

THE LEGISLATIVE ASSEMBLY OF MANITOBA
2:30 o'clock, Friday, March 21, 1975
COMMITTEE OF THE WHOLE HOUSE
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MR. CHAIRMAN: Before we proceed this afternoon I would like to draw the attention of the honourable members to the gallery where we have 35 students Grade 11 standing of the University of Winnipeg. These students are under the direction of Mrs. Anderson and Miss Bill. This school is located in the constituency of the Honourable Member for St. Matthews.

On behalf of the members of the Legislative Assembly I bid you welcome.

The Honourable Member from Morris.

MR. JORGENSEN: Mr. Chairman, before the lunch hour I was dealing with some of the comments that had been made by the Premier with respect to the question of government's responsibility insofar as it applied to efforts to control and curb inflation. At the point of adjournment I had mentioned the comparative stage at which inflation in this country had reached as opposed to what happened in Germany in 1921, and during the lunch hour I've had an opportunity to refer to Mr. William Shirer's book, *The Rise and Fall of the Third Reich*, and I would like to put on the record, because the statements are even more significant than I first anticipated. And we find on Page 61 of Mr. Shirer's book, the statement that the mark as we have seen had begun to slide in 1921 when it dropped to 75 to the dollar. The next year it fell 400, and by the beginning of the year to 7,000. The strangulation of Germany's economy hastened the final plunge of the mark. On the occupation of the Ruhr in January 1923 it fell to 18,000 to the dollar. By July 1st it had dropped to 160,000; and by August to 1 million. By November when Hitler thought his hour had struck it took 4 billion marks to buy a dollar, and thereafter the figure became trillions. German currency had become utterly worthless. Purchasing power of salaries and wages was reduced to zero. The lifesaving of the middle class and the working class were wiped out. The inflation - and this is the point that I was attempting to make, the inflation could have been halted by merely balancing the budget, a difficult but not impossible feat.

And I heard a comment from the stentorian voice of the government whip to the effect that the responsibility could be laid at the doorstep of private enterprise. And that's just the point that I intend to make a little later on in my comments. That it is not the private enterprise that is responsible to a large extent for the mess that was created in Germany, it was government that created the problem. As it is government that has created the problem that we are faced with today.

"The masses of the people however did not realize how much the industrial tycoons, the army and the state were benefitting from the ruin of the currency. All they knew, that a large bank account could not buy a straggly bunch of carrots, a half peck of potatoes, a few ounces of sugar, a pound of flour. They knew that as individuals they were bankrupt, and they knew hunger when it gnawed at them as it did daily. In their misery and hopelessness they made the Republic the scapegoat for all that had happened. Such times were heaven sent for Adolf Hitler."

Sir, I don't know that we have a budding Adolf Hitler in our midst, but I do know that we have the makings of a situation that can create the same difficulties for this country if we allow the kind of rampant inflation to persist in this country. Mr. Chairman, the Premier made a case for absolving the Provincial Government to a certain extent, and I am not going to quarrel with his argument that inflation is an international and certainly a national phenomena and that the contribution that the Provincial Government can make is by comparison to what needs to be made on the national level somewhat small, but that doesn't mean that this government can just throw up their hands in despair and say, well it's up to somebody else to carry on that responsibility, somebody else to solve that problem. Because I think that in their own way and in their own sphere of jurisdiction there are a number of things that they can do; and they have been outlined in part by the Leader of the Opposition and I hope that when the budget rolls around that we'll have an opportunity to elaborate.

But one point in the First Minister's remarks that caught my attention and I want to deal with it. That's when he pleaded with the Opposition that if the occasion arose that it was necessary for the government to take drastic measures in order to curb inflation, that we on this side of the House would contain ourselves and not oppose the imposition of controls. That

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(MR. JORGENSEN cont'd) statement seemed to imply that the only way that this dilemma can be solved is by the imposition of controls. And that's just the point that I want to take issue with. Because I don't think that the imposition of more controls on the economy is going to solve that problem at all, and I become a little bit fearful of people who continuously argue that the imposition and the application of more and more controls represents the solution to the inflationary problem. In fact I believe quite the reverse is true.

We have a classic example in the Egg Marketing Board Agency. We started out with a provincial board and it didn't work. I predicted it wouldn't work. Because as long as you're dealing in international markets how can one small province representing a very small portion of the entire production on the North American continent have any material effect if you're to maintain the principles of free trade. And since it didn't work then the theorists and the bureaucrats decided what was necessary was a national agency. So they set up a national agency, and they set that agency up on the basis that the province would have some input and that the province would have some control in their own areas. That did not work. So now what is being advocated is that they remove all provincial jurisdiction, all provincial responsibility and have that entire agency operating from one desk in Ottawa. Sir, that won't work either. That has been demonstrated in this instance and its been demonstrated in other instances. It is not necessary to refer to other cases where more and more centralized control instead of solving problems indeed creates more problems. That has been the history. But those who argue that controls represent the answer to the inflationary problem will continue to press for more and more centralized control, more and more bureaucracy, more and more money taken out of the taxpayers' pocket to pay for unproductive jobs, unproductive purposes. And that very thing in itself will create more inflation.

Sir, it is as if we are on a path of self-destruction. And those who argue that we must continue to develop more and more controls to solve the problem are really arguing that we create such a mess that the people of this country will throw up their hands as they did in Germany in 1923, and look to somebody to save this country from the disaster that is impending. Sir, I reject the theory that the answer to our difficulties lies in the assertion of more and more control on the part of government, boards or commissions or the like. The answer to our problem lies in freeing the economy from those controls rather than the implementation of greater controls. So when the Premier says "I hope that you on this side of the House will not criticize us when we try to exercise more controls," then he's pleading on deaf ears. Because, sir, not because, not because we're opposed to any effort on the part of the government to solve the problem, but because philosophically and ideologically I oppose any effort on the part of any government to solve this imposition of greater controls. And that does not mean that we are not willing to co-operate with the government on any measure that we believe will have some effect in solving this problem.

Now he made reference also to Alberta's oil budget and he attempted to create the impression that a great deal of the increase in prices and the inflation that we're faced with in this country is as a result of the application of the Royalty Tax in the Province of Alberta. And it's very strange that he forgot to mention the OPEC countries, the people who originally increased the royalties on oil.

A MEMBER: The Supermarket Board, the Supermarket board.

MR. JORGENSEN: And I suppose that very rightly he would argue with this House, and he would find no great difficulty, in suggesting that the OPEC countries are attempting to get what they can out of a non-renewable resource. Because this government here very frequently argue in this House that what we must do is to preserve and to secure for the people of this province greater and maximum rewards from the exploitation of our non-renewable resources. Why then does he deny the Province of Alberta from doing that very thing with their resource. I find it difficult to follow that kind of an argument in the light of statements that have been made time and time again in this Chamber by honourable gentlemen opposite.--(Interjection)-- Well the Minister of Tourism and Recreation has one of those profound comments to make and I will be delighted to hear it because I'm sure this House will be enlightened a great deal.

MR. CHAIRMAN: The Minister of Tourism and Recreation.

HON. RENE TOUPIN (Minister of Tourism, Recreation and Cultural Affairs) (Springfield): Mr. Chairman, mine is not a comment at this time, it is a question and I thank the honourable member for accepting to answer a question. Would the honourable member indicate

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(MR. TOUPIN cont'd) to the House what he considers to be an acceptable level of profit and how he would deal with what he considers to be an excess of an acceptable profit?

MR. JORGENSEN: That's a very simple question. You know one of the things that honourable gentlemen opposite have been preoccupied with, and that is the determination as to what a person should earn and what profits he should have. That really should be none of their business. Because what they will do, they will continue to impose regulations and restrictions in an effort to do that, but they will forget to do the very thing that is obvious and the very things that will control profits the greatest, and that is by freeing the economy. By subjecting those people who are in the manufacturing industry and those people who are in the service industries, by exposing them to competition, the kind of competition that will keep profits down at a level that is acceptable.

I don't want to make the definition as to what is an acceptable level of profit because that need not be done. The best way to achieve that is through competition and by removing the restrictions that are currently not keeping profits down to a reasonable level but protecting those who want to make profits. The best thing that you can do for the manufacturer and for those who want to accrue unreasonable profits is by imposing restrictions ostensibly for the purpose of controlling profits. That's what they like. The one thing that they are fearful of and the one thing that governments for some reason are afraid to do, and never do, is exposing them to the thing that will control profits, and that's to a level of competition. We have so many restrictions that they hide behind that it's easy for any company to make a profit simply by virtue of the restrictions that are being imposed.

MR. TOUPIN: What do you do for sugar beets?

MR. JORGENSEN: Now I'm glad my honourable friend mentioned the question of sugar beets, because here is a classic example of exactly what I mean. Throughout the industry Canada has been buying sugar beets at prices that have been considerably low because they've been buying on the free market, and as a result of that Canadians have been purchasing sugar at prices that have been considerably below the levels of those countries that have been a party to the International Sugar Agreement. What we have been buying from is the residue of the international market which fluctuates from year to year, and there have been some years when the price of that volume of sugar is so considerably below what our sugar beet producers could produce sugar for in this part of the country that in the eastern provinces they went out of production of sugar beets, particularly in southern Ontario. The only thing that has protected the sugar beet industry in this province are the freight rates from the seaboard to Manitoba.

Now, when there was a shortage of sugar developed, such as there were a shortage of wheat, and prices went up in wheat, there was a shortage of beef and the price went up, there was a shortage of sugar and the price went up. But the consumers were able to demonstrate an impact on that price because they stopped buying when the price went up too high and they very quickly came down again. Now maybe they have not reached the level that my honourable friends would like to see them reach but the fact that that is to a large extent a market that is relatively free and hampered only by the restrictions that are imposed by government, consumers in this country are going to get the benefit of lower prices simply by their resistance to buy that commodity.

Now, in later years we have seen that, this spring you seen it happen with wheat, which climbed up to five and a half dollars a bushel. It is dropping. And no one seems to be able to explain the reason why it was dropping. And I would suggest that if other commodity groups, or if other industries, or other occupations, would follow the same law as is applied in the agricultural industry you would find a levelling out of the economy. That means that some people from time to time are going to be hurt, there's no question about that; but it's far better to have these continuous adjustments going on in the economy and small groups of people being harmed from time to time rather than thinking that you can protect people forever from the vicissitudes of the market economy only to find that in the final analysis they're going to create chaos. And that's the direction we're heading now.

I suggest, sir, that if there is any way that we can help the people of this country is first of all to reduce government spending, and you know we have all sorts of examples of how it can be cut. Here is an article that came out of the Brandon Sun on the 18th of March. "Government consultant fees near one billion dollars." And what's that one billion dollars being used for? Here's an example. Among the recently awarded contracts is a Quebec

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(MR. JORGENSEN cont'd) company was hired to count 200,000 acres of trees at the Canadian Forces Base in Gagetown, at a cost of \$24,355. What in Sam Hill do we have to have somebody go out and count trees for. And the Ontario Research Foundation of Mississauga was paid \$5,000 to determine and value its sole traction for service footwear. Four auto companies were hired for a total of \$25,000 to study and classify mixed office waste from the national capital area. In other words, counting the garbage in the garbage cans. What kind of nonsense is this? And L. G. Wilson of Manotick, 15 miles south of Ottawa, was hired for \$12,000 to determine the feasibility of developing a means of maintaining hands warm under severe Arctic winter conditions. They could have done that by simply asking an Eskimo. Why do they have to pay that kind of money to carry out that kind of a nonsensical survey. And so it goes on. One billion on the federal level simply for the purpose of conducting surveys for what? And most of those people that are being hired are ex-civil servants who are retired and living on pensions.

It's an example, sir, of non-productive spending that is contributing so greatly to the problems that we face today. Sir, the arguments that were posed earlier by the Leader of the Opposition are borne out so vividly by the examples that he has cited and the many other examples that can be cited if one just . . . perhaps the best thing that we could do is to do some surveying as to how much waste there is in government and do away with some of the bureaucrats who are making such silly decisions that are costing the taxpayers of this country so much money.

MR. SPEAKER: The Honourable Member for Rock Lake.

MR. HENRY J. EINARSON (Rock Lake): Mr. Chairman, having listened to the First Minister this morning, I was prompted to make a few comments in regards to the Estimates that are before us, namely, funds that are necessary up to the end of March in order to carry out the programs that . . . supplement Estimates pardon me, Mr. Chairman. Just having listened to my colleague from Morris and the comments that he made, a question was posed by the Minister of Tourism and Recreation. I thought possibly my colleague was going to take the speech that I was ready to make, short as it may be, but I think very important and relevant to what the First Minister had to say. I wish he were in his seat so that possibly he might probably take issue with some of the things that I do comment, and while the discussion at hand is something I think that all Manitobans are very concerned about, and that is where are we going in this province as well as other parts of this country inflationary-wise?

Mr. Chairman, I think it's worthy of note to re-emphasize this very important matter because it's on the tongues of most Manitobans as to where this government is taking us. And we talk about \$200 and some million but it concerns us more of when we talk about the total estimates which is over a billion, and that, Mr. Chairman, involves a tax of approximately \$1,000 for every man, woman and child in this province.

