

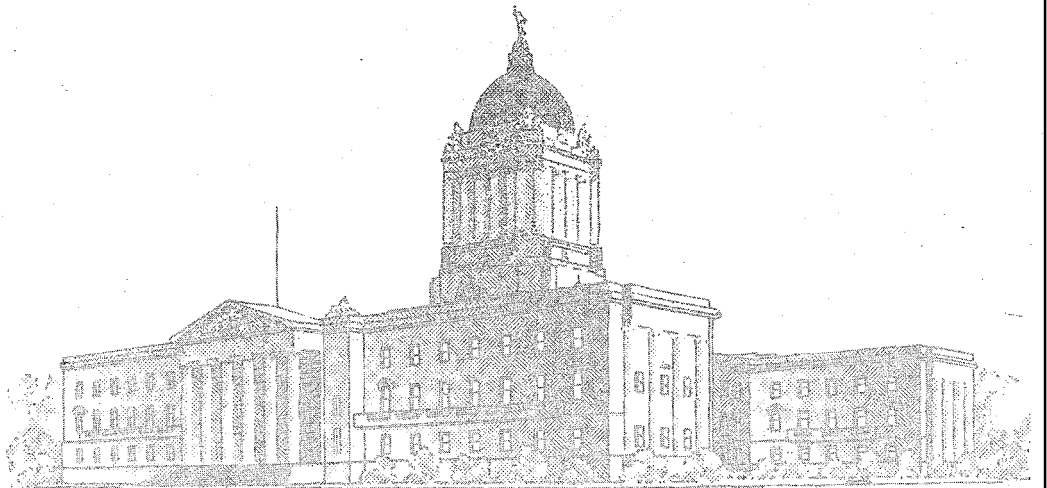


Legislative Assembly Of Manitoba

DEBATES and PROCEEDINGS

Speaker

The Honourable A. W. Harrison



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8:00 p.m. Thurs. October 19, 1961.

4th Session, 26th Legislature

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THE LEGISLATIVE ASSEMBLY OF MANITOBA

8:00 o'clock, Thursday, October 19th, 1961

Opening Prayer by Mr. Speaker.

MR. SPEAKER: Presenting Petitions

Reading and Receiving Petitions

Presenting Reports by Special and Standing Committees

Notice of Motion

Introduction of Bills

Orders of the Day

HON. STERLING R. LYON, Q.C. (Attorney-General) (Fort Garry): Mr. Speaker, before the Orders of the Day are entered upon I was asked a question by the Honourable Leader of the Opposition at the afternoon session and I have taken the step of asking the RCMP in the intervening time as to what information they could give me with respect to the queries he put. The only advice I was able to obtain from them was that with respect to registering all persons of Chinese ancestry in the Province of Manitoba, they know of no such registration. This is not being done by the RCMP, if it's being done by anyone. With respect to the question of stopping of persons of Chinese origin on the street with respect to identification, again the answer was negative. Any other matters that related to the Bill of Rights, here also the answer was no. I would presume that any information that he has, that the Honourable Leader of the Opposition has, which he could give me in more detail, we could have it checked out, to determine just what was happening - - but I do presume that anything that arises as a result of the information he obtains would be in connection with the Immigration Act, which, of course, would not be a matter within the jurisdiction of either my department or this House. But I'll be quite happy to look into any further enquiries that he may have along this line. The short answer is that we know of nothing and the RCMP know of nothing to substantiate what he asked me.

MR. GILDAS MOLGAT (Leader of the Opposition) (Ste. Rose): Mr. Speaker, if I may, I want to thank the Minister for his reply. The complaint was made to me, as I mentioned to him very shortly before the House. I have had no time to check into it; I will do so.

MR. SPEAKER: At this time I wish to make an announcement. A memorial service in the memory of the late Dag Hammarskold will be held on United Nations Day, Tuesday, October 24th, 1961, in Holy Trinity Church, Smith and Graham, from 12:15 to 12:45, under the direction of the Rev. Canon Kelly, Director of Holy Trinity; Rev. Nelson Mercer will pay the tribute to the late Secretary-General; Swedish Consul will read the lesson; and there will be choir in attendance. Representatives of the armed services, legions, city and government have been invited to attend. This invitation is also being extended by the United Nations Association in Canada to the Executive Council and to the Members of the Legislative Assembly of Manitoba -- as many members as can accept this invitation and attend this service if at all possible.

Orders of the Day. Adjourned debate on the proposed motion of the Honourable the First Minister that Bill No. 2, An Act respecting Income Tax be now read a second time. The Honourable the First Minister.

HON. DUFF ROBLIN (Premier) (Wolseley): There is one thing, Mr. Speaker, of which I can be quite certain in making reference to this debate and that is to say that it has been a full and exhaustive discussion of the subject that is before us. And I think I may claim with accuracy that so far as has been able, every member of the House has had an opportunity to express his view and that there has been no effort made on any part to curtail the discussion and consideration of this important subject. That is, Sir, exactly as it ought to be because for generations in Canada, the question of federal-provincial fiscal relations has been of absorbing interest. I can illustrate this by a well known story that tells of a series of essays that were written by students in various countries of the world on the subject of the rhinoceros. The boy who wrote in German was able to write about the morphological and physiological characteristics of that animal called the rhinoceros; the French lad spoke of the love life of the rhinoceros; the boy from the United States wrote of the rhinoceros in the Cold War, neutral or non-allied; the Canadian student wrote of the rhinoceros of federal or provincial responsibility.

As I listened to what has been said in the House on this occasion, I was thankful that I had a robust constitution; that I was blessed with a hopeful outlook on the future of this province and of the unity of our nation; and most of all, Sir, that I claimed a kindly feeling toward politicians

(Mr. Roblin cont'd) of whatever stripe, and from whatever side of the House they may have spoken. And although I may, in listening to some of the comment, wondered about my correctness in that expression of kindly feeling, my hopes for my fellow politicians I think we're fully justified when we listened to one address on this subject, to which I feel bound to make a special reference. That is, of course, to the speech that was delivered here this morning by the Honourable Member for Lakeside, when he gave to us the story of the development of this trend and train of events in the field of dominion-provincial fiscal relations, trace the record of this province through those deliberations and referred to the facts upon which the whole concept was founded. And I followed him very closely, Sir, because there is none in this House who deserves to be listened to with more attention, certainly on that subject, than my honourable friend - - because I can say without any semblance of flattery whatsoever that he has played his part, and an honourable part indeed, in the formulation of our concepts in connection with this matter of dominion-provincial fiscal relationships. And I followed him through the war years; through his associations with other premiers; and I know that he will be glad to hear that that feeling of a common Canadianism which he describes as having started to grow more vigorously in those days, still continues and I can vouch for that feeling of mutual citizenship that exists between those premiers today, as it has been my good fortune and experience to know it. And I can follow him, Sir, up until the time when he came to his summation and his review of the situation in which we find ourselves today, when we are asked to approve of a new dominion-provincial fiscal arrangement. I agree with his assessment of the Rowell Sirois Report; I agree with his assertion that Manitobans are of one mind in this matter; I agree with his claim that the policies which this administration were following were based upon the foundation that he had laid - - and I willingly make my acknowledgement of that fact. But why is it, Sir, that when he came to the present situation he chose to depart from that path of strict historical and factual accuracy which I believe he had maintained up to that moment? Perhaps there is nothing so fatal to an investigation of the truth than a preconceived idea of what that truth is and I believe, and I say this with regret, that my honourable friend, in my opinion, by recourse to the temptation of exaggeration did serious damage to the otherwise excellent presentation that he laid before us then. Because as I wrote down the words he used, I found that he concluded that these present arrangements, embodied in the legislation that is before us in Bill 2, represented for him, and these are my quotations: "a complete negation of the Rowell Sirois Report; an abandonment of equalization; and completely contrary to the best interests of the Province of Manitoba." And I think that those, perhaps word for word represent his conclusion on the matter that lies before us. Well, Sir, in my opinion the defects of the present arrangement are obvious enough

MR. D. L. CAMPBELL (Lakeside): I think my honourable friend will find that equalization was qualified to the extent of it being on a different basis to before.

MR. ROBLIN: Mr. Speaker, that is not my recollection of what my honourable friend said. But if it is his view of the matter, then I think it represents a very considerable advance over what I understood him to say. Because it is perfectly obvious to this House, and we have maintained it on this side, that the defects of the present arrangement are sufficiently serious to make it quite unnecessary to stretch the facts in any direction because the plain fact is that regardless of its defects; regardless of those things which we believe are not satisfactory for the Province of Manitoba; this arrangement does not involve a complete negation of the Rowell Sirois Report; it does not represent an abandonment of equalization; and it is not completely contrary to the best interests of the Province of Manitoba.

If one is to read the federal legislation, one finds, as I explained in my introductory remarks that the principle of equalization, the fact that we should receive payments from the wealthier provinces to the less wealthy provinces in Canada, is emphatically without any doubt and devoid of the possibility of contradiction contained in the matter that is before us now. It is enough to say that the formula is not the best formula for us but it is too much to say that the Rowell Sirois report is abandoned, and that equalization has been discarded, and this is completely contrary to the interests of the Province of Manitoba because, Sir, in this coming year under the new arrangement equalization will mean \$12 million to this province. That's not entirely contrary to the interests of the Province of Manitoba; nor does it represent a complete negation of the Rowell Sirois report. And I say, Sir, that while I will join with others who expressed their

(Mr. Roblin cont'd) regrets at the fact that the formula has been altered in respect of equalization from the two highest provinces to the Canadian average, I do not think, Sir, that we should overstep the bounds of accuracy, or of fairness, because, regardless of one's political views, I think a certain element of fairness will be expected by the people of the Province of Manitoba when we account to them for what we are doing. It seems to be a mistake of the first magnitude that we should allow our opinions and our views to carry us so far as to exceed the bounds of the literal truth and not to recognize the facts as they are, and for all its defects and I have named them, this agreement that provides \$12 million of equalization for us is worth something for the Province of Manitoba. And I tell you, Mr. Speaker, that if it had been true that the Rowell Sirois report was completely abandoned; or that equalization had been discarded in total; I would not be here on this occasion. I would be before the people of this province in a general election. That's where I'd be. But that's not the case, and that's why I take the responsibility, and my friends take the responsibility, of piloting this measure through the Legislature of the Province of Manitoba.

