

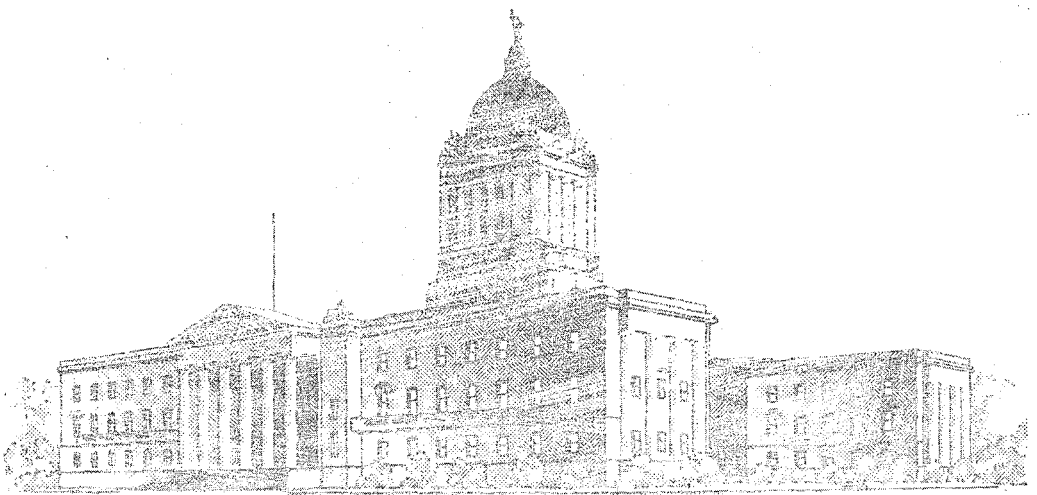


Legislative Assembly Of Manitoba

DEBATES and PROCEEDINGS

Speaker

The Honourable A. W. Harrison



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THE LEGISLATIVE ASSEMBLY OF MANITOBA  
10:30 o'clock, Thursday, October 19th, 1961.

Opening Prayer by Mr. Speaker.

MR. SPEAKER: Presenting Petitions.  
Reading and Receiving Petitions.  
Presenting Reports by Standing and Special Committees.  
Notice of Motion.  
Introduction of Bills.  
Orders of the Day.

MR. MORRIS A. GRAY (Inkster): Mr. Speaker, I would like to address a question to the Attorney-General who no doubt has knowledge of the constitutional rights in Canada. Has a naturalized citizen in Canada the same rights and privileges as a Canadian born?

HON. STERLING R. LYON, Q. C. (Attorney-General) (Fort Garry): Mr. Speaker, I don't customarily give legal opinions to the House, but I would venture the thought on the question that has been put by the Honourable Member for Inkster that the answer to the question would be, yes, of course so, and I think we are all proud of the fact that all citizens of Canada regardless of their origin whether by birth or by naturalization are equal in this country, and long may it so remain.

MR. GRAY: Mr. Minister. And now I would like to direct a request to you, Mr. Speaker, on a point of privilege, whether it would be in your rights to ask the Honourable Member of St. Boniface to retract a statement which he made last night.

MR. LAURENT DESJARDINS (St. Boniface): Mr. Speaker, on a point of privilege could I ask what that statement was? I made a lot of statements last night -- (Interjection) -- I'd like to know which one.

MR. SPEAKER: I believe it would clarify the issue if he would tell us what statement he is referring to. You will recall that I did interfere in the debate and tried to . . . . .

MR. GRAY: Mr. Speaker, the statement which I remember -- of course, we haven't got a Hansard yet -- is telling us, the members of the CCF, that if you don't like the policy of the Liberals -- I don't say that it's Federal Liberals or not, go back to Russia.

MR. DESJARDINS: Mr. Speaker, on a point of privilege, I don't know if the word "back" was in there. If it gives the wrong impression, I certainly am sorry. The only thing I meant is that I definitely link Socialism with Communism. I said that if we had a Socialist Government here we'd be very close to Communism and I will not retract that. I can have all the -- like every member on the CCF Party, I can respect their age, I've never been accused of discriminating and that would hurt me very much. I've been accused of a lot of things and most of the time true, but not of discriminating, and I can respect the man for being a man. I don't have to respect their judgment and I don't respect the judgment of the Socialists, Mr. Speaker. And I won't retract that. If I said "back" it's got to give the impression that somebody, from the question that was asked today that, have they the same rights as a natural born Canadian, I certainly don't debate that at all, and I certainly agree. And this was not -- I wasn't referring to religion, race, personality, but just to Socialism. And I won't retract that, Mr. Speaker, because I think I'm in order. The Leader of the CCF spent an hour telling us what he didn't like about the Liberals, and I think I was definitely in order because I don't go for this Socialist spirit at all.

MR. SPEAKER: I might say at this time that certainly a member may not indulge in personalities in the House, but it is my opinion that he can say many things about a party in the House, as long as he does not personalize it. And I should not wish to give a firm ruling on this until I have an opportunity to look up the practices of the House and the opinions of Dr. Beauséjour. But at the moment it seems to me that a few years ago the same question arose, and it was a question of personality. The government can say what it wishes and the opposition parties too, within the rules of the House, but you may not attack a member in a personal way. Now I will look up the rules of the House and if you wish, I will give a ruling later on, but at the moment that is the way that I remember the previous circumstances in the House.

MR. GILDAS MOLGAT (Leader of the Opposition) (Ste. Rose): Mr. Speaker, on that same point, I thank you for your comments. I would just like to add that it won't interfere with my

(Mr. Molgat, cont'd.) . . . . honourable friend from Inkster, when he was making his point, that matters of privilege should be taken up at the time that the breach is made, according to our own rule book and not subsequently.

HON. DUFF ROBLIN (Premier) (Wolseley): Mr. Speaker, that is ordinarily a sound observation, but I think in fairness to the Honourable Member for Inkster, we should note that he was asked to do so this morning rather than last night.

MR. D. L. CAMPBELL (Lakeside): Mr. Speaker, on the point of order, might I also say that while that is undoubtedly correct, that the Honourable the First Minister has just mentioned, I think that when you, Sir, are considering this matter, that it will be well for you to consider too, that in making of a statement to the House, that although you gave special consideration to my honourable friend from Inkster in this instance, that this should not be taken as a precedent and that it can't be assumed that a point of privilege can be raised on the Orders of the Day, unless it should happen that the breach of privilege itself occurs at that time, because the rule is very clear that it must be taken up at the time. I think it would be a great mistake from the standpoint of the rules of this House if that should be allowed. So would you, Mr. Speaker, check into that as well at the same time. In the meantime, I think we can see that the Honourable Member for Inkster, far from being discriminated against, has been given a special privilege in this case.

MR. SPEAKER: Orders of the Day.

MR. PETER WAGNER (Fisher): Mr. Speaker, I would like to direct a question to the Honourable Minister of Agriculture. If he can give me a little bit of highlight: what reason we are importing so much pork and mutton to Manitoba and Canada or if possible, his ministerial outlook? What is the reason?

HON. GEORGE HUTTON (Minister of Agriculture) (Rockwood-Iberville): Mr. Speaker, I'm not prepared to give him a categorical answer at this time, but, Mr. Speaker, we have quite a free movement of goods back and forth across the border and you might as well ask the question: "Why has there been such tremendous movement of our cattle into the United States?"

MR. SPEAKER: Orders of the Day.

MR. ELMAN GUTTORMSON (St. George): Mr. Speaker, before the Orders of the Day, I'd like to direct a question to the Minister of Industry and Commerce. The Ontario Government is making provisions for its civil servants to participate in a six-weeks survival course which the Prime Minister wants a hundred thousand Canadians to take part in it and the Ontario Government is going to make up the difference in pay between what the army pays and their regular salary. In view of the Prime Minister's concern in this matter, has the government of this province any plans in this particular matter?