But, Mr. Chairman, the Minister of Tourism and Recreation posed a question to my colleague from Morris when he says what about sugar? The First Minister chose to use this commodity as an example of how the price of that commodity has gone up. And if I may be permitted to repeat his words, and I think I'm correct sir, that he said, not only 10 percent, 50 percent, 90 percent, but I think he said the cost of that commodity, sugar, has gone up 225 percent. That was fine. Mr. Chairman, and I'd have respected the First Minister if he'd have gone on and completed his story; but no, sir, he chose to leave it hanging in mid-air. Why, I don't know, but I have suspicions. That he knows he doesn't have the support in rural Manitoba so he wanted to leave that for one purpose only to convey to his colleagues behind who represent a good portion, or some of the City of Winnipeg, and in so doing trying to put the blame on the farmers for the high cost of sugar in this province. On that, Mr. Chairman, I take issue with the First Minister, because I think he did it in a very unfair manner. Just having listened to and I'm sure, I don't know whether he's concerned or not about the plight of the beef producers in this province. Certainly they have brought it to his attention as well as the Minister of Agriculture, the situation that they are finding themselves financially.

I want to say, sir, in regard to the sugar beet producers of this province, while this past year is probably the best year they've had, it's only one year, but the prices of this commodity are changing. I don't have the exact figures, sir, but I believe the amount of sugar that farmers produce in Manitoba is about 33 percent of the total consumption of sugar in this province. So when the First Minister wants to choose this commodity to use as an argument of our problem insofar as inflation is concerned, I don't think he's being fair with the sugar producers of this province.

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(MR. EINARSON cont'd)

This, Mr. Chairman, is an international situation and I think the blame should be placed at the doorstep of the Federal Government, and my colleague from Rhineland would probably elaborate more on this because he is more familiar with the subject than I, that the Federal Government did not go along in trying to establish an international agreement in this country and that is one of the reasons why you saw the highest cost of sugar probably in a long long time.

If the First Minister had told the people in the cities of this province those facts I would respect him for the comments he had made. Because he made his comments in such a way and the inference that I received was that the farmers who are producers of sugar in this province are the blame for the high costs. I think, Mr. Chairman, this is a very unfair situation and a very irresponsible attitude on this government.

I would like to state for the information of all members opposite that I went to the sugar beet plant last fall to purchase a truckload of beet pulp and I discussed this matter with members who are employed, are working people, men who go to work in the morning with their lunch kit and come back at night, and I discussed this matter with them. I said, you know there are a lot of people concerned about the high price of sugar, the city people and so on. They wonder why. You know those working people and those very same people, who some of them may be supporters of this government, said to me, "I have no quarrel with the price that the farmers are getting for the sugar today. It's high time that they were receiving some of the benefits and payment for the fruits of their labours". And when the Minister wants to choose one commodity such as he did this morning I wished he'd also given the picture on the other side of the coin and told the people in the cities. I'm one who believes in trying to establish a fair relationship insofar as our farmers are concerned in this province and how we relate to those in the city. Because I can't think of any other time other than the past six or eight months when there's been more publicity about the high cost of food in this province and this country than there have been in recent times. And that's why I say that it is so much more important that the people in the cities have a better understanding of what is going on in the agricultural industry.

I say, and I'm expressing my comments, Mr. Chairman, because after listening to the First Minister this morning my thoughts have developed just before the noon hour and since. And I think it may be worthy to those honourable gentlemen opposite, Mr. Chairman, that I watched a program a few months ago entitled "Market Place", and an economist, I don't have his name at the present time, but an economist indicated after much discussion over the high cost of foods in this country, made one comment that was very interesting to me and he said to those who were conducting the program, he said, you know if all industries in this country operated as efficiently as our agricultural industry has and is operating in this country, we wouldn't have the economic problems that we are having today.

I thought, Mr. Chairman, that was worthy of taking note. Not that I would like to say that I'm any better than any other businessman, but you know, Mr. Chairman, that farmers are becoming very concerned and they are telling me they've had just about enough of being patriotic when it comes to providing probably the cheapest food to the consuming public of any exporting country in the world. I wonder what honourable gentlemen opposite would think that if the farmers were to go on strike, such as all other segments of our society are doing these days, and said to the people in say Winnipeg, Portage and Brandon, "We're going to put a circle around this city and there's no food going to come in or go out, particularly going in, until our demands are met". I only pose this as a problem that could develop if the farmers were to take the same attitude and the same kind of responsibility as many other segments of our society are doing today. What would the people in the City of Winnipeg say if this were to happen?

I say, Mr. Chairman, the Minister of Mines and Resources I think would change his mind because I think - I like to take my thoughts back and I can't quote him verbatim - but I believe he said at one time in this House that if a man doesn't want to get up in the morning to go to work that should be his choice, regardless of the responsibilities that he may have. That should be his choice. I'm not quoting the exact words that the Minister of Mines and Resources said, but I say that it was somewhat in that context.

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MR. GREEN: Well, Mr. Chairman, we are in committee and therefore if the honourable member will permit me to try to remind him what I said. A judge had ordered a group of people back to work and I said that if a man chose not to go to work in response to that judge's order that I think he should have the right not to go to work. I did not say it as a reflection on the work ethic; I do not recall that I have been out of work a day of my working life, I've worked consistently and I respect the work ethic. But if a judge ordered me to go to work you can bet your life to preserve your freedom I would not go to work. And I make that statement now.

MR. SPEAKER: The Honourable Member for Rock Lake.

MR. EINARSON: Well, Mr. Chairman, I thank the Minister of Mines and Resources for the answer that he has given me because I have always respected his ability to remember what he said whether it be a year ago, two years ago or three years ago. But you know, Mr. Chairman, it revolves around a problem that the Minister and I may have a kind ideology, also our definition as to what he means by the word "freedom" and what I mean by the word "freedom". That's something I think we have a standing understanding on, and I want to thank the Minister of Mines and Resources for being able to quote back what he said. But nevertheless, that doesn't remove my point of argument when I say, when we talk about citizens accepting responsibility to themselves and to society, and that, Mr. Chairman, is where I differ with honourable gentlemen opposite. And the point I'm trying to make, do they realize that if the farmers in this province were to take the same attitude as so many others in other walks of life, how serious would the consequences be?

MR. CHAIRMAN: The Honourable House Leader.

MR. GREEN: Mr. Chairman, I wonder if the honourable member would permit a question? The honourable member is a farmer in this province. If the state passed a law that farmers must produce a certain amount of acreage and hand it over to the state, and then a judge ordered a farmer to produce that acreage and hand it over to the state, would the honourable member say that the farmer should do it? Because that's what they did in Russia. Would the honourable member say that the farmer should fight that or do it?

MR. CHAIRMAN: The Honourable Member for Rock Lake.

MR. EINARSON: Mr. Chairman, I didn't realize that the Minister of Mines and Resources would propose a question that would give me more delight in answering. And I say, Mr. Chairman, if I read this government correctly, under the Manitoba Agricultural Credit Corporation and the policy they have of acquiring land in this province, that's exactly where we're headed. And Mr. Chairman, I'm prepared to--(Interjection)--I'm answering.

MR. GREEN: No, you're not.

MR. EINARSON: What would I do, Mr. Chairman? I'm prepared to fight--(Interjection)--I'm prepared to fight the Minister of Mines and Resources on that principle as long as God gives me breath to fight, because I fear, Mr. Chairman, that's exactly what this province is headed for. (Hear hear)

MR. GREEN: I am glad that the honourable member now says that the farmer would take exactly the same attitude as I say I would take, because a few moments ago he said, what would happen if the farmer took the same attitude that I won't be forced to work. The honourable member has now indicated that the farmer would take exactly the same attitude, and in saying that he won't have to fight the Minister of Mines and Resources, the Minister of Mines and Resources has said that he won't order people to work. It's the Member for Birtle-Russell, the Member for Arthur, who says that people should be forced to work. So when he fights he will have to fight those people, not me. I won't order a farmer to work. I won't order a worker to work. But those people will order workers to work. (Hear hear)

A MEMBER: Well, that's just the same damn thing.

MR. CHAIRMAN: The Honourable Member for Rock Lake.

MR. EINARSON: Mr. Chairman, this is most interesting. You know I understand the Minister of Mines and Resources' definition of freedom, and he has said it before, once the people elect me I know what is best for them, and don't argue with me.

MR. CHAIRMAN: The Honourable House Leader.

MR. GREEN: Mr. Chairman, the honourable member is now in an intolerable position and tries to extract it from . . . I have never said that my definition of freedom is, that once the people elect me I know what is best for them and I will tell them what to do. I have said

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(MR. GREEN cont'd) that I have been elected on the basis that I attempt to represent the aspirations of the people. I will try to fulfill those aspirations, and as long as I'm doing that they will continue to elect me. When I stop doing that they will throw me out. I have never said that I know what is best for them and I will tell them what to do. But there are members in this House, including the Member for Arthur, including the Member for Birtle-Russell who says that we should order those workers back to work. The honourable member says that what would be the attitude of the farmer if they took the position as the worker takes that they won't go to work. I put the question to the honourable member, if the state ordered the farmer to work and produce a certain amount and turn it over to them, then I would respect him, if he is a farmer, if he said he won't do it. He confirms that he won't do it, so he takes the exact position with regard to the worker and the farmer, and then he tries to misrepresent what he says my position on freedom has been. My position has been throughout all of the years that I've been in this Legislature, and not only have I said it, but I've acted accordingly when I was outside of this Legislature in courts, is that I will not succumb to a state, through the judiciary or any other way, telling people that they have to work for the state, and that if they don't they will go to jail. I took that position with regard to the doctors, the farmers, and the workers. That is correct.

MR. CHAIRMAN: The Honourable Member for St. Johns . . . or had the honourable member . . .

MR. EINARSON: No, he's interrupting me.

MR. CHAIRMAN: Order please. I thought that the honourable member had yielded the floor.

MR. EINARSON: Well, Mr. Chairman, I thought he . . .

MR. CHAIRMAN: Order please. Order please. There was no point of order raised.

MR. EINARSON: It was supposed to be a question.

MR. CHAIRMAN: Then it's my understanding that if it was a question, fine. The Honourable Member for Rock Lake.

MR. EINARSON: Mr. Chairman, I understood that the Minister of Mines and Resources when he first started his charade was asking me a question and it's been a continuation. I'm one of those on this side who is not going to sit down and renege on my responsibilities; I'm prepared to take up the challenge. I say, Mr. Chairman, now that the Minister of Mines and Resources has made some comments that leads me into another area, and we'll go into the land hearings over the Province of Manitoba.--(Interjection)--Well, Mr. Chairman, he says I'd better get to another area. I'll expand further, because, Mr. Chairman, actions speak louder than words. Let that be for the record. And I will go into, not only my own constituency, but I'll go into constituencies represented by honourable members opposite on those land hearings when the Minister of Mines and Resources listened to farmers who got on the witness stand to present their case as to how they felt about the Red Paper in regards to land use.

Mr. Chairman, those same farmers when they were listened to, did not realize that they were coming before a group of committee people composed of all parties in this Legislature. They did not realize that all of a sudden this committee would turn into a court room, only to have to be questioned by the Minister of Mines and Resources, not just questioned, but I would say, prosecuted.

MR. CHAIRMAN: ORDER! Order please. I think it's a well known rule of this House that when the committee is in Committee of the Whole that we are supposed to speak to the section that is under consideration. Now I have allowed a fair amount of latitude, but I think that we have to stick to the bill that's before us. We're under Section 7, the application of the Interim Supply Bill. The Honourable Member for Rock Lake.

MR. EINARSON: Well, Mr. Chairman, my subject of discussion was a matter that the First Minister brought up before lunch, a commodity that he singled out, and I felt that the Minister if he had told the complete story, I'd have no objections. You know, Mr. Chairman, he talked about the price of sugar going up percentage-wise, but I should like to tell members opposite, because they're not familiar, and I don't have any quarrel with that, that probably they should be told, at the same time while that same farmer was probably getting an increase in prices of his sugar, he was also paying for things he had to buy to produce that sugar, almost at an equal percentage increase. And that is something, Mr. Chairman, that concerns us all. But it doesn't seem to concern honourable members opposite, because. . .

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(MR. EINARSON cont'd) --(Interjection)--Well, all right then, Mr. Chairman, if the First Minister had been reasonable and had been responsible as a First Minister of this province, he would have told the complete story, but he so chose not to do. And that's my point, Mr. Chairman, in debating this resolution. And we're talking about inflation. I know the Minister of Mines and Resources delighted in getting me off tangent, but I prepared to debate with him any time he wants. But he tried to get off tangent on this matter, and I just wanted to make this point, Mr. Chairman. The First Minister, had he done this, I would have had no quarrel with him.

