

## THE LEGISLATIVE ASSEMBLY OF MANITOBA

8:00 o'clock, Monday, June 28, 1971

COMMITTEE OF SUPPLY - DEPARTMENT OF INDUSTRY AND COMMERCE

MR. CHAIRMAN: (Resolution No. 56 to 57 (2) were read and passed.) The Minister of Industry and Commerce.

MR. EVANS: Which resolution are you in, Mr. Chairman?

MR. CHAIRMAN: 57 (d) Industrial Materials and Services.

MR. EVANS: Thank you. Mr. Chairman, I have a number of statistics that I would refer to to refute honourable members on the other side; unfortunately those members who made these allocations, you know, are not in the House. They were making a general observation on the economic situation in the province and I don't know whether I should particularly in view of the fact that these people are not in the House.

MR. CHAIRMAN: Order, please. Your remarks must be relevant to 57 (d). 57 (d).

MR. EVANS: Mr. Chairman, I'll wait until we get to 58 which relates to general development program.

MR. CHAIRMAN: (Balance of Resolution 57 was read and passed.) Resolution 57 (a) (1). The Member for Fort Garry.

MR. L. R. (BUD) SHERMAN (Fort Garry): Just on a point of order, Mr. Chairman. Did you call out 57 again or had you moved to . . .

MR. CHAIRMAN: 57 is passed.

MR. SHERMAN: Yes, but you called out 57 again.

MR. CHAIRMAN: Yes, 57 is passed.

MR. SHERMAN: But you haven't gone to 58 yet?

MR. CHAIRMAN: No. 58 (a) (4)--passed; (a)--passed. The Minister.

MR. EVANS: Mr. Chairman, we're on the area of Development Programs which includes general business and trade development as well as the Manitoba Development Corporation. And I just wanted to state, Mr. Chairman, to refute the allegations made by some members opposite with respect to investment in this province - the Member from Sturgeon Creek, I believe, said private industry is not building in this province; they aren't even coming to look; and that is not the case because we have statistics to show that you have an increase in investment intentions and I can refer to Cana-Data which is the division of Southam business publications, comparing the end of April '71 first four months of the year with the end of April of 1970, where in Canada the total residential investment for all of Canada was up 42 percent whereas for Manitoba it was up 59 percent. Furthermore, with respect to total industrial investment including manufacturing plants and factories in this period of time, comparing the first four months of '70 with the first four months of '71, there's a decline for all of Canada of 27 percent whereas the Manitoba figure shows an increase of 24 percent.

In addition, I can advise the House that there is a long list of investment opportunities which the staff of Industry and Commerce is working on, contacts both within Canada and contacts outside of this country, involving many countries in this world of ours, and they include such areas - and these are very concrete potential areas - of development, including pharmaceutical, the beverage industry, the electronics-electrical industry, vegetable oil industry, food processing, further potential in wood products, further potential in non-metallic mineral products industry, and further potential in plastics processing. And in addition we are following up some very concrete possibilities with the Japanese for processing of certain raw materials.

Now the Honourable Leader of the Opposition, before adjournment, went back to the question of Lake Winnipeg navigation and I refer to it because under this vote we have the Manitoba Development Corporation, and he tried to make out that under the previous administration -- he tried to make out a number of things; he tried to indicate that there was a profitable situation in existence, but the fact is and in fact he referred to a figure of \$17,000 profit which is not the case. That was a cash flow figure of \$17,721.00. The fact is that they ended their first year of operation - and this is the year ending October 31, 1969 - with a loss situation approximately \$39,000.00. So the fact of the matter is, Mr. Chairman, I'm sorry to say this for the information of the Honourable the Leader of the Opposition who made various stark statements on this question just at adjournment time, that he is wrong. The fact of the matter is that unfortunately this company lost money from the very beginning of their operation. He

(MR. EVANS cont'd.) . . . . also tried to indicate, Mr. Chairman, that, you know, decisions and responsibilities should really rest upon the MDF or MDC under our administration, but the fact of the matter again is that the original consideration for a loan to the company goes back to 1967 - in fact, to be very specific, June 8, 1967, and I can assure honourable members of the House that there are memoranda on file indicating that this was not likely to be a viable type of investment, and that is on file; that's on record. Nevertheless, an application was remade, or we had another application again July 7th of 1967, for an amount of \$450,000. And finally, on July 12, 1968, the MDF did give a loan, offered a loan on July 12th, 1968, of \$450,000.

MR. CHAIRMAN: Order, please. I'm sorry, I see no relevancy to the Minister's remarks under any of the items on Development Program pertaining to the Manitoba Development Corporation - under Resolution 58.

MR. EVANS: . . . was made by the Leader of the Official Opposition relating to operations of the Manitoba Development Corporation, and a very serious one, and I was trying to answer - and it relates under this vote.

MR. CHAIRMAN: I don't intend to debate with the Minister. (4)--passed; (a)--passed; (b) (1)--passed; (2)--passed; (3)--passed; (b)--passed; The Member for Rhineland.

MR. FROESE: What resolution are we on?

MR. CHAIRMAN: We're on 58 (b) (3). On Page 22, Resolution 58, (b) (3).

MR. FROESE: I wanted to discuss the matter of the press report in today's paper about what the Minister touched on, I think, in his opening statement in connection with the investigation that they had made concerning banks, and I feel that the report that was mentioned in the paper should be tabled in the House. After all, if it's made available to the Press . . .

MR. CHAIRMAN: Order, please. The Member for Rhineland, if he can make his remarks relevant, to 58 (b) (3), an item for \$570,000.

MR. FROESE: What is the \$570,000 for?

MR. CHAIRMAN: The Minister of Industry and Commerce.

MR. EVANS: Well, Mr. Chairman, now the honourable member's making me check through my files here. Well, of the \$570,000, Mr. Chairman, \$80,200 is for the salary of the staff, which include three professional people including our new director of Research and Development, Dr. Trick. There is an item for travel expenses, freight, postage, telephone costs, printing, stationery, office supplies, etc. of \$9,000.00. In addition, there is an item for \$440,000 which will be available as grants and assistance to stimulate technical research and design improvement in the province. There is \$55,000 for the Manitoba Design Institute Program as such for seminars, product review boards and packaging clinics, and in addition there is a \$75,000 item for the Manitoba Research Council programs - research, licensing programs, investigations and technical information. This comes to a total of the \$570,000 that the honourable member was asking about.

MR. CHAIRMAN: The Member for Rhineland.

MR. FROESE: I hope the money is well spent, because in this same paper that I read this afternoon there was an article on the dollars that were spent on research in Manitoba, and they claim that a lot of the money was spent uselessly; there was really no purpose behind it; that it was gauged on the number of professors employed at the University and for each professor you spent so much on research, and there was no validity to gauging it that way and spending it that way. I hope that this money is being spent in a better way and for better purposes.

MR. CHAIRMAN: (3)--passed; (b)--passed. Order, please. The Minister of Industry and Commerce.

MR. EVANS: Thank you. To allay the honourable member's fears, the article which he was reading, I believe, related to academic research. This is strictly for applied industrial research programs and there has to be some very concrete objectives to the research in order for it to be undertaken. It is not theoretical research; it's applied industrial research.

MR. CHAIRMAN: (b) (1)--passed; (2)--passed; (3)--passed; (c)--passed; (d) (1)--passed; (2)--passed -- The Member for Fort Garry.

MR. SHERMAN: On (d), Economic and Transportation Research. I would like to know from the Minister what kind of program that title embraces. Does this involve research into the role of Winnipeg in the air, and aerospace industries and the jet age, the age of supersonic transports, or just what phases of activity projected and existing now does the Economic and

(MR. SHERMAN cont'd) . . . Transportation Research embrace?

MR. EVANS: Mr. Chairman, the member asked a very general question: in effect, what does this particular branch do? And I can say categorically that it undertakes general economic analyses. It is not responsible, as the honourable member I think was trying to infer, with any Metropolitan government report - I don't know whether I heard him properly but it is not responsible for this obviously, but it does carry out general economic analyses of factors affecting industrial and commercial development of the province. It also monitors major economic indices ascertaining the rate of economic progress in the province.

If you wish, I could give you a long list of particular studies that that particular branch undertook, but I don't know whether you are that concerned about the details. For example, it did a position paper on housing. It prepared a minimum wage analysis. It examined the impact of the lending activity of the Industrial Development Bank on the province. It examined a proposal for establishing an Indian-Metis development corporation. It examined the whole question of -- it assisted in some of the work of the Northern Task Force looking at the possibilities of economic opportunities in northern areas. But on his question relating to air transport, there are many studies that we undertook with regard to Canadian-United States bilateral negotiations for international air routes and, as you know, we have pressed the Federal Government to obtain a direct non-stop service between Winnipeg, Chicago, New York, Los Angeles, and a competitive service to Minneapolis, and further trans-border service to Milwaukee and Denver and possibly to St. Louis and, added to that, a Miami service. And I would say that there have been lengthy negotiations going on between the Federal Government and the United States government, and we have consistently made our views known - I think views that honourable members opposite would find much to be in agreement with.