What shall I say about the contribution that has been made by some of the other gentlemen in the House? What shall I say about the Member for St. John's, who, although he was not alone in this opinion, seemed to think that Manitoba's representative in my own person had been something less than adequate in the negotiations which took place at Ottawa; that the province had not been well served in the case that I made in their interests with the Federal Government, and with the other provinces of Canada? That's a rather difficult charge against which to defend oneself. I could refer to the fact that I was one of ten provincial premiers -- yet I do not wish to take refuge behind that situation. I could bring into this House the opinions of observers who write in the press, and yet no one would expect me to do that because it is beneath the dignity of self-respect. I must be content to let my fellow citizens judge me on that account. I must be content to let them recall the attitude I took in October 1960 when we were presented with the first proposals of the Federal Government -- and if anyone thinks that there could have been a more emphatic or positive statement of the views of this Province of Manitoba when we were threatened with the loss of equalization in a proper sense at that time, then I must leave him to that opinion. Because I, Sir, did the best I could, as I think other provincial premiers did, and we were under the iron necessity, and make no mistake about this and no one knows it better than my honourable friend the Member for Lakeside, who sits across here now. We were under the iron necessity of making the best possible choice of the alternatives that were open to us. That, Sir, is what we have done. That, Sir, is not only what I did, it is what Douglas did, and LeSage did, and Robichaud, and Manning, and Bennett, and the rest. But I am content to be judged on my own record and I leave my defence to the interests of this province to the judgment of my fellow citizens.

I don't think, Sir, that I will spend much time on, for example, the contribution of the Honourable Member for Ethelbert Plains with the force of an imagination which I can only describe as rich, involuted, and oriental. He found behind the activities of this administration the evidence of a deep died plot; the evidence of a degree of financial foresightedness and of manipulation that would have done credit to the man that created the south sea bubble. But all my friend did over there was to create a bubble of his own -- one that is burst by the facts.

What shall I say about the Honourable Member for LaVerendrye who claims that we could have improved the premium situation before. He obviously is not very well acquainted with the facts of the tax rental agreement which is expiring now, if he thinks we could have done that then within the terms of the agreement and to have the money collected by the Government at Ottawa. Does he not think that that was not explored? Does he not think that we did not see whether any graduated series of premiums would be accepted by the authorities at Ottawa in this connection? Does he not believe that we examined every nook and cranny for additional revenue in order to avoid this increase in hospital premiums, and looked at the question -- somebody said the liquor tax. We'd have to double our take from the liquor tax, and then some, to come anywhere close to be able to solve the question of increased hospital costs. I'm not going to spend too much time worrying about the opinion of my honourable friend from LaVerendrye in that respect because it is too far from the facts to be of any importance; and if my Honourable Member from Carillon would like to associate himself with those sentiments, well I invite him to do so willingly.

(Mr. Roblin cont'd)

I won't follow the Honourable Member for East Kildonan who said that no Conservative Government at any time or any place or anyhow could ever do anything good for the people of the country. I leave him to walk down the blind alleys of his prejudice and he can walk around in the dark when he gets to the bottom of the road -- but I will not be with him.

I don't know what to say to the Honourable Member for St. George to whom a refund is not a refund, and who really doesn't believe that we are going to refund to those who have paid premiums since July on the payroll basis some \$2.00 out of the \$6.00 that they have paid, if they happen to be married. He'll just have to wait and see what the facts are when the money is refunded in one way or another but he is going to find that it will be there.

MR. E. GUTTORMSON (St. George): Mr. Speaker, I said the money would not be retroactive till July 1st of '61, and that is correct.

MR. ROBBLIN: I am not going to repeat what I said on the first occasion except to remind the House that I made reference to people who had paid premiums since July and the point is perfectly clear.

Now, Mr. Speaker, I am going to say something about the Leader of the Opposition's contribution to this debate because he did produce one or two lines of argument that, with the best will in the world, I find it difficult to follow. Now it must be admitted that this whole question of tax adjustments with Ottawa is a very difficult and complicated matter. I don't claim to be a thorough expert in the subject at all, and I don't suppose I should object if other members seem to me to have less than a perfect grasp of the facts that are involved, but there are limits, and I think they were reached by the Leader of the Opposition. He was opposing the bill that is before us on one or two main grounds, and one of them is that he is opposed to a provincial income tax. Mr. Speaker, is he not aware that the province has never abandoned in these current agreements its decision in respect of income tax? Is he not aware that the tax rental agreements which are expiring now contain an element of provincial income tax? Does he not know that the main difference between the two arrangements is that in one case we rent the field to Ottawa and they collect our tax for us at agreed rates; and the other that they refuse to collect it unless we set the rate ourselves, and they have based their tax by the amounts that they are allowing us? The question of provincial income tax is implicit in tax rentals. It's never been given up. Where does he think the money has been coming from in provincial income tax payments received through the tax rental system with Ottawa? It's inconceivable to me that he should say that I'm opposed to provincial income tax when we've had it all these years, and when we've been receiving our revenue on the basis of that provincial income tax right. And now, because there's this difference that the province has to declare the rate itself, instead of declaring it through an agreement with Ottawa, that's something different. That's going to bring a new kind of money and tap new kinds of people with respect to the revenue that comes into this province. It will do no such thing, Mr. Speaker. If Ottawa continued the tax rental agreements our people would still be paying the 16% that we are now going to charge them under the tax collection. They would still be paying to the dollar, the exact same amount under the 16% formula that I have referred to, whether it's under tax rental, or whether it's under tax collection.

And, Mr. Speaker, we are no more able under tax rental to put our hands into the pockets of the taxpayers of the Province of Ontario in this respect than we are at this very first moment if this bill goes through. Where did members of the House get the idea that somehow or other, under one agreement or the other we could put our hands into the pockets of the taxpayers of Ontario, or the corporations of Ontario, in a way that we do not do now? It simply is not correct and how my honourable friend, the Member for Lakeside could allow his colleague to pursue this illusion so far is something that really escapes me at this moment. If my honourable friend had said: "I'm not talking about that at all, I'm talking about the equalization formula," then he'd have something to talk about because that's the place where we get to put our hands into the pockets of the taxpayers of Ontario, through the equalization payments, but he didn't say that, and he said that he opposes this agreement because it has a provincial income tax in it. Well I say to him, that the provincial income tax element was just as existent in the tax rental as it exists in the Tax Collection Agreement, and that under tax collections we are no more inhibited in that respect, and under tax rentals we have no power at all, to put our hands into the pockets of the taxpayers of Ontario insofar as striking our provincial tax rate is concerned. That can only be

(Mr. Roblin cont'd) done through the equalizations element which is the part that is so important to us in this province. But to deny a provincial income tax; to deny, for example, that we should approve this agreement because it has a provincial income tax, when all we are doing is replacing Canada's 16% with our 16% flies in the face of any logic or reason, or understanding of the elements of the proposition that is before us now. -- (Interjection) -- Oh, I'm not playing on words. This is the literal fact, and every member of the House knows it. We cannot get into the Ontario taxpayer's pocket under tax collection or under tax rental -- not directly through the provincial income tax whatsoever. We could only get at it, at the money that the Ottawa Government raises to pay the equalization payments to us. That's how we get at it. Well if you know it, why are you objecting to this bill because it has an element of personal provincial income tax in it. -- (Interjection) -- I'm not defending the change in the equalization formula. We are on all solid ground on that. There's no difference of opinion. But my honourable friend just so completely misunderstands the situation that is before us or else he wouldn't bring in that particular argument.

Well, Mr. Speaker, the same kind of argument I think deals with his objection to this question as to whether or not we should have our provincial income tax. The plain truth is, that if we don't raise this tax, under the tax collection, nobody will. It was formerly raised by Ottawa for us. It will still be collected by Ottawa, but we have to set the rate. That's what we are being asked to do, to set the rate. And we still have, we always have had this element of provincial income tax in the arrangement, and to say that you are opposed to a provincial income tax today, simply means that you throw that revenue, which is coming in to us now, and which will continue to come in to us under the tax collection, right out the window, and I do not wish to be associated with that point of view in any respect, Mr. Speaker. Dilution of the equalization agreement, yes, I agree on that, but rejection of a provincial income tax is a futile exercise indeed.

MR. STAN ROBERTS (LaVerendrye): Mr. Speaker, a pretty weak point.

MR. ROBLIN: All this comment, Mr. Speaker, explains to the House, and I trust, the public, some of the rather peculiar speeches that have been made in this House in this debate. Well, Sir, there's a complaint that Ontario is going to get more per capita than we are, and I admit that is one of the consequences of changing the equalization formula. I don't like it any more than anyone else likes it. I could point out that they always have had more per capita than we do. They have more per capita under the tax rental agreement right now, and everyone who knows the agreement knows that is so. But it is a fact that they will get more proportionately under the new equalization agreement, and I do not defend that, and I have declared already and I say again, that we in Manitoba do not like that, and it is not good for us here in this province. We should admit that a good deal of \$12 million equalization payment we get, is going to be raised in the Province of Ontario; so we do get that in respect of the productivity of the richer provinces of this country; but we will not get as much as I would like to see for this province in that respect.

I had a note here in my remarks, Sir, that I would deal with this question of political favouritism on the part of the Federal Government. I don't think I will. I think I will leave that because, perhaps if I got into that, I might be tempted to rake up a few old, and let us hope ever to be forgotten, phrases about not a five cent piece for a Conservative province, and other similar remarks that were made at the beginning of the depression by a certain well known Liberal politician, who was for many years the Prime Minister of Canada -- I hope he lived to regret that statement -- and I myself think that it would be futile for me to enter into any debate on that particular aspect of our problem here.