HON. GURNEY EVANS (Minister of Industry and Commerce) (Fort Rouge): Mr. Speaker, at this time I'm not prepared to announce any plans except to assure the honourable member that we are aware of the development in Ontario and will be taking up our responsibilities here.

MR. SPEAKER: Orders of the Day. Adjourned debate on the proposed motion by the Honourable the First Minister and the motion and amendment thereto with the Honourable the Leader of the Opposition. The Honourable the Attorney-General.

MR. ROBLIN: Mr. Speaker, I believe, Sir, that you have overlooked the first item which is to adjourn debate on Bill No. 2.

MR. SPEAKER: Adjourned debate on Bill No. 2, the Honourable Member for St. George.

MR. GUTTORMSON: Mr. Speaker, since the House began debating this particular bill, a great deal has been said, particularly from members of this group and the Member for St. John, and I have thought that they have covered the bill very well and showed how badly this bill has been drafted and in the disinterest to the Province of Manitoba. However, there's no point in me going into all the details and repeating what they have said. However, I would like to deal with one aspect of the bill which I think is simply atrocious. If the government forces passage of this bill in its present form, and there's no doubt in anyone's mind that the Premier intends to steam-roller it through, the result is tantamount to giving the government a blank cheque as far as the people affected by this bill are concerned. As the bill is presently drafted, all we know is that the percentage to be taken is the total taxable income. No individual knows what effect the tax increase will have on his income.

If the government has any desire to do the proper thing they would incorporate into Section

(Mr. Guttormson, cont'd.) . . . . 6 of this bill the schedule of rates that the province intends to levy against the people of this province. Many people who are going to have to pay more money are very disturbed by the government's blanket of secrecy, and rightly so. What has the government got to hide that they are afraid to disclose the schedule of rates. Is it possible that some people will have to pay such a high percentage of increase that the government fears their reaction; or does the government not know the rate to be charged? If the latter is the situation, the government has no right to bring this bill before the Legislature and ask the members to pass it. Every member of this Legislature has the right to know the schedule of rates the government is going to charge; every citizen of this province has the right to know what the schedule of rates is going to be before we pass it. To the best of my knowledge, never in the history of this country has a resolution been brought into the Parliament of Canada bringing in an increase in income tax where the schedule has not accompanied it. I have here from the Hansard of 1953, I believe, where a resolution was brought in increasing the income tax of Canada and right along side it is the complete schedule of rates to be charged and every individual knows exactly what he is going to pay as the result of the increase. In this bill we have no idea what is going to be charged. Unfortunately, the back benches of the government side apparently don't know either, because they have been talking nonsense in this debate and apparently they have no conception of what this 1% means. The Premier also must be censured for his actions on TV earlier this week. He either: (1) deliberately misinformed the people of Manitoba by saying the bill would allow a 1% increase in income, or (2), didn't know what he was talking about, or (3), was trying to soft-peddle the blow for many who will be paying much more than 1% and possibly 4 or 5 in the higher percentage. The Premier may say that he didn't, but if he checks with the video-tape, at the station, he will see what he actually said was, there would be a 1% increase. Now this is not true, Mr. Speaker. I think that this government should, before they have any intentions of asking us to pass this bill, lay out on the table exactly what we are asked to pass and let the people of Manitoba know exactly what they are doing.

MR. SPEAKER: Are you ready for the question?

MR. CAMPBELL: Mr. Speaker, there have been very few matters ever come before the attention of this House, the years that I have been here, on which I have felt as keenly as this particular matter. I feel that I must take some little time in order to try and give to honourable members who have not been here during the course of events and perhaps haven't been paying the same attention to them, something of the background of this question as I see it, so that it will, to some degree, explain the position that our party and I, personally, take.

I must say, Mr. Speaker, that I too have a file of newspaper clippings -- many have been read here -- I don't intend to read any. They're an interesting file and there is a temptation, especially when we are exhorted by members on the government side of the House to say something in defence of the position that we take. There is a temptation to read the newspaper reports and comment on the turn of events. There certainly is a temptation too, to talk about the promises that are made at election time; and then the promises unfulfilled. I guess some members from the other side of the House have been criticizing us for some promises that they claim were made, some policy implemented, before an election; but their criticism is directed mainly at me because I had something to do with events at that time. But, Mr. Speaker, I predict that times will not change greatly in that regard as we travel along this road of public service. Human nature remains pretty much the same throughout the years. I suppose it's an occupational hazard of the politicians that they will be inspired as an election approaches to make some promises. I don't think there is anything wrong with that -- if they'll be inspired at times to revise their policies. Some of them perhaps were politically backed. I don't say that there's very much wrong with that; I even say that I think it is the usual policy, might I add, in all parties. The thing that I object to is people making promises and then not fulfilling them. Now if that arises, if that arises because they are unable to, then they made the promises perhaps in ignorance. But it is bad, it is bad for democracy, that promises made should be unfulfilled and I am not going to place on the record once again -- as it has been placed by several members of the house -- I am not going to place on the record promises that were made by the present Prime Minister, and by the present Minister of Finance, about what would be done in Federal-Provincial relations. They are well known -- they have been reiterated time and time again and I am not going to take the time of the members to put them on

(Mr. Campbell, cont'd.) . . . . the record now. I am going to try, if I can, to get the debate onto a level that I think is very important; to look at the fundamental principles that we should be discussing here.

Now my remarks will be brief as far as the bill itself is concerned, because I think that the principles that we're talking about go back behind the bill to the Federal-Provincial financial arrangement. I said that there were few subjects in all my time here on which I have felt as deeply as this one. I suppose that's understandable, because for practically the whole course of these negotiations, I have had some part to play in them -- not a big one. In the early days my part was very small. I attended the conferences in the early days 20 years ago in Ottawa, not because I was of any value to the Manitoba delegation at that time, except in one regard, that it was the wartime tax agreements that were being discussed then and I was occupying the portfolio of Minister of Agriculture and, at the same time these discussions were going on, there were discussions with regard to the necessity of agriculture being mobilized throughout the whole of Canada to provide the support for the armed forces and for the civilian population mainly with regard to food and, of course, with regard to personnel as well. So that you might say that I was there in those discussions almost by accident. Sometime I'd like to tell this House the story, I won't take the time now, but sometime I would like to, to tell this story of how well Manitoba agriculture did get organized in order to meet the further requirements of the war effort. That was a great story in itself. If I have any reason for looking back on my years as Minister of Agriculture with satisfaction, the most important of all, I think, would be the reflected glory that I would get from having occupied that position at that time and the farmers of this country made such a magnificent contribution to the war effort. But even if I was there almost by accident, so far as the Federal-Provincial arrangements were concerned, I was there.

Before that I had had at least a connection, again a very small part, maybe only a connection, with the Rowell Sirois Commission and I say again, it has been said in this House before, I repeat, that I think that that was the greatest commission, responsible for the greatest reports, that we have ever had in the history of Canada. That commission was manned by outstanding Canadians. Although he wasn't the chairman of it, I would mention first, that great Manitoban, he was proud to be a Manitoban, but also a great Canadian, a great international citizen, John W. Daffoe and a Manitoban, and he did wonderful work for Manitoba and for Canada on that commission; and then the Chairman, Newton Rowell, a distinguished citizen and public servant of the big Province of Ontario, first Mr. Renfrey and later Joseph Sirois of the great Province of Quebec, and Dr. MacKay of the Maritimes and Dr. Angus of British Columbia. A great group of men who did a wonderful job and again my small contribution was simply because of the position of agriculture. I came to know all of those men personally and that's a long time ago, Mr. Speaker, and I have given the greatest consideration ever since to the fact and figures and recommendations and conclusions of that commission.