In addition, we studied, we've examined the air transport facilities in Northern Manitoba, three fairly substantial studies, air services to Norway House. We also examined the whole question of commercial service pattern in the North and the fair situation, and recently the branch was instrumental in preparing a submission for the government to the Air Transport Committee on the requirements for an adequacy of fixed . . . commercial air services in Northern Manitoba. As the Honourable Minister of Labour has reminded me - he is also the Minister responsible for railway matters - this branch also engages in specific rail studies, railway rate studies, for the Honourable Minister responsible for railways, and in addition we have done some work with regard to road studies, road economics, and there's been a considerable amount of information and reports prepared for ourselves, for government, in the field of water - and I mentioned earlier today our studies relating to the Port of Churchill and the need, as we see it the need to deepen the port in order to make it accessible or available to develop the vessels that plow the waters of this earth of ours. The fact is that ships are getting bigger and they require deeper drafts, deeper harbours, and this is one thing that we've worked upon and one thing we've been trying to impress upon Mr. Don Jamieson, that we need a much bigger and better harbour at Churchill.

MR. CHAIRMAN: The Member for Lakeside.

MR. ENNS: Well, Mr. Chairman, perhaps this is an appropriate opportunity to ask the Minister of Industry and Commerce whether or not under this heading, Economic and Transportation Research, the monies were found or were included in this particular appropriation for the recent delegation that travelled to Ottawa, a sizeable delegation, with respect to -- you know, my colleague from Fort Garry had expressed the concern about our entering into the jet age and our space and aerospace industry in more flowery terms, but I understand that there was reasonable or fairly significant costs attached to that delegation, or perhaps the Minister of Labour was successful in inducing the federal Minister of Supply to pick up the tab of the rumored ten or twelve thousand dollars that it cost to send the Manitoba delegation to Ottawa. Just for clarification, was it under this section of appropriation, or did in fact the Manitoba Government pick up the tab, or did Mr. Richardson pay the tab? Maybe we could have that clarified.

MR. CHAIRMAN: The Minister.

MR. EVANS: Thank you, Mr. Chairman. Well, as I announced before, the Department of Industry and Commerce picked up the tab. That wasn't for want of trying, I can assure you. As to the actual allocation of the funds, I would say that some of them may be coming out of here but there are other -- it could be coming out of General Administration, but it's comme ci, comme ça.

MR. CHAIRMAN: The Member for Lakeside.

MR. ENNS: I'd like to thank the Minister for his answer. I wonder if, he's on the answer, could he give us the actual amount of the tab on that particular trip?

MR. EVANS: Well, I haven't seen -- well, I could obtain the information. I haven't got the particular figure but I know it was to range between \$10,000 and \$12,000. I would add -- and I've made this public too, you know. This is not news. I have stated that to charter an aircraft would run in this range. I only might add, as an aside, that we got the services of a DC-8 first class standards for DC-9 economy prices.

MR. CHAIRMAN: (d) (3) -- The Member for Rhineland.

MR. FROESE: Mr. Chairman, some of the members are so eager to get these estimates passed, maybe I should take a little more time. There must be something behind it, otherwise they wouldn't be so eager to having them passed. The Minister said earlier that the report had been tabled this morning? Is that the answer he gave me before when I asked about the banking research report? Well I haven't got a report yet and I would ask the Minister to table it. After all, if it's given to the press and made public, I feel members of this House should have first knowledge of it before it goes out. -- (Interjection) -- Oh shucks, you people sure looked after that so I wouldn't. But I think you're the guilty one too.

MR. CHAIRMAN: Order, please. Order, please. The Minister.

MR. EVANS: This is unfortunate, Mr. Chairman. Each member of the Economic Development Committee received a full copy -- not a summary, but a full copy in detail of this feasibility study -- and it went, I don't know, 15 to 20 copies, each member, but I will assure the honourable member that first thing in the morning he will get a copy also.

MR. CHAIRMAN: The Member for Fort Garry.

MR. SHERMAN: Mr. Chairman, while we're still on this appropriation, the subject brought up by my colleague from Lakeside reminded me of something, jogged my memory on a point I wanted to check with the Minister. On that mission to Ottawa on the CAE question ten days ago, was any consideration given to making the trip by TransAir rather than by Air Canada?

MR. EVANS: Well, Mr. Chairman, as a matter of fact there was. We did talk to the TransAir people but, as you know, they have a very limited fleet of carriers, air carriers, and they were not able to accommodate us unless we were prepared to leave Ottawa something like one o'clock in the morning or something like that. It just was not, it wasn't very appropriate, we thought. We thought the members would like to get home early to bed so they could be up bright and early the next day for the sitting.

MR. CHAIRMAN: The First Minister.

MR. SCHREYER: Mr. Chairman, I certainly would not want to unduly prolong the consideration of the Estimates of the Department of Industry and Commerce, but I didn't feel that I should let go unchallenged . . .

MR. CHAIRMAN: Excuse me. Would the private conversations be kept to a minimum so I can hear the First Minister, please. The First Minister.

MR. SCHREYER: I thank you, Mr. Chairman. I said that I would not like to go unchallenged on the record the remarks by the Honourable Member for Rhineland that we were in some way conspiring to prevent him from having his whole say on the Estimates of this Department. In fact, I would invite him explicitly and openly to take all the time he likes on the Estimates that are before us, and furthermore, I would say that if he has a problem with respect to some particular report which he alleges that the Minister of Industry, or for that matter anyone on this side, gave to some members of this House but not to him, that we certainly will arrange to have him come into possession of a copy as well. We are mindful in this government that successive members from Rhineland have felt that they have been hard done by by governments of the day, and I can recall the late W. C. Miller complaining bitterly when the Conservatives were the government -- (Interjection) -- No, when the Conservatives were the government -- being able to point out in fact that in the estimates of spending by the government there wasn't 10 cents for Rhineland -- and in fact there wasn't any money at all for roads in Rhineland, bridges, drainage improvements, one particular year, and I don't think that the Honourable Member for Rhineland today can make that same complaint. Perhaps we are not doing as much as he would like for the Rhineland area; however, we are doing more than his predecessor had to accept on at least one or two occasions. So I invite again the Honourable Member for Rhineland to simply make known to us whatever reports other members

(MR. SCHREYER cont'd.) . . . . have received that he has not, and we'll accommodate him.

MR. CHAIRMAN: The Member for Lakeside.

MR. ENNS: Mr. Chairman, following the words of the First Minister, let me indicate to you that I am also mindful of the reason of the First Minister's speech, that we certainly would like to prolong the debates on this particular department to stave off the possible debates that may come on another Minister's Department, for which we only have four or five hours left, and so by all means I invite the Member from Rhineland to talk about the capital monies that were put into his constituency in such worthwhile drainage projects that he is well aware of that have staved off some undesirable flooding. In fact, it just about touched off an international incident this year with the building of Road 34 which the Americans call a dam, a few other things like this, so that if the Honourable First Minister was referring to ten years hence, of course his statements were correct, but that is as usual, it's roughly by about 40 years approximates the age that the present government is . . . .

MR. CHAIRMAN: Order, please. The First Minister to a point of order.

MR. SCHREYER: Yes, and it is not facetiously raised either. The Honourable Member for Rhineland suggests that we are somehow trying to rush the Estimates through so that he cannot have his say here. The Member for Lakeside now gets up and says, or implies - no, states in fact, that we are trying to stall the estimates of this department so that they can't get to another department, and my point of order, Mr. Chairman, is that I believe that there is perhaps some onus on the Chair that allegations of that kind should not be allowed to stand on the record. Clearly two members on the opposite side are contradicting each other openly which leads me to think that we must be performing correctly after all.

MR. CHAIRMAN: To the point of order, the Member for Lakeside.

MR. ENNS: To the point of order. The inference has been made, alleged to myself, to the Member for Lakeside, that I have inferred, correctly so, about a stalling technique being deployed by the government, and I would only suggest to you, Mr. Chairman, certainly in the time that you have been in the House, that we have begun Estimates and Ministers have gone; when we conclude this Minister's Estimates, we go back to the Minister of Municipal Affairs who wasn't, or didn't do the House the courtesy to stick around while his Department was being fully considered, and we will come back to two other estimates. -- (Interjections) --

MR. CHAIRMAN: Order, please. Order, please. Order, please.

MR. PAULLEY: Mr. Chairman, on a point of privilege, I would like my honourable friend to withdraw the allegation that my colleague the Minister of Municipal Affairs was not here because of some desire not to be here. I want to inform my honourable friend through you, Mr. Chairman, that the Honourable the Minister of Municipal Affairs was not here to proceed with his Estimates primarily because he wasn't feeling very well.

MR. CHAIRMAN: Order, please. Order, please. Order, please. I don't intend to enter into a shouting match with any of the members. May I just recall to mind what's happened. The Member for Rhineland said he thought perhaps, and the First Minister standing on a point of order because he possibly misunderstood the Member for Rhineland's remarks, raised a point of order which, if he had been right in his interpretation, would have been a valid point of order. And may I suggest to all honourable members that we have perhaps gone by it a little bit and may I ask you all to direct your attention to the resolution that's before the House. I would ask all honourable members . . . . The Minister of Municipal Affairs.