We have been criticized, "pretty good statement," says the Honourable Member for LaVerendrye; well I must say, Mr. Speaker, that I regret very much indeed to hear him say that. I thought we had come a little way since 1939, or 1929 when this happened, and that we had a higher regard for the Canadian nation than that. It certainly makes a fine commentary on the remarks of the Member for Lakeside about Canadian unity to have that kind of statement coming from the Honourable Member for LaVerendrye, and I think that he should consider the approval of that situation at the present time.

Now we have been criticized here for not having forecast, well the Honourable Member for Lakeside will bear witness to me here that Mr. Walter Harris refused to produce any forecast

(Mr. Roblin cont'd) when the 1957 agreements were being calculated. I think that is an undoubted statement of fact that has always been the federal policy. And I think it is equally true that my predecessor when he was defending his 1957 agreement did not produce any forecast of that nature here in this House. There are none that I recall, and we have certainly made a very complete search to see whether information of that sort is to be available. I suppose, Sir, that I ought to deprecate the efforts of some, to try and indicate that the 16% that the Federal Government is abating and that we are raising, really represents an addition to the total tax structure. I got the impression that some people, perhaps not all inside the House, were endeavouring to foist that piece of misinformation on the people of the province, and I would like to reassert that what we are doing here is replacing their tax by a tax of our own, exactly the same amount.

Now, Mr. Speaker, I want to come to what has been one of the most controversial sections of the proposals we have before the House. And that is, whether or not we should endeavour to introduce an element of ability to pay into the hospital premiums structure; whether we should put ourselves in a position to reduce the premiums by one third from \$6.00 to \$4.00, and from \$3.00 to \$2.00, and whether we should make provision by means of an extra tax to make this possible. There's been some discussion of the corporation tax. I do not think that requires much elaboration, because, as I explained at the beginning, it compares with a 3% tax in Quebec and a 2% tax in Ontario and still leaves our competitive position fairly sound. After all a corporation has to make money first before it pays any tax at all, which is a little different perhaps from individuals, and that one cannot really visualize this 1% being a very harmful thing to us. But I do want to talk about the 1% on the personal income tax.

And I want - - and I think that I should say this - - I want to share the concern of some members of the House that by the way in which this particular piece of legislation is written at the present time, there may induce into the minds of some that the Lieutenant-Governor-in-Council is taking upon themselves a power they ought not to have, and it is contrary to sound fiscal policy. I confess, Mr. Speaker, that when that section was drafted, I did not look upon it in quite such a severe light, but I equally assert that after I had listened to the arguments of some members of this House on that point, that it appears to me to be a much more important matter than it did at first glance, and I want to say to the House that if in committee we can find a reasonable method of eliminating this reference to the Lieutenant-Governor-in-Council, within the ambit of the possible, then we shall make a very diligent search for such a solution indeed, because I agree with those who think that this matter should be made as constitutional in every respect as some members of the House have indicated it ought to be. The Honourable Member for Lakeside, of course, put his finger on the difficulty, because he's been through this mill - - he knows something of the almost inexplicable intricacies of some of these taxing arrangements, and how difficult it is to express the meaning and the intent of policy in words in the formulation of legislation of this sort. He was kind enough - - and I thank him for it - - he was kind enough this morning to indicate that he rather guessed this was the kind of problem that we're in, and I

What we want to do is: we want to dedicate 1% of the total taxable incomes earned in Manitoba towards the support of the hospital system in the province, because we believe, by that method we can transfer not a new burden on the people, but transfer the burden from one set of people to another by means of this ability to pay tax. But that 1% of the total taxable incomes earned in the province must, if it is to come within the regulations of the Federal Government, be expressed in other terms than the term 1% of the total taxable income. It has to be expressed in terms of the federal tax. In other words, it will have to be expressed, as far as Ottawa are concerned, as a percentage of tax on tax; whereas it was our desire to set a limit or a ceiling on this matter by expressing it in terms of a tax on taxable incomes. I know how difficult it is to grasp the meaning of those words at first hearing - - and it is something that we shall endeavour to elucidate in the committee as we go along. And there is this other necessity for expressing it in terms of a tax on tax. That is the only way that we can import into the ability to pay idea that rate of escalation, the escalator principle that is now contained in the Federal Income Tax Statute, which some members asked about and which we wish to ensure is carried out into our legislation here. So, Mr. Speaker, we are going to have difficulty. It would be possible, I suppose, to consider amending that by stating the percentage of the federal tax on tax that

(Mr. Roblin cont'd) would apply to raise 1% on the total taxable incomes in Manitoba. That would be in the neighbourhood of a 6% tax on tax. However, and here is the nub of the problem: as incomes rise, and as people move up in the income brackets and are affected by the increased escalation of tax yields, then to apply that same 6% next year would probably raise more than our 1% on total taxable income and defeat the object of our policy. So, in order to be fair to the taxpayer, we wanted the right to be able to adjust that as incomes rise, as they are rising today very substantially, to prevent over-taxation on that account. Now if we can find some formula in our committee that will express this in a concrete manner so as to avoid a reference to the Lieutenant-Governor-in-Council, no one will be more relieved than I because it is, I think, the solution which is required under these circumstances.

Let me give the House, Mr. Speaker, some idea of what this system of raising money for hospital premiums will do, and here let me say to those members who expressed some doubt as to whether this money will be spent in reducing the hospital premiums -- let me relieve their anxiety at once -- that's what it will be spent for. And let those members who think that the present contributions to the Consolidated Fund of some \$3 million to the Hospital Plan will be done away with if this comes in -- let me put their minds at rest because we will still need that money -- in fact in the years to come it is quite likely that we will need a good deal more. But let me illustrate what the effect of this 1% on personal income translated into a 6% tax on tax means to the taxpayers of the Province of Manitoba.

Well, Sir, I start out by saying that there are a total of 150,000 people, 150,000 people in this province, who pay no income tax whatsoever. I amend that statement, not 150,000 people but 150,000 families who are paying premiums whether they are a single unit or married people with a lot of children. One hundred and fifty thousand of some 360 odd thousand units that pay hospital premiums, don't even pay income tax. If you think that the standard of living of this province is too high reflect upon that fact, and when you reflect upon that fact you will understand why we will stake our lives as a government on reducing that premium for the people who are in that bracket from \$6.00 to \$4.00 -- as far as we dare bring it down. -- (Interjection) -- That includes the old age pensioners; that includes the man living on a pension; that includes the low income groups.

A MEMBER: It does not.

MR. ROBLIN: That includes many of the farmers of Manitoba whose income will be reduced in these months that lie ahead. -- (Interjection) -- You will hear about the rest in just a minute. Mr. Speaker, there are 150,000 people who pay no income tax and all of these people, 35,000 of whom pay no premiums whatsoever at the present time, all of these people will benefit from the full reduction, from \$6.00 to \$4.00, and from \$3.00 to \$2.00. And I maintain, and I am willing to maintain it anywhere, that it is right to make this possible.

Now, Mr. Speaker, there are 152,000 of these units in the hospital premium paying system who will pay something on the income tax. Those 152,000 units will, however, on the whole, pay less than they pay under the present system on a graduated basis. For example, a man with \$3,600 income and married with two children will pay a federal tax of \$110.00. He will pay \$6.60 hospital tax which yields him a net saving of \$17.40. As you go up the incomescale the net saving is progressively reduced -- that's what we mean by ability to pay -- and I'll agree with my honourable friend the Leader of the CCF if he tells me that \$3,600 is not much of a measure of ability to pay, that's the truth but we have to deal with the facts as we have them and the best solutions we can find. The break-even point is at \$5,400 -- and incidentally I take no responsibility for what appeared in the press on that matter -- having a taxable income of \$2,800, pays a federal tax of \$380.00, has a hospital tax of \$22.80, and there at a break-even point they get \$1.20 advantage over the new system. So I tell the House how far down the income scale you have to go before you can get relief; and I tell the House that out of some three hundred and fifty or sixty odd premium paying units, three hundred and two or thereabouts, three hundred and two thousand make less than \$5,400 a year, and you ask us why we go to income tax, and corporation tax, and ability to pay to relieve this load. We had no alternative, but we have it now and whatever the cost may be in terms of popularity we are going to do this thing because we believe it to be right. And of the people who make more than \$5,400 a year, and there is some 61,000 of them in the Province of Manitoba, it will all cost them more under the new system than under the old. I regret to say it; I don't like it; I wish that I could do something more about it, but on balance it seems to me that this is the fairest thing we can do and

(Mr. Roblin, cont'd.) . . . we call upon this response of our people to a well established principle of ability to pay, combined with a premium, as being the thing which is best calculated to serve the interests of the Province of Manitoba at the present time.

Now, Mr. Speaker, I really and sincerely hope that that explanation of the workings of the 1% tax on total personal income is sufficiently clear for members of the House to follow. I believe with all my heart that it is the right thing to do and when you hear the figures of income levels in this province, how can anyone doubt that it is the right thing to do. And I can say to you with complete frankness that there is no other way to do it at the present time in terms of tax rentals or fiscal arrangements with Canada and we have to ask ourselves whether we seize the nettle now and do something that is within our power to do, or whether we wait for the sweet by-and-by when someone else will find some money to make these measures possible; or if we're concerned we'll take the responsibility for acting within the powers that are at our disposal, just as we've done on other measures. When other men have said, "wait for Ottawa to do it, let the Federal Government pick up the load", we have thought it better to play our part in good time than wait for perfection too late and that is the policy which we follow here tonight.