Then in the course of these events, it has been my privilege and I have esteemed it to be such, granted to me by the people of this province, that I have known all the Premiers that were taking part and, of course, all of the Prime Ministers that were taking part during the course of these negotiations. I have sat in at these conferences where I have either known personally, or sat in, in most cases both, with four Premiers of the Province of British Columbia; with four of the Province of Alberta; with three of the Province of Saskatchewan. My acquaintance with Manitoba premiers goes back to the time of the grandfather of the present First Minister, though I can't claim to have known him well, but I did meet him. With all of the ones since that, my association has been very close, if not to say intimate. I was close, even intimate, with three since that and if it isn't intimate, it's at least close with the present one. I have known quite well seven Premiers of the Province of Ontario -- four of them intimate. I have known four or five of the Province of Quebec -- several of them intimate. I have known three of the Province of New Brunswick; three, four -- four of the Province of Nova Scotia; three, four of the Province of Prince Edward Island; and the only one that Newfoundland has had since it entered Confederation, I have known very intimate. And I have sat in conferences, year after year after year, not always meeting them on Federal-Provincial relations, but usually in connection with Federal-Provincial relations, with that changing personnel over the years and I have seen the understanding between them grow as the years have gone

(Mr. Campbell, cont'd.) . . . . along. I have seen the good, at least I have judged it to be good, that has occurred for the Province of Manitoba and for Canada as a whole, through the association of these men. Communications are a lot better now than they used to be years ago; they are much better than they were even 20 years ago. We get together oftener. But these meetings of the men and the minds of the people have, in my opinion, been a great thing for Canada. And the dominating principle through these years has been that they have been moving toward and following closely the recommendations of the Rowell Sirois Report; and they've been moving toward a more united Canada. A Canada that is more united from the point of view of the different provinces; the different races; the different religions; the different economic regions of the province; and there has become a greater understanding of the problems of one another and there has come the strengthening of the bonds of financial and economic and spiritual of the people of this country.

So, Mr. Speaker, with that brief background of 20 years of close association, is it any wonder that I am very sorry to see a principle endorsed by the present Federal Government which is definitely an abandonment of those principles. Now we can talk about the financial implications and, goodness knows, I suppose I don't have to spend any time arguing to this House that I'm interested in the amounts of money. I suppose there's no one here that would ever accuse me of saying, what's a million dollars because I am most cognizant of the financial implications, but I say that in this case the overall implications are even more important than the financial ones. I completely concur with the conclusions of my Leader with regard to the way these financial arrangements worked out. There can be no question in my opinion that the one big winner in this arrangement is the Province of Ontario. Even the facts that are placed on the record by the Federal Government themselves do not attempt to disguise that fact -- it just is the fact. And I maintain that that is an abandonment, that's a retreat from--that's a complete negation of the principle of the Rowell Sirois Report and of the basic fundamental reasons of the tax sharing agreements as we have had them through the years. Not perhaps of the wartime sharing agreements, because that was a different thing, but as far as the tax sharing agreements since the time of the war that principle has been inherent in them and is now departed from. That principle was that this country is one Canada -- is one country. Canada is one country. That the financially strong provinces became strong, as the Sirois Report pointed out, partly because of national policies -- the tariff among them -- which, while costing the consumers of Canada huge sums of money, gave a lot of benefit to the big central provinces and were a big financial burden to the Prairies and to the Maritime Provinces. And the conclusion was that regardless of how the position had arisen that the fact was that the big central Province of Ontario in particular and some other provinces to some extent, were financially stronger than some of the other provinces and that there should be an arrangement entered into that would equalize the per capita returns in this province so that there would be no second rate citizens in the province so far as the yield from these three big income fields were concerned. And I say with the greatest regret, Mr. Speaker, that that principle is departed from now.

Now my honourable friend has said himself, the Honourable the First Minister, and it's been repeated by many people on that side of the House, that we didn't get all we asked for either when we went to Ottawa. Oh yes, they said, "You went down there when there was a Liberal Government in office and you didn't get all that you wanted either". That's true. We never got all that we asked for and we tried to ask for what we thought would be realistic amounts. Incidentally, Mr. Speaker, in passing, I don't think that the First Minister mentions this very often but if you will take the presentation that he made at the 1960 conference and compare it with the one that we made -- our government made in the fall of '57 -- you will see, I think, that insofar as major matters are concerned that he adopted our policies word for word and letter for letter. Identical, Mr. Speaker, just exactly the same thing was asked for by my honourable friend that had been asked by us. And how could I say other than that was realistic. I believe it was realistic and it had to be realistic in my honourable friend's opinion if he would adopt holus-bolus the program that we had laid before that conference. And we didn't get it implemented, I admit that. We didn't at any of the times get everything that we asked for. So my honourable friends are inclined to say, "Ha, Ha; so you're in the same position that we are". But we're not, Mr. Speaker, we're not because we never had the slightest abandonment of the principle of this fundamental principle of which I have been speaking. There was never the

(Mr. Campbell, cont'd.) . . . . slightest retreat from that principle. In fact it was always improved and it was strengthened as the years went on. It was -- that principle was strengthened in every single agreement. Not only were the financial returns better for us but the principle was endorsed.

My honourable friend said in his speech the other day that it's almost an axiom of federal-provincial negotiations that quoting Kipling: "That never the twain shall meet". Mr. Speaker, I've been talking about the twain, the east and the west meeting there time and time again. It wasn't an apt quotation because it was the east and the west, the Maritime Provinces and the Prairie Provinces, that were always close together on this thing. They had met without any trouble. It was the big centres that we had the disagreements with but eventually the Provinces of Ontario and Quebec came along too, and not only the twain but the ten were coming closer and closer and closer together as the negotiations proceeded. And there wasn't a single one of those conferences, Mr. Speaker, and there were a lot of them, but what the end result was: that we got some more money, not as much as we asked, that's true, but we got some more money and on every occasion this principle that we had been fighting for and that we considered, and still consider, as being at least of equal importance with the financial returns, if not greater, was strengthened. What do we have today? We have the abandonment of that principle. Probably we get a few more dollars but Ontario gets many more dollars -- and that's giving to the one, the one that already has.

My honourable friend the First Minister and his colleagues tell us that they are going to make use of the increase in taxation, that is allowed to them under this arrangement, to reduce the hospital premiums. And the reason for that, they say, is because they bear with greatest severity on the low income group. They want to get to the ability to pay. And though I criticize the Honourable the First Minister for not giving us a fuller explanation of the bill on second reading, I have no doubt that he will proceed to give us a fuller explanation now as the debate closed; and certainly we will get an explanation when we are in committee of all the members -- in Committee of the Whole House. I will predict that the Honourable the First Minister, as my honourable colleague for St. George has just mentioned, that we're going to be told that it will be a graduated tax; and it will be graduated so that the lower income groups will pay less proportionately than the higher income groups.

And so we have the two principles that my honourable friends are endorsing. They're going to lower the premiums because they are difficult for the lower income people to pay; and then they're going to in the imposition of the tax, I assume, graduate it so that the lower income people will pay less proportionately. Two principles that my honourable friends are proud of, and rightly so. But that's exactly contrary to the principle that's been put into these taxation agreements because the principle that's in these taxation agreements is that the high income province gets the advantage in these new arrangements -- not the low incomes -- and that's a retreat from the position that we've been in before.

Now my honourable friend the Leader of the CCF Party and some others have mentioned the fact that one of the reasons that Mr. Diefenbaker and Mr. Fleming have given for this change is to restore the constitutional rights of the provinces. And my honourable friend the Leader of the CCF Party was, I think, justly scornful of that argument. He said with great sarcasm: "Go back to 1867". And that's a good argument because how could the Fathers of Confederation have possibly seen the expenditures with which the provinces, and certainly the Federal Government too, were going to be faced in the year 1961-62? It was impossible for them to foresee this.