So I want to say one or two things further. My colleague from Morris gave examples of money that is being spent wastefully and non-productively. You know, I give you another example, Mr. Chairman, where a couple of ladies came out in to my constituency last fall, they called on people who lived in towns, and wondered how they could get to farmers' homes. Well, they said, you know, this road leads out to the east, this road leads to the south, you just go on out and you come to the farm home and you'll meet the farm people.

A MEMBER: Do you still have roads out there?

MR. EINARSON: Such as they are, Mr. Chairman. And these people had a series of questions to ask. And you know, Mr. Chairman, those questions were numbered, each one of them had a number, and when they were asked questions about the Wheat Board, and some of them were political, and so on, they covered the waterfront. I have yet to find out, and I'm not going to accuse this government, Mr. Chairman, but my colleague from Morris was talking about, not only provincially but nationally, because I don't think our national government's any better than our provincial, and that's why I'm using this. The series of questions that were posed, and when they were asked, if a farmer wanted to make a comment and that comment didn't fit to the number that was opposite the answer that that person wanted to get, they said, you know, we can't use that answer.

MR. CHAIRMAN: The honourable member again is starting to wander off the bill, talking about a survey which I don't see listed anywhere under here. Would the honourable member get back to the bill.

MR. EINARSON: Thank you, Mr. Chairman. I will get back to the bill by saying - in order to do that I have to explain the program that was conducted, the amount of money that was spent, and I can say, Mr. Chairman, the amount of money that was spent, I don't have the exact dollar figure, but I can say this, that it was money spent to provide to those people who went out making a survey, and you know the people that it helped were only those two people that were surveyed in my constituency, that's all it did. As far as the taxpayers of this province were concerned, they were really disappointed, they were really disappointed. And this is one of the areas in which - and you can think of maybe hundreds of others and total them up, it would give you a figure that would probably stagger one's mind in regards to how it affects our inflationary situation.

So, Mr. Chairman, having made those few comments, I leave it for the present.

MR. CHAIRMAN: The Honourable Member for St. Johns.

MR. CHERNIACK: Mr. Chairman, I appreciate having heard what the Member for Rock Lake had to say. I am wondering just when that survey took place, and whether he took the trouble to find out under whose auspices it was being conducted, whether it was the Federal Government or the Provincial. I don't know. He doesn't know either. --(Interjection)--Oh. Well then, I would suggest to the honourable member . . .

MR. CHAIRMAN: A point of order has been raised.

MR. EINARSON: I regret, sir, that I should have stated that those people who were making the survey, my constituents asked who they were representing, and they refused to tell them.

MR. CHAIRMAN: The Honourable Member for St. Johns.

MR. CHERNIACK: Mr. Chairman, I seem to recall that before, I think it was the last election, or was it the one before, the Progressive Conservative Party paid for a survey to be made in various parts of this province to find out what their chances were on re-election, and I don't know, I assume that that was not government money that was spent. I am sure it was Conservative money that was spent. By the same token, somebody apparently sponsored some sort of enquiry, which was described by the Honourable Member from Rock Lake. Now he has accused the Provincial Government, he accused the Federal Government about conducting

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(MR. CHERNIACK cont'd) a survey, of which he knows not, and the cost of which he has not calculated, the extent of which he doesn't know, and for all I know it was a survey that was privately conducted by some agrarian, economic survey group, by some life insurance company, by a mortgage company, by any sort, any sort of people who want to hire a survey. And he came here and he spoke with such certainty, that I was looking for the Minister of Agriculture to find out why he was there on that day doing exactly what was described by the honourable member.

I make the point in order to suggest to the Member for Rock Lake that since he feels so seriously about this kind of an activity, he ought to have and he ought to now, and I challenge him that tomorrow he get busy and find out who conducted the survey, and since he won't be able to, because he said that when asked the people refused to state, I think he ought then to get in touch with the Department of Agriculture in Manitoba, the Department of Agriculture in Ottawa, and maybe the Department of Agriculture of Conservative Ontario, and ask them whether they conducted a survey. If they did, the next question an intelligent MLA would ask is, what was the purpose of the survey? What are the results of what you learned? Because, Mr. Chairman, I don't know who, who would conceivably cause a survey to be made for the benefit solely of the people who are walking around asking the questions. No-one would do that, and the Member for Rock Lake is unfair to anybody to suggest that they have that kind of motivation. However, if he said that it was a wasted effort, after he knew what he was talking about, then I would say, by all means, he has made a contribution to this Legislature. He has been able to show that there was some non-productive programming take place.

But do you know, Mr. Chairman, he shouldn't be surprised to hear that that's one of the reasons why he was elected to sit here, not to make wild accusations, not to make statements that are based on his imagination of what took place, but based on information he has acquired, which he should bring to our attention. Mr. Chairman, is there a doubt in anybody's mind that out of a billion dollar budget there must be some work done, some money spent that could be better spent in another way. And is it not possible that there's some non productive program. And really, Mr. Chairman, during our entire estimates' debate, which will follow as soon as we pass this Interim Supply Bill, will be the opportunity for members of the Opposition, and indeed members of the government side to probe and look for unproductive expenditure of money, and we should be looking for it and we should be finding it and we should be reducing it.

Now the First Minister has stated that he believes that Cabinet conducted a very thorough review. And I remember, Mr. Chairman, when the former Minister of Finance, the Honourable Gurney Evans, got up and talked about the percentage cuts that were made from the time the department sent in their estimates until they appeared on the desks. And they were enormous.

I recall that I had a quotation from the Federal Hansard that Mr. Stanfield laughed at the Minister of Finance in the Federal House, a Liberal Minister, when he made a similar statement, because Mr. Stanfield said: "Oh, of course, what do you think? It's got to happen. Every department wants to spend a good deal and when you cut it down, you want credit for doing your job".

Well, the members opposite have been only too ready to accuse this government of spending without reason and without restraint, and that's fair game, let them say it. But the truth is that budgets are looked at, time is spent, people are engaged in probing and looking for extra costs, and to the extent that there is any fact in budgets, it should be cut, and I don't see anybody in this committee who would not support that. So don't point fingers, and don't accuse people of bad face, but let's talk about basic philosophical differences and that be also a productive measure. But the first productive measure is to look for non-productive spending. Let's do that and there would be no quarrel.

However, there's bound to be a difference of opinion as to whether or not the program for which it is spent is a valid program, and that's why we have different parties here, and that's why we have differences of opinion. Not that it need be considered non-productive or fact, but it may be considered not advisable, not in the sense of priority, this government has established its set of priorities which do not coincide with that of members opposite. And to that extent, we should be debating the program, but not these wild wild accusations and wild estimates, without any base.

I want to comment also . . . By the way, Mr. Chairman, wasn't it ludicrous to have the

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(MR. CHERNIACK cont'd) Member for Rock Lake when asked whether he would agree to have government instruct farmers to produce a certain quantity, or a certain acreage of food product, which they did in Russia, and he said, that's what the MACC is doing. How could he really pretend that he believes that the one--(Interjection)--He did say that, and whoever is saying he didn't I invite him to check Hansard.

MR. CHAIRMAN: A point of order has been raised. The Honourable Member for Rock Lake.

MR. EINARSON: I believe I indicated, Mr. Chairman, that that is what this government's headed for through the MACC.

MR. CHERNIACK: Yes. So that now the member says that he predicts. What he said was, I will answer the Minister for Mines, the MACC is doing that. Then he went on to say that the Land Use Committee discussed things that were, I guess in his mind, an indication that they would be told. I know that the Federal Government has given incentives to farmers to diversify, and we are doing that now, farmers are taking that money; as far as I know money is being spent which is being offered to farmers if they will go into a diversification. Farmers are not rejecting it to my knowledge. They are not saying, we will not accept, we will not accept programs of that type. --(Interjection)--The Member for Rock Lake has yet to have the authority to tell me how I should structure my participation in debate.

I want the Member for Rock Lake to realize that there are programs taking place on the federal level and the provincial level designed to assist farmers in making themselves more productive and making it possible for them to create greater economic stability. He shakes his head, but I tell him that when the people come here in picket line formation, talking about need, demanding help in beef production, they are here because they are expecting government to intervene in that free market that the Member for Morris talked about and start by some way to support the farmer. This government does that. Maybe not in the same accord as the Member for Rock Lake would do it. Maybe the Member for Rock Lake wants more money diverted into the farmers program. Maybe he feels that too much is, but I haven't heard him complain about the programs that are developed by this government to assist farmers to improve their quality of life, to improve their ability to earn money.

Mr. Chairman, the Member for Rock Lake made a big deal about saying that agricultural element is the - what did he say? The most productive, the most efficiently run operation. And an economist said it. I don't have to believe the Member for Rock Lake. I can believe an economist. But let me accept that statement because I imagine it's true. I have heard of marginal farms. I have heard of farms that are not viable, but I would say that a viable farm probably is exactly the way described by the Member for Rock Lake.

So as I ask the Member for Rock Lake, what happened in 1971 or '70, were the farms less efficient then than they are today? Was the efficiency of that farm operation poor three years ago? Is the efficiency better now? And he turned his back on me, I don't even know if he would be inclined to say that they were poorer or as efficient at a time when this government actually gave grants to farmers because this government realized that they were not able to sell their products at an adequate price. The government gave money and they took money. Were they less efficient then? Of course they weren't. The Member for Rock Lake isn't responding. So I'll tell him I believe they were not less efficient. But I believe that they are the captive of a world market situation which is not related to the efficiency on their farms.

Then I move on to what the Member for Morris said, and I do appreciate the fact that today, this afternoon, he was discussing philosophic differences, and he was not screaming or yelling like the Member for Rock Lake was, he was stating his position. He was talking about free markets, free competition, and, Mr. Chairman, what he had to say was most interesting because if I harken back to my youth when I studied a little bit about economics, I remember hearing that kind of a statement.

But, Mr. Chairman, the Member for Morris seems to have forgotten that there's a lot of water has gone under the bridge since he heard, or first learnt about those principles of economics, free enterprise, free market. I have yet to see it today that there is a free market or a free, or freedom of choice. We talk about freedom, we have differences of opinion. Suddenly it was suggested to me the other day that the slave doesn't have freedom, but the slave driver also lacks freedom because he has a job to do and a role to play. And with the whip that the slave driver has to use to make the slaves produce, he too is tied into a system where he lacks

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(MR. CHERNIACK cont'd) freedom because he has a role established for him. And today in this country, and in this time, and in any country in the western world at this time, no one has complete freedom because there are external forces that determine, that determine the extent to which we have freedom. All of us aspire for freedom in different ways because we have different concepts of it.--(Interjection)--Well, one of the MLA's present admits he doesn't have freedom, but I believe none of us do. We've all accepted a role in society which has either been forced on us or which we force on others.

Now I move a little bit from this concept of free market to suggest that there are external forces which affect any concept of freedom of choice, especially in the agriculture industry. Especially in an exporting industry where the goods are available to the world. When you come back to sugar beets, if you will for a moment, and let me remind you that as far as I know, all the sugar beets bought, purchased, used in Manitoba - all the sugar rather - is grown in Manitoba and since I believe that there is no change in the efficiency of production of sugar, this year from what it was two years ago, I must therefore say that the same people are producing as efficiently the same quantity of sugar as is being consumed in the province, and yet the price is astronomically different. And the reason it's different, the reason it's different is because of situations completely distant from Manitoba and from Canada. If Cuba has trouble in production of sugar, the price goes up here. Therefore that farmer - and I don't know anybody who resents or feels that that sugar farmer, the sugar beet farmer, has received too much return. But let me tell the Honourable Member for Rock Lake that to the extent that he has received an adequate return this last year, then the inadequacy in previous years is demonstrable by that fact.

So what's this talk about efficiency as compared with market availability and external forces? You know, I think we've got to recognize that that freedom that we talk about, and that the Member for Morris espouses just isn't there, and don't delude yourselves into thinking that we Manitobans, if we were all in agreement, all in unison, if we had no philosophic differences - somebody's screaming now - Is there a contribution that the--(Interjection)--Good, good I'm looking forward to that, Mr. Chairman. If all in Manitoba had the same philosophy and agreed on the same program and said, let's embark on carrying it out, we would not prevent inflation. We would not control prices or wages, or salary, or fees. We probably wouldn't want to. I don't know yet who, who, in this House wants to control all these elements. Wants to control. But if we did want to, if we all agreed we would do something and let it be lack of control, removal of restrictions, complete removal of restraint, we wouldn't stop inflation. Because the fact is, and the fact is that the roots and causes of inflation are far removed from us. Which doesn't mean that we don't have a role to play.

But you will recall that I reported to this House three years ago, four years ago, that the Federal Government was embarking on the program of fighting the increasing costs, fighting inflation, by creating a money shortage, and at the same time creating unemployment. I said then that this government was not going to be in a position of saying to a certain person we meet on the street, "Mr. Smith, I'm sorry you're unemployed but the fact is you're unemployed because we are fighting inflation, we have deliberately lost you your job so that we have to fight inflation. And you, Mr. Smith, I'm sorry, it's true you have nothing now, but you are doing this, you are the sacrificial lamb for the rest of society." We weren't prepared to do it. We therefore openly and in a straightforward manner announced that we were going to enhance the economy; we were going to do some construction that wasn't immediately necessary in order to be able to stimulate the economy, and, indeed, all records show that we've done so. All statistics show that the economy of Manitoba improved tremendously compared with its former position in Canada.