I think, Mr. Speaker, that the House will probably expect me to make some reference to the alternative proposal respecting hospital premiums, which has been in the newspapers, and under consideration among the people of this province; the policy that calls upon us to eliminate hospital premiums, and is presented to us as the pure distilled milk of the word of the Liberal Party of the Province of Manitoba. Well, the man who proposed the measure was not so naive as to fail to give some account of the way in which he would find the money to do it, and incidentally the money that he will need to find if he will have nothing to do with income tax -- and he says he won't -- is about \$19 1/2 million next year. I'm not going to repeat much of the arguments used to show that the savings that he thinks he can make are not adequate for the job, even if they were realized 100%. We know that in the case of administration, if we had no premiums, money could be saved -- I estimate about \$850,000. We know that if we had a deterrent, money would come in, the net receipts to us would be \$850,000, Ottawa would get about \$350,000. Of course, they would have their deterrent; they would have their administration cost, which would reduce the take somewhat. I'm afraid the experience in other provinces doesn't indicate that they do the job of deterring, and that's something which should be taken into consideration, but let's suppose we had it -- that gives us about a million six or a million seven.

I'm told that if we provided more chronic beds, we would reduce the cost. That shows a complete misapprehension of the situation because if we had more chronic beds that means we would empty the beds in the hospitals, in the acute hospitals, and they would then be filled at once, so we would have more beds to support than we have now. Maybe that's the right thing to do -- the Willard Report says it is the right thing to do -- to build more chronic beds, and we are inclined to agree with them, but let no one think that it's going to reduce the gross hospital bill in the Province of Manitoba -- far from it -- that's going to increase it. We've taken action on out-patients, we took it long ago, and there is all this question of a deterrent being worth the price of a meal. Well, in my own family if my wife went to hospital I'd need more than the price of a meal to replace her because I've got two small children to be fed and diaper changed and bathed every night and I'd certainly be neglecting my duties around here if I didn't get somebody extra in to help out with those things. Now, I dare say there are many families for whom the breadwinner, the breadwinners, or the mother goes to the hospital when you consider this question of deterrent.

But I don't want to throw too much cold water on those proposals for better administration and economy because no one will disagree that they should not be fully examined and looked into, and it may be that improvements can be made -- I don't doubt they can be made. We've made suggestions to the Royal Commission about it already, as members heard this afternoon, but there is no prospect that the money that can be saved in this way will in any way come close to the \$19 1/2 million that we must have. And if we were to adopt his plan tomorrow in this province, the plain truth is that we would have to close the hospitals very soon because 70¢ out of every dollar of hospital expense goes to pay labour that works in the hospital, and it would be impossible to staff them if we were to give up \$19 1/2 million of our income in running this hospital plan.

(Mr. Roblin, cont'd.)

The supreme irony, I might almost say the comic irony, of the whole proposal is that for several days we have listened to gentlemen opposite tell us what a hopeless outfit the people in Ottawa were, and how unlikely it was that we would get anything like our fair share of the money from them, let alone any more, and yet the whole force of this proposal depends upon making up the difference from the government at Ottawa. (Interjection) . . . Well I'll say to the new government when it comes in Ottawa that if they give me the money to pay the hospital premiums, I'm going to reduce the premiums too. And I say to the Honourable Leader of the Opposition as was said to him by my colleague the other night that we invite him to join the club, because we would like to get more money from Ottawa too -- but until we get it what are we going to do. What are we going to do now? Are we going to turn our backs on a practical plan that is within our power, and our grasp, to follow a will-o'-the-wisp that we haven't got? What are we going to do now about reducing hospital premiums? Are we going to reject this measure of income tax? Are we going to reject this principle of ability to pay which is given lip service by everybody on the other side for some mirage that we may never find materialize? I'm afraid that seems to be the attitude of some, but it is not the attitude of the government. We're going to reduce hospital premiums and we are going to reduce them now. We're going to take the responsibility and we're going to muster courage, if that's what it calls for, to proceed with these measures for the benefit of those who need our help now and not at some vague date in the future when, as some members seem to think, a government may change some way or other. Well if it changes or if it doesn't we get the kind of money that we need for this thing, this becomes a practical possibility, but until it does I would like to read a little quotation to the Leader of the Opposition from a source he might find acceptable, and I quote: "Social security and welfare measures require a special form of courage on the part of political parties, for it would be destructive of responsible democracy to allow election campaigning to degenerate into competitions of promises to those who might benefit from social security and welfare payments." (Interjection) -- Yes, it is. It is under the Health and Working Paper of the Liberal Progressive Convention of last June, 1961. I want to suggest to my honourable friend that he shouldn't cut loose from the good counsel that he can receive from his colleague the Member for Lakeside, and that is, that it is not wise to make promises that you can't carry out. Now I know, and I'll say frankly that there is a difference in opinion between myself and the Honourable Member for Lakeside as to what promises have not or have been carried out as far as I am concerned and as far as my friends are concerned, and I willingly grant my honourable friend the right to differ on that. Indeed it is his privilege. But I think that the same counsel which he is apt to give me could well be whispered into the ear of the new Leader of the Opposition who sits beside him. -- (Interjection) -- I think I would rather wait till I am finished if you don't mind, I haven't got much longer to go you will be delighted to know.

Now, Mr. Speaker, I know that in the ears of some members of the House, some of the things that I have said tonight may appear to be unduly critical. There is a temptation when one is defending the life of one's administration; there is a temptation when one is trying to justify the policy that a government has followed, to refuse to neglect any point of comment that might seem appropriate for the critics that have spoken and some of the have been a little harsh. I hope though, that I have not gone so far tonight in what I trust and believe has been a faithful exposition of the facts to make it impossible for me to appeal to the whole House to vote for this measure that is before us now. I appeal to you all. I do not ask you to place the stamp of approval on the equalization formula. I do not ask you to declare that we have received our fair share and this money is enough, but I do ask you to consider the consequences to this province if the measure should not pass. We would be bereft of \$40 million revenue a year. If we fail to pass this legislation we would be heading for political bankruptcy. If we fail to pass this legislation we would be turning our backs on a measure of equalization, \$12 million in the coming year, which is certainly something which should be taken into account. If we turn our backs on this legislation we make it impossible to reduce the hospital premiums. We make it impossible to introduce a measure of ability to pay which everybody supports. Everybody in this House, I believe, would like to lower the premiums; introduce a measure of ability to pay; get our corporation and tax money that rightfully belongs to us in some measure of equalization in order to enable the province to carry on. That's something on which we can agree. I ask

(Mr. Roblin, cont'd.) . . . for the unanimous support of this Legislature on that basis. If, and I take that to be responsible because any government, and I think this applies to the Opposition too, has somewhere or other to come to grips with responsibility, and that is that we must pass this Bill if we are to be responsible in that sense to the people of the Province of Manitoba. And if we have that measure of unanimous support we have then established good faith all around; a foundation has been raised so that we may consider, in that unanimous manner that was previously suggested by the Honourable Member for Lakeside, our feelings with respect to the equalization formula and to the size of the payments which we receive here in the Province of Manitoba. I do not think, Sir, that that is an unjustified appeal. I believe that it is justified. I believe that appeal should be answered by responsible members in this House. Only in this way can we obtain the \$40 million including \$12 million equalization that is made available here, and only in this way can we bring that measure of relief to premium payers and that recourse to the proposition respecting ability to pay that we regard as essential to the interests of this province.

Mr. Speaker, I have said all that I intend to in defence of the measure that is before us. Amendments will be required and we will be glad to take them into consideration at the proper place. We believe that we would be failing in our duty if we did not ask the House to pass this Bill, as all things considered, it is to be preferred to not passing this Bill. We ask no one to approve of the present formula of equalization nor of the total amount we receive, as we do not approve of it ourselves; but we think that common sense and regard for our duty as Legislators demands that this Bill should pass.

MR. RUSSELL PAULLEY (Leader of the CCF)(Radisson): Mr. Speaker, I wonder if I could direct a question to the Honourable the First Minister. If he is really sincere in attempting to differentiate between the part of the Federal-Provincial Tax arrangement, or Tax Collection Agreement and the question of payment for hospitalization costs on ability to pay, why did he bring it inside of one bill and not two separate bills, in order that we had two separate matters?

MR. ROBLIN: Because I believe, Sir, that not only are these principles of ability to pay and the measure to reduce the hospital service in the best interest of the province, but also under the hard facts that we are faced, it is also in our best interest to pass the other agreement, because if we don't we won't have the money.

MR. PAULLEY: But you, . . . contains the principle of equalization which even you oppose, and yet you ask us to accept it lock, stock and barrel.

MR. ROBLIN: That is precisely what I did not do.

MR. PAULLEY: You certainly did.

MR. MOLGAT: Mr. Speaker, would the Honourable the First Minister permit a question? Is he in favour of the principle of a provincial income tax?

MR. ROBLIN: Sir, I wouldn't be voting for this Bill if I didn't believe that by means of a provincial income tax we can bring this measure of equalization into the hospital premiums.

MR. MOLGAT: That is not the question I asked the First Minister. I asked him if he was in favour of the principles of a provincial income tax.

MR. ROBLIN: Yes, Sir, I am. We've always had it; we have rented it; now we have to place it ourselves.

MR. MOLGAT: An added provincial income tax?

MR. EDMOND PREFONTAINE (Carillon): Mr. Speaker, may I ask a question of the First Minister? Has this Province of Manitoba got a responsible government, or does the government need help from the Opposition to pass the Bill.

MR. ROBLIN: Mr. Speaker, I would be glad to answer that. The government is going to take the responsibility for passing this Bill regardless of what the Opposition do, but we say that if you want a united front on our problems here, the way to do it is to give us the support that we require here. It is as clear as that.

MR. CAMPBELL: Mr. Speaker, I wonder if I could ask the Honourable the First Minister . . .

MR. ROBLIN: Why not? Everybody else is.

MR. CAMPBELL: Mr. Speaker, I would like to ask the Honourable the First Minister if he had time to check on the wording regarding the one percent tax on personal income and the

(Mr. Campbell, cont'd.) . . . one percent on the corporation tax as it is phrased in the speech that he delivered the other day. If he explained the difference during his remarks, I didn't catch it. Would he comment on that please?

MR. ROBLIN: Mr. Speaker, the wording in the Bill is correct. The wording that I gave in my speech is slightly different and I freely admit was a slip of the tongue.