My honourable friend says that we'll have to await the repatriation of our constitution into our own country before we can get any permanent relief in that matter. Mr. Speaker, the repatriation of our constitution desirable as that undoubtedly is, will not of itself achieve that end because when the constitution comes home to Canada there will still be this question of division of taxation. And it would have been all very well to say that you divide up the fields of taxation but how can you divide them up, how can you divide them up under the expenditures that have grown up in the meantime? It was assumed to be the thought of the Fathers of Confederation that the direct taxation which was, it's true, allocated to both spheres of government would be used mainly by the provinces, and for a long time that was the fact. But the Federal Government with its increasing responsibilities had to move into that field. Does anybody



(Mr. Campbell, cont'd.) . . . . suggest that they can get out of that field -- yet the provinces certainly need revenue too. So it isn't as easy as just the repatriation of the constitution. It will be another Confederation debate to try and make an allocation of these different arrangements, different taxation fields. And so in the meantime, and even when it is repatriated, we have to continue these negotiations between the different provinces and the Federal Government in order to get the best possible allocation, and we certainly should maintain the fundamental principle that was advocated so strongly by the Rowell-Sirois Report and incorporated into the tax-sharing arrangements, that this is one country; that there should be, so far as these three great fields of taxes are concerned, a uniform standard across Canada -- and then the other tax fields can of course, vary and they have varied considerably.

Well now my honourable friends say: "You didn't get what you should have gotten from these arrangements". I say that it's not necessary to go back to 1867. Certainly the argument is good that in 1867 they couldn't possibly have foreseen the conditions that we face today in the expenditures but all you need to do is go back to 1939. The conditions were complicated at that time, just about as much so as they had ever been. That is the time, it was just prior to that the Rowell-Sirois-Commission was asked to try and give a lead in these matters and a great lead was given. People who are inclined to make fun of Royal Commissions -- and I think we have had too many of them at times -- but people who are inclined to make fun of them should just re-read that Rowell-Sirois report and see the wisdom that's contained therein. But at that time we had our tax jungle, if that's what you want to call it, and we certainly had our problems; and we were just starting to get out of a most serious depression; and we had our problems financially -- and how little they look today when you look at the amounts of money involved -- because maybe it is a good idea to recall, Mr. Speaker, that just at the beginning of World War II, that the total revenues that this province found it necessary to collect -- I am speaking of the provincial revenues -- were approximately \$18 million, and the total revenue that the Government of Canada had to raise was less than half a billion dollars -- just at the time of World War II. Maybe it's a reflection on the time and on what has been happening since, Mr. Speaker, and I am aware of the fact that the World War took place in there and we had to do what was necessary to save our freedom, but it's interesting to notice that the interest on the debt of the Government of Canada today is much greater than their total expenditures were in 1939, much more -- interest paid on the tax bill today alone in Canada than their total expenditures -- just that short time ago. Well in 1939 we were levying taxes here in the Province of Manitoba, Mr. Speaker.

The Rowell-Sirois Report says that Manitoba had lived up to its responsibilities financially as far as trying to get the money for its minimum services, and it admitted they were minimum, or declared they were minimum. We had, they admitted, the most onerous tax structure in Canada; the most onerous tax structure that there had ever been in Canada; we had it here in Manitoba, including the wage tax of unlamented memories. And yet, even with all of that, we were only raising three and a third million dollars from these sources of taxation that are analogous to the ones that we're talking about under these agreements. They were just bringing us in three and a third million dollars. Then when we got to the wartime and it was necessary for the Federal Government to have the control of the financial situation, these wartime agreements were entered into. I won't go into the details, but let me just say in passing to those who are inclined to say that you didn't get very much while you were in office, we'd been getting three and a third million dollars from these tax sources that I mentioned. During the currency of that wartime agreement we started off at about \$6 million, and when I'm giving these figures, the Honourable the Provincial Treasurer will recognize that I am leaving out the statutory subsidy because in most cases, generally speaking, it has remained relatively constant -- I'm referring to the payments on the three taxes themselves, the three tax fields. We started out at about \$6 million and at that time we were getting about six from the Federal Government in return for these tax fields and our total expenditures were something like \$20 million and during the currency the agreement went up to 24 in the Province of Manitoba.

Then we come to the second agreement in 1947, '47 to '52, in the negotiations leading up to that one the time that we were assembled in Ottawa in August 1945. One of the events that sticks in my memory is the fact that just as we adjourned at noon of the first day the Prime Minister of that day said that he had a most important announcement to make. He would like

(Mr. Campbell, cont'd.) . . . to inform the conference that the first atomic bomb in history had just been exploded over Hiroshima. I didn't realize at that time--just as I am not an economist; I am not a scientist--and I didn't realize at that time even a portion of the implications of that announcement. I knew that there had been some developments going on by the scientists with regard to the preparation of a new lethal weapon, that would probably bring a speedy end to the war over there in the East. I never realized what was starting then. I think the prime minister of that day had some realization of what consequences might flow from this. Those conferences went on from August '45 right up till the time that the new agreement was entered into in '47, and they resulted in the fact that instead of the \$6 million that we started out with before, we started out with \$9 1/2 million. That doesn't sound like a very large sum now when you are talking about these but it looked pretty big, pretty good to the Province of Manitoba--and it wasn't all that we were asking--but it looked pretty good to the Province of Manitoba at that time on a revenue base of something like \$33 million which during the course of the agreement went up to \$48 and a half million. And the revenues, under that agreement went from approximately \$9 1/2 million to \$18 million per year.

Then we came to the third agreement, 1952 to 1957. Again there were conferences; again we made representations. On this occasion I had the privilege of sitting in as the Leader of the Manitoba Delegation and we went up from \$18 million to \$23 million. During the course of the currency of the agreement we went up to twenty-eight and a half. Our total revenues at that time had gone from \$53 million to \$67 1/2 million, and honourable members will realize that in all cases I am speaking in round figures, and in many cases they're approximate but they are comparable. They are intended to give information not confuse it. I'm trying to make the point that through the years not only the principle is maintained, which I claim is so important, but the revenue rose in keeping, somewhat in keeping, with the rise and the expenditures, and those expenditures in turn were rising in response to the services that were being introduced.

Then we come to the fourth agreement, 1957 to 1962. Again I had the privilege of being one of the delegation that conducted those negotiations. Again we didn't get everything we wanted, but there was a continuous and continual improvement; and there was a continuing co-operation between the representatives of the different provinces; and there was mutual respect and understanding of one another's problems and concerns; and we were making progress, always making progress, and always making it on the basis that it was with a firm principle in mind, that those bases of the Rowell-Sirois Report of one Canada were foremost. True the individual provinces argued, as we did, for their own positions, but there was general understanding, and a growing understanding of the need of national policies. The revenues under that agreement, which is still current, went from \$33 million, in round figures, to what I believe is estimated as \$39 million in the year that we are now in. It may be interesting to note, Mr. Speaker, in passing that the total revenue of these three taxes to the Federal Government in the first year that they collected them under the tax sharing agreement was \$652 million from all three sources. That was in 1942, the first year in which they--I am not speaking of the wartime taxation agreement, but the first of the--yes, yes this would be the wartime taxation agreement, in all. Their collections, and of course another qualification that has to be made in some of these figures is that the Province of Newfoundland was not considered in until 1948 or 1949 when it joined Confederation. But the total in that first year was collected \$652 million and again it's indicative of what's happening in Canada. I am not criticizing. I am simply stating that in this year the Minister of Finance estimates that those three fields will yield three billion, two hundred and twenty million dollars; that's something of the growth.