But now I want to suggest to honourable members that we are facing a situation in the western world, not in Winnipeg, not in Manitoba, not in Canada alone, where we're going to have to recognize certain pretty important facts of life. I am not talking about us as politicians but us as consumers and as residents of Canada. And that is, it seems to have needed a war in the Middle East to teach the oil-producing countries that they had a tremendous economic weapon. But whether it was because they were at war, or because they smartened up to their power, they got together; they laughed at any thought of free market; they laughed at any thought of contractual obligations to the refineries and the petroleum industry as such, and they said, "Sorry price goes up." And that, Mr. Chairman, is going to be the situation for the

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(MR. CHERNIACK cont'd) rest of time. The cost of energy is going to be up tremendously, and the beneficiaries of that difference in cost are going to be underdeveloped countries, or countries not developed to the extent that we are. It just cannot happen that they will be able to have the command of markets to buy what they never bought before, and that shouldn't affect us. Every fridge that goes there will be one fridge less here. Not to that extent because it is not that simplistic. But the fact is that as they are using moneys that we in the western world learn to live off, and that is the difference in price between what petroleum products used to cost and what they do now, we had the benefit of that difference. We could, with that difference, buy the tires for the cars that operate, buy the clothing that we wear, buy many of the luxuries that we've learned to have, the trips that we take. Now that cushion is being diverted to countries which never had it before. And concurrently with that we are finding underdeveloped countries that are no longer able to quietly starve and die without the rest of us having it on our conscience. What goes on in Bangladesh, what goes on in mid-Africa is part of our lives.

Having said that I'm saying it for the - just coming back to the concept that none of us are truly free. And what goes on there affects us, and what in the end is going to happen, I believe, is that our standard of living is going to be affected and adversely. I don't think we've caught on to it, and I think that the people who are demanding increases in take-home pay or in salaries, the corporations of this country that are reaping untold profits, are going to have to realize that they are not going to be able to keep abreast of the whole world situation and keep improving their lot. I believe that we are going to have to realize that we are going to have somewhat less to spend in order to recognize that there are people in this world who have to have some more to spend. I know that as we can increase productivity, so we can all benefit. There's an awful lot that has to go around before you can create any semblance of relative, of relative comfort or ease throughout the world. If we don't recognize it we will ourselves be pushing inflation more and more and more, because just as they have outrageous demands - and I think we are getting outrageous demands for salary increases - so are we seeing outrageous profits being made.

Do you realize that the banking system is in the happy position of being able through, because of the monetary and fiscal measures of the Federal Government, the Royal - I'm sorry I used the term of my own bank because it's no better or worse than the other banks - the banking system finds that when there's a shortage of short-term money they increase the rates they pay to depositors, and of course, increase the rates they charge to borrowers. Then when the Federal Government, as it did recently, pours some money into the short-term market, and when the situation changed so that there was money pulled out . . . poured into the short-term market, the banks then found that they had to pay less in order to have money that they borrowed from their depositors, so their rates that they paid out were less. But somehow or other it takes a little longer to bring down the rates that they charge to their borrowers. And that's their game. That's the free market, free enterprise, if you believe that banks are really completely free of each other when it comes to matters of determining rates.

There's a lot of competition amongst the banks where it comes to service, and when it comes to shaking hands, and when it comes to presentation, and when it comes to dealing with big customers. But when it comes to price setting - I don't say they meet and discuss these things in the sanctified halls of wherever it is that they go for their, may I say, massages, or steam baths--(Interjection)--or martinis, yes. But wherever it is they know, each of them, the way the other thinks, and there's nothing supernatural about it, they're in the same business. And they have a great deal of history behind them in the way they work.

Why did I take the banking system? Are they different from other industries where they get to know each other's prices simply by reading newspapers? The result is that they are pushing their product. And I come back to what I said earlier about freedom. You tell me why and whether Mr. Jones has freedom if he's trying to keep up to Mr. Smith, and Mr. Smith has freedom if his kids come home and they say, well, the neighbour next door bought his kids, my age - I don't know what - a bicycle. Is that freedom? He can't say no, because he's part of a society. Therefore I feel that one of the things I suggested at Federal-Provincial meetings, time and again, of Finance Ministers, is that one thing we ought to try to do is to cut down the way industry is pushing products. Frankly, I don't need as many suits as I have, and I keep telling that to my wife, but she's trying to live up to her standards. I don't know who here needs as many of any article that we have, because most of us are living a pretty - and when

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(MR. CHERNIACK cont'd) I say most of us, I really mean the majority of people in this province, and I may have the Peter Warren's, if I may mention a name like that in this august presence, will immediately say, see we, the middle - what is it called? - the middle-income poor, are now being told we have enough. Mr. Chairman, I do say that compared to the people of this world, and the relative position of peoples in this world, we are doing very well. And we will have to realize that as long as we demand increasing returns, increasing realization of our expectations, or our aspirations, we are going to perforce that spiral up at a time when outside elements have a greater control of our economic destiny than we have. That's the point I made about what is happening in the world.

Do you realize that there are people who are being threatened with their lives by famine? There are people who are being threatened by their lives in the Middle East and are now pawns and tools in a game of oil production and vice versa. We, being the consumers of oil, are pawns and tools in a war between peoples in the Middle East, and this goes on in South East Asia and others. Unless we realize that we are part of that and stop looking in terms of, what did you do lately about inflation, we are going to be . . . we are all going to suffer.

Now I want to come in, and I must be running short of time, and I hope I'm not running short of patience. I don't intend to take much more time. I want to talk a little more specifically about what is happening in this province.

You know the Member for Sturgeon Creek made a speech the other day where he said something to the effect that the lowest income tax payer is paying more, a greater percentage of the Federal Tax than 42-1/2 percent, I think he used a figure of 70 percent. He did that by comparing tables showing that in Manitoba we calculate our income tax at 42-1/2 percent, not of income of course, but of the basic federal tax, but then the Federal Government did, indeed put a cut in taxation by a minimum of \$100, and therefore anybody who is liable for federal tax up to \$100, indeed pays no Federal Tax. And we discussed that here in this House, and we said that we in our government were not accepting that procedure because in fact it was designed to help the rich more than the poor; that it was in fact a 5 percent across-the-board cut. And yesterday I referred to the fact that that's the kind of proposal that the Leader of the Opposition and the former Leader of the Liberal Party had made, an across-the-board percentage cut, only John Turner made it a little bit sweeter - and I do mean that seriously, not sarcastically - by putting a minimum of a hundred and a maximum of five hundred, and to that extent he improved what would have been almost a regressive tax reduction.

But concurrently with our rejection of that formula, we also said, we are going to bring in our own form of tax credit, and the Member for Sturgeon Creek ignored that. Fair game. I don't count on him to make the good points, I count on him to use his statistics to further his objective. But I would tell him that when he talked about soaking the poor and the working man as being our policy, that I really don't believe anybody believes him, but I thought it might be of some interest to put on record a short table of what we call a typical family of four, a married couple with two children, and what their tax in 1974, the provincial income tax is, as a percentage of gross income. And I find that it is progressive all along; that a \$4,000 income, the tax is zero percent - that is it is nil. At \$5,000, it is \$56.00, that's 1.1 percent. Every gradation upwards - at \$6,000, it's 2.3 percent; \$7,000 - 3.2 percent; \$10,000 - 4.9 percent; \$20,000 - 8.4 percent; \$60,000 - 14 percent. It is a progressive table.

If we go further and look at our program rather than the Federal Government's concept and look at dollars, then we find this: that in Manitoba, dealing with provincial income tax and taking into account the cost-of-living credit which is part of that tax system, at \$3,000 a Manitoba earner with a family of four will receive \$77.00 and pay nothing in provincial income tax but will receive, be the recipient of \$77.00, so that to the extent of that exercise a person with a family of four earning \$3,000 receives \$3,077 after he files his income tax return. Is there any doubt about that statement? Because that's what happens as far as the provincial tax is concerned.

A person earning \$4,000 will also receive \$77.00 in addition to his \$4,000. A person earning \$5,000 will receive \$12.00. Because his tax will be \$56.00 and his cost-of-living credit \$68.00, he will be the beneficiary to the extent of \$12.00. At \$6,000, his tax is \$137 if you look at the table, but once you apply his cost-of-living credit his tax is \$79.00. At \$7,000, his federal tax incidentally is \$369, his provincial tax after the credit is \$172. So please, when you reread if you want to, or you think back if it's desirable, to what was said by the

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(MR. CHERNIACK cont'd) Member for Sturgeon Creek, bear in mind the fuller picture than he presented us with.

Mr. Chairman, I believe that to the extent that we are able to, we are trying to do something to fight inflation. We do indeed have a program which gives a tax reduction by way of cost-of-living tax credit, by way of real property tax credit. And it's there. It's real. You have the Bernie Wolfes who go around and say, "Well that's not good enough. We'd rather they paid it into the municipality so we could be the ones to reduce it." But we know what the Roblin Government had a problem with, when they started to increase grants and found that those grants were just incorporated into budgets and the budgets were continuing at increasing mill rates, and we thought let's zero in to relate it to income, which the municipality cannot do. The municipality is not able, through its real property taxation, to relate its taxation to income. And that's where we differ and that's where we differ from members opposite. The Conservative Party took a strong position in Opposition to our real property tax credit, but the main difference between handing the money to the municipality to reduction before calculation of the mill rate, and our program of paying the money to the taxpayer after the mill rate is struck, is that now we bring in the element of ability to pay, and that is the big difference, the real difference between members of the Conservative Party, members of the New Democratic Party, and I'm no longer able to clearly say just where the Liberal Party stands on a position like this because with a new leader I think it's right to hear it enunciated again.

I believe that we should not be pushing commodities. I believe that we should be cutting our expenditure always to a realistic amount. And to start talking that to fight inflation one should not have non-productive programs, almost seems to suggest that when the Conservatives were in power and inflation didn't exist, that there was no need to cut expenditures of non-productive programs. Well that's nonsense. I never believed that. I never believed that the Conservative Government was deliberately putting . . . into a budget in order to spend it, nor do I believe that our government has deliberately put money into a budget in order just to spend it. The difference, really, is whether you think or we think that the nature of the program is justified. That's the difference. And to that extent we come back.

And maybe I should close with the response given by the Minister of Mines when he responded to the Member for Rock Lake, when he said that our responsibility as elected people is to carry out the mandate we received, based on, firstly, what we said to the people before election day as to what was our program of what we intended to do, and do that with integrity, and thereafter to do what we think is the right thing to do, bearing in mind what we believe are the wishes of the people that brought us here. And no matter how much the Member for Rock Lake wants to shuffle around it, he has to recognize that we have come in after the second election, which means that we have presented our record for four years to the people, and they decided that they would entrust us with a further term. And I know members opposite will point at certain things and say, "You fooled the people, you deluded the people." Show me a government from election to election which does not, probably every time, have something that has not turned out to be exactly as it was at the time it was presented.

MR. WATT: Artificial insemination.

MR. CHERNIACK: The Member for Arthur often introduces matters which I consider extraneous and don't understand. I have a very very slight knowledge and certainly no expertise in the field which is mentioned by the Member for Arthur, and I won't repeat what he said because I don't even want to admit that I'm not expert in that field as well.

Mr. Chairman, in the end, responsible government does indeed mean that you present your program and you're accountable. And, you know, I want to close by - the Member for Morris is leaving and I'm glad he's staying for a moment to hear me say that I appreciated having the opportunity to hear him this afternoon, because I felt that it was useful to have that kind of a presentation rather than the vitriolic, sometimes abusive and non-productive debate that I'm afraid takes place in this House more often than not, and I really rose to speak because I wanted to try to speak along the lines, I don't mean in agreement with, but along the lines, and hopefully in the same vein, in the same mood, as that of the Member for Morris. To me that has been productive; to me, personally, it has been useful to both listen and to try to respond, and I hope that we can encourage more of this rather than the screaming that I participate in - I'm as guilty as almost most members of the House - of sinking to a lower level, and that's why I'm glad the Honourable Member for Morris, whom I have not often complimented, I'm glad he stayed to hear me say what I did about his contribution this afternoon.

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MR. CHAIRMAN: The Member for Roblin.

MR. J. WALLY MCKENZIE (Roblin): Well, Mr. Chairman, it does me sort of a disservice and it does the people of Roblin constituency a disservice to have the Honourable Minister of Finance, the former Minister of Finance, lecturing us on this bill when he's left the Treasury Benches and he's as close to getting out that door as he possibly can get, because he knows that the financial structure that he was part of this government, is all crumbling down on their heads and he's packing his books and he's getting out, because he doesn't like it. He knows real well the inflationary speech that he gave us this afternoon is something he was an author of. He was part of that government; he sat there; he was the designer in the Cabinet room, and now he says, "I'm sorry, boys, I've got to get out and I can't take the heat." Well, Mr. Speaker, and I always like the Honourable Minister of Finance to stand up and express himself, and he expresses himself in this House very well, but I wish he was still on the Treasury Bench to take some of the responsibility that he should take as a former Finance Minister instead of sitting over there as an Executive Assistant to the Finance Minister, and then we would be able to debate this matter with somebody that was an author of it and was part of this government and designed the whole plan.