MR. CAMPBELL: Mr. Speaker, I would like to ask the honourable gentleman if even such a good speaker as himself sometimes makes a slip of the tongue, should he be so very, very caustic in his comments on me if I make a slip of the tongue, which I do not admit I made. I have to wait until Hansard is produced. But if I have to make the same admission as my honourable friend I will do so because I recognize that I should not have said that there was no system of equalization.

MR. ROBLIN: I had to rely on the notes that I took when my honourable friend spoke. I will certainly be guided by his version of what he said without any compunction.

MR. ROBERTS: Mr. Speaker, the question I have asked to the First Minister regarding the fact that the premium reduction is retroactive, how retroactive is the 1% provincial tax on taxable income?

MR. ROBLIN: I think those matters can be dealt with in Committee, Mr. Speaker.

MR. ROBERTS: Well, could you not tell us when this applies -- on which income? Is this not part of your introduction or explanation or answer to the bill?

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

MR. ROBLIN: Yeas and Nays, Mr. Speaker.

MR. SPEAKER: Call in the members.

A standing vote was taken, the result being as follows:

YEAS: Messrs. Bjornson, Carroll, Christianson, Corbett, Cowan, Evans, Groves, Hamilton, Hutton, Ingebrigtson, Jeannotte, Johnson(Assiniboia), Johnson(Gimli), Klym, Lissaman, Lyon, McKellar, McLean, Martin, Roblin, Scarth, Seaborn, Shewman, Smellie, Stanes, Strickland, Thompson, Watt, Weir, Witney and Mesdames Forbes and Morrison.

NAYS: Messrs. Campbell, Desjardins, Dow, Gray, Guttormson, Harris, Hawryluk, Hillhouse, Hryhorczuk, Molgat, Orlikow, Paulley, Peters, Prefontaine, Reid, Roberts, Schreyer, Shoemaker, Tanchak, Wagner and Wright.

MR. CLERK: Yeas 32; Nays 21.

MR. SPEAKER: I declare the motion carried. Adjourned debate on the proposed motion of the Honourable the First Minister and the proposed motion and amendment thereto by the Honourable Leader of the Opposition. The Honourable Member for Gladstone.

MR. NELSON SHOEMAKER (Gladstone): Mr. Speaker, you will be happy to know that I adjourned the debate to get certain information which I have now obtained, and I prefer not to speak now.

MR. SPEAKER: Are you ready for the question?

MR. S. PETERS (Elmwood): Mr. Speaker, I beg to move, seconded by the Honourable Member from Logan, that the debate be adjourned.

MR. ROBLIN: Mr. Speaker, I wonder if we could appeal to the good nature of my honourable friend who has not yet spoken and therefore presumably must be fully prepared to continue tonight. It would be helpful, I think, if we could dispose of this, perhaps the whole Throne Speech vote tonight.

MR. PETERS: Mr. Speaker, the reason I adjourned the debate is for my friend, my colleague the Honourable Member for Brokenhead, and he is out of the House at the moment. If you care to wait till he comes back, I think he is prepared to speak.

(Continued on next page)

MR. HILLHOUSE: Mr. Speaker, it is quite customary in this House for a speaker to rise and say that he did not intend to speak. Now that is perfectly true in my case, but the last remarks passed by the First Minister gave me the text upon which to base my sermon. The First Minister in closing and asking for our support of Bill No. 2 stated, and I hope that I got him correctly, if we are to retain a united front on our problems we must work together. Now with that sentiment I heartily concur, and I do believe that this problem of dominion-provincial fiscal arrangements is a problem in respect of which all members of this House should approach its solutions on a strictly non-partisan basis and on the basis of what I consider to be in the best interests of the Province of Manitoba.

I do believe that the First Minister, who is an exceedingly personable chap, exceedingly clever, exceedingly convincing, did, as an individual, do a tremendous job at Ottawa. I don't believe that anybody could have done a better job than he did, but I still think that he had a trump card in his hand which he never played, and that is approaching Ottawa as Premier of this province and representing a united front. Now what I have in mind is this, I think it was last March that the Premier and I stand corrected if the date is not right, but I do believe it was sometime last March the Premier returned from Ottawa and announced to this House what he believed the terms of the new Tax Rental Agreement would be. I believe at that time that he stated that there was very little chance of the Prime Minister of Canada deviating from that position. Now I feel at that time that he should have adopted the strategy of the united front; and I feel at that time that had he done so, and had he asked this House to pass a unanimous resolution endorsing the principles of the Rowell Sirois Report, that it would have stood him in good stead at Ottawa. Now the Honourable Member for Lakeside today, I believe, mentioned what these principles would have been. I believe that if this House, at the instance of the First Minister, had passed a resolution declaring the opposition of the people of Manitoba to the principle of provincial income tax; the support of the people of Manitoba to the principle of federal-provincial tax-sharing arrangements; and the opinion of the people of Manitoba that equalization should be a fundamental principle in the federal-provincial tax-sharing arrangement; and that equalization should be defined as a payment by Canada to the province to bring the per capita return from the three taxes at standard rates up to the per capita yield in the province in which per capita yield is higher. I believe that if the First Minister had presented such a resolution to this House and had taken it to Ottawa, it would have strengthened his hand in these negotiations.

Now some of the members of the government may say: Well, why didn't the Opposition bring in such a resolution? My answer to that, Mr. Speaker, is simply this, that a resolution of that type introduced by the Opposition would not carry the same force nor would it have the same weight at Ottawa as a resolution from the government. Now even if that resolution had of been passed; even if it did not have sufficient force and effect to make the Prime Minister of Canada change his mind; it would at least, in my opinion, have made these 14 silent men who sit in the House of Commons representing Manitoba take a stand. At no time in any of these tax negotiations, at no time during any session of the House of Commons was a finger ever raised by any one of these 14 men to look after the interests of the province which they were representing. Now it may be true that some people feel that a member of federal parliament, the interest that he should represent is that of the Dominion of Canada, but I say that when the interests of the Dominion of Canada is synonymous with the interests of the Province of Manitoba, which this tax-rental arrangement as envisioned by the Rowell Sirois Report is, then they would be looking after the interests of Canada. Now that is the extent to which I wish to go. I do not believe that there was evidence of a united front presented to the government at Ottawa, and I'm satisfied that had such evidence been submitted in the form of a resolution from this House passed on a completely non-partisan and non-political basis, it would show to the Prime Minister of Canada what the feeling at the grass roots was in Manitoba.

MR. SPEAKER: Are you ready for the question?

HON. GURNEY EVANS (Minister of Industry & Commerce)(Fort Rouge): Mr. Speaker, I wonder if you would be good enough to read the question that is before the House?

MR. SPEAKER: The question before the House is the amendment to The Throne Speech moved by the Honourable the Leader of the Opposition that the following words be added to the Address in Reply to the Speech from the Throne:"But this House regrets that the Federal-

(Mr. Speaker, cont'd.) . . . Provincial financial measures imposed by the Government of Canada, and recommended to this Assembly by Your Honour's Government, represents a retrograde step in taxation policy, in Federal-Provincial relations, a departure from the principles established by the Rowell Sirois Commission, a disregard of the concepts of equalization as advocated by Your Honour's Government and are contrary to the best interests of the Province of Manitoba".

Mr. Speaker put the question and after a voice vote declared the motion lost.

MR. MOLGAT: Yeas and Nays, Mr. Speaker.

MR. SPEAKER: Call in the members.

A standing vote was taken, the result being as follows:

YEAS: Messrs. Campbell, Desjardins, Dow, Gray, Guttormson, Harris, Hawryluk, Hillhouse, Hryhorczuk, Molgat, Orlikow, Paulley, Peters, Prefontaine, Reid, Roberts, Schreyer, Shoemaker, Tanchak, Wagner, Wright.

NAYS: Messrs. Bjornson, Carroll, Christianson, Corbett, Cowan, Evans, Groves, Hamilton, Hutton, Ingebrigtsen, Jeannotte, Johnson (Assiniboia), Johnson (Gimli), Klym, Lissaman, Lyon, McKellar, McLean, Martin, Roblin, Scarth, Seaborn, Shewman, Smellie, Stanes, Strickland, Thompson, Watt, Weir, Whitney, Mrs. Forbes and Mrs. Morrison.

MR. CLERK: Yeas 21; nays 32.

MR. SPEAKER: I declare the amendment lost.

The question before the House is the motion moved by the Honourable Member for Roblin, seconded by the Honourable Member for Portage la Prairie, that a humble Address be presented to His Honour the Lieutenant-Governor as follows: To His Honour Errick F. Willis, Esquire, Q.C., M.A., L.L.B., Lieutenant-Governor of the Province of Manitoba, we, Her Majesty's dutiful and loyal subjects, the Legislative Assembly of Manitoba in Session assembled, humbly thank Your Honour for the gracious speech which Your Honour has been pleased to address to us at the opening of the present session.

MR. PAULLEY: Mr. Speaker, before you put the question I would like to say a word or two on this matter. I listened with great interest this evening to the rebuttal of the Honourable the First Minister in connection with this matter for which this special session has been called. I admire him for the able manner in which he made his rebuttal, but I am still of the opinion Mr. Speaker, that there are grave omissions that have been made and assertions that have been made in this House this evening and this afternoon that just don't stand up to fact. This afternoon the Honourable the Attorney-General, while speaking in connection with the general matter of hospitalization taxes and premiums, if I jotted down correctly, said that premium reductions will apply to all. He is partially right. The premium reductions will, under the announced policy of the government go down from \$6.00 to \$4.00; but as I indicated the other day, and this still has not been answered and the First Minister didn't answer it tonight, there will still be 116,000 people in the Province of Manitoba that are going to have to pay premiums for hospitalization even at the \$4.00 figure, which in my opinion should not have been raised last July, but there are still going to be 116,000 people in the Province of Manitoba who do not pay income tax and I don't accept the explanation of my friend the Honourable Member for Winnipeg Centre when he said this included a lot of people with a lot of money and the likes of that. I say this, that there is still a large category of people in the Province of Manitoba who are going to have to pay the hospitalization tax and that it is going to be a tremendous burden on them. I repeat these are the people who cannot qualify for old age assistance or under the Social Allowances Act because they are a few dollars over the thousand dollar limit. I have had numerous people who are just on the border line between being eligible to receive social assistance and obtaining free premiums for the hospitalization, but because of the fact that they are \$20.00 or \$25.00 over the limit as set under the regulations of the Social Assistance Act, they must pay for their full premiums. I say, Mr. Speaker, that this is an injustice on a large number of people, and I haven't received an answer from across the way as to whether or not anything is going to be done in respect of these people.