Then we come to Agreement No. 5; that's the one that is being discussed, that has been discussed and which we are now operating. I don't want to be violent in my criticisms because I realize that there are conditions to be considered. I liked the speech from the Honourable Member for St. Vital, some of it. I think that he, like myself, at least tries to be responsible in financial matters, and I can agree with him when he says that we have to, we have to take cognizance of the position of the Federal Government; that they have to look after their concerns too. I think we have to admit that some of the provinces, not all, not all, but some of the provinces were exorbitant in their demands. We were maybe optimistic; I don't think we were ever exorbitant. The cumulative effect of the demands that were made were such as would shock a finance minister down there, but I don't think that that justified him in making some of

(Mr. Campbell, cont'd.) . . . the suggestions that were made; that one, that they would stabilize the figure, freeze the figure at what it was now, and worse still, you provinces divide it up among yourselves, was, quite frankly a terrible suggestion. And even if it was made to scare or threaten the provinces, it wasn't a good suggestion and it was quite properly changed. I should say, Mr. Speaker, that I am not trying to detract from the fact that when I quote the figures that we received under these various taxation agreements, I am conscious of the fact that in 1958 there was an improvement made by raising the personal income factor 3%. My honourable friends, some of them have mentioned that this was just before the election. So it was, but it was implemented, and as long as it was implemented, especially when it was on a thing like that, I am in favour of it. To make these promises, and not implement them--and so in fairness you must say that some of this improvement that I have recently mentioned from 33 million to 39, was due to the change that was made then. I am not trying to take anything away from anybody; I am just trying to get this matter in the proper prospective. But here is the weakness, that the principle, that's most important of all in my opinion, has been abandoned, and that we can't go along with. The principle of equalization has been maintained, my honourable friend will say, but it has not been maintained on the basis that it was before; the principle of stabilization is there, but it's only a floor now. There are many criticisms that could be made of this, but it all boils down, I think, to the main and fundamental point that was made by the Leader of the Liberal Party, and that is, that this is an arrangement that benefits the Province of Ontario substantially, and only the Province of Ontario; and, Mr. Speaker, that is wrong. That is going in the wrong direction; that is reversing the trend, a trend that has been going on for 20 years; that is turning back the clock of progress in Federal Provincial relations; that is departing from the principles that have been established by the greatest commission that ever sat in Canada, and then have been progressively worked at for 20 years diligently by the different provinces and the Federal Government in co-operation to achieve great results; and then we not only stop the clock; we turn it back. That's wrong, Mr. Speaker. In our opinion, that's wrong and should not be endorsed. We could talk about the fact that the present Prime Minister had said that these negotiations would be conducted in a different spirit to what they used to be formerly. Well I have no complaint, one whatever about the spirit in which they were conducted under the present government at the one conference that I was there, except that they didn't get any results at that time. But I certainly do say that they have not been conducted in any better spirit than they were before, and the proof of that pudding is in the fact that today no one is completely satisfied--not one province.

The First Minister of this Province is frank enough to admit in his statement that he is far from satisfied; he even says that he doesn't like having to accept this proposal. I know he doesn't; of course he doesn't. He wouldn't be as intelligent as I think he is if he liked it. He wouldn't be as good a Manitoban as I think he is if he liked it. He wouldn't be anything like as good a Canadian as I believe him to be if he could endorse this principle that is contrary to what we have been doing for 20 years. But, you say, there are some provinces that endorse it. I believe that a couple in the Maritimes, Nova Scotia and Prince Edward Island, at least gave it moderate praise, and Newfoundland, because it got for the time being at least, the subsidy that it claims is statutory; they are reasonably objective, reasonably satisfied. But the real reason that those provinces are satisfied is because of the extra grants to the Maritime Provinces. And, Mr. Speaker, the Premier of this Province, quite rightly made the point down there that the Maritime adjustment grant should be put on a formula which would be applicable to all provinces. That's the kind of thing that should be done. All of these grants should be, all of these undertakings should be of general application. That's the principle behind these negotiations. But this is a hit and miss, a hodge podge arrangement. But my honourable friend wasn't the first one to make that suggestion, because when those Maritime adjustment grants were proposed at the 1957 Conference, both Tommy Douglas and I pointed out at that time that this should be on a formula that would be applicable to all, and both of us were able to show, both Premier Douglas of Saskatchewan and I were able to produce figures at that conference to show to them that the province, both the Provinces of Saskatchewan and Manitoba had in recent memory, had per capita revenues lower than the Maritime Provinces had had: And, Mr. Speaker, I certainly hope that this does not happen, but if we have a continuation of the dry weather that we have been having this year into another year or two, conditions could be such in the Province of

(Mr. Campbell, cont'd.) . . . Manitoba that those times would recur again, and that formula should be applicable to the Prairies as well as to the Maritimes. And it isn't. We didn't get that and the present First Minister didn't get it either.

Now, Mr. Speaker, I am almost through and I come back to, at long last, to the bill itself. On the Bill I have very little to say; I have already made my surmise as to what would happen. I think that the Premier in his speech the other day did not state one important factor just the way he wanted to, and he would likely correct that later, because I think he said 1% of the taxable income. So far as personal income tax is concerned, that is correct. Then I believe that his words were, and 1% of the tax on corporations (Interjection)--I am only saying that I believe that's the wording the First Minister used. I am certain that's not what he meant, and I am sure he will clarify that when he speaks in closing the debate. Then I am sure too that he will give the details that have been asked for by my colleagues in this group. We need those details. The public needs them. We're all entitled to have them. I am sure the First Minister does not intend to conceal them, and I agree too that as my colleagues have said that they should be written right into the Act. Now there may be some technical objection to that; there may be some drafting difficulty about that. I know that these questions can be complicated, but I think that they have not been clarified--they are naturally complicated--I think they have not been uncomplicated in any way by the wording in the bill. Perhaps it's necessary, but it's certainly not clear now, and we should have it clear. And I think it would be advisable to have the schedule put in. If that can't be done for technical reasons or drafting reasons, then for goodness sake tell the public at least what is planned to be done.

Now, Mr. Speaker, I am practically through. Some of the members have ridiculed folks on this side of the House because we propose to vote against this bill. We have no option but to vote against the bill because the bill is the result of a program that is imposed upon this province--it's true by Ottawa, but it's a program that is wrong in our opinion. It's wrong in principle; it arrests the progress that has been made in recent years; it turns back the clock in federal-provincial relations; it violates the principles of the Rowell-Sirois Report; it is wrong in principle. We have no option but to vote against the bill, and I think that the Government should have taken a still more definite stand than they did. I think this is a case where the principle is so sound and so strong that my honourable friend the First Minister, regardless of his personal connections with the Prime Minister of the country, regardless of the connection between their parties, regardless of any other arrangements that may be in the making, should have stood up and said, "No! We simply can't recommend to the House a deal--not because of financial implications, though they're bad enough--but a deal that is contrary completely to the principles that are in the interests of the Province of Manitoba. So we have no option but to vote against the Bill, and that is what we propose to do. But the government will pass the Bill; we understand that. The government will pass the Bill and it will become law. So I have only one other suggestion that can be made. If they're determined to do that, I have one suggestion to make though that I think would be sound and proper. I think that after this bill has been dealt with that there should be a resolution introduced in this House and passed unanimously, that in spite of the action taken with regard to Bill No. 2, that this House unanimously reaffirms the principle that duplication of taxation is not in the best interests of this province; that we reaffirm the principle that there should not be a provincial income tax introduced in Manitoba. It will be in by that time, but that it should not be considered a permanent policy; that we should say that we reaffirm the principles of the Rowell-Sirois Report; that we endorse the progress that's been made in co-operation in these 20 years through the Federal Government and the various provinces; that we endorse the principle inherent in the tax sharing financial arrangement, and that we are convinced that the fundamental point of those arrangements should be equalization, and that equalization should be defined as a payment to the provinces; that per capita, will bring all the provinces up to the yield of the three tax fields at standard rates, to the yield in the highest province.