Now, Mr. Speaker, the Honourable Minister of Finance made some comments today which I think are worth further debate and that should be researched further. He admitted that this country, Canada, Manitoba, has grown well over the years. In fact, it's one of the better places in the world to hang your hat today. But do you notice, Mr. Speaker, he never gave any credit to the freedoms of the politicians of those days or the freedoms that they believed in. They were free enterprises in those days. They were the free enterprisers that built this country and made it what it is, the great Liberals like King and St. Laurent and some of those and others, and no doubt the members of the old CCF Party were part of the authors of that design, of that plan, that built this country to make it what it is today - the best place in the world to live. And I'm going to get on my remarks later and try and point out to this government and this former Minister of Finance how they've eroded, how they've destroyed the structure of this country, and unless somebody's got some semblance of order to get it back on the rails again with the freedoms that we had in those days and the freedom of the people to make their own choices, not to be regulated out of existence by government, then the end is in sight. And I'll comment on that later, Mr. Speaker.

But, Mr. Speaker, I well recognize the fact of the problem that this government is in today, and I also recognize the problems of the Federal Government today. And I think that the record will show that maybe my contributions aren't that valuable in the debate in this House, but I've said it for the last three years, that the problems of the government of this province and the problems at the federal level are one of inflation by enormous government spending of tax dollars and there's no productivity coming back. And the people that keep reminding him of this are the senior citizens in my constituency, who today in most cases we've taken those senior citizens, those people with all that knowledge and expertise, and we've got them in a high-rise apartment some place today rather than listening to those people and picking up the expertise and the knowledge and the country that they gave us. And we've pushed them off to one side and we've got them up some place in a high-rise apartment and we're not using those people today. That is a regressive thing of government at the federal and provincial level.

I'll go farther, Mr. Speaker, and I'll try and explain to the honourable members opposite that the governments in this country today, both at the provincial level and the federal level, are practising socialism that we've never seen in this country in my lifetime, and I daresay most people of this country. Also, both governments at the federal level and the provincial level support inflation. They support inflation. They are doing everything that they possibly can to fire up the fuels of inflation so that they can get all these big budgets and these spending programs and get tax dollars and then have to go out and put new programs in. They both believe, at the federal level and the provincial level, in the Big Government concept. They honestly believe that big government will solve all of the problems of the little people, the middle-aged, and the rich. And I tell the Honourable Minister of Finance, come out to my constituency tomorrow and show me the years that you've been government, have you done anything for the poor in Roblin constituency? I say, Mr. Chairman, to you today,

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(MR. McKENZIE cont'd) . . . the poor are still there and maybe there are more today than there were when this government took office. And where are all these tax shifts and manipulation of tax dollars that you're saying you're transferring to look after the poor people? Mr. Chairman, I say it's a myth, it's a dream, and it hasn't happened.

Mr. Speaker, I also say that both this government and the government at the federal level believe that big spending of taxpayers' dollars is going to solve the problems of this country and the inflationary factor as well. My gosh, you look back at the spending programs of the government when I first came in here in 1966 and relate it to today, you look at the spending programs when I got out of the army in 1946 at the federal level, which was for a war! And the budget was \$4 billion and likely, when the counting is all done at the federal level, it's going to be 30 billion today. To do what? To get us in the mess that we're in today? Now if you can show me anything else that's happened that's positive, I want the honourable members opposite to stand up and tell me. Look at the tax . . . well, we're talking housing today. Why can anybody tell me, can we not rip off that tax on building material? That should be taken off. You know it and I know it, that's an unfair tax; the tax on building material across this country on housing, and for some unknown reason it can't be taken off and the reason is quite simple: because the governments at the federal level and the provincial level don't believe in it. They want those tax dollars to stir up these programs that they think is going to solve the problems of people. But I say that has got to be - and government responsible to the people of this country has got to stand up and recognize those kind of taxes have to be taken off.

A MEMBER: Who put them on?

MR. McKENZIE: It doesn't matter who put them on, they should be taken off, and the First Minister should stand up and fight with me and others that are . . . and let's get that tax removed. You know, it came across the floor the other day, how ridiculous we can be. A tax on wheel chairs in this province. My gosh, Mr. Chairman, that just isn't fair. But it's still there and that tax shouldn't be there.

MR. CHAIRMAN: Order please.

MR. CHERNIACK: Would the member care to show us where there is a tax on wheel chairs?

A MEMBER: Somebody told him.

MR. McKENZIE: The Honourable Member for Riel will bring you receipts.

MR. CHERNIACK: Would the honourable member find out from the Honourable Member for Riel just where there is a tax on wheel chairs?

MR. McKENZIE: Certainly.

MR. CHERNIACK: Good.

MR. McKENZIE: Certainly. This isn't the first time that that statement's been made in the House, Mr. Chairman. That tax is still on the wheel chairs today, and so we will bring the Honourable the former Minister of Finance the receipt and the Honourable Member for Riel will no doubt let him have a review of the copy of it, but the tax is still on in this province, Mr. Chairman, so I say, for those reasons and dozens and dozens of others, I'm satisfied, and the senior citizens especially in my constituency are satisfied, that socialism cannot meet the economic crisis that we have in this country today and in this province. They haven't got the knowledge nor have the expertise, and the reasons are manifold. I could stand here all afternoon and spell them out.

I'll give you one classic example and this is one that haunts me. Has any member in this Legislature ever seen the Regulations to the Unemployment Insurance Act? Has anybody ever seen in my jurisdiction, the regulations to the Unemployment Insurance Act? You won't get them. Nobody's going to get them. They regulate it on a regional basis. They just regulate people out of existence. And I could speak on my problems and the people in my constituency and unemployment insurance for days where a government . . .

MR. CHAIRMAN: Order please. We're not on Unemployment Insurance which is a federal jurisdiction. We're here dealing with Bill No. 7, Interim Supply. The Honourable Member for Roblin.

MR. McKENZIE: Thank you, Mr. Chairman. I'm trying to prove Mr. Chairman, with your permission, that big government without regulations, and with regulation, are causing all the problems that we have and we are dealing with this bill. But, again, I throw that out

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(MR. McKENZIE cont'd) . . . to the First Minister and maybe some day he can get it put on the desk of the members. It is a Federal matter but I have never seen the regulations to the Unemployment Insurance Act. If somebody can get them for me I'd really appreciate it, because they can manipulate it any way they want on a regional basis. There's evidence in Quebec as an example where a certain factory went broke and they put all the people back to work on unemployment insurance benefits. Now that may be a good thing; it may not be a bad thing. But why should that regulation apply there in Quebec and not here. But until we see the regulations, we don't know.

But Mr. Speaker, at the Federal scene today - we want to talk about inflation, in fact, somebody is going to do something about inflation. I suggest, and I submit that the Trudeau Liberals, those people that are walking around this country today and call themselves Trudeau Liberals, and those that support that philosophy in Manitoba, and fortunately there are very few of them that support that Trudeau philosophy, they've moved this country in my opinion, and the people in my constituency, especially the senior citizens that tell me that that gang, that Trudeau gang, have moved this country farther down the road to statism, or socialism you can call it whatever you like, than any party, including the NDP, could do. That's the fact. Until you can stand up and give me other evidence - and they've done it basically through misrepresentation because that is one of the reasons why the western Liberals today don't support the Trudeau Liberals. So western Liberals today don't want any part of that Eastern gang. So I say it's got to be, partly through misrepresentation. There's lots of people certainly that are voting for Trudeau that think that he's the same Grit that St. Laurent was, or King was, but that's not true. Trudeau is a Socialist; Trudeau is a guy that believes in statism . . .

MR. CHAIRMAN: Order. Will the member come back to the bill. We are not discussing the Honourable Prime Minister of this country, or any other person in this bill. I don't see the Pierre Elliot Trudeau's name in here anywhere. Would the honourable member come back to the bill please.

MR. McKENZIE: Mr. Chairman, I will revert back to the bill. But how can we deal with inflation, Mr. Chairman, if we don't look at the federal scene? I recognize that the First Minister here is in a very difficult position and his government and they can't go it alone. But we certainly have to recognize that there are other problems in this country and they are at the federal level and I think we should be able to deal with them in this bill. Because I suggest, and many people, Mr. Chairman, in my constituency suggest, that the Trudeau levels are even left of the Schreyer government. Now that's a pretty tough allegation for me to make. But Mr. Speaker, I'll even go farther and I'll say that the Trudeau Liberals are even left of the party that, you know, the Honourable Minister of Labour led in this province some six or seven years ago.

So there's part of our problem, Mr. Speaker. When you can't deal with a government at the federal level where we can recognize where they're going, and be given some sort of idea that they are a Liberal, a big L Liberal philosophy or a small l liberal, we will not be able to deal with the inflationary factor because they're leading us into, I say, through misrepresentation, the fact that we're going to have the country that the Liberals of the decades ago built in this country.

Mr. Speaker, let's deal with inflation problems.

MR. CHAIRMAN: Member for St. Johns on a point of order.

MR. CHERNIACK: A matter of privilege, Mr. Chairman.

MR. McKENZIE: I was very interested in the comments that are raised by the Honourable Member for . . .

MR. CHAIRMAN: The Honourable Member have a point of order?

MR. CHERNIACK: I believe it's a matter of privilege of the House, and I don't believe the honourable member would object. I want to correct a misstatement of the law. I think he has mislead the House as to the law. I'm sure he'll permit me to read a very short subsection from the Retail Sales Tax Act. Section 4, Subsection 1, states: "Notwithstanding Section 3, no tax is payable under this Act in respect of the consumption of the following classes of tangible personal property" - and I skip to No. 8 - "equipment designed solely for use of blind persons, physically handicapped people or chronic invalids." I'm sure the honourable member appreciates being told wheelchairs are not taxable in spite of the authoritative statement

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(MR. CHERNIACK cont'd) . . . given to him by the Member for Riel.

MR. CHAIRMAN: The Honourable Member for Roblin.

MR. McKENZIE: I thank the former Minister of Finance for his comments, and I'm sure in due time we will bring the information to him and likely it will be corrected. It is my understanding, and the allegation that went across the chamber, this chamber on - this isn't the first occasion, I think it's the third occasion this allegation has been made. I'm satisfied when talking to my colleague, the Member for Riel, that they have the receipt, that the tax was paid, and we'll deal with it, and it's possibly an error, and if it is, it should be corrected. I think by the former Minister of Finance raising it today, it will be corrected and they'll likely be refunded.

But, Mr. Speaker, the comments of the Honourable Member for Flin Flon the other night on labour relations are ones that rather haunt me, and the reasons are manifold. The Minister of Labour in this province has advertised in all the daily papers and the weekly papers of the need for debate and discussion on labour relations in this province, and asked people to get involved and start commenting about what should be done or what would be best for the people of this province. And I, in my constituency, have had a couple of meetings on this very important subject matter, and people are prepared to discuss it and to deal with it. At the annual communication of the party that I belong to that was on the agenda, and certain groups of people did get together and start talking about this labour relations information that the Honourable Minister is seeking, and we are all for him and we hope that when the debate is all over, the matter will be resolved.

But it seems to me, Mr. Speaker, the Honourable Member from Flin Flon now, he's taking these comments that are ending up in the newspapers back to his constituency, that's the labour policy of the Conservative party. Which is not true, and as far as related to my constituency, my people are prepared to debate it, and discuss it and deal with it and when we do get through to the committee of the Honourable Minister of Labour, I assure you that our policy will likely be pretty firm and hopefully get through. But in the meantime, my gosh, give us some room for discussion and debate until we put the policy before you and then we will be prepared to accept. But for Honourable Member for Flin Flon to say that what we're doing now, while we're discussing what the Honourable Minister of Labour has asked us to discuss, and that's policy of the party, I think was rather unfair and should be corrected, Mr. Speaker.

But, Mr. Speaker, in the debates of the Chamber over the days that we've been discussing this bill and other matters, and the things that have happened since the House has opened, there's ever-increasing evidence that the apparent relaxation of the moral codes of our ancestors has somehow seemed to result in an ever-increasing monetary loss to a lot of our communities and our societies in Manitoba. --(Interjection)-- Well, I - The Honourable Member for Churchill says, and I'll give you a classic example, my friend. I recall in my constituency, going to the Indian Reservation, as an example, where there were social matters or problems on that reservation, the Chief and the Council dealt with them, and they dealt with them well. They dealt with them to the advantage that the Indian people; that was the way they operated. We don't have that kind of society today, Mr. Chairman, because the Honourable Member for Churchill knows full well, that they, the Chief and the Council, don't have that authority over their people today. So, the statement I am making this afternoon that there has been a lot of changes in our society and the morals, the strict code of morals that we practiced in those days - and listen to the radio, watch your television screen, Mr. Speaker, read the --(Interjection)-- there's hardly a day goes by, Mr. Chairman, that we're not talking about . . . bribery, violence, lack of respect. It's continually before our eyes and our ears every day.