I have also raised the question, Mr. Speaker, of the imposition in my opinion, in many cases at least, of the duplications of premiums that are having to be paid by parents of dependent children over 19 who are going to our Universities and our schools of learning. We in this Legislature have continuously echoed our thoughts and our idealism in every break to the

(Mr. Paulley, cont'd.) . . . youngsters who go to university, and yet we are still continuing this imposition on their families. Some of them are having to pay a family premium themselves and, in addition to that, two single premiums for their children who are going to school. I have not heard yet from across the way any suggestion while we have been debating this whole matter of hospitalization of any relief for these people, but I suggest to my friend the Honourable Minister of Health and Welfare in respect of these people that I spoke of who are just over the social assistance allowance media, that he should investigate these cases and possibly come to some other arrangement so many of these people are on the lower income. -- (Interjection) -- You are not giving them one measure of relief at all because you are only placing the same burden back on them that they had last July, and if it wasn't for the fact that we pointed out your errors so publicly this wouldn't have been done and the \$6.00 would have stayed the way it was.

HON. GEORGE JOHNSON (Minister of Health & Welfare)(Gimli): What kind of responsibility are you showing? Come on. Why didn't you make this two years ago?

MR. PAULLEY: I might have -- (Interjection) -- the minute your government changed the premium rates -- (Interjection) -- No I am not joining the Leader of the Opposition, but I am certainly not supporting the Conservative Government for their failing in doing this for the people of Manitoba. Oh, sure, they can preach and prattle about how good they are to the people of Manitoba, but I am drawing to the attention of this House a couple of groups of people at least who in my opinion and I think in your opinions too if you would fully investigate it, are being treated unjustly in respect of hospitalization premiums, and I beseech you to take this matter under full consideration and listen to them.

Now the other comment I would like to make, Mr. Speaker, was on the impassioned appeal of my friend the Premier in his closing remarks, pleading with us on this side of the House to vote with him on this deal. Well, Sir, something similar transpired down in Ottawa during the debate on this measure. An appeal was made there by the Minister of Finance of the Federal Government -- "show unity boys, lets all get together with this great, wonderful deal". He made the appeal there, but Mr. Speaker, the appeal was on a different basis, and I am going to quote from Hansard in a minute to illustrate the difference. But before I do that I just want to raise this suggestion: How could Manitoba continue its protest to the Federal Government at Ottawa if we had of unanimously agreed with them here in this House. How ridiculous could it have been? By us voting against this measure is the only indication that Ottawa will have that we are not all happy with "John".

Now, Sir, just in order that the record may be set straight of the differences of opinion between my honourable friend the First Minister and Treasurer of Manitoba in respect of equalization and his compatriot down at Ottawa, I'd like to read the remarks of the Honourable Mr. Fleming in respect of this proposal of equalization. We heard our First Minister here this evening say that he doesn't like it. He agrees that it's no good but we've got to accept it, and just so the purposes of Hansard are right and we have the Ottawa thoughts on that, I'm taking the liberty now, Mr. Speaker, of reading from Page 9020 of the Hansard of September 27th of this year wherein Mr. Fleming says -- this is first with the soft pleading; he's getting more vigorous as he's going on; he's going over and over the different tax schedules and the likes of that; and then he comes down to this great statement on equalization and here's what he says -- Horatio at the bridge -- in effect he's saying, "now I'm appealing to you to all join together and support me in this", and he goes on to say: "Next in relation to equalization, a vote against this measure is a vote against the most progressive and far-reaching application of the principle of equalization that has ever been put before the Canadian Parliament in legislation. This measure means and offers the application of the equalization principle to give more effect to the principle of fiscal need in the case of the provinces than has ever been put before by any other Parliament". What tommyrot! For us here to compare -- then on top of that when one here in Manitoba, as the Provincial Treasurer of a Conservative Government says "we don't like it", the Federal Treasurer of a Conservative Government tells us that it's the most far-reaching and fair equalization that Canada has ever had, and then we're appealed on this side to support the measure unanimously.

Now that's the only remarks I have to say on this, Mr. Speaker. Again I want to come back to my first point, and as I said the other day when I first spoke on Bill No. 2, I did recognize and realize that there was some aid to those in the lower income brackets in respect

(Mr. Paulley, cont'd.) of hospitalization and I accepted it. I said I agreed with the principle of ability to pay. I firmly believe that, but while we've looked after that in the income tax payable groups we haven't looked after it at all with those who are not on taxable income. With those remarks I appeal again to the Ministry to take this matter under active consideration. It's a serious problem to many people in the Province of Manitoba. I again reiterate its the only chance that we have to speak truly on behalf of the people of Manitoba because the government can't do it, as we in opposition, to vote against this measure which even the Conservatives don't like themselves.

MR. JAMES COWAN, Q.C. (Winnipeg Centre): Mr. Speaker, I would just like to point out again to the Leader of the CCF Party that in Saskatchewan, where they have the \$4.00 a month premium, that the people who don't pay income tax still have to pay the premium as in Manitoba.

MR. PAULLEY: Mr. Speaker, if I may answer my honourable friend's question, I don't give a continental what they do in Saskatchewan or any other province. Mr. Speaker, I'm a legislator here in the Province of Manitoba and if I think Saskatchewan, even though they have the best government that there is in the Dominion of Canada, if I think that they're not right and if I think that we can improve upon them here then I'm going to request it here in this Legislature. I'm prepared to do that. I think it's my duty to do that and I will continue to propose things in this Legislature and I've done it tonight.

MR. SPEAKER: Are you ready for the question?

MR. E. R. SCHREYER (Brokenhead): Mr. Speaker, I beg to move, seconded by -- (Interjection) -- Well, Mr. Speaker, if the honourable members would prefer me to speak now I could, however I prefer to Whichever meets with the wishes of the House Leader.

MR. EVANS: Mr. Speaker, I think it would be the wish of the House, if the honourable member is prepared, that he proceed now and with the hope of disposing of this matter tonight.

MR. PAULLEY: What's the object?

MR. EVANS: Well I think that in answer to the question of the Honourable the Leader of the CCF Party that we still have an hour and a half of normal sitting time this evening. As the business is before the House we're prepared to go ahead with it, and as far as the government side is concerned we're anxious to hear what the honourable member has to say.

MR. MOLGAT: Mr. Speaker, just on a point of order at this time, if it's not the intention to sit in committee tonight, and tomorrow morning at nine o'clock, possibly if the First Minister made that announcement now and if our friends in the news media were prepared to make that announcement over the air in particular, then any who wish to --(Interjection)-- nine o'clock.

MR. ROBLIN: question of the Throne Speech? Whether he's going to speak or not.

MR. PAULLEY: Well we don't know, Mr. Speaker, whether my honourable friend, the Member for Brokenhead, is the only one that wishes to speak tonight.

MR. ROBLIN: That's true, Mr. Speaker, and for one I'm quite easy about this. If he doesn't want to speak tonight there's no reason why he should do so. We're not going to force him to do so. We can't.

MR. SCHREYER: Mr. Speaker, I said whatever the wish of the House Leader is, and I'm prepared to go ahead with that.

MR. ROBLIN: Mr. Speaker, what I had hoped we might accomplish is this, that we would clean up the Throne Speech debate tonight and we would not sit in committee tonight, but we would sit at nine o'clock tomorrow morning. I think that would really be the most expeditious way of conducting our affairs, if it meets the reasonable convenience of the Honourable Member for Brokenhead or anyone else who wants to speak.

MR. MOLGAT: This would meet our convenience, and the only reason I bring it up now is that so if anyone wants to make representation they have fair notice.

MR. SCHREYER: I'm glad then, Mr. Speaker, that I'm able to meet the convenience of all members of the Assembly. In commencing what I have to say, I would like to extend to you at this time the usual courtesies which are extended to you at a time such as this, and the brevity in which I say that of course does not detract from the sincerity which I mean to put behind it.

(Mr. Schreyer, cont'd.) . . . I feel, of course, that the most important points of criticism which could have been made against the proposal of the main motion of the Speech from the Throne have already been made. It is only my intention to attempt to weave in and out among these main points of criticism so as to help to make it into a more coherent and logical case. Of course, this is the duty of we on this side.

To begin with, I think most members would generally agree that the Fathers of Confederation, wise men that they were, left us a legacy of confusion and a legacy of dissatisfaction insofar as financial matters are concerned and insofar as the authority for taxation is concerned. Now I don't wish to bore honourable members with any long digression into history, but I feel that in order for us to get a more reasonable and more logical point of view on what is before us, it is necessary to look back just a little into what has transpired ever since this nation has become a nation. Of course it can be said that in a federal system, where you have two levels of government, there is bound to be some back-biting; there's bound to be just a little bit of dissatisfaction from time to time. This is inevitable, as I've said, because the root of all governmental authority lies in the power to tax, and I don't think anyone would question that statement. So there will be a conflict then, and this conflict will be most pronounced in an era of swiftly-moving and swiftly-changing events, events which change so quickly that they create unforeseen demands, unforeseen stresses and strains upon provincial sources of revenue, and this is exactly what has happened in the last 30 years in this country. For the first 40 years Canada worked -- that is to say Canada, the Federal Government and the provinces, managed to function in a very simple way. The Federal Government had the constitutional authority for direct taxation -- I'm sorry -- for indirect taxation, and the provinces were allocated the exclusive authority, for all direct taxation sources. But in those days, Mr. Speaker, direct taxation was detested, and detested is the proper word, and so it was little used by the provincial governments of those days. The Federal Government, it is true, paid a small -- and they had to do this because of the bargaining that took place on the eve of Confederation in order to accommodate the wishes of the Maritime provinces -- the Federal Government then paid a small annual fixed subsidy of 80¢ per head to each province. Small as this was, this was nevertheless of great significance because the small 80¢ per capita subsidy amounted to as much as 90% of the total revenue of the provinces at that time, and so of course this was, as I said, very simple.

From that statement, which shows some statistical analysis in there, one can easily gather how small the requirements of the provinces were at that time. In return for these sources of revenue, the provinces were allocated certain responsibilities clearly outlined in Section 92 of the British North America Act. This is almost amusing and it would be amusing if it weren't so tragic. These fields of responsibility which were allocated to the provinces were then thought to be fields of little cost. They were allocated the fields of responsibility in welfare, education and mostly allied matters. At that time, current political philosophy of the time being what it was, very little money indeed was spent in these fields and the small revenue which the provinces had access to, was sufficient for the job. But times change and political philosophies change, even though the party names stay the same. The Conservative Governments, the big "L" Liberal Governments of the day gradually changed by transitional process from reactionary and inclined towards education and welfare programs, gradually changed into one of some action in these fields and that's when there began to be a consistent growth in provincial revenue requirements.

Well, the depressions of the 1870's and 1880's came along and economic growth of our country was stunted. There was no re-examination of this one single source; namely, the 80¢ per capita grant. There was no re-examination of this until 1907 when Sir Wilfred Laurier called a conference for this specific purpose. Nothing really great happened there. They kept the 80¢ per capita grant system, although they removed the 400,000 population limit. However, they put in a sliding scale based on population. What is important to note is that shortly thereafter the Federal Government, and this would come with the advent of World War 1, the Federal Government entered into policies that altered drastically the revenue sources of the two levels of government. It moved into the direct tax field and this was at first considered to be an infringement upon provincial rights. The government during World War 1, the Federal Government, decided to move into direct taxes by way of tax on personal and corporation tax. This was in 1917, I believe. Then they also levied new excise taxes and a direct sales tax. The full

(Mr. Schreyer, cont'd.) . . . source of revenue to the Federal Government, namely Customs Tax and old Excise Tax revenues, became less than one-third of the federal revenue source; whereas just before the war they had accounted for over three-quarters; so you can see how great and almost sudden was the transition insofar as revenue sources for the Federal Government were concerned.

Then came the 1920's, and I shan't dwell too long on this because the Honourable Member from Lakeside took it from there earlier today and, of course because of personal experience, gave an account which I could not hope to improve upon. Well, we know what happened by way of text, and the honourable member knows what happened by way of personal experience in the matter. Let it suffice to say that with the 1920's there came the end to the old pioneer -- to the pioneer era of Canadian development. Expenditures to the Federal Government declined, therefore, and the burden began to fall more and more, proportionately speaking, began to fall more and more on the provinces, because the provinces now had to embark upon programs of road building, electrical facility expansion and so on. And also in the 1920's, the provinces began to embark upon certain very restricted, but nevertheless very certain welfare schemes, such as mothers' allowance, and this costs money. The Federal Government in the 1920's, although it found its responsibilities, capital expenditures decreasing rather than increasing, did nothing at that time to take up the slack or to come to the aid of the provinces to help finance the new things which the provinces found themselves faced with.

It's true that in 1927 there is somewhat of an exception to that statement, because the Federal Government of William Lyon Mackenzie King did come across with a conditional grant to the provinces which was actually -- with a conditional grant through the means of an Old Age Pension, Old Age Security scheme, which was to be financed jointly with the provinces. If I might just digress for less than a minute, Mr. Speaker, this conditional grant scheme which the Liberal Government of 1926 entered into was a direct result of the late J. S. Woodsworth and A. A. Heaps, members of Parliament from Winnipeg, forerunners of the CCF representation in that House. However, this one conditional grant, this scheme, had flaws. The very concept of conditional grants per se was not found to be too beneficial to the provinces. There were many faults involved with them. For one thing, if I could just mention one or two, Mr. Speaker, one fault with the conditional grant system or scheme was that the Federal Government could well make available monies to all the provinces, but certain provinces had different desires and policies than others and so unity or uniformity was hard to achieve. Secondly . . . (Interjection) . Yes, I was coming to that, Mr. Speaker. Secondly, conditional grants did not really come to grips with the problem of regional differences. I assume that's what the honourable member has in mind. And so we find that at the end of the decade of the 1920's the provinces and municipalities, who at the time of Confederation it was anticipated that they would have a very minor role to play and very little money to expend, found themselves at the end of the 1920's spending an aggregate more than one and a half times that of the Federal Government, a complete reversal or transposition of that concept or idea which the founding fathers had anticipated; and so naturally there was bound to arise strains and stresses which no solution was found to, until the report of the Rowell-Sirois Commission was made.

Now the Honourable the First Minister said this evening that he had hoped members on this side would look fairly at the problems. I am attempting to do so and that's why I am taking this road into our history, so that we can have a better perspective of the problem which faces us today. After the municipalities and provinces woke up to the realization that they were expending monies far far in excess and in proportion, far out of proportion to the Federal Government relative to what the founding fathers had thought, I can imagine that even before the Rowell-Sirois report was made certain provincial leaders or officials were beginning to think of the concept, the idea of tax-rental, tax-sharing and equalization payments; but although thinking about it, it remained for some time yet for this to be put into formal language and put into a formal recommendation to the Federal Government.

Came the depression of the 1930's and almost complete ruin for the smaller provinces of this country; and what really was a most unfortunate thing at the time was that province after province, finding itself hard-up to find revenues which it needed so badly, began to impose on its own volition certain taxes which, even while they were devising them, must have been shuddering. Manitoba, as was mentioned earlier today, found itself with such a confused, perhaps

(Mr. Schreyer, cont'd.) . . . not confused but with such a tax upon tax system or raising revenue that a man living in Winnipeg in 1933 was paying twice as much tax as was one living in Hamilton or Halifax; twice as much personal tax as one living in Hamilton or Toronto; and even more than those living in the Maritimes. As Mr. Pickersgill mentioned in the House of Commons not too long ago, citizens of Winnipeg were the highest taxed people in the Dominion of Canada at that time. Perhaps one of the reasons they were so highly taxed was because the government of the day was honest and was honouring its debt requirements and so on. This is the reason which he put forth and I have no reason to challenge it. So with the crises of the '30's, the secular stagnation of the 1930's, even with that the Federal Government was not in a position to do much about it. However, it did take one very, very important step which later events were to prove to be important; namely, the setting up of a Royal Commission to study Dominion-Provincial fiscal financial arrangements.

After sitting for almost two years, I believe, the report was made; but World War 2 intervened and nothing much could be done except to enter the wartime agreements. Of course this was, I wouldn't say by force, but the element of necessity and emergency was there to such an extent that there was no real bargaining. But with the cessation of hostilities in 1945, as a matter of fact before the final and complete peace was achieved, in Ottawa there was held a conference called a Conference in Reconstruction and the provinces met there, the provincial leaders met there to iron out a program of agreement and, sad to say, perhaps understandably, but sad to say there was insurmountable opposition from the two central provinces and they didn't enter into these in any case for a number of years. The Federal Government of the day, a Liberal Government, had certain proposals to lay before the provinces and these proposals were in the form of proposals contained in a green book called "The Little Green Book Proposals." I would like to read to the House what they were so the members can judge for themselves what the importance of them was. The proposals were briefly as follows: "One, Division of tax fields -- the Dominion alone would utilize the triple tax fields on personal income, corporation income and succession duties. Secondly, on old age pensions the Dominion would assume complete responsibility. Thirdly, -- and mark this -- "the Federal Government would assist the provinces in setting up an approved health insurance scheme and to repay them 60% of its cost in operation." It was suggested that the provinces' share of 40% of the cost might be raised in large part from a poll tax. And fourthly, "the Federal Government would undertake responsibility for full employment to the extent that they would enter completely the responsibility for unemployment insurance." Note the significance of proposal three. It seems that the Liberal Government of the day was truly Liberal but, unfortunately, opposition from the two central provinces, a stalemate, and it was just by the sheerest of coincidence that after Mackenzie King almost gave up trying to get agreement on the Rowell-Sirois report, one year later seven of the provinces did come in, and so we had the principle put into practice of tax rentals -- a very important step forward.

Now I shall skip the events which took place in the interval, but in 1956 the St. Laurent Government took a second important step towards achieving greater equity in the raising of revenues for the welfare of the people of Canada in the several provinces, and that was the principle of equalization. You would think that it would be difficult to implement, to bring into being the principle of equalization because the wealthier provinces would object, nevertheless it was done and this makes it all the more sad, that after we have achieved something which is difficult to achieve, that there should be retrenchment; and this is the point which the Honourable the First Minister forgot about completely today. He said, "Sure we tried to get a better deal. Sure we're not happy about the weakening of the principle of equalization." I think we would in this chamber here, we would indeed be naive if we thought that the Premier of Manitoba could come back with as much as he thought he could or with as much as we wished he could. But what we certainly are right about in accusing him is that he comes back to Manitoba and the people of this province not with more, not with the same amount but with less, relative to the Province of Ontario on a per capita basis. And this is what hurts. Naturally we can't expect him to fight like the very devil to keep the proportion that we have been getting up to this time. It is pure perfidious nonsense on his part to say that we are just as well off as we were before, because relative to the wealthier provinces, and particularly relative to Ontario, we are worse off.

(Mr. Schreyer, cont'd.) . . . Now, I wonder if there's anybody on that side who really thinks within himself that the principle of equalization is asking for -- and to advocate it is advocating too much. I know that there are some Tories sitting in the Senate in Ottawa who think that the principle of equalization vis-a-vis the Dominion-Provincial fiscal agreements are concerned are operated in somewhat the same way as Dick Turpin did, namely, that you take from the rich and give to the poor; and they look upon this as rather primitive and rather unfair. But certainly it's not that simple and I don't know that I could explain the true and real justification for the principle of equalization. I doubt if I could do it any better than the member for Lakeside did when he attended the Dominion-Provincial Conference in 1957. We're not asking for something which isn't our just due. Regional differences in Canada are a profound problem and they exist, among other reasons, inter alia they exist because of the policies of the federal governments with regard to tariffs, and it's the effect tariffs have in tending to act to the advantage of those areas that are already better off and to the detriment of areas such as Western Canada. And so because, and as long as the Federal Government persists in following a national policy of tariff protection, it follows categorically that they should therefore, and at the same time do nothing, if they want to be fair, do nothing to impinge upon or to impair the principle of equalization to the wealthiest province and not to the national average. When our ex-Premier attended the Dominion-Provincial Conference in 1957 he asked for the principle of equalization to be moved in a positive direction; namely, that the computation of equalization payments should be on the basis of the wealthiest province. Our Premier said he did the same thing. I suppose we could have been happy if he had come back with what we had up to now; namely, computation on the basis of the two wealthiest provinces, but instead he comes back with a retrogression. He comes back with an agreement which puts equalization computation on the basis of the national average.

Now I certainly would apologize for taking so much time, Mr. Speaker, to talk about the principle of equalization because it has been mentioned by various men in the front row here with such force and logic, but I couldn't help but repeat it in view of the continuous repetition of the Prime Minister of this country that he was in favour of the principle of equalization. I can pull you quotes from Hansard from the Dominion-Provincial Conference of '57, of 1960 and so on. In 1960, just one year ago, he said he was in favour of equalization payments and he defined them as payments to bring the per capita yield of the two wealthiest provinces -- and after he defines it as such in a couple of months he -- to the national average. Assuming we can accept our Premier's explanation for his failure to come back with something better, he says: "I put up a good fight, I put up a good fight. I'm sorry there are somethings in here I don't agree with but I did the best I could."

Assuming that he is right, the only other alternative that we and the people of Manitoba can arrive at is that the Prime Minister of this country did not mean what he said. In other words, he was guilty of mouthing the most inexcusable forms of nonsense - perfidious nonsense - and I don't think I can get any further without being unparliamentary. Not only that, Mr. Speaker, the Prime Minister of this country made repeated reference at this 1957 Conference, and at the subsequent conference with the provinces, that he was going to be very receptive, very easy to get along with, and I quote: "The reason I have called this conference is so we can get your views and then make our decision." If he was so receptive, then it follows that our Premier did not do a very good job in impressing him. But our Premier said he did do a good job in impressing him. It follows then that the Prime Minister did not mean what he said at the outset. In other words, he really wasn't sure what he meant. Perhaps we can't blame the Prime Minister of Canada too much because he had no choice but to abandon the equalization principle. Even after he said he was in favour of it, even after he defined it in such careful and charitable and generous terms, he was never at any time prepared to honour his definition because -- and I'll tell you why. The Prime Minister of Canada sold the western provinces and the Maritimes, in a sense "down the river," at a speech he made in Massey Hall in Toronto in 1957, during which time he said, among other things, that the provinces and the municipalities of this country were starving. They were starving for revenues; they were starving for funds for capital expenditures, and so on.

Then he made special reference to the Province of Ontario, and at that time he said that he would pay, or transfer to the Province of Ontario, revenues up to 150 million a year. No

(Mr. Schreyer, cont'd.) . . . formula based to it, just a squalid promise, one of the many squalid promises that the Prime Minister of this country has made in the past few years. And because he said it he found himself backed up against the wall in his future negotiations with, especially with the Premier of Ontario, and it is true that the Province of Ontario has come out the victor to the detriment of us. So let there be no doubt that the principle of equalization has been weakened and weakened substantially. It is sad, Mr. Speaker, that this has happened because it is difficult to make progress along these lines. Once you have made progress to a certain point, to move backward is very very disheartening.

So having said all that, I think it can be said that we on this side have had just cause for our criticisms and we have had just cause for pointing out to our First Minister his failure. Perhaps we shouldn't attribute it to the First Minister's lack of fight; perhaps we shouldn't blame the First Minister at all; because really he was dealing with the Prime Minister whose mind had been made up for him by the Province of Ontario by virtue of promises made - squalid promises I say -- promises without foundation in formula back in 1957. He was dealing with a man who, while he was saying that he was easy to get along with, he was eager to hear other points of view, at the time he was saying it he knew already that he would be taking a course of action which would weaken the principle of equalization. So I agree in part that we can't blame our First Minister too much, but somebody has been remiss in protecting the interests of this province. If it wasn't the First Minister and his Cabinet, it was perhaps the Members of Parliament of Manitoba who sit in the House of Commons. It could be that they did not do their job when they were in Ottawa. Our First Minister tells us that he fought as hard as he could; he tried to be as forceful as he could. Were our 14 Conservative MP's doing their work? I noticed in Hansard that on division they voted for the new agreement which weakened the equalization principle to such an extent that it's pitiful. And so if honourable members are going to insist on getting themselves off the hook, well then we know who should be impaled on it. . (Interjection) Yes, but they say with regret, although I don't see it. It is not in the main motion. Despite the explanation of the First Minister, despite that explanation, I still find it impossible to remove from my feeling of the matter that he could have done a better job in negotiation, but for the sake of inter-party, or rather intra-party amity in the Conservative party, not too much -- not too much disapproval made public. . . (Interjection) . . . Yes, because Premier Douglas and the Saskatchewan Government have included right in the main motion of the Speech from the Throne -- or the Address in Reply, that they accept this with regret and, unfortunately, we don't see it here. No formal expression of regret. You say it here. You say "Oh, we regret it" but it's not formally so stated. I suggest to members opposite that they shouldn't be so . . .

MR. SPEAKER: Order! I would ask that you do not interrupt the speaker because he only has three more minutes left.

MR. SCHREYER: I feel that if I have bored honourable members tonight I, if I did so perhaps they will excuse me, because I did take to heart the Premier's suggestion that we look at the two sides of the truth, that said truth sometimes has two sides to it; that we look at both sides of the problem or the question, and I have attempted to do that. Let me say in concluding, Mr. Speaker, that we anticipate that it will not be too long before the people of this country elect a government which will be willing to put back into effect the principle of equalization, which principle is honoured by all here; which principle is the very keystone at the very heart of democratic socialism; and it is in that movement that the principle of equalization was born. I am glad to see honourable members here cover it in silk and put it on a pedestal because, as they revere it, they are revering a principle of essential socialism. Thank you.

MR. SPEAKER: Are you ready for the question? The question before the House is the motion moved by the Honourable Member for Roblin, seconded by the Honourable Member for Minnedosa, that a humble Address be presented to His Honour the Lieutenant-Governor, as follows: To His Honour, Errick F. Willis, Esquire, Q.C., M.A., L.L.B., Lieutenant-Governor of the Province of Manitoba, Her Majesty's dutiful and loyal subjects, the Legislative Assembly of Manitoba in session assembled, humbly thank Your Honour for the gracious speech which Your Honour has been pleased to address to us at the opening of the present Session.

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

MR. EVANS: May we have a recorded vote please, Mr. Speaker?

MR. SPEAKER: Call in the members. . . . (Interjection) . . .

MR. EVANS: I doubt, Mr. Speaker, if we could accept the suggestion of the same Division, because at least the First Minister is not here. He has had to leave the Chamber, and I am afraid for technical reasons we will have to call the vote.

A stand vote was taken, the result being:

YEAS: Messrs. Bjornson, Carroll, Christianson, Corbett, Cowan, Evans, Groves, Hamilton, Hutton, Ingebrigtsen, Jeannotte, Johnson (Assiniboia), Johnson (Gimli), Klym, Lissaman, Lyon, McKellar, McLean, Martin, Scarth, Seaborn, Shewman, Smellie, Stanes, Strickland, Thompson, Watt, Weir, Witney, Mrs. Forbes and Mrs. Morrison.

NAYS: Messrs. Campbell, Desjardins, Dow, Gray, Guttormson, Harris, Hawryluk, Hillhouse, Molgat, Orlikow, Paulley, Peters, Prefontaine, Reid, Roberts, Schreyer, Shoemaker, Tanchak, Wagner, Wright.

MR. CLERK: Yeas 31; Nays 20.

MR. SPEAKER: I declare the motion carried.

MR. EVANS: Mr. Speaker, I beg to move, seconded by the Honourable the Minister of Education, that the Address to His Honour, the Lieutenant-Governor be engrossed and presented to His Honour by such members of this House as are of the Executive Council and the mover and seconder of the Address.

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

MR. EVANS: Mr. Speaker, that concludes the business on Order Paper, and before I move the motion to adjourn, I would like to consult the leaders of the House to see what our procedure should be tomorrow. We are to meet at 9:00 o'clock in Committee and I was wondering what hour we should suggest to Mr. Speaker for adjournment, that is to what hour we should reassemble tomorrow. Should we consider adjourning until 11:00 o'clock tomorrow morning with the thought that, if necessary, we could reassemble here and return to the committee room as we have done in the past?

MR. PAULLEY: I don't see why we couldn't go through with our normal procedure. The hour set by the motion at the start of the Session was 10:30. Possibly we could meet at 9:00 and meet at 10:30, if necessary, and then go back into the Committee.

MR. EVANS: I think if that procedure is suitable to all concerned, I am sure if the Committee required longer than that we could adjourn again.

MR. MOLGAT: Yes, it is quite conceivable the Committee might take longer than that.

MR. EVANS: On the understanding that we would be quite willing to continue the committee if the business is not finished, then I would move, seconded by the Honourable the Attorney-General, that the House do now adjourn and stand adjourned until 10:30 tomorrow morning.

Mr. Speaker presented the motion and after a voice vote, declared the motion carried and the House adjourned until 10:30 A. M. Friday morning.