speaker, I hadn't planned to enter into the debate on the second reading of this bill until the last speaker took the floor, and now I wonder of all these various mottos that's coming across, is it "Shiver with Schreyer", "Shyer with Schreyer", "Higher and Drier with Schreyer", "Growing to Beat Poverty", "Growing to Beat '70", and now "Nationalization". I hear where this province is going this morning, Mr. Speaker, and it took a long time to come across but there it comes in large doses. So I guess I'm supposed to get home as quickly as I can this weekend and tell my constituents that this is where we are going to move, and I guess my friend here from Swan River better go with me and maybe our friend from Dauphin, and tell rural Manitoba we are going to nationalize this province to make all these things that the Honourable Member for Brandon said. And I agree with him, I agree with every point that he said. This has been what man has strived for forever, to do everything as you said.

They mentioned this ability-to-pay principle. That's as old as the hills - old as the hills. Man has always been striving to make it better for his fellow neighbour and use the ability-to-pay principle. What other principle is there? You'd think there was something new, Mr. Speaker, that's been brought out of a cloud, and we got a new philosophy, the ability-to-pay principle. It's not the ability-to-pay principle that counts, it's the way you tax them to get the money, Mr. Speaker. And whether you should do it this way or that way, there is where the debate and where the argument is. And that's the reason that this bill is before us today - Bill No. 39 - a very small, two page, innocent looking bill, Mr. Speaker, but it packs a lot of new philosophy and new change and new direction. And that's quite all right, this is the government's prerogative and I'm glad we're hearing today how they're going to go about it and we're going to help you. We're for Manitoba the same as you are, but we are concerned in the method that you're going about it, Mr. Speaker, and the fact that we must raise two points on our income tax and we must raise six points on our corporation tax to provide medicare. -- (Interjection) -- I'm sorry, vice versa - I'm sorry. I have no quarrel with that, Mr. Speaker, I have no quarrel at all. I believe that people that can't afford to pay for their medical premiums should be subsidized this way or that way. I don't think there's been any quarrel with us in that respect -- there hasn't. The First Minister takes a look as if to say people were dying on the streets when we were the government and that's not true. That is not true.

But what brings me to my feet is where the Minister of Mines and Natural Resources brought in the TED Report. I wonder, Mr. Speaker, I wonder - I read the TED Report and the TED Report said to me something entirely different than what this man has said -- (Interjection) -- Yes, I have read it, and the Planning and Priorities Committee of the Parkland Development Corporation on taxation on rural economic development have said that "the competition, unless all the methods of taxation" - and that's present or for the future - "unless all those methods of taxation are within the competitive range of our neighbours we are going to lose." Now what are we going to lose? Are we going to lose industrial growth? What was it the Member for Brandon said - he had a word for it - regional economic disparity. Are we going to now, by using this method, improve the economic problems of rural Manitoba? He shakes his head. I guess we are.

This is why I'm rising today to ask the Minister of Finance when he does finalize the debate on this bill to tell me so I can take it back to Roblin constituency: what's going to happen with respect to the TED Report? How are we going to follow the economic disparity plan as it's laid out in the TED Report?

HON. JOSEPH P. BOROWSKI (Minister of Transportation) (Thompson): Who wrote your TED Report?

MR. McKENZIE: I beg your pardon?

MR. BOROWSKI: Who wrote your TED Report?

MR. McKENZIE: TED I guess. Was that his name? -- 400 of -- (Interjection) -- Anyway, these are questions that I hope that the Finance Minister will answer to me and to members on this side of the House when he closes the debate on this bill.

(MR. McKENZIE cont'd.)

For the Minister to design future taxation changes that will provide a deterrent for the industrial growth that we crave out in rural Manitoba and in Roblin constituency, in my opinion, Mr. Speaker, is that it's dangerous, and to stand up here and say that the reason it's being changed, the whole philosophy is being changed is this new ability-to-pay principle. The new ability-to-pay principle, and this is the reason. I submit very humbly, Mr. Speaker, that it's not a new principle, and I honestly believe that Manitoba's only hope for industrial growth lies on the growth of a tax base which can come from industrial expansion, and it's got to come from the rural part of this province to make a balanced economy so that we can attack this problem of regional economic disparity. In fact this is the way to attack it, and this is the results that we are going to get. I hope the Minister of Finance will, in his remarks later on today, tell us that this is what's going to happen in Roblin constituency and in rural Manitoba, that we have finally arrived at the solution to regional economic disparity, and the way that it's going to be solved is with the ability-to-pay principle.

In one - I think it's Page 355 of the TED Report - I recall this remark where it says that any higher taxes in Manitoba would give its rivals - for bids in development - Saskatchewan, Alberta and B. C a competitive locational advantage. -- (Interjection) -- Oh, the Honourable Member of Transportation maybe doesn't believe in the TED Report.

MR. BOROWSKI: No, no. If it's written by a lot of Conservative stooges.

MR. McKENZIE: Oh, well I . . .

MR. BOROWSKI: That's right. -- (Interjections) --

MR. McKENZIE: I wish the Honourable Minister of Transportation would put that on the record, and no doubt it will be a reference for us to look forward to later on.

MR. BOROWSKI: Mr. Speaker, . . .

MR. WEIR: . . . said that to the people in New York, that's not what showed up in the newspapers.

MR. BOROWSKI: Mr. Speaker, just so that there will be no misunderstanding, I'll get the figures, the names and the numbers, who these people were and submit them sometime as soon as it's completed. The First Premier knows very well that the majority of the people that wrote the TED Report were Conservatives. He knows that very well.

MR. WEIR: The point isn't that they were Conservatives, "Conservative stooges" was the word.

MR. SPEAKER: I hesitate to interrupt the honourable member in the discussion which has erupted at this point, but it is 12:30 and I'm leaving the Chair to return at 2:30.