Mr. Speaker, I considered introducing such a resolution myself, and I believe that you would have agreed that it's in order, because it deals with principles; but I realized immediately that if I introduce it, it could be considered as a partisan measure, and it could be considered by my honourable friends over here that it was a weakness for them to accept something that at least appeared to be inconsistent with the legislation they were proposing to this House. So I

(Mr. Campbell, cont'd.) . . . have not introduced it. I discussed it with my Leader; we thought it was better matters of principles such as this, that we should keep this from being a partisan question. We've got to make the vote on the bill a party question--not a partisan question, but a party question because we believe in the principle that we were following and we believe it's not being continued here. To that extent, it cannot help being a party question. But on this other one, we thought it should do. We believe that there could be an absolutely unanimous resolution from this House and the way to get it is for the First Minister himself to bring in such a resolution and say that even though he has found it necessary to pass this bill, we still endorse the principles that mean the progress, not only of this Province, but of the country as a whole. I would recommend that, Mr. Speaker, and I offer to the Honourable the First Minister, all the help that my Leader and I can give to him in drafting such a resolution. I am sure that the other parties would agree, and I am certain that that would be the one unanimous thing that we could be doing here. And it would be in the interests of the Province of Manitoba and the whole of Canada,

MR. NELSON SHOEMAKER (Gladstone): Mr. Speaker, I know that I will not make any marks following a most interesting and outstanding speech, as made by the Honourable Member for Lakeside. I know that I will not hit the headlines, and it will probably irk the members of the government to see me up at this time. But I thought I should speak on this bill because I may get around to making a few comments on deterrents and such.

I think, Mr. Speaker, that it was excellent that the Honourable Member for Lakeside made the presentation that he did. I am sure that since it is a fact that about 95% of the members of this House are not familiar with the Rowell-Sirois Report, that they would find it interesting, and even to the older members it would refresh their memory of the Commission's report. It is important, the very fact that Manitoba, and I suppose nearly every other province in Canada, receives 50% of their revenues from the tax sharing agreements, is a very important subject and one that should be thoroughly aired. I think too, that the Honourable Member for Lakeside has outlined in detail our opposition to the abandoning of the tax sharing agreements, and there is very little that we can say further in this regard. The editorial page of The Tribune last night, or the night before, in an article entitled: "Mr. Roblin in the line of fire", written by Mr. Don McGillivray, pretty well explains the position that this Legislature is in, and it reiterates what has been said by the members that have spoken from the government side and in particular what the Honourable the Minister of Agriculture said last evening. He said it was a take it or leave it proposition, and I would just like to read a very small part of what Mr. McGillivray says in his article here. (Interjection) Oh we may have, but it just. . . You haven't read it? Well for the benefit of those who have not read it, I am only going to read one paragraph. (Interjection) The new tax arrangement is--I am quoting, Mr. Speaker--"in fact undebatable because the Manitoba Legislature is powerless to change one word or one comma in the arrangement. It is presented as a fait accompli"--it's Latin; you wouldn't understand it-- by Ottawa." Nobody in Manitoba's Legislature, including Mr. Roblin, can properly be held responsible for it. The position of the federal government is now so dominant in the Canadian confederation that the provinces have nothing left to bargain with and have no pressure that they can exert. No matter how much bargaining occurs, tax arrangements finally come down to a question of take it or leave it. The frustrated Manitoba Legislature is taking it, but wishing it could leave it". I think that explains and reiterates what the members opposite have said. I believe that the Honourable the First Minister has in the past been very vigorous in his opposition to these arrangements at Ottawa. You have heard me say in this House, Mr. Speaker, on more than one occasion, and I've certainly said this in and out of the House, that I think that Duff is doing a lot better job than Dief, and--(Interjection) Well it's too bad that he has to do so little to win such praise, but nevertheless I still say that he is doing a better job.

I think the most interesting part of the Honourable Leader of the CCF's lecture to us the other day, because that's really what it was, was his comparison in the Throne Speech, the wording of the Throne Speech of this province, and the one in Saskatchewan, and he suggested that the Premier of Saskatchewan was regretting very, very much that he had to introduce this legislation, whereas the Throne Speech in this province made no suggestions of regret, although the members individually have, and certainly this press article that I read to you certainly suggested they are presenting it with regrets. It was interesting, as the Honourable Member for Lakeside said, to hear the (cont'd. next page)

(Mr. Shoemaker, cont'd.) . . . Honourable Member for St. Vital in addition to referring to us as a bunch of baboons, and he included certain government members, because he did say every one to his right, and that took in the one new member of the Hydro Board and a few other people that are in line for front benches here, were all in that category. But the most interesting part of his talk, I think, was trying to defend both Dief and Duff which reminds me of the Irishman when he said that he was going to jump on his horse and ride off in all directions.

If the ten premiers of this great nation of ours oppose this legislation as vigorously as did our First Minister here, it's certainly difficult to understand Dief's attitude. I can't understand him shoving this down the necks of the ten premiers. Several of the members opposite have told us about this new special tax because I think the bill refers to it as a special tax rather than a hospital tax and placed great emphasis on the "ability to pay" feature. Well, I happened to be reading a statement the other day that Mr. Bend made when he introduced this plan to the Legislature and he too stressed the ability to pay feature of the plan. The very fact that Ottawa was making a contribution represented the ability to pay feature of it. One point that I would like to have explained to me and possibly the Honourable Minister of Health and Public Welfare could do this; Mr. Bend in introducing the plan in detail--there's about 20 pages to his talk--said that in effect the federal government would be paying 46% of the cost of the plan. Today I believe that it only represents 36.8%--I believe that's the figures that the Minister gave us yesterday. Why has this depreciated down from 46% three years ago to 36.8% today? I would like an answer to that some time.

HON. GEORGE JOHNSON (Minister of Health and Public Welfare)(Gimli): I'd like to answer that point and clarify the House's knowledge in this area. It hasn't changed at all. In the insurance act brought in at that time, mental and TB was included, but not in the--it was paid as a separate amount of money under the Consolidated Revenue--and the same percentages exist now as then.

MR. SHOEMAKER: Well that isn't the way, Mr. Speaker, that I interpreted Mr. Bend's report here, but it's such a lengthy one. I can't find the part in it. But I am not going to quarrel with the ability to pay feature of paying for the plan. I'm not going to quarrel with that, but surely the best way to further that principle of ability to pay would be to get more money from Ottawa. We want to further that. A great deal has been said both by the papers and by members on this side of the House about the new special tax and the way that it will effect individuals. The Honourable Member for LaVerendrye suggested that the First Minister has already given the figures to the Press but he has not given them to this House. Now I don't know whether he has or whether he hasn't, but if you were to read this article in the Press that the Honourable Member for LaVerendrye referred to yesterday, it's quite simple to understand that at \$5,400, the article says: "Premier Roblin told the Legislature the break even point, the point at which increased income tax is counter-balanced by the decrease in hospital premiums would be at around \$5,400 total income for a man and wife with two children." Well, that's quite simple to understand--if the article is right--because the return premium now due to a married man with two children would be \$24; his exemption would be \$3,000; 1% of \$5,400 would be \$24, so that would be the break even point. So, it's quite simple to understand if this article is correct. I have attempted to determine the savings, or otherwise, in our own particular office staff at Neepawa. There are four of us there; three of us married; two of us with dependents; one single secretary; and I have come up with a figure of this: that we will pay in total \$84. less--that's the four of us--we will pay \$84 less in MHP premiums; three times 24 is 72; and 12 makes a total of 84; but it will cost us about \$170 if the 1% is correct--right across the board. I'm not objecting to the ability to pay principle; I'm simply saying that if we want to further this principle, let's get some more money from Ottawa. And I know that everyone agrees with that.

Now what I would like to--if it is not the intention, Mr. Speaker, of the First Minister to tell us what the tax is, or if it is not his intention to include a schedule in the bill, could he just tell us this: What will the special tax be on \$100 taxable income; on \$1,000; \$5,000 and \$10,000? Just those, and then probably we can figure out for ourselves, because there are not too many of us here that earn over \$10,000, so that at least 57 members here will probably be able to figure this special tax out for themselves.