Mr. Speaker, those are the outward signs to the senior citizens, especially in my constituency, who are most concerned about a sort of a creeping paralysis, if I could use that, of the breakdown of our moral fibre, not only in this province but all across Canada. There's something that's of a moral fibre that my parents had and your parents had, that isn't there today. And that's evident in all jurisdictions across this country. It's not only evident in Manitoba, it's evident all across Canada.

And I submit to you today, Mr. Chairman, in general I would say that employees today who are members of a labour union - and Mr. Chairman, don't let it be misunderstood, I'm all for trade unions.

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MR. CHAIRMAN (Walding): The Honourable the First Minister.

MR. SCHREYER: I wonder if the Chair would consider it as valid the point that if the Honourable Member for Roblin feels that he must discuss youth and the relative standards of work ethic, and respect for discipline and elders, etc. whether he should not be asked to do that under the estimates of the Department of Youth and Education, rather than at this time.

MR. CHAIRMAN: The item before the committee is Bill No. 7. The Honourable Member for Roblin.

MR. McKENZIE: Thank you, Mr. Chairman. I'm basically trying to justify, Mr. Chairman, the moneys that the First Minister and his Treasury bench are asking for us to approve in this bill. And, Mr. Speaker, I thought when the First Minister spoke today that we would get some answers to some of the questions that were raised. I hadn't spoke on that occasion, and I'm still asking some questions, and no doubt we're going to give approval to the Honourable the First Minister. There's no filibuster going on, we're not adjourning this debate and holding it up on filibuster reasons. --(Interjection)-- Yes I was. I do, and I heard every remark of the Honourable the First Minister, but I'm still not satisfied of some of the answers that he gave me, and if I can't continue to debate then I will gladly sit down, Mr. Chairman.

MR. CHAIRMAN: The Honourable Member for Roblin has the floor. The Honourable the First Minister.

MR. SCHREYER: Well my point is very specific. There's no suggestion the Honourable Member for Roblin does not have some valid points to bring forward, but philosophizing on youth and work ethic and standards with respect to discipline, etc., is something which I really do suggest, sir, has to do with the estimates of the Department of Youth and Education rather than at this particular time.

MR. CHAIRMAN: The Honourable Member for Roblin.

MR. McKENZIE: Mr. Chairman, with your permission I'm hopefully getting around to debating some of the labour problems that we have in this province, which is part of the debate in this matter. I will go farther, and suggest to the Honourable the First Minister that in my opinion the comments that I am making in the debate I think are valuable and ones that haven't been discussed, because I have never heard anybody in this debate discuss labour relations as a businessman. I was a businessman employing people, and I'm going to relate in my discussion to some of the problems that we have in labour and management relations. I suggest again that I am in complete support of the trade union movement; I am in complete support that employees should have a fair wage; I am in complete support that they should have a fair return and good working conditions, but, Mr. Speaker, at the same time I would like of that employee some, and I think that the employee should have job security, he should have fringe benefits, etc., etc., but when the employee is dealing with me today as we are trying to sort this labour relations' problem that we seem to be facing, I think that the employee who worked for me, he deserves to pledge to me some of his loyalty and his best capabilities for X number of dollars per hour, and I think that's a fair statement. But, Mr. Speaker, no doubt there are a vast majority of employees today who carry out their full terms of that type of agreement and they give full value for the money that they are paid, both real and the fringe benefits as well.

But, Mr. Speaker, in any organization there's always a few individuals who don't respect their bond or don't carry out - live up to the bond. They're very difficult, Mr. Chairman, to identify, but nevertheless they are there, and people today come along for the ride. I recall in the days when I was quite young, the ones that didn't come along for a ride didn't last very long, Mr. Speaker. But there are people today that are still in that mainstream and still picking up their pay cheque on the end . . . And I suggest that there are some dishonest people today that would do that kind of a thing, go along for the ride, who take advantage of their employers. They don't pilfer, they don't steal, they're not thieves, Mr. Speaker, and they'd be shocked if they were accused of such, yet, in some ways their positions, I would suggest, are as indefensible morally, and are part of this problem that we are facing today. The employee of this group he practices a different type of dishonesty, and I've had the experience of dealing with this. He short-changes his employer for some reasons, not in money terms, but in terms of time. Ten minutes extra for lunch, ten minutes extra for a smoke, ten minutes going home early, ten minutes late for work, carelessness about the

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(MR. MCKENZIE cont'd) . . . length of coffee breaks, ta-da, ta-da, Mr. Speaker. And that's what I'm concerned about, what some of the employees do today. They are a very small minority that are pilfering the time.

But, Mr. Speaker, suppose I, as a businessman, am paying that man for that time - and this is what I am trying to prove in my argument today - supposing I'm paying that man \$200 a week in my employ. That's a \$1.25 for every 15 minutes that he's working for me. So I say if he takes off, Mr. Speaker, if he takes off 15 minutes each work day, he's pilfered six bucks and a quarter from me as an employer every week. Or if you add that up, at the end of a year it amounts to \$325. --(Interjection)-- \$325. Well, I wouldn't say that. He maybe didn't have the efficiency but maybe he shouldn't be. . . But that is a problem of me as a former person of employing people. I think . . . and imagine Mr. Speaker, if I've got three or four of those employees on my payroll. I have a problem, Mr. Speaker, and it's one that's concerned me and the cost of having those people in my employ, say at \$300, that's \$1,500 a year, and yet when employees haggle over fringe benefits, we get into the argument of who should have what, and who said which.

So, Mr. Speaker, I say that the employer has got some problems, the employee has problems, government has some problems, but unless we can sit down and put this whole thing together, possibly through the Labour Relations Committee, which the Honourable Minister has established, we face a very very difficult year in this province. I suspect by the end of the year, or early next year, unless we can come up with some answers to some of these problems and hopefully create a better climate, the days ahead look very gloomy for the people of this province.

It irks me to have the senior citizens especially, in my constituency, to remind us that there are ways there were ways, there were freedoms where people worked in the past, and we didn't get in all these hassles and things today that we're in. So I hope that the Honourable Minister of Labour will pursue that avenue that he's already started and that when the meetings are held, that we will be able to solve some of the problems of labour relations, the problems that employers have, the problems that government have with employees, and make it a better climate for all.

MR. CHAIRMAN: The Honourable Member for Riel.

MR. CRAIK: Mr. Chairman, I want to make some remarks with regards to the Interim Supply. And there are a number of other things that I would like to deal with but in light of the desire to constrain the topic to the Interim Supply, I am quite happy to do that and think we should because I do think it's a most important issue; the financial issues are the most important ones that we're faced with right now.

The whole area of inflation has been dealt with at some length here and a degree of criticism has been levelled at the government and the government in turn has replied in indicating that this is not a provincial problem alone but is one which is national in scope and international in scope and therefore one which is, to a large extent, out of the hands of provincial authorities. Well, Mr. Chairman, certainly we agree that to a certain extent this is true but the problem is right now that people are fighting to try and gain some degree of perspective on where the problem actually lies and where the solutions should be attempted. I want to deal with two items, Mr. Chairman, that I think are important.

First of all, there is no doubt that the key to this lies, in our case, with the Federal Government and we have to look at what is happening there. There appears to be no doubt that the accusations with regard to inflation are always aimed at two people who may well be victims rather than the creators of the problem. First of all, there is a tendency to, in the first case, look at the greedy business community and, in the second case, to look at the greedy labour unions and to drop the case at that but to focus attention on these two areas.

Now, to a very large extent, what does get overlooked is what is happening to the increase in the money supply in Canada where a good deal of the problem actually rests with. Every year the Bank of Canada authorizes and issues, has consistently done this at the rate of in excess of ten percent per year, an increase in the number of dollars that are flowing in the Canadian economy. In other words, Mr. Chairman, unless there is an increase in the productivity to keep up with that increase in cash flow, then you have a debasing of your currency under the way in which most modern countries operate.

And I thought it would be interesting to the Chamber to perhaps get a greater degree of

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(MR. CRAIK cont'd) . . . perspective on this, to look at an analysis that has been done of this by some who are a little more detached, a little more removed from the immediate scene than those who are involved in government. I find that this issue is one that is not new, this debasing of the currency. I want to read, Mr. Chairman, a quote here I think that is fairly valuable. It says: "As a matter of interest," and this is dealing with this debasing of currency, "central bank inflation was invented under the circumstances of war by William Patterson, the canny Scot who founded the first Bank of England in the 1690's. Both the bank and the king benefited. The bank made fortunes in interest collected on money created out of thin air by permission of the king. The king was allowed to continue fighting the war, the war had been very popular but people began to lose their enthusiasm as their pocketbooks were pinched more and more by taxes. Patterson's scheme allowed reduced taxes so citizens didn't realize that their money resources were being depleted through inflation instead. The king was relieved of the distasteful prospect of having to terminate the war, Patterson reaped immense profits from his clever scheme, the public was hoodwinked into paying for the whole thing, both in money and blood, and the institution of central banking was invented that would continue to hoodwink the people for hundreds of years."

So, Mr. Speaker, if that article is accurate and it certainly has a definite resound to it, certainly in terms of the case, that that's exactly what is happening here in terms of increasing the money supply that flows in the country every year. What the war is, Mr. Speaker, to the analogy to the war referred here, I presume, is the war that is carried on by politicians to keep unemployment down. I don't know of any other war, but certainly people are being hoodwinked by this whole round of inflation that is taking place and the whole business of thinking that somehow high interest rate returns on their investments, in their pension funds, or on their government bonds and all the rest, is somehow an answer when in actual fact that interest rate doesn't even keep up at the rate in which the central government is increasing the money supply. And it's interesting to know that for those that have sat and thought about it, there is obviously nothing mysterious about it. It's been going on for the last 300 years or so, 250 years or so, 280 years since it was originally instigated for a particular purpose, a sort of collusion between the policy makers that rule a country and the central banking authority. That's one part of the question.

Now we come to the provincial scene, Mr. Chairman, and that argument has been aired here at some length. What we're essentially saying is that as the government increases its spending, it is adding to this whole inflationary picture by deficit budgeting, by borrowing in areas through capital borrowing to replace expenditures that would normally come out of current account, all of this works towards increasing the inflation in the province. So we have the central bank, the central government in Ottawa increasing, making their major contributions and we have the province through its efforts, which I don't think is as great as the central bank but nevertheless, doing its part by, even in periods of inflation, continuing to borrow more, to spend more, to increase this cycle of inflation. So between the two we have the snow-balling effect that goes on. And in the meantime, we can stand and we can blame business and we can blame unions and they're not the root cause behind all of this. It lies with government and the inability in many cases of politicians of all stripe to sit down and be honest with the people and be honest with themselves; that they are very much at the root of all this and cannot abdicate their responsibility in controlling it.

I want to use one more example, Mr. Chairman, that I think is important. We know that right now, for instance, I only pick this because it happens to be topical at the moment, we hear reports in the paper of the building trades negotiating for an 80 percent increase. Well, I've looked at an example and I've picked, perhaps accurately not, someone who is a carpenter who at the present time has a taxable income of \$10,000, I'm not sure that that's accurate but it's probably not too far out. At \$10,000, the federal tax on taxable income, the federal tax is \$2,000, the provincial tax is \$917; the total tax paid is \$2,925. So the carpenter doesn't get an increase of 80 percent supposing he gets 40 percent. So his new taxable income is \$14,000, his federal tax is \$3,162, his provincial tax is \$1,415; the total, Mr. Chairman, comes to \$4,577 in taxes. Now if you work out the ratio, the carpenter has received an increase of 40 percent but the government receives an increase in the tax return of 56-1/2 percent. So you have the contradiction here that governments really are not sitting as an unbiased party in all of this. As a matter of fact, if it wasn't for business and labour

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(MR. CRAIK cont'd) . . . escalating, through the negotiations, the wage earner into higher and higher brackets, you wouldn't have governments able to balance their budgets.

So the people that benefit from this are the people on the treasury benches who are trying to balance budgets. By seeing that the carpenters get an increase of 40 percent at a 10,000-dollar income, the government actually gets a gain in their taxes of 56-1/2 percent, Mr. Chairman, there isn't a better built-in incentive plan possible and this is true whether it's the government's direct employees, whether they're intervening in the negotiation process between business and labour. It's to government's clear advantage to see high labour settlements in their own best interest in balancing their own budget because inevitably they get more money back, far more than the labourers themselves get out of negotiations.

MR. CHAIRMAN: If the House is agreeable . . .

MR. SCHREYER: . . . if the Chair would allow a question which is directly relevant . . .

MR. CHAIRMAN: Is the House agreeable?

MR. SCHREYER: That is to ask then, the Honourable the Member for Riel whether in the ratios of taxation he was referring to, whether he has taken into account the increase in the federal tax base exemption which reduces both federal and provincial tax payable? The change that was made in Calendar '74 as a result of the Turner announcement. The indexing . . .