MR. PAWLEY: I do this, not with any great degree of anger or extreme concern, but the honourable member knows full well that I was not here to complete my Estimates due to the many district meetings of the Union of Manitoba Municipalities held throughout the province, and that fact of course was verified by the excellent cooperation I had from across the way in receiving pairing during that period of time, and I would think that the honourable member in all courtesy would want to withdraw the inference that it was a deliberate tack on my part.

MR. CHAIRMAN: The Member for Lakeside.

MR. ENNS: I certainly, firstly, want to abide by your just recently announced ruling. However the Honourable Minister of Municipal Affairs, speaking for the government, chose not to abide by your ruling, and in that instance calls for a little further explanatory statement to the extent that traditionally Ministers whose Estimates were before the House - I agree that tradition doesn't count for too much - stayed in their desks to hear the Estimates. But this has been changed. Now the Minister saw fit that it was more important to be -- and it's his

(MR. ENNS cont'd.) . . . . judgment to make and I don't quarrel with it; I just make a flat statement, that he was not here to deal with this Estimates, so obviously something was more important than his Estimates to be, you know, in the countryside. I also draw to your attention, Mr. Chairman, that it was out of sheer desperation that the Opposition finally had to pass a resolution asking the Minister of Transportation to stop reading reports of one kind or another so we could get on with those particular Estimates. Now we're dealing with the Minister of Industry and Commerce's Estimates and the First Minister gets up and invites, openly invites the Opposition - which is highly unusual - that by all means let's continue discussing the Department of Industry and Commerce. . . .

MR. CHAIRMAN: Order, please. Order, please. Order, please. The Chair has sat here and heard accusations hurled from both sides of the House about the absence of members for various and sundry reasons. We have before us an item and the item is not a matter of privilege; the item is not a matter of order; it is Resolution 58 (d) (3) -- passed, (d)--passed. 58 (e) -- The Minister of Industry and Commerce.

MR. EVANS: Mr. Chairman, I would like to go back to some remarks I was trying to put forth at the beginning of the evening session, and it relates to charges or a statement made by the Leader of the Opposition with respect to Lake Winnipeg Navigation Company Limited which runs the Lord Selkirk. The fact of the matter is, Mr. Chairman, that a loan application was made back in 1967 for this particular operation, by this particular company, and it was finally granted on July 12, 1968, a loan of \$450,000. And the fact is also true, Mr. Chairman, that the terms were somewhat revised on February 11, 1969, and on May 6, 1969, an additional \$150,000 was granted to the company. It was granted to the company by the Manitoba Development Fund after it had seen a loss of almost \$39,000 for the year ending October 31, 1969. And, indeed, prior to that there were indications of some difficulties of management and of operation. But the point that I'm making, Mr. Chairman, is that the loan was made -- I want it to be quite clear that the loan was made under the previous Minister of Industry and Commerce, and the fact was that there was a loss situation while he was Minister. He tried to indicate to the House this afternoon that they were in a profit position but this is not - and I'm sorry to say this, I really am - this is not the case. There was a loss situation at that time. I might add further that the purchase of equity of \$70,000 which we announced, occurred on March 31, 1970, which was the last day of effectiveness of operation of the former board of the Manitoba Development Fund. The new board that was appointed by this government took office thereafter and was not involved in the purchase of equity of this particular vessel. I say that, Mr. Chairman, try to say it dispassionately and for the record, so that all people of Manitoba will know what the facts are about this particular loan application.

MR. CHAIRMAN: (e)--passed; 58--passed; The Member for Fort Garry on (e)?

MR. SHERMAN: I'd like to ask the Minister if he can advise the Committee what the state and status of Lake Winnipeg Navigation is at the present time - what the projections are. The government, through the Manitoba Development Corporation, obviously feels that it's an enterprise worth priming, or re-priming; it's an enterprise worth preserving and saving insofar as is possible; and yet at other points in the consideration of the Minister's Estimates we'd had the statement made frequently that in the government's opinion, certainly a number of occasions in the immediate past, it has struck the government as being a non-viable industry, a non-viable operation. I'd like the Minister to explain to the Committee whether he feels that a non-viable operation can be turned into a viable one by the actions that the government are currently taking.

MR. CHAIRMAN: The Minister.

MR. EVANS: Thank you, Mr. Chairman. Well I -- you know, the Honourable Member poses a very worthwhile question. It is a question that we all have to face as Manitobans. Here is an asset that virtually, well, it does belong to the people of Manitoba. Now, how do we best utilize this asset? And, as I stated, the Company is now in receivership; the receiver has the authority of the Court to do with the vessel as he sees fit in the interest of the owners, in the interest of the lenders. And as I also indicated, the vessel is being put up for sale although I would think that the MDC in its wisdom would put in a reserve bid, because surely there is too much at stake to allow it to be sold at a ridiculously low price. So, having said that, I would say that having the receiver going through the actions of getting it ready for sale, in the meantime it was decided that the vessel should operate because it did provide an attraction for the Manitoba tourist industry, that it in itself did offer a tourist attraction, a tourist feature, and

(MR. EVANS cont'd.) . . . . that for this reason, for the externalities of it, that it would be better to operate it rather than to let it rust. As I said earlier, you know, just what do you do with such an asset? At any rate, I would think that the difficulty of it being profitable in the future rests with the very heavy capital debt that it's loaded with, and if that was made more realistic it could perhaps be made to pay its way, but in reality it has proved to be an unviable type of operation.

MR. CHAIRMAN: The Member for Fort Garry.

MR. SHERMAN: Thank you, Mr. Chairman. Can the Minister indicate what the total government investment is in this project up to this point, in round thousands of dollars?

MR. EVANS: I'm sorry, I don't have all the information with me but, as I said, in 1968 there was a loan of \$450,000 made and then there was an additional loan made of \$150,000 on May 6, 1969, so that totals \$600,000; and then on March 31, 1970, equity of \$70,000 was purchased. Now I haven't got the figures of costs of operation or any further input, but I can tell you - and this is no secret - that we did pay to have a feasibility study done on behalf of the company, and this cost some money and this was charged to the loan, in order to see just how we could, or how anyone could operate the vessel more efficiently, operate the company more efficiently. There were also some . . . debts, including wages, that weren't paid that we did, and this was done for compassionate as well as economic reasons, but I don't have the figures on the -- you know, there have been miscellaneous -- let's put it this way: there have been miscellaneous expenditures which have been added to the loan, but these are the substantial sums of the loan.

MR. SHERMAN: Well, are there advertising and promotional programs being carried on by MDC or by the Receiver at the present time with a view to selling the Lord Selkirk in promotional terms? I don't mean selling it to a buyer, but selling it as an attraction.

MR. CHAIRMAN: The Minister.

MR. EVANS: Thank you, Mr. Chairman. Well, obviously - I think we've all seen the advertising, or some of the advertising, and you can't operate a vessel of this type without trying to attract the clientele, and the Receiver has been spending money in the way of an investment, in effect, in order to attract the tourist trade, to cause the maximum utilization of the services of the vessel, not only in Manitoba but also in the Twin Cities and possibly elsewhere.

MR. SHERMAN: Well, Mr. Chairman, could I ask the Minister, then, whether it might be reasonable to assume that counting the loans that have been made and the purchase of equity position and the feasibility, the cost of the feasibility studies and the cost of the operating expenses, and some of the bills that hadn't been paid that the MDC has now picked up and paid, plus the advertising and promotion that's being carried on, that the government of Manitoba through the MDC has poured a million dollars into Lake Winnipeg Navigation?

MR. EVANS: I really can't give you a figure. I would if I had it with me but, as I said, there's at least \$670,000 and I would add at least another \$150,000 to that.

MR. SHERMAN: Does the Minister have in his own mind any cut-off point where the decision may be made not to pour another half million or another million dollars in?

MR. EVANS: Mr. Chairman, the point is that it is in the hands of the Receiver and, you know, the Receiver is an officer of the courts. Now I would think that -- you know, he is charged with the responsibility of doing the right thing, both in law and in terms of economic wisdom.

MR. CHAIRMAN: The Leader of the Opposition.

MR. SPIVAK: Mr. Speaker, I was absent for some of the Minister's statements with reference to Lake Winnipeg Navigation. I believe there was a suggestion, and if I'm incorrect I will not continue, but my colleagues have indicated there was a suggestion that there was some information that was not accurate that was furnished by myself with respect to the profit and the loss statement, and I talk in terms of cash profit and cash loss. Now, is the Minister suggesting that it was not a cash profit of \$11,000 in that first fiscal year and \$181,000 loss in the year that they purchased the equity? Am I incorrect in that? I'm talking cash loss; I'm not taking into consideration amortization or interest or depreciation. Well, you know, I'm assuming that the Minister of Industry and Commerce understands what the cash loss is and the cash profit is.

MR. CHAIRMAN: Order, please. The Leader of the Opposition's remarks are correct but it would necessitate a repetition on the Minister's part. The Member for Assiniboia. His

(MR. CHAIRMAN cont'd.) . . . . is-in Hansard. The Leader of the Opposition.