Now, Mr. Speaker, quite a number of the members on both sides of the House, that is left of this line, has been telling us what a very disastrous thing a deterrent would be in the

(Mr. Shoemaker, cont'd.)... Manitoba Hospital Services Plan. I never suggested--I went on record at the last session as favouring a deterrent and I'm still in accord with that--I never did suggest that it was a great means of raising a pile of money. I think the co-insurance feature, the deterrent, or call it what you like, it is designed to prevent the over use of, the abuse of, or the frivolous use of, or any other term you like to apply to it, of hospital facilities, and I think that it would save us a great deal of money in the end. It's difficult, I know, to prove what it would save us. It would be interesting for me to know, and perhaps the Honourable the Minister of Health and Public Welfare could also enlighten us on this. In the two provinces that now have a deterrent feature inherent in the plan, what are the admissions per thousand of population? Is there any noticeable difference there? Because it seems to me that there should be. I happen to be in the insurance business, as you know, Mr. Speaker, and all private insurance contracts of every nature have a deterrent, a deductible or a co-insurance clause of some kind. (Interjection) Well, even in the accident and sickness field most of the contracts have a . . . .

MR. JOHNSON (Gimli): . . . . hospitalization.

MR. SHOEMAKER: Most of the contracts, Mr. Speaker, pay from the first day of an accident and from the eighth day for sickness or you determine what your deductibles will be. To prove how costly a full cover contract costs, just on the first of January this year, the insurance industry preferred to call fire and theft specified perils. They changed the name of it, but they introduced a \$25 deductible feature in it. And if you want the full cover you pay double. So that suggests to me that there must be a saving by using a deductible or a deterrent. The people have become accustomed to these deterrents; when we had Blue Cross, we had them. If it is going to save us some money, could we not try it for a year and see how we get along? I don't see anything too wrong with that.

Now a great deal has been said about the abolition of hospital premiums, condemning our leader for suggesting that it can be done and all this kind of business, nobody objecting to it, but a lot of them saying, you can't do it. Everybody would be happy to not have to pay them, even including the Honourable Minister of Agriculture; he thinks it a fine plan. Well, Mr. Speaker, one of the things that provokes me is the lack of co-operation between the Prime Minister of Canada and the provinces in designing a program to help Canadians generally, and that's evidenced by this abolition of the tax sharing agreements; but about three years ago, I believe, the Prime Minister of Canada increased the sales tax from 8% to 11%--I think it was about three years ago. Perhaps the average person on the street doesn't even know that we have a federal sales tax; well we have one at 11%. Now I think it is a fact, too, that eight of the ten provinces now have a sales tax and an article in the paper the other day suggested that Alberta were seriously considering a sales tax and that it wouldn't be too long before they would introduce one. Well in consideration of the fact that eight of the provinces now have them, one more considering them--what's wrong with the Federal Government increasing the federal sales tax again and having the provinces abandon that field and then return to the provinces their portion? Nobody seems to worry too much about a federal sales tax. Probably they don't know we've got one, but you don't hear too much complaint about it. Certainly the provinces don't like the sales tax; they've had to put it on to pay for various things--education--they call it an education tax in some provinces, a hospital tax in some province, but it would seem to me that there would be collectively a great saving to the provinces if we had some measure for the Federal Government to increase their sales tax and then pay back to the provinces what it produces, thereby relieving all of the provinces from levying a provincial sales tax. There are other ways that it can be raised, as our honourable leader has suggested, many other ways. The very fact that in New Brunswick they abolished hospital premiums a year ago, or nearly a year--wasn't it a year ago?--proves that it can be done.

Now, Mr. Speaker, I have no more to say, I don't think, except that I would like, once again to have the First Minister tell us, if he will, if it is not his intention to put a schedule in the bill, what will the special tax be on the four figures that I've already suggested: \$100, \$1,000, \$5,000, \$10,000? I think a lot of this argument that we've listened to the last three or four days could have been avoided if we had been told this on Monday with the introduction of the bill. We heard, or I read in the paper a month ago, or nearly a month ago, that the session was designed to last three days and our indemnity was designed accordingly, and we don't want to stay here till Christmas for the small indemnity that we're getting, because we're going to have to

(Mr. Shoemaker, cont'd.) . . . pay most of it back in this special tax, I guess, and let's get home and get on with the business of Manitoba. Thank you.

MR. E. I. DOW (Turtle Mountain): Mr. Speaker, over the past few days I have listened with somewhat concern in my mind that not much has been said in regard to this bill as the possibility of the detrimental effect of the 1% corporation tax. The Honourable Member from Selkirk brought it in yesterday; the Honourable the First Minister in his introductory speech said, "I might say in passing that we give some consideration to the impact of this on corporations". Now, Sir, it may seem funny to you that a representative of a rural area would take this approach in regard to this particular bill. I might say at the outset as has been mentioned by members of my party, that we are opposing the bill due to the principle of the bill, but I'm concerned with the impact or so from the corporation side of it in its reflection it will have on the development of decentralization in rural Manitoba. Over the past many years as you, Sir, and other members of this House will recall, that the municipal officials have been trying to instill and trying to induce, and now with the Department of Industry and Commerce in the province actively engaged in it, to try and decentralize industry throughout the rural parts of Manitoba. I might say, Sir, that this is not only a great boon to Manitoba generally to do this, but it also has a tendency to help stabilize the help necessary in the agricultural development of our province. I know in the southwestern part of the province that we have many seasonal employees of industry who are dependent mostly from their income from agriculture. When you take, Sir, that industry in the rural parts of the province and particularly in the southwestern part are in competition not only all over Canada, but we have some industries in our particular area that are in competition with the United States, how big a load can we, as members and citizens of Manitoba, expect industry to carry, and continue successfully? First of all, this has been mentioned, but I'd like to reiterate the fact that these industries--and I'm talking more primarily of the rural parts--have freely and willingly given their accountancy, their staff, their bookkeeping, which is an added cost to the product that they are manufacturing, given this time in the interest of Manitoba for the collections of MHSP premiums, that is a fairly substantial sum of money. They are also collectors of income tax by virtue of the statutes of Canada and they willingly accept this. And then in addition to that, their scale of charges, their income tax charges are extremely high in relation to the products they're selling, and then it is kind of like the free will offering of some councils, particularly in areas that are not too heavily industrialized, who seem to take a pick at grabbing business tax to the extent that they can, because with the saying that "well, they're in business. We'll charge them the limit". Now, Sir, I say that this 1% corporation tax is just another load and I feel that the bill itself has broken away from the principles that I like in Canada, a stabilization; an equalization of taxes, spread throughout the various provinces and they in return to the various municipalities concerned; and this is breaking away from it. How long, Sir, can we go in loading and loading and loading? Eventually it will come to the point that the province who can offer the cheapest tax will gather the industry of Canada, and so we will be a contributing factor as we move from year to year. This is something we never want to see! We want to see it all over Canada--manufacturing equal in all parts. I can't say too strongly, Sir, that in my opinion, this is one of the detrimental factors of the bill, not only the 1% but the principle that you are going to keep loading and loading, to the point that you can destroy that factor in our economy of Manitoba.

MR. EDMOND PREFONTAINE (Carillon): Sir, Mr. Speaker, I feel that I must say a word or two on Thursday, October 19th, 1961. To me this is a day of mourning for Manitoba, because we are going to do something in this House that will mean that Manitoba will lose the work that it has done for over more than a generation. When I came in to this House 26 years ago, Manitoba had to tax itself much more than any other province in Canada to give services not up to services given somewhere else, and Manitoba was responsible to quite an extent for the appointment of the Rowell-Sirois Commission. Manitoba pleaded that it was, and proved that it was a "have not" province in Canada, and that the wealth of Canada should be evenly divided between all provinces. In fact, Mr. Speaker, a coalition was formed in Manitoba just for that purpose. I went to check the scrapbook a few minutes ago and I find on page 249 a big headline from The Tribune of November 2, 1940, "Bracken lists five reasons for coalition. One: Maximum co-operation with the Dominion in Canada's war effort; two: implementing recommendations of the Rowell-Sirois Report".



(Mr. Prefontaine, cont'd.) . . . This was the purpose, the real purpose, much more so than co-operation with Ottawa on the war effort, to have a coalition in this province; and this at that time I supported fully. The whole House, all the parties in this House, the Conservatives in this House, supported coalition on that basis, and an arrangement was made during the war. After the war there was another understanding and coalition was carried on after the war in order to further see to it that Manitoba would have its proper place under the sun of our country, Canada. I still supported coalition at that time, and as long as it was necessary to carry on this principle I was a supporter of coalition. Manitoba was getting a proper deal in Canada; but now Manitoba is going the other way. Some people now in Manitoba believe that Manitoba is a "have" province, or it seems to me that they do believe that Manitoba is a have province.

The Honourable the Minister of Agriculture said yesterday, I believe, that after all, if we ask more money from Ottawa, the taxes will have to be paid and we are taxpayers also. Have we got the wealth in Manitoba that there is in Ontario? The Honourable Member from St. Vital believes that Manitoba is a have province; he doesn't mind whether we are in a position, we have the wealth here to pay the taxes that they have in the Province of Ontario. I do not know if the Leader of the Conservative Party, the leader of this House believes that Manitoba is now a have province. I am afraid, Mr. Speaker, that if we have a drought condition next year again, and the year after next, that Manitoba will not be in a position to give itself the services that other provinces will be able to give to themselves, without overcharging our ratepayers. I think that we are, Mr. Speaker, that this House today is doing something that is detrimental to the interests of our province.

I believe, Mr. Speaker, that this change has been concocted by Mr. Diefenbaker, Mr. Alister, Grossart and a few of the men in the Conservative Party that were looking forward for the next federal election. The Province of Ontario had to be saved for the Conservative Party. How could Ontario be saved? Ontario was never happy with the fact that they had to divide with other provinces, never happy. They asked certainly too much from the Federal Government; they did not expect to get it all, but they wanted a change in principle. Mr. Diefenbaker needed Ontario for his next election and he saw to it that he would keep Ontario, that his candidates in Ontario could go to the people and say well we are getting \$100 million more now from these arrangements than we were getting before and our leader, Mr. Diefenbaker, is responsible for that. So Ontario had to be saved; irrespective of whether or not the principles of the Rowell-Sirois Report were still being implemented or not, Ontario had to be saved. The Maritime Provinces so the big brains of the Conservative Party thought, well the Maritime provinces could be still kept in the Conservative fold by making a special deal with them, so they could be saved; and the MP's could be re-elected in the Maritime Provinces. As far as Quebec, well it had its own taxes, never agreed completely for reasons particular to the Province of Quebec, and the changing of the fiscal arrangements would not have a great effect on the Province of Quebec. Now the most important province it seems to me was the Province of Manitoba, a province that had been considered for generations, 20 years, a have not province. The Province of Manitoba had at its head the heir apparent to the Conservative Party, the man who considered Mr. Diefenbaker as his teacher, and of course, the Province of Manitoba, was the province that Mr. Diefenbaker wanted to be sure and not to lose in the coming election; but he could count to quite an extent on his pupil, if I might say, in Manitoba--especially, I should think, Mr. Speaker, and I know that I'll be accused here of being a small partisan, but it seems to me that Mr. Diefenbaker must have had in his mind all the time that Mr. Roblin could not be too critical and could not oppose this deal too much because of the fact that Mr. Roblin wanted from Mr. Diefenbaker 75% of \$85 million for certain projects; Mr. Diefenbaker could very well be quite safe in thinking that he could keep Manitoba, if although he did not give to Mr. Roblin all that he wanted on the financial relations, if he could come out before the elections and say, okay, we'll give you 75% on \$85 million or 60% or something like that, so that Manitoba could be safe. Could the Premier of this province take a firm stand on the fiscal relations? Now I have been in this House a long time. I have seen politics played, and we know the First Minister himself told us in this House that he was not ready two years ago, or even a year ago, to make a final deal on the floodway. He wanted to get the best possible deal, even if it took him years longer; he would not make a deal on the basis at that time; he would wait and get the deal. Premiers of provinces, when they are dealing with Prime Ministers of Canada--they are

(Mr. Prefontaine, cont'd.) . . . dealers; they are dealers—they are trying to make the best possible deal, and a man who wants \$63 million or 75% of \$85 million, is not in a position to knock the man he is dealing with on the face with his fist and then get a good deal.

Now this—I'll be accused of being a small politician; but I am really a big man. I know what has been going on and you all know what is happening these days; and I say that there might be an element of truth, especially so when we see the First Minister seemingly coming to the defence of the Prime Minister of Canada. Is he defending the interests of Manitoba, or his political friend when he says, well, after all, this is not as good a deal as we wanted; but let us remember that the Prime Minister of Canada has given Manitoba four times more money in grants than we got before in 1957? The grants have jumped from 8 million to 32 million. That's a man for you; that is a friend of Manitoba who treats Manitoba that way. Now this is fact; this is fact. Nothing that is not true in what I'm saying. Of course most of this addition is for hospitalization which we did not have in those days. And furthermore, in his letter, letter of the First Minister to Mr. Diefenbaker, he tells him, after all, although it is not what we want, it's better than we had under the Liberals. Well, that was quite satisfactory for Mr. Diefenbaker, and with this assurance that the First Minister, Premier of Manitoba thought it was better than the Liberals had done, he felt confident when discussing with Allister, Grossart and others, that after all, his MP's could be re-elected in Manitoba, and Manitoba was safe. With respect to the other provinces, I suppose Saskatchewan was getting a good deal on the south Saskatchewan river dam, and although this deal, fiscal arrangement, is not completely satisfactory, there are possibly other ways when, where and how they could save Saskatchewan. Seems to me that all this deal which is detrimental to Manitoba and the whole of Canada which changes the situation where by all provinces would be equalized to at least the two wealthiest provinces, changes that completely. The future is not as bright as some of the members on that side believe.

To me, it is a sad day today, a day of mourning. We are losing something important in Manitoba, something very important, something that is calamitous it seems to me. I'm very sorry that this is happening today; I felt that I had to come up and mention these words, Mr. Speaker, after being in this House, and this House being united, and I am wondering whether this was not important enough when the question came up for the First Minister of this province, the Premier of this province, to call the whole House together and maybe unite all together to preserve our position on the basis of the recommendations of the Rowell-Sirois Report. I think this is a day of mourning, a sad day for Manitoba, and I am sorry that this thing has come to pass.

MR. JOHN P. TANCHAK (Emerson): Mr. Speaker, I see it is 12:30, and it wasn't my intention to adjourn the debate because, I just wanted to put my remarks on record, but since it is 12:30 and I see that the members are impatient—I didn't want to—I notice the Minister was going to reply. If you do not wish to accord me a few minutes, I will adjourn the debate.

MR. ROBLIN: Yes, my honourable friend should adjourn the debate. It's our usual closing time.

MR. TANCHAK: I move, seconded by the Honourable Member from Ethelbert Plains that the debate be adjourned.

Mr. Speaker presented the motion and after a voice vote declared the motion carried.

MR. ROBLIN: Mr. Speaker, I move, seconded by the Honourable Minister of Industry and Commerce that the House do now adjourn.

Mr. Speaker presented the motion and after a voice vote declared the motion carried and the House adjourned until 2:30 this afternoon.