MR. CRAIK: Yes, Mr. Chairman, I know there is a 5 percent allowance in here and I haven't filled out my own income tax yet so I'm not completely familiar with what it does to the results here but I don't think it would vary it greatly. It might change it by a few percent, but the point I was trying to make is that on surface, the labour gets an increase of 40 percent and the government gets an increase of 56-1/2 percent in this particular case, and as you go up in the wage scales this gets worse.

MR. CHAIRMAN: Order please. The hour being 4:30, the last hour of Friday is Private Members' Hour. Committee rise and report. Call in the Speaker.

Mr. Speaker, the Committee of the Whole has considered Bill No. 7, has directed me to report progress on same and asks leave to sit again.

IN SESSION

MR. SPEAKER: The Honourable Member for Logan.

MR. WILLIAM JENKINS (Logan): Mr. Speaker, I beg to move, seconded by the Honourable Member for Gimli that the report of the committee be received.

MOTION presented and carried.

MR. SPEAKER: Private Members Resolution. The Honourable First Minister.

MR. SCHREYER: I would like to rise on a point of privilege. Earlier today, I responded to an earlier question by the Honourable Member for Lakeside which in retrospect is out-of-date and which would leave the wrong information and the wrong impression on the record.

I refer specifically to the fact that I have been advised today that in connection with the Commission of Investigation into the Hamilton Dredging and all of the surrounding investigation, that in fact one of the firms, two of the firms that bid on the dredging contracts at the north end of Lake Winnipeg are involved, in one degree or another, either under investigation or under indictment in the Commission of Investigation into dredging in Canada. I suppose I should elaborate just a bit, to indicate that the low bidder, 12.8 million and the second low bidder at 20.9 million, that the principals in both firms have been now involved under some degree of investigation or another. I am, however, further advised that insofar as Manitoba Hydro is concerned, they are satisfied that, to date, that all of the operation of the dredging at Kiskittogisu, in the north end of Lake Winnipeg, is proceeding in accordance with their requirements and I have no further comment at this time.

MR. SPEAKER: The Honourable Member for Lakeside on the same matter.

MR. ENNS: Mr. Speaker, by leave on the same point of privilege, I thank the Honourable Minister for his further clarification of the questions asked and I just want to have it clearly understood on the public record that the questions raised by myself were raised because of information that I had received that there had been indeed some involvement. But let it be very clearly understood, there was no suggestion being made, and I believe the public record in Hansard will support that, that there was in fact any serious reason or concern about the actual tenders accepted in the work being done. It was a question, I think, that naturally arose as a result of the kind of investigations and activities that have taken place that have brought

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(MR. ENNS cont'd) . . . this particular segment of the industry under acute public examination and in that sense I raised the question, and in that sense only, sir. Thank you.

PRIVATE MEMBERS' HOUR

MR. SPEAKER: The Honourable Member for Minnedosa.

RESOLUTION NO. 6CHANGES IN AUTOMOBILE INSURANCE INDUSTRY IN MANITOBA

MR. DAVID BLAKE (Minnedosa): Mr. Speaker, I move, seconded by the honourable member for Rhineland, that

WHEREAS a justification by the government for the creation of Autopac was that it stand on its own two feet, and

WHEREAS experience has proven that this is not the case, and

WHEREAS it is not in the best interest of any Crown Corporation to have as one of its chief executive officers a Cabinet Minister, and

WHEREAS automobile insurance by its basic nature lends itself to freedom of choice, and

WHEREAS there is concern by a large section of the public that they are not being provided with fair or factual information on comparative automobile insurance rates.

THEREFORE BE IT RESOLVED, (1) that competition be allowed in the automobile insurance field in Manitoba, and (2) that Autopac be treated as a regular Crown Corporation without political interference.

MOTION presented

MR. SPEAKER: The Honourable Member for Minnedosa.

MR. BLAKE: Thank you Mr. Speaker. I had hoped, Mr. Speaker, that when this particular resolution came up that we might have had the annual statement before us but it's apparently not ready yet so there is maybe some information there that might have been helpful to us in debating the resolution but I suppose we will have sufficient time as the debate proceeds to again speak after we have the benefit of this information. --(Interjection)-- Yes, I regret the Minister is not here but I am sure that he will be well informed of the debate in the initial stages of the resolution and will certainly be in a position to reply to it capably.

Mr. Speaker, in connection with our resolution, the first Whereas that the Corporation that has been maintained strongly and staunchly by that side of the House, that the Corporation should stand on its own two feet and not be subsidized in any way by revenues from any outside sources, has been mentioned before from those of us on this side of the House and just to further our particular case regarding this resolution, I want to make one or two quotes from Hansard. On June 18, 1970, Page 2977, the Honourable, I believe, Minister of Municipal or Urban Affairs at that time, the Honourable Mr. Cherniack said; "And I remind the honourable member that at all times it was indicated that the auto insurance scheme would have to stand on its own two feet."

And on Page 3212 to 3213 of June 24, 1970, the Premier mentioned and I quote, "We have never suggested that there should be subsidization of the public auto insurance industry. This is a sound operating principle and this is what we intend to abide by."

Later in that same speech, Mr. Speaker, on Page 3232, the Premier said; "Since we do not want this plan to be a subsidized one, the money, that is the start-up money, will be repayable by the corporation after the fourth or fifth year of operation of the plan."

Later on in the debate, on June 24th, Page 3228, and I'm still quoting the Premier, he said, "If it passes, and if the corporation is set up, two years from now auto insurance will not be an issue any more. The Conservatives know that in two years of operation of this plan, the government will be able to run on the record of public auto insurance and that their claims of disaster in the operation of this plan will not have materialized."

A further quote, Mr. Speaker, on May 15th, it's a quote from the Honourable the Member from Assiniboia questioning the Honourable Member from Winnipeg Centre, Mr. Boyce, the Honourable Minister of Corrections, now. He said; "Can you tell me yes or no, do you believe the automobile insurance plan will be subsidized by all the citizens of Manitoba? Do you believe yes or no?" And the reply was, "No, I don't believe it should be, and it's not going to be."

Now these quotations, Mr. Speaker, together with many of the other ones that appeared, and this has been a capsule of them, of various other statements that were made, and it has

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(MR. BLAKE cont'd) . . . now been clearly indicated to us that the Corporation cannot stand on its two feet. They have accumulated huge deficits - we're not sure what the deficit this year is; we've been told that it's \$10 million, but we know it was 10.2 million last year. These deficits cannot continue to carry on, Mr. Speaker, and therefore it is pretty obvious that the corporation under the present set-up cannot stand on its own two feet and must be propped up, and they're proposing to do that by the introduction later on this session of a two cent subsidy on gasoline.

The plans have been changed. There is a very good cartoon in here of the Premier skating along handily with a sign saying: "I promise no Autopac increases till 1975," but there was a 10 percent on basic and a 19 percent on an extension coverage in 1974, and they still lost money and they lost money again this year. There's a record of boosts in the rates throughout the history of Autopac in its short span, and of changes in plans. One of the changes of course was a reduction in rates one year, and I'll mention that a bit later because we know what happened there. There has been articles written in newspapers throughout the country of the problems that Autopac is experiencing, and there's no point in belabouring that fact, I don't think, Mr. Speaker, too much longer. But it's pretty obvious from the problems that are evident to us now that Autopac is just not standing on its own two feet, and therefore we feel that something must be done in order to bring the necessary changes about, and that's what we're proposing in our resolution.

We also don't believe, Mr. Speaker, that the chief executive officer of a corporation as large as the Manitoba Public Insurance Corporation should be a Cabinet Minister. We believe that it should be operating on its own and free from interference of a political nature. We are not completely sure that as the chief executive officer that the Minister is putting in the time there that a chief executive officer of a large corporation like that would do. The corporation is growing and we'll be getting figures that we have requested later on, I know, of the number of employees, the size of the legal advisory staff, because we know it is growing.

This was another one of the arguments in the Autopac debate that cases of litigation in the private industry were becoming more and more, and people weren't sure of their coverage and this would all disappear. But judging by the number of gratia, or whatever the correct pronunciation of that particular legal term may be, Mr. Speaker, by the number of settlements that are made, it's obvious that they are going to have to have a larger legal team to handle them because there seems to be more and more being made all the time.

We also believe, Mr. Speaker, that the motoring public should have the freedom of choice on where to buy their insurance. If they choose to find a place where they can buy their coverage cheaper or more expensive, that this should be open to them. If the competition of course cannot provide coverage as cheaply as the Manitoba Public Insurance Corporation is providing it, then it should be their choice to at least to pay the larger premium or to go under the government plan. We know that freedom of choice is promoted by those members opposite because we've heard it so often in the past few months from the Minister of Agriculture.

We also believe, Mr. Speaker, that the public is not being provided with good factual information. There has been an awful lot of advertising, an awful lot of propaganda in their advertising, and rate comparisons. I think it's nearly impossible to make rate comparisons because you could spend hours and hours comparing them with various sections of the country, and just how you would completely isolate two areas and say that they're identical is a pretty difficult thing to do. We can generalize and things of that nature, but we want to be sure that we know of all the hidden charges and our reason for including that particular Whereas was the fact that we feel that there is misinformation going out, or that the information is not being completely spelled out. There is a great deal of misunderstanding and confusion with Autopac today and I don't think there is any question about that whatsoever.

The Minister quoted on a television appearance not long ago that they were providing the cheapest automobile insurance, and that they had the fastest and most efficient service of any insurance system in the country, and that they had the lowest rates in Canada, and I think that's open to dispute. I think there are lower rates for the same coverage and I think to say that we have the lowest rates in Canada is not quite in accordance with the facts.

There is another particular area, Mr. Speaker, that's being applied, and that is an increased premium or rate for people that are going to be absent from Canada for a period of 61 days. This is a very fuzzy area; there are a great number of our citizens, as you are

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(MR. BLAKE cont'd) . . . aware, who journey outside of the country for periods of three to four months during the winter season - a good number of them for health reasons - and they have been told that if they stay outside of the country for 61 days, they will be required to pay an additional premium. And they have telephoned in to get some idea of how much they're going to have to pay: will they pay more if they go to Arizona or Los Angeles? They have been told that if they write a letter and state the facts, where they're going, and how long they're going to be staying, and will they just be driving to the store for groceries, or will they be visiting, or will they just be parking their car there and driving home again, that then they will be told what their rate will be. Now this was brought to my attention on several occasions and I endeavoured to find some more information for them, and I was told on phoning the Corporation that they really couldn't give me this information because they didn't have it. But what I found happened, Mr. Speaker, if the party writes in and states the case, there will be a board which consists of two of the senior underwriters, will look at their letter and they will decide what premium will be assessed against that particular individual. Now this, Mr. Speaker, just did not seem quite right to me, and the matter of a quote that was made during the debate by Mr. Gonick on Page 4380 of Hansard of June 11th, "That secondly is the human factor, the anxiety and the discomfort, the waiting and never knowing whether you will be covered in a major accident or not."

Now, Mr. Speaker, there are many cases coming to attention right now where people are not sure whether they are covered or not. We know of cases where university students today, whether they be from Minnedosa or Gimli, or wherever, if they're living in Winnipeg during the week, attending university and using that vehicle to attend university, and going home on the weekends, that they must have a Winnipeg rate on their insurance otherwise they will not be covered.

Mr. Speaker, the head office of the Insurance Corporation is supposedly in Brandon; all of the cars for the corporation are registered out of Brandon on a Zone 2 rating, and if that's going to apply to people attending university, it should apply equally to the corporation for licensing and insuring their own vehicles. And that's something I'd like the Minister to clarify when he has a chance to reply.

Mr. Speaker, the Resolved portions of the resolution; we want to see competition back into the field, and this can be worked out, and this way people will have some freedom of choice. As I say, the Minister of Agriculture loudly proclaimed that he wished people to have freedom of choice. That was one of the big promotions he had in the Land Lease Program that people had the freedom of choice, and here is an example where we can give people that freedom of choice and allow them to have some option on where they purchase their automobile insurance coverage.

We mentioned that we want to see it run as a Crown corporation, free from political interference, Mr. Speaker, and I think that it's been obvious with the rate reduction in 1973 - the Premier has admitted that it was a foolish reduction, that it has caused a lot of the problems that Autopac are experiencing today, but we know that that was done for the 1973 election, and it's going to be very difficult for the members opposite to state otherwise. I think I've mentioned before, the statement was late in coming down, or the rates this year, because there was a by-election in St. Boniface. It's going to be difficult for them to claim this is not the case.

It's going to be difficult to claim that there hasn't been political interference in awarding the Autopac licensing to the D'Eschambault Agency in St. Boniface. There are many quotes that later in the debate, Mr. Speaker, when we have a little more opportunity to get into that, we can discuss more fully but it was pretty obvious to anyone over in that area that the license had been refused, and when the particular people came out in support of the government candidate in that by-election that in an extremely short time after the election he was granted a full-fledged license agency, after having been opted out on the original deal, Mr. Speaker, and being compensated to the tune of some \$4,000, which was not required to be paid back into the corporation.