MR. SPIVAK: Well, Mr. Chairman, let there be no misunderstanding. I talked in terms of the cash operation and I did not take into consideration amortization or depreciation or interest costs. I wonder whether the Minister can indicate what the anticipated loss for this year will be with amortization, interest and depreciation plus cash loss. Is it not going to be in the neighbourhood of \$300,000?

MR. EVANS: Well, Mr. Chairman, I cannot indicate what the figures might be for this year - you are asking me to anticipate into the future - but what I am saying is that in the first year of operation of the vessel, or of the company, it was in a loss position. I think the honourable member indicated prior to the supper hour, supper adjournment, that it had earned a profit but there was a loss, cash and non-cash, right from the day one.

MR. SPIVAK: I wonder if the Minister of Industry and Commerce can indicate whether the Receiver did not request the government for permission, either Manitoba Development Corporation or the Government, for permission not to operate this year and either to lease or sell the asset.

MR. EVANS: I'm sorry, I didn't hear the question because of discussion around -- I don't know whether I should have to answer it anyway, because this is not a courtroom. -- (Interjection) -

MR. SPIVAK: Mr. Chairman, that's a very interesting remark that the Minister of Labour said. The Minister of Industry and Commerce continually stands up in this House and says, well, the matter was a matter before the Receiver and therefore it's up to him. I'm asking the Minister of Industry and Commerce, and this is not a question of policy: is it not a fact that the Minister, that the Receiver continued in this operation at the request of the government or MDC against his advice and wish, based on the figures and the prospects for the loss for this year?

MR. CHAIRMAN: The First Minister.

MR. SCHREYER: Mr. Chairman, I should think that it's hardly necessary to remind the Honourable Leader of the Opposition that any question of the Cabinet as to what kinds of policy options were considered in Cabinet, is the kind of question that he knows in advance will not receive an answer.

MR. SPIVAK: I wonder if the Minister can indicate whether the government has guaranteed to the Receiver and will indemnify him against the loss for this operating year, or will this loss be absorbed by Lake Winnipeg Navigation without any guarantee from the government?

MR. EVANS: Mr. Chairman, we have full confidence that the Receiver will carry out the operation of this company, of this vessel, in the best interests of the government and the people of Manitoba.

MR. SPIVAK: Is it not a fact that the Receiver has had to borrow funds to be able to operate this year? Did the government guarantee those funds or not?

MR. EVANS: . . . not a courtroom and even if I had the information I don't know whether I'd necessarily want to give it to him.

MR. SPIVAK: Mr. Chairman, I think that the answer of the Minister indicates the mess we are really in, in the fact that we can't get the facts and . . .

MR. EVANS: As I stated -- you know, the Leader of the Opposition was late as usual in coming into the House. I spent quite a bit of time explaining how his administration got us stuck for a loan of at least, let's see, \$600,000. Now here we have an investment that has not proven viable and, you know, we are doing our darndest for the people of this province, and he's getting up like a courtroom lawyer and trying to . . .

MR. CHAIRMAN: Order, please. Order, please. The point has been raised and the answer given, and apparently there is nothing further can be added to the debate. I find it quite repetitious. If there is something further to be added to this point -- the Leader of the Opposition.

MR. SPIVAK: Mr. Chairman, I'll make a prediction if I'm entitled to make one. My prediction will be that the company will lose \$350,000 to \$400,000 on the basis of cash loss plus amortization, plus interest and amortization, for this year, and the judgment that we in this House have to make, as a result of the actions and alternatives that were open and options open to the government, is whether the government properly executed its stewardship in this matter and properly at this point . . .

MR. CHAIRMAN: The Attorney-General, to a point of order.



MR. MACKLING: Mr. Chairman, I rise on a point of order. I think it's an abuse of the privileges of this House -- just a moment - for the Honourable Leader of the Opposition to indicate a weakness on the part of a Receiver. When there is a court action involved, a receivership of assets, and he's indicating that a loss will occur, he does a disservice to this House and to the government in this salvage operation, and I think he should withdraw.

MR. CHAIRMAN: Order, please. Order, please. The Leader of the Opposition's remarks were directed to the efficiency of the Ministry of Industry and Commerce's operations of the department and cast no aspersions on the Receiver per se. There was no point of order; it's a matter of debate.

MR. SPIVAK: Mr. Chairman, the question was asked whether the government gave any instructions to the Receiver directly or through the Manitoba Development Corporation, or whether in fact it guaranteed any loss that the receiver may have through the Development Corporation or by the government direct indemnifying the Receiver. Neither question was answered, and surely it's pertinent to ask or at least make some kind of prediction at this time, because I at this point have not received any answer from the members opposite whether they did or did not offer or assist the receiver in any way. The answer we have from the other side is: "That's part of government policy." Well, if it's part of government policy, then we ought to know about it. If in fact there were no instructions given, then at least say that there were no instructions given, no indemnification given, no guarantee given, but I suggest to you that if in fact the question is not answered and has not been answered at this time, my concern on the basis of the stewardship of the government as indicated in this particular situation and judgment that has to be made on their handling the affairs, that there is serious question as to their competence in the handling of this matter at this time.

MR. EVANS: Squirm as the Leader of the Opposition may, he got us into this mess.

MR. CHAIRMAN: Order, please. Once again, may I repeat that repetition is the mother of many things. The Leader of the Opposition.

MR. SPIVAK: Well, Mr. Chairman, if the answer of the Minister of Industry and Commerce is that answer, and that's obviously the answer that he's given, it's no answer at all. It is no answer at all. Mr. Chairman, it's been the tactics of the government on the opposite side to suggest that everything that they have to deal with now is really -- the blame must be attached to the previous administration, to the federal Liberals, to somebody else, but not to them. We are dealing with their accounting and their accountability to the people of Manitoba for their stewardship, and I'm suggesting, as I suggested before, that companies have in fact got in difficulty, that judgments have had to be made by the Manitoba Development Corporation and the government, in terms of the course of action and alternatives that were open to them, and we have a right to seriously examine their stewardship and to seriously determine how and in what manner they operated - as they examined ours - and I suggest, Mr. Chairman, that what has happened here is that the Minister of Industry and Commerce has not been prepared to give us forthrightly the proper answers in this House and, as a result, has left much to speculation and I have made a prediction - and I may be incorrect - and I have made that prediction not for the basis of in any way embarrassing the Receiver, because it's the only way that I know that we may get the other side to move, because they are not prepared to tell us in this House the information; they are not prepared to indicate what government policy is; and they are not prepared to indicate what course of action has been taken. And Mr. Speaker, we are to judge their stewardship, because if the judgment or if the prediction that I made is correct of the loss, or a loss that will be close to it, that would be absorbed by the government or even by the receiver, who in fact acted on behalf of the government or acted on the advice of the government, then I question at this point -- well, what do I recommend? All right. That's almost an admission that my figures are correct, Mr. Chairman. That's really almost an admission by the . . .

A MEMBER: Put up or shut up.

MR. SPIVAK: Put up or shut up? You put up.

MR. CHAIRMAN: The Attorney-General.

MR. MACKLING: Mr. Chairman -- oh, you didn't yield the floor.

MR. SPIVAK: . . . probably have to put up for lots in the next little while as well. Now, Mr. Chairman, I think we have to be realistic about what we are talking about. It's easy for the government to suggest that every problem that they have to deal with, that those things which they attempt to try and solve, if they have some difficulty, can be blamed on the previous

(MR. SPIVAK cont'd.) . . . . . government. That's a terrific - you know, a terrific political ploy, and, you know, if the Premier says it, it's pretty credible.

Well, let's look at the facts. Money was loaned by the Manitoba Development Corporation to Lake Winnipeg Navigation. Money was loaned. They got into difficulty. At the time that the government purchased the equity, at the time that the government purchased the equity they had an obligation to examine the purchasing equity, the prospects and the future for the company and the future for the boat itself. Now, Mr. Chairman, we have to examine what has happened. The boat is in difficulty; a receiver has been appointed; and it is operating this year. We are now dealing with people's money - and the question of judgment has to come in; notwithstanding the fact that the boat has had financial difficulties as to whether the course of action by the government is correct or not.

Now, Mr. Chairman, I have indicated before that once the government has purchased equity, I believe there is a greater onus on them than there was as a lender -- (Interjection) -- Oh, because I think there is an obligation because in fact they are shareholders, to ensure that the operation is running in every detail according to satisfaction. It's my belief, as a lender they have an obligation to be protected as any lender should be, but the manner of operation is the individual decisions of those people who make up the corporation or the group that in fact loaned from the Fund. But once they have taken shares there's an obligation, and I wonder whether the Minister of Industry and Commerce is going to be prepared to tell us how they happened to allow the boat to be frozen again this year as it was the previous year; how they allowed it not to be dry-docked properly so that the pipes wouldn't freeze this year as they did the previous year; why they did not spend the kind of money - and it was a very insignificant kind of money - that should have been spent to ensure that there wouldn't be damage again.

Now the government cannot discharge its obligation at this point by saying our position is exactly the same as that of a lender, because it is not - they're a shareholder, and they have an obligation to be involved in the management and their obligations are far more serious and far more important. Mr. Chairman, we will recite in time the various statements that the Minister has made about the equity purchase and the way in which the people of Manitoba are going to share in the profits by the government purchasing equity. I'm not suggesting that the boat did not get into difficulty but the question of judgment has to come in as to what happened afterwards, and for the Minister on the opposite side to suggest, "It's your mess; it was your loan originally and therefore we're in difficulty," still doesn't answer the question of his handling of the matter, particularly with the announcement that he made that he was purchasing equity, and particularly with the announcement that as a result of this we'd have a new policy in which the gain would come to the benefit of the people of the province.

Now, Mr. Chairman, I suggest that if we examine this, and I suggest if we examine Western Flyer, we are going to find two situations in which the government essentially has mishandled its responsibility; has not in any proper way discharged its obligation; and because there have been some embarrassing situations that have developed, are quite prepared to try and move the political issue to one of that of the previous government. Now at one point this has to stop because we have to analyze it, because in the case of Western Flyer the wrong really did take place, really did take place in the time of the present government, not of the previous government. It did take place at a time when the previous government had at least publicly indicated that its policy would be different, that it would in fact approach the Manitoba Development Corporation in a different manner.

MR. CHAIRMAN: Pursuant to Rule 19 (2), Committee rise. Call in the Speaker.

#### IN SESSION

MR. SPEAKER: The Honourable Member for Winnipeg Centre.

MR. J. R. (BUD) BOYCE (Winnipeg Centre): Mr. Speaker, I beg to move, seconded by the Member for Flin Flon, that the report of the committee be received.

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

#### PRIVATE MEMBERS' RESOLUTIONS

MR. SPEAKER: I should like to indicate to the honourable members that the following resolutions all were - there's five of them in a row - were adjourned, but they were adjourned while we were still under the previous rules. We are now under the 20-minute rule. Is it the wish of the House that I call on the members who adjourned them or shall it be open to the

(MR. SPEAKER cont'd.) . . . . floor? The Honourable Minister of Labour.

MR. PAULLEY: I believe, Mr. Chairman, that there was a general understanding or an undertaking that we would allow the person who adjourned it before the change of the rules, would be the first speaker if they so desired.

MR. SPEAKER: Thank you. On the proposed motion of the Honourable Member for Brandon West. The Honourable Member for Souris-Killarney.

MR. McKELLAR: Mr. Speaker, at the time the Honourable Member for Brandon put this resolution on the Order Paper, situations were entirely changed to what they are now, and it makes my speech a little more difficult to try to arrive at a conclusion. I think we're all aware of Mr. Benson's budget there just about two weeks ago, the changes that took place in the taxation, exemptions and elimination of estate and gift tax, installation of a new capital gains tax, and I think all these things would help the average person in Western Canada to a great extent. I had only hoped that the exemptions would have gone a little farther from \$1,500 up to \$2,000 for a single person, and up to \$4,000 for a married couple, in order to relieve them of some of the high costs of trying to live these days. But I think we must be happy for small mercies.

I don't know what position our provincial government are going to take regarding estate tax. I understand the Premier wasn't very satisfied when it was announced the estate tax was going to be eliminated, and I would only hope that he doesn't reinstitute estate tax here in Manitoba because this would be the final blow for all Manitobans. I'd like to congratulate the Honourable Member for Brandon because I think we all have to realize that if governments are going to take all our money out of our pockets, there's nothing left for each one of us to invest in the province where we live in and the country where we live. And Western Canada does need a shot in the arm. Western Canada needs it now, and I know that the budget, Mr. Benson's budget, will not make this possible very quickly. In fact, it will likely take about two years before we feel the effect of these changes.

One other thing, a tax reduction that I would like to have had, was one that I think the Honourable Member for Assiniboia mentioned in one of his speeches - was the 11 percent tax on building supplies. And also the 5 percent tax on building supplies is still part of our provincial taxation, and if we were really serious about, I think, creating homes for people in the Province of Manitoba, in the Dominion of Canada, I think that's one taxation that should have been relieved to meet the needs of the average person. How many people can actually afford a home? Very few people can afford to even own a home at \$10,000 income, and if we're going to be serious about construction of homes for the individual, then we'd better start right at the government level and reduce the 11 percent sales tax at the federal level and the 5 percent at the provincial level.

Now I don't know what else I can say, Mr. Speaker, because of the many changes, as I've mentioned, that have taken place, but I only hope the government, provincial government, assess all their taxation in the next few months before we come back here in November, and I hope that they don't reinstate estate tax for the benefit of the Manitobans because I think this is one tax that I could never see any justification, and I hope if they're going to reinstate or put on new taxes, that they take a look at some other taxes that might be available to them when the time comes.

I think that's about all I have to say, Mr. Speaker, other than to support my honourable colleague from Brandon West.

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

MR. PHILIP M. PETURSSON (Wellington): I'd suggest that they keep on pounding the desks for awhile because it uses up time - one way of getting the resolution disposed of. I must say, Mr. Speaker, that I feel very sympathetic towards the ideas that are reflected in this particular resolution. I agree with the idea of tax reduction; I agree with the principle of increasing employment; and if by reducing one we can increase the other, then we would certainly be achieving something. But it occurs to me that the causes of unemployment are many and varied and that the only cause for unemployment is not high taxes. If it were, then it would be a comparatively simple matter. When unemployment rises to unprecedented heights, then reduce the taxes to a minimum low and we'd have employment. It could be compared something like a tap that can be opened or closed either to fill or to empty a tub. That may not be a good comparison but I would hesitate to use any other bathtub facilities as an illustration.

(MR. PETURSSON cont'd.)

The fact of the matter is that there is no simple solution to unemployment. The Federal Government has found that it's a very complex and difficult thing, and I don't imagine that Mr. Benson had unemployment particularly in mind when he made the changes in the budget and in the tax rolls. There are those who feel that he was doing it to curry favour with as many of the electorate as possible in preparation for an early election, and an early election is something quite different from employment. Of course, an election would put a great number of people into employment in carrying on a campaign but it would be a very passing thing. Perhaps, not being an economist, I don't understand the workings or the mechanics of economics, but it may be that the mover of the motion is the prophet of a new day; that he has found a way by which unemployment can be decreased; and if, by the simple reduction of taxes, the problem of unemployment can be solved, then I am sure that not only the Federal Government but every provincial government would hail this prophet and welcome him with open arms. However, we know that the Federal Government know that this proposal is such an unreal and unrealistic approach that it could be classified as an effort in stupidity even to pretend that by such a superficial suggestion the problem of unemployment can be solved. I find it difficult to believe that the honourable member who proposes this resolution can be serious about it.

It reminds me a little bit of the old-time medicine man who travelled to country towns selling one brand of medicine that was supposed to cure everything; it was good for man or beast, and administered externally or internally. It was supposed to do just about everything. And the particular reference here to taxation as being the solution for unemployment is just a little hard to take. I'm in sympathy with the objective, as I said, to reduce taxes and I'm in sympathy with the principle of trying to increase employment, but I can't be persuaded that one necessarily follows the other. If it works one way, it might work the other way. If we could increase employment and by that reduce taxes, then we would also have achieved the same thing, but it's a matter of which we would try to do first, the one proposed in the resolution or the alternative of increasing employment and by that means reduce the taxation. It leaves me a little bit uncertain and a little bit confused, and I expect to remain that way until somebody enlightens me a little better and makes it possible for me to cast an intelligent vote. Thank you, Mr. Speaker.

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

MR. F. JOHNSTON: Thank you, Mr. Speaker. The statement the honourable member just made about the old-time medicine man is very true because the attitude, his attitude, or the government's attitude regarding this resolution, is just about what that is. Mr. Speaker, I have said before in the House that if you're going to have high corporation taxes you're going to have high personal income taxes and you're going to continue to tax products such as building products. You are not going to have construction. You are not going to have people wanting to live here. You are not going to have people that create jobs or invest money doing so in this province, and therefore you will not have employment - you will have unemployment. Now there's nothing really simpler than that, and when he mentions the provincial-federal government, the Federal Government are enamoured by a high-powered group of economists who are completely going backwards. They're the guys that say take land out of production and what have you when there's starving people in the world -- (Interjection) -- That's right. More salesmen. You should have them.

MR. SPEAKER: Order, please.

MR. F. JOHNSTON: In fact, if you want to talk about having people working, every time a man makes a sale of a product manufactured in this province somebody is working or making it. That's elementary, dear Watson. But, by the same token, to keep putting taxes on, continually putting taxes on and people aren't around to pay them, you're just not going to be going forward and you'll have unemployment. Now that's simple. So your one program that you have, basically your program is the government wants to spend all the money and be in basic control of the construction and what have you, and it won't work. And you'll end up that way if you have high taxes because other people won't come in and even compete with you. There's no sense taking a regressive attitude towards the economy in this province, walking around with your tail between your legs saying that it's the economic position of the Federal Government when you've got a province properly handled, properly put together and properly administrated that you can create jobs and have people working, and high taxes is one of the things that will create

(MR. F. JOHNSTON cont'd.) . . . . unemployment in a province faster than anything. The Federal Government has even started to realize they've had to reduce taxes, and the answer we get is, "That's what the economist says," and the economist is backward; he doesn't know how to go out and create a market. You've got to go out and move things, and once you start doing that you'll have people here, people manufacturing here, and once you get your tax structure that it's an advantage to come to Manitoba, for Heavens' sake; if you're going to invest in a hot dog stand you'll go and put it on a corner where there's traffic, and you'll pay more rent for that corner because you'll do business. Nobody is going to come and do business on a corner where there's no traffic and that's what you're making out of the Province of Manitoba with high taxes. So let's not be regressive, let's go forward for Heaven's sakes, and that's about what the attitude of the government is; it is the attitude of the old time medicine man who says high taxes will cure all - that's basically what you are saying - and they won't. High taxes will put you in trouble and you have to be competitive.

MR. SPEAKER: The Honourable Minister of Finance.

MR. CHERNIACK: Does the honourable member accept the fact that reduction in taxes by the Federal Government would increase the deficit, the annual running deficit of the Federal Government's operations and is that acceptable to him?

MR. F. JOHNSTON: No, not necessarily. That's quite a technical question but I can say no, I don't agree, not necessarily it won't.

MR. CHERNIACK: . . . the honourable member would permit a further question. On the assumption that he knows that the Federal Government now operates on deficit financing would he not have to recognize that reduction in taxation would necessarily increase the amount of deficit financing of the Federal Government, or in the alternative, does the honourable member not know that the Federal Government is operating on a deficit financing basis?

MR. SPEAKER: The Honourable Minister Without Portfolio.

HON. RUSSELL DOERN (Minister Without Portfolio) (Elmwood): Thank you, Mr. Speaker. I always learn something every time my honourable friend the Member for Sturgeon Creek speaks because his solution to unemployment is to simply hire a great number of salesmen and send those salesmen out, and as a result they will sell more goods and we will hire more people and we'll all become a nation of sellers, not producers but sellers, and as a result it will take up the slack in the economy and this is what he proposes as a theory of economics.

Mr. Speaker, the resolution - when I first read the resolution I thought that the concern of the member who introduced it was for unemployment and was a genuine concern on the part of the members opposite for the plight of the unemployed in our society and the suffering that that causes, but when we listen to the speeches of some of the members opposite then it seems to me that it's more of a concern for the profits that accrue to certain businesses. It's a concern for profit rather than for people, and because the whole -- the problem is stated but the solution will of course tend to benefit those who are the people who own businesses and who are in the middle and upper income brackets. They will certainly by this method, or this so-called solution benefit first, and it will only be at some later date and perhaps to a lesser degree that the person who is the worker on the production line, or the person who is unemployed and hopes that a job will be his fate, that he will benefit.

If you just make the type of tax cut, tax reduction that is proposed in this resolution, who will benefit? Will it really be the man that is championed by some of my friends opposite, as well as my colleague the Minister of Industry and Commerce, the small businessman, the Manitoba businessman who is trying to compete against the larger forces, the monopolies and the oligopolies and the international firms and the American firms and the foreign firms? Is that the person who will really benefit, or if you make just general tax cuts for business purposes, all of these, all of these groups will benefit, and so of what benefit will it be other than just accidentally for the small entrepreneur with his dozen or two or three dozen employees and then last and least, his employee at the bottom.

The real intent, or the economic thought behind this resolution is, of course, if by the tax cuts you will stimulate production - and that apparently is the problem - you'll stimulate more demand and as a result people will buy more goods and as a result it will take up the slack in the economy and we'll be back into full employment. Of course one of the problems we've been concerned with is the problem of inflation as well, but I think the concern of people on this side of the House is that by doing what is proposed in this resolution you accept, you

(MR. DOERN cont'd.) . . . . accept our present economic system, you accept our present social and economic system, and that is something that I think New Democrats are determined to change. They believe that there is room for improvement. We don't buy the system as it exists today. We don't share all of the values that are found in our society today, and neither do a lot of younger people as well as a lot of people who are underprivileged and a lot of senior citizens and so on. In fact it wouldn't surprise me if the greater majority of Canadians are in that group which is probably in that minority group. -- (Interjection) -- I beg your pardon?

MR. SPEAKER: Order, please.

MR. DOERN: Well, Mr. Speaker, the solution here really is more production, and then I suppose even my good friends in the Conservative Party would say we can look at reforms later - you know, surely there are a few things that should be done or could be done, but these are things -- we must gear up production first, first things first, and then we must look at the social needs and public needs and schools and hospitals and these other things that really aren't as crucial as the number of goods and the number of units of production. Well, Mr. Speaker, I think that the least that one could do, or the least that one would hope for would be that certain major reforms, certain fundamental reforms would go along with increases in production, and I think, in fact most New Democrats would prefer and would fight for basic reforms first and then be concerned with increases in production.

Mr. Speaker, as I say, one of the problems with the resolution is that it does in fact, by the present distribution of income, it assumes that the way people are paid today, the way rewards are distributed in our society is in fact the best of all possible worlds, and I for one cannot accept that. I know my honourable friend across the way, not the salesman but my honourable friend who was once a teacher and then rose to the illustrious rank of I think principal, and then possibly even superintendent - is that right? I think that he and I would share one conviction, and that is that we believe that people in that profession, relative to some of the other professions, are underpaid.

In other words, it's very difficult to explain how a person with a number of degrees like my honourable friend the Member for Crescentwood can earn a good salary at the university but yet another person with the same qualifications in the private world, either as a doctor or as an economist or something else, can earn two and three and four times as much money. That doesn't especially make sense to me, Mr. Speaker. It may make sense to the Member for Sturgeon Creek because he says that in the scale of things, when you look at the people who really count in society you don't look at the philosophers, the writers, the teachers and so on, you look at the salesman, Elmer Wheeler, first - "Don't sell the steak, sell the sizzle" - and it's the salesman of course who is going to go out there into rural Manitoba and increase the -- (Interjection) -- I don't know about that - he's going to sell more goods. The problem of course is what are people going to use to buy his goods?

Mr. Speaker, there's another solution I think that hasn't occurred to some of my honourable friends, and that is of course that if one wants to solve the problem of unemployment, I propose two solutions. One would be of course to increase government expenditures in the public sector - build more roads, build more public housing, build more schools, more hospitals, put more money into some of the cultural things in our society, combat pollution - these are all areas . . .

MR. SPEAKER: Order, please. I should like to indicate to all honourable members that debate is getting out of hand when we have continual interjections. Rule 40 states - I can probably say it by heart by now - and I don't think that I should have to remind honourable members continually by having to shout "order" to them. I'm going to say it seriously for the last time, I'll have no other alternative except to name members that insist on interrupting a debater. The Honourable Minister Without Portfolio.

MR. DOERN: Thank you, Mr. Speaker. As I say, one solution that my honourable members wouldn't support, possibly the Leader of the Official Opposition would, he at one time - I'm not sure whether my honourable friend still wears that descriptive label or not but at one time he was I think felt to be a Red Tory; he's sort of purple now, he's not quite as radical as he was before he became the Leader of the Official Opposition - but nevertheless he might, being a Harvard graduate, be able to see that an increased expenditure in the public sector would indeed be a way to combat unemployment and to provide our society with some goods that it needs.

Mr. Speaker, another solution which fits in with this particular resolution is the fact

(MR. DOERN cont'd.) . . . . that -- you see the basic thesis here of course is to cut taxes and as a result you are going to stimulate, give people more money, they'll buy goods, etc. etc. Well that's the basic thesis, but it fits in perfectly with that, to propose that what we could do is to have income tax deductions by increasing the basic exemption, the basic exemption for working people at the lower level. In other words, you could raise the basic exemptions for married people and as a result . . .

MR. SPEAKER: Order, please. I notice an honourable member smoking. Would he kindly -- thank you. The Honourable Minister Without Portfolio.

MR. DOERN: Thank you, Mr. Speaker, in fact I'm looking forward to the time shortly when we're able to debate the resolution of my honourable friend the Member for Wellington on cigarette smoking. We'll have some interesting comments to make.

Mr. Speaker, an increase in basic exemptions across the board, not just for people in the business community but for everyone, would in fact put money into the hands of people in our society, from people who are in the lowest income bracket to people in the higher income bracket too. They would all get a little more money, but of course the people who would benefit most would be the lower working classes and the average citizen, and that way you would increase your demand and at the same time achieve what would not be achieved by the original resolution; namely, you would in effect achieve a redistribution of income and I think give a break to the little guy, to the average citizen.

Well, Mr. Speaker, some of us were looking with some favour at the Federal Government and the Minister of Finance, Edgar Benson. We were looking with some optimism at great and radical changes in our taxation system, a more equitable system, a more rational system, and after seven or eight years of debate on the Carter Commission proposals and the agony of the Minister and the writings of the Honourable Leader of the Liberal Party and many other tax experts, it all came to nothing. The Minister of Finance made some changes, some good changes but in terms of the real heart of the matter and an opportunity to make fundamental changes in the Canadian tax policy, it just fizzed right out. I think it's been correctly categorized as well as an election budget, that Mr. Benson had an eye on the political thermometer, that that was what he was looking at and not at economic conditions.

Mr. Speaker, I think I've covered as much ground as I intend to. I say in conclusion that the original idea really is more of a concern for profits, profits first and people second, and I think it should be the other way around.

. . . . Continued on next page

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

MR. J. WALLY MCKENZIE (Roblin): Well, Mr. Speaker, I have a few comments on this resolution which I find very unique and very interesting, especially at this time in our history where taxation is on the lips of almost every citizen of our great Dominion. Many people across this country have debated what is the cause of our problems today - is it taxation; is it inflation; or is it government spending? Now I think the field has been narrowed down to it's one of those three causes and I basically haven't heard anybody carry the debate much farther.

But I find it very interesting, Mr. Speaker, if you refer back to the American Revolution, I think which was in 1776, the cause of that revolution at that time was the imposition of taxes on those people without the people having a voice in Parliament. If my memory serves me correctly, that was the cause of that revolution, and therefore have a say in the drafting of the laws in those days.

I humbly submit that this is one of the problems that we have in our society today, where those that are being taxed have no direct way of getting involved in the debate and saying whether in fact it is a fair tax or it's an unfair tax. We have many forms of taxation - income tax, surcharge tax, gift tax, a tax on electronics, tax on building materials, tariffs, it goes on and on and on and on. And how many of the average men on the street today, Mr. Speaker, have some basic say in some of the things that he's being taxed for? And I say, I humbly submit, Mr. Speaker, that, as with many things, the pendulum I think has completely swung around from what it was ten years ago and today the situation is almost the opposite, where the taxed are standing up and protesting all these things that are being imposed on them. And it's quite simple, the reasoning behind it all is because they haven't got the dollars to pay for it. Property tax today? There's thousands of people that can't pay their property tax in this province and in other jurisdictions across this country.

I humbly submit, Mr. Speaker, that the basic reason is we have too many people today that are having a say in the drafting of our laws that don't pay taxes. That's the root of our problem in our society today. The guy that's sitting in the back room, that's drafting our tax laws and drafting the whole setup, he ain't paying no taxes. He's used every gimmick in the book to avoid getting into that pitfall. And of course -- (Interjection) -- the honourable Minister of Finance laughs, but that is a fact. The men that assist you in your office to draft the one-city bill last year, sitting in the back room, these are the men that we never see out in the front street or the ones that -- those are the people -- in Ottawa today, look at the men down there that have been doing all the gimmicks of taxation with the Honourable Minister of Finance, Mr. Benson. You hardly ever see them on the street, but basically they are the ones that I am concerned about. And of course, Mr. Speaker, this, as I say, is where the public today have got completely fed up with all this taxation that we are imposing and the reasoning could be -- that's fine, I'm all for aid to Pakistan, I'm all for doing all the possible things that we can, but some place along the line it's got to equalize itself out. I'm not an expert in taxation, I don't pretend to be, but I see little men today being taxed right out of existence.

Sure, the Honourable Minister of Finance in Ottawa came on with a great budget speech the other night and he has changed, he has shifted his position completely from what it was twelve months previous. I think he's finally recognized that there is a concern amongst the people, the little people, the guy that has to pay the shot. I recognize and thank him for what he did, but at the same time while he's maneuvering and all that positioning, he quietly moves in with something that nobody doesn't know anything about, the capital gains tax. A brand new philosophy in taxation that we haven't explored in this country yet. It's been in other jurisdictions but now we're going to have - he backed off on the estate tax and the gift tax and the three percent surcharge, but now he's got a new gimmick and likely maybe it will be more -- maybe it will be less painful, it will be more painful.

It was interesting, Mr. Speaker, not too long ago I read a novel - what was it? -- "In The West" by a chap named Shute I think was his name -- (Interjection) -- Nevil Shute, yes, where he gave us a sort of glimpse into the future - I found that very interesting - to a time when the citizens would have a multiple vote was a philosophy of his wisdom, in that additional people would have additional votes for being granted various contributions to the state or to the educational level or to whatever form that would be their choice up to a maximum of - if my memory serves me correctly - six or seven votes I think that they would have, additional votes for contributing "X" number of dollars to society.

And that, Mr. Speaker, I think may not have been a bad idea and the future may be a lot



(MR. McKENZIE cont'd) . . . . . closer than Mr. Shute was thinking about at that time. The Honourable First Minister shakes his head and thinks that maybe - well because increased welfare, catering to the employable unemployed will surely bring about the ruination of this country, will sure as I'm standing here, because with progressively higher and higher and higher taxation we can't survive. I think that's inevitable. It seems to me that one of the ways, Mr. Speaker, to protect against that type of a society or to protect against that kind of an economy, and indeed I think it's a sensible way, would be to grant the vote to only those who pay taxes. The Minister of Finance shakes his head in agreement, and possibly one or two additional votes for . . .

MR. SPEAKER: Order, please. Matter of privilege. The Honourable Minister of Finance.

MR. CHERNIACK: I believe I heard the honourable member state that I indicated by my head motion that I agreed with his statement that people who pay taxes should be the only ones who should be allowed to vote. If he made that statement I think I have a point of privilege to categorically deny any association with that kind of philosophy.

MR. SPEAKER: The Honourable Member for Roblin.

MR. McKENZIE: I'm quoting from the wisdom of Nevil Shute in his . . .

MR. SPEAKER: Order, please. On the point of order raised by the Honourable Minister of Finance and question of privilege in the interpretation the Honourable Member for Roblin placed, I would suggest that he withdraw the assertion he made in respect to the Honourable Minister of Finance. The Honourable Member for Roblin.

MR. McKENZIE: Certainly, Mr. Speaker. I guess maybe the Honourable Minister of Finance was nodding that I was making a good speech then. He was nodding to something and I just took it for granted that he was nodding in support of the remarks that I was making and maybe he wasn't. But anyway, Mr. Speaker, -- (Interjection) -- Certainly. I have no quarrel with the Honourable Minister of Finance about my remarks. He was nodding and I took it for granted . . .

MR. SPEAKER: The Honourable Minister of Finance on a point of order again.

MR. CHERNIACK: Now I understand -- no, it's a matter of privilege. Now I understand the honourable member to have said that he has no disagreement with me on my nodding in support of his speech. Now if he said that, again he's going to have to withdraw it because I cannot be associated with his speech and I never indicated that.

MR. SPEAKER: The matter of privilege is well taken. The Honourable Member for Roblin.

MR. McKENZIE: Well, Mr. Speaker, I ask you, what was he nodding for?

MR. SPEAKER: Order, please. I would suggest to the honourable member who has the floor if he's going to participate in the debate that he debate the question before us, that he not make inferences or impute any motives to anyone in the Chamber and then he won't have any difficulty in respect to decorum or in respect to matters of privilege or a point of order. The Honourable Member for Roblin.

MR. McKENZIE: Thank you, Mr. Speaker. But I'll carry on with the wisdom of Nevil Shute, and if my memory serves me correctly, Mr. Speaker, in his wisdom he said when the lawmakers realize that the lazy and indifferent no longer have a vote, then they will realize and they will not be so anxious to cater to them, if my memory serves me correctly in the summary of his remarks.

But anyway, Mr. Speaker, this I think is a very sensible resolution. I can recognize the problems in my community, in the area that I represent on that type of a basic resolution, and while a lot of people today are sighing in great relief of the wisdom of the Minister of Finance and the fact that he has removed the three percent surcharge, he's removed the gift tax, he's removed the tax on electronic equipment, that is a little bit of help but not near enough. There must be some other way to get the economy going in this country, to get the economy going in my constituency.

I was hoping to have a chance tonight to speak to the Minister of Industry and Commerce as to what regional development he's got in mind for Roblin constituency. I basically don't think that he has very much in fact because it's just economic nonsense to try and do something out there. The tax laws will not permit you. The cost of transportation will not permit you or the inflated dollar and ta da ta da or government spending. Government would much rather today spend money on their own programs to get votes than to provide economic development

(MR. McKENZIE cont'd) . . . . . to the rural people. Just the policies of the Federal Government are quite evident. What have they told us in western Canada for the last ten years? Nothing. The Minister of Industry and Commerce and a delegation go to Ottawa about the air base; nothing happened. And why? The simple reason is they want to spend the money themselves for votes. That's the simple reason. Tax them and then control the political patterns of the day.

I submit that this is an excellent resolution, Mr. Speaker, and I fully support that be it resolved that the Federal Government be urged to immediately reduce taxation so that we can reduce unemployment and provide stimulus to an economic growth in western Canada and especially in my constituency.

MR. SPEAKER: The Honourable Minister of Finance.

MR. CHERNIACK: Mr. Speaker, would the honourable member permit a few questions? Does the honourable member believe that old age pensioners who have no other income but their pensions should be denied the vote? Does the member not recognize that old age pensioners who have no income other than pension are not taxpayers?

MR. SPEAKER: The Honourable Member for Roblin.

MR. McKENZIE: . . . member repeat his question. I didn't hear your second question.

MR. CHERNIACK: Does the honourable member not realize that an old age pensioner who is in receipt of pension only comes under the exemption and therefore does not pay taxes to the Federal Government?

MR. SPEAKER: The Honourable Member for Roblin.

MR. McKENZIE: An old age pensioner that doesn't qualify for the supplement - would the honourable member repeat it?

MR. CHERNIACK: Well, Mr. Speaker, if I may. I understood the honourable member to state that he believed that people who don't pay taxes should not be allowed to vote.

MR. SPEAKER: The Honourable Member for Roblin.

MR. McKENZIE: Mr. Speaker, I'm quoting from the wisdom of Nevil Shute. If the Honourable Minister didn't hear me, I mentioned his name, that I was quoting from the wisdom in his book "In The West" if I understood him correctly.

MR. SPEAKER: The Honourable Minister of Finance.

MR. CHERNIACK: Just to clarify for my own mind, does the honourable member support the wisdom of Nevil Shute?

MR. SPEAKER: The Honourable Member for Roblin.

MR. McKENZIE: Partly.

MR. SPEAKER: The Honourable Minister of Finance.

MR. CHERNIACK: Mr. Speaker, just to clarify my understanding of what the honourable member said, does he accept that part of Nevil Shute's wisdom that says that people should not be allowed to vote unless they pay taxes, and indeed they should have multiple votes depending on the amount of taxes they pay?

MR. SPEAKER: The Honourable Member for Roblin.

MR. McKENZIE: Again, partly.

MR. SPEAKER: Order, please. I'm afraid that this line of questioning isn't going to get us anywhere. Apparently the clarifications aren't coming through. The Honourable Minister of Finance.

MR. CHERNIACK: Mr. Speaker, then may I embark on a few other questions but not related directly to Nevil Shute? It's clarification of the honourable member's speech that I want and he doesn't have to -- he knows he doesn't have to reply to my questions or even permit them. Would he permit a few? I'm wondering whether the honourable member supports the wisdom of Lawrence Welk?

MR. SPEAKER: The Honourable Member for Roblin.

MR. McKENZIE: Mr. Speaker, that's an excellent question because I was a professional musician for part of my life, and if you'll give me about ten minutes I will explain to the Honourable Minister of Finance some of the wisdom of Lawrence Welk and his fine music. I think Lawrence Welk as a musician is a terrific person. I think he's done a lot for the American folklore. I like the polka music that he plays; I like some various singing groups that he's had; I think he's been a real asset to the musical world in our society and . . .

MR. SPEAKER: Order, please. I believe we're on a question in respect to taxation. I should have ruled the question out of order because it really didn't pertain to the honourable

(MR. SPEAKER cont'd) . . . . member's speech. The Honourable Minister of Finance.

MR. CHERNIACK: If the honourable member permits a further question along the lines that I asked a previous speaker, does the honourable member agree that support of this resolution will encourage the Federal Government to go into further and deeper deficit financing of its annual budget and is that acceptable to the honourable member?

MR. SPEAKER: The Honourable Member for Roblin.

MR. MCKENZIE: Mr. Speaker, I'm not an economist, I never professed to be one, and deficit financing to me — I sometimes think at certain times and certain occasions government must move itself into a deficit financing position if there's various catastrophes in the world which will indicate a deficit financing, but basically I am still opposed to any government who — and as we have the example in Ottawa today — who are saying that taxation, inflation and government spending, everybody is blaming those things on the cause of unemployment today. I think it's one of those three problems. I don't think that deficit financing has caused any of the problems that's in this resolution, and whether in fact it would be good to look at it in either vein, I'm not an economist, and I don't profess to be one. I recognize that in times of war or catastrophe, dried-out periods in western Canada or government problems, then deficit financing certainly has to be recognized. But I can't see for a healthy economy in the day and age in which we're living in today that we should be in a deficit position consistently to try and buoy up our economy. I just can't buy it. I think our gross national product and getting out in the world and selling our goods and services which we have in this country and our resources will do much more for us than moving into a deficit position and going into programs that don't bring any dollars in or don't create jobs.

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

MR. ENNS: Well, Mr. Chairman, I apologize for not being in the House a little while ago but I assume from the Minister of Finance's line of questioning to my learned friend and colleague from Roblin that it was on the question of deficit financing, as to whether or not government should be encouraged to reduce taxation, thereby incurring a program of deficit financing, whether that in fact is the economic route that any government or country should travel.

Mr. Speaker, let me just say a few words. There is a very genuine and honest belief on those of us who have some faith in the private sector in our economy and we believe that it is admirably demonstrated from time to time, most specifically by that neighbour of ours to the south, when the administration some two years ago, or a year ago brought about a significant reduction in the general level of taxation and thereby realized a net increase in government revenues, and this is of course, this is precisely the essence of the resolution that the Honourable Member from Brandon has in here. It's not spelled out but it's implied, that if we realize the tremendous load, tremendous burden that government expenditures, both federal and provincial, are placing on our ability to produce, our ability to be competitive with what we produce, then there comes a time when you can honestly afford to sit back and seriously contemplate across the line, across the board reduction in taxation and, in fact, not be in the position that the Minister of Finance is attempting to attribute will happen, that we will have a government that faces deficit financing; rather the precise opposite effect — and there are enough reasons to believe that this can happen — that it will buoy up the economy; that more jobs will be created; that our products will be more competitive around the world. And we are a leading exporter in this world; we are an exporting nation, whether it's in newsprint, whether it's in our agricultural resources, whether it's in our secondary industries, our hardware that our industry produces and that we have to find markets for, because in a country such as ours that is geared in a very highly industrialized way, with a limited population of some 20-odd million people, we depend, Mr. Speaker, we count on export and competitive pricing of our produce to maintain the necessary social levels of services that you fellows keep insisting on and that we agree in most instances have provided for the citizens of this country. So I'm just — you know, Mr. Speaker, what this resolution is really saying is that by considering this resolution seriously, particularly with the lead taken by the Federal Government, and perhaps this resolution has all the more importance at this particular time because there is an overriding concern, I think, by many Manitobans, and rightfully so, because of remarks made by the First Minister, because of indications given by this government in the past, that those of us in Manitoba stand a very poor chance of realizing some of the reductions in taxation that were recently announced in the Benson budget.

I think the First Minister has already indicated that certainly the question of estate taxes

(MR. ENNS cont'd) . . . . . and gift taxes cannot seriously be considered by this government, so what we are automatically saying is that while most other Canadians are going to find relief in this particular federal budget that's been called by some an election budget, we in Manitoba won't. I would also go on to say that it's highly unlikely, in my judgment, that we will be the beneficiary of the reduction of the three percent surcharge on personal income tax because, Mr. Speaker, one of the easiest taxes to retain by a government that needs new money - and I think the budget that the Honourable Minister of Finance brought down not so long ago indicates that we do need money in this province, and this government particularly needs money in this province - that it's highly unlikely, highly unlikely that this government will forego that enviable of all positions, and I speak as a former government member.

You know, once a tax is imposed - we are all creatures of habit - once we are used to paying that taxation at that particular level, you don't get any great thanks, really, for reducing it, particularly if you have to put it on in another source, so the easiest out for the present government is to find some way, indeed I think you'll find it quite directly, is to maintain the surcharge on personal income tax, that we will see the mini budget that's going to be introduced in this very Chamber sometime in late October or November by this government, that we will see the retention of the personal income tax at the level that it now is in Manitoba. As has already has indicated, we will also probably see the increase of taxation in several other fields highly unpopular, but I would suspect, Mr. Speaker, that we will not see those measures taken until some political events come to pass in this great nation of ours that perhaps would have some bearing on the over-all popularity of the New Democratic Party in this country.

So, Mr. Speaker, let me simply underline the facts, the basic fallacy that the Minister of Finance tried to trap my honourable friend and colleague the Member for Roblin into, and others - the Member from Assiniboia or Sturgeon Creek - by suggesting that by bringing this proposal of a reduction in the general level of taxation, that we automatically have to face deficit financing. Well, that just isn't the case. It is not the case for those who have some faith in the economy of this country, some faith in the entrepreneurship of Canadians, some faith in our business ability, some faith in the production of our workers in our factories, some faith in the production of our farmers on our fields in Manitoba.

Now we know that if given a reasonable chance and if you take the burden off our shoulders, that we can compete with anybody in this world and we can sell our product to anybody in this world, and we'll do it. But we are, at this particular stage, faced -- and we don't tell this to each other often enough; we are a long way down the path of socialism and you fellows haven't put us there; we've done enough of it ourselves in terms of government progress and loading of government services, but there comes a time of realization and I would suggest to you that we are just about at that point now when other important trading members that we have been trading with are forming themselves into very significant trading blocks. Let's not overlook -- you know, we haven't talked about the entry of Great Britain and Denmark into the European economic community. Let's not fool ourselves that that's not going to have an effect here in Manitoba and in Canada, and if we blindly close our eyes to the fact that this country, this province, exports 60, 70 percent of all wheat produced . . .

MR. SPEAKER: Order, please. The hour is 10 o'clock. The House is accordingly adjourned until 2:30 tomorrow afternoon.