These are things, Mr. Speaker, that leave a great deal of questions to be answered. It's a large business. We don't believe the board should be politically appointed; they have to get board members on there that are knowledgeable in the field and capable of running the

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(MR. BLAKE cont'd) . . . corporation on a proper business-like basis. This is one of the reasons in our resolution that we want it free from political interference. In one of our Whereas we do not feel that a Cabinet Minister should be the chief executive officer of that corporation because it is extremely difficult to operate without having some political interference when you have a Cabinet Minister as the head man on the board.

Mr. Speaker, I'm sure the debate on this will give us ample opportunity to air the many points that we want to cover, and hopefully all of us on this side will have a chance to contribute to the debate, and possibly some of us may have a chance to contribute a second time when we've had the statement from the Public Insurance Corporation and find out exactly how much they lost this year, and how badly a mess we are really in with Autopac.

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MR. SPEAKER: The Honourable Attorney-General.

MR. PAWLEY: Mr. Speaker, I listened with interest to the comments by the Honourable Member for Minnedosa and I take pleasure at having the opportunity to be involved in this debate. I cannot help, Mr. Speaker, but wonder with some amazement why the recognizing, certainly very clearly, that Autopac is in a loss situation, a substantial loss situation, how it is that the honourable members opposite never relate the loss situation in respect to Autopac in Manitoba with, Mr. Speaker, the, yes, the general automobile insurance losses across Canada which, Mr. Speaker, if they were analyzed, identified, would indicate that population in relationship to loss, that Autopac is certainly not out of proportion in its losses in Manitoba as compared to the private industry across the rest of Canada, certainly if you take, Mr. Speaker, the losses as have been indicated all across Canada by the insurance industry in general.

Secondly, the honourable member doesn't make reference to the sorry plight the private fire insurance industry is in all across Canada. It was only a short time ago, Mr. Speaker, that we saw blazing black headlines in the daily media to the effect that because of rising losses in fire insurance, that we might anticipate a 60 percent increase in fire insurance rates.

But, Mr. Speaker, try as one might, we see no resolution from Her Majesty's Loyal Opposition dealing with the fact that yes, we face, according to reports, steep increases in fire insurance rates this year. No concern. The only concern that they express, of course, relate to the public sector because of the very doctrinaire type of situation that the Honourable Member for Minnedosa and others across the way have seen fit to dig themselves into.

In general, let me say to the Honourable Member for Minnedosa, that to establish competition insofar as the private automobile insurance industry is concerned would accomplish not one thing. There is nothing that is basically inherently good in having competition in the automobile insurance industry. We know that from experience in Manitoba prior to 1971 when Autopac was implemented. We know it, Mr. Speaker, from the experience of the private automobile insurance field across Canada as to the results of this so-called competition is concerned.

And to suggest, Mr. Speaker, that Autopac should operate as a Crown Corporation in competition for private insurance industry, one need only look at the example of France. France, I am told there are some three Crown Corporations that operate automobile insurance in competition for some 140 to 150 private insurance companies. There is no basic improvement in the system insofar as automobile insurance is concerned in France, because there are two or three Crown Corporations in competition with the private insurance industry in France.

Mr. Speaker, the reason that Autopac is as sound and as solid is, is because it has meant the introduction into Manitoba of an entirely new concept in automobile insurance. It has meant, Mr. Speaker, that all in Manitoba are insured and that insurance is included within the license plate that is purchased from the province in order to license one's vehicle. The license plate includes the insurance. And, Mr. Speaker, beyond that it ensures that there is total coverage of all motorists in the Province of Manitoba.

And, Mr. Speaker, I say to the Honourable Member from Minnedosa that one of the most embarrassing things that we will have to do this session, is to find extra moneys, extra moneys, Mr. Speaker, so that we can pay the continued debt that has loaded up in Manitoba as a result of the existence in Manitoba, prior to 1971, of thousands of uninsured motorists in this province. We will have to be asked for legislation and for moneys to be granted in order to pay judgments that are still being obtained in our courts, in respect to motorists that were uninsured during the days of blessed private automobile insurance in Manitoba. Now, Mr. Speaker, the concept of public automobile insurance ensures that there's no longer a need for an unsatisfied judgment fund. There is no longer any further need for an extra levy in respect to the driver's permit one obtains for an uninsured motorists fund. There is no need any further, in Manitoba, to ask taxpayers to replenish the moneys that have to be paid as a result of death and injury caused by uninsured motorists in Manitoba. That is the new concept that I am speaking of, that has been introduced into Manitoba by the development of public automobile insurance, and the operation of that plan as a sole agency plan in Manitoba.

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(MR. PAWLEY Cont'd) . . .

Mr. Speaker, if I could continue to say that a lot has been mentioned about the fact that some way or other, we are proceeding towards the subsidization of automobile insurance in Manitoba by introducing the two-cent-per-gallon gas tax. Mr. Speaker, when I heard this mentioned first, I thought it was being said probably in jest, because not for a moment would I imagine that anyone would seriously make that accusation that this was by some way or other a subsidy of the public automobile insurance system in the province. And I know that in their hearts, they know that they are not correct when they make that statement, Mr. Speaker, in their very hearts they know that they are wrong. Because, Mr. Speaker, the gasoline tax is an identifiable charge. It is a charge that is levied upon motorists and not the taxpayers in general. It is a charge that can be calculated by each motorist as what he is contributing towards his insurance each year, as per the amount that he pays in respect to gas each year. It is identifiable, it is calculatable and it is paid only by the motorist, not by the taxpayers in general. And besides, Mr. Speaker, it is a system that is the most efficient system of collecting automobile insurance premiums that I can imagine because there is no administrative cost of any significant sum in the payment of insurance premiums by way of the gasoline tax.

MR. SPEAKER: The Honourable Member for Portage la Prairie.

MR. G. JOHNSTON: I ask the Minister, will not the two-cent-a-gallon levy create more of an imbalance in that it will cause rural residents of the province to pay more unfairly than their city brothers, because by the nature of where they live they have to drive more miles.

MR. SPEAKER: The Honourable Attorney-General.

MR. PAWLEY: Mr. Speaker, specifically in answering to the question from the Honourable Member for Portage la Prairie, the gasoline tax is the fairest method because it is based upon use and use only. And throughout the period of the automobile insurance debate in Manitoba it was constantly pointed out to us that the average farmer, for instance, had a truck, he had a car and that in fact, insofar as the car is concerned, that it would often be used only once or possibly twice a week to drive into town for purposes of acquiring groceries or other purposes. That his use of the private vehicle was in most cases less than those motorists that were using their vehicle much more frequently.

Mr. Speaker, leaving aside location, no one can argue that the fairest method to assess insurance has to be based upon at least one of the elements on use of vehicles. And this is nothing new, Mr. Speaker, because the private insurance industry always did this. All that honourable members need do is open the rate books that were published by the private insurance companies and they will find that those rates pertained to mileage. That once you drove 10,000 miles a year, in some instances 5,000 miles a year, or that you drove more than 20 miles each day to your place of employment, you were assessed extra premium, extra premium. Mileage influenced the premium and all the Honourable Member from Portage la Prairie need do is open the rate book of Portage la Prairie Mutual Insurance Company and he would observe that there is a mileage influence insofar as the rating system by the private insurance companies are concerned.

Mr. Speaker, the Honourable Member for Minnedosa said something about municipalities. Well, Mr. Speaker, there are people in Manitoba that seriously, seriously at the present time feel that the gas tax is a retrogressive move. And the Honourable from Minnedosa is, of course, one of those. But I have no doubt, Mr. Speaker, that the Honourable Member for Minnedosa, being basically an individual that is prepared to examine subject matter will, like the other Manitobans that he refers to in the municipal field, will when facts are pointed out to them, and when they have had an opportunity to analyze those facts, will acknowledge quite freely that they're wrong and they withdraw the accusations that they had been making.

Mr. Speaker, a lot of reference was made in respect to the Minister being the Chief Executive Officer. I think I only should point out to the Member from Minnedosa that the Minister is not the Chief Executive Officer, he is the Chairman of the Board of the Manitoba Public Insurance Corporation. The Chief Executive Officer is Mr. Dutton, who is the Chief of the Management Committee, the Executive Committee, the Administrative Committee that is responsible for the operations of the Manitoba Public Insurance Corporation and I would feel that the Member for Minnedosa would want to better define his reference to terms in

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(MR. PAWLEY Cont'd). . . the future when he refers to the Minister as being the Chief Executive Officer of the Manitoba Public Insurance Corporation.

I want to very quickly, because I know that my time is running out, say to the honourable members that there are a number of very basic reasons further for implementing the type of concept that we have developed with automobile insurance. First, of course, it means that the insurance corporation that we established in Manitoba is responsible for all risk in Manitoba. All risk, bad or good. Those that under the old system would be uninsured, and those under the old system again that would be considered the cream of the crop. And in that way, Mr. Speaker, we are able to ensure total and full coverage.

If we did what the Honourable Member for Minnedosa is suggesting, and have automobile insurance operated through (a) a Crown corporation, (b) through private companies, we would revert to the system of having thousands of uninsured motorists in Manitoba, because there is no way of insuring in a practical and sensible fashion, compulsory insurance, unless that insurance is part of the license plate. There is no way. You can relate to New York State where they've attempted it; you can relate to other provinces in Canada where they've attempted to institute compulsory insurance under the private system and they have discovered that they still have substantial percentages of their driving population operating uninsured motor vehicles.

So what would happen? What would happen, Mr. Speaker, is that those that are the best drivers, those that drive the least, those that enjoy the least risk hazard, would find out that they could obtain their rates much lower because the few private companies would cream that portion of the motoring public for their own. On the other hand you would find all those that were considered for some reason or other to be a little bit more risky because of age or because they had an accident a couple of years ago, or because they drive their motor vehicle back and forth to work each day, or because they drove more than 10,000 miles a day - or a year, 10,000 miles a year - or because they suffered from having a speeding ticket a couple of years ago. You would find that those motorists would end up with Autopac, because the private insurance industry would cream unto itself the good risks and leave all the poor risks for private (?) automobile insurance company. The private (?) automobile insurance company would be in financial difficulty, and then honourable members across the way would say, "Ha, Ha, didn't we tell you, socialism doesn't work. The public plan is going broke. The public plan is going broke and look at those private insurance companies, how well they're doing." That would be the net result of the type of proposal that we have before us in the resolution that we're examining.

Secondly, Mr. Speaker, the fact is that the only way the automobile insurance system can be tested is how - not by the premium, not by premium comparisons. The premium comparisons are interesting but it can only be tested as to the percentage of each dollar that is being invested by the motorists in his insurance, as to what percentage of that dollar is being returned by way of claims. And I say to you that if you contrast the percentage of each dollar that is being invested by Manitoba motorists in their insurance, with what happens in Alberta, or Ontario, or in the Maritimes, with private insurance you'll be pleasantly surprised to the extent that you'll find that in Manitoba 80 to 85 percent of each dollar is being returned to Manitoba motorists by payment of claims in comparison to 60 to 65 percent under the private automobile insurance.

But, for what honourable members call freedom of choice, what they call freedom of choice, they want Manitoba motorists to pay an extra 15 to 20 cents on each dollar they invest in private automobile insurance, so they can have that extra privilege. That's what it narrows down to, Mr. Speaker, when you examine the actuary statements that are presented by the public insurance system and you contrast that statement with what is offered by the private insurance system. That's what you will find.

So, Mr. Speaker, when we deal with the auto-insured motorist, when we look at the question of creaming - what is called creaming in the insurance industry - when we deal with the question of efficiency and examine it from a logical and basic way, and we leave aside our ideological bents, when for a moment we ascertain . . .

MR. SPEAKER: Order please.

MR. PAWLEY: . . . automobile insurance is a necessary, a necessary item, that

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(MR. PAWLEY cont'd) every motorist should carry insurance on the highways in order to protect others against negligence that may be caused by motorists on the highways, it's necessary, thus it should be compulsory, then the only way it can be properly implemented in a practical and decent sense is through the public automobile insurance system and through the concept that we have developed in the Province of Manitoba.

MR. SPEAKER: The Honourable Member for Minnedosa.

MR. BLAKE: . . . a question. I wonder, Mr. Speaker, if I might pose two short questions to the Minister. He reported losses in the private industry. Would he agree that the net loss in Autopac is reported after investment income, and the net losses reported by the insurance industry are reported before they subtract their investment income. And secondly, he mentioned that 15 percent of the premium dollar would go to administration costs and 85 percent would be returned to the motoring - the cost of repairs and what not. Would he not agree in the last statement of Autopac that there was something like 19 percent went to administrative costs, not 15, and with the \$10 million loss it was something like 120 percent, not 85 percent, but something like 120 percent to make up the \$10 million deficit.

MR. SPEAKER: The Honourable Attorney-General.

MR. PAWLEY: Mr. Speaker, the statement that I gave in this House was that under Autopac, 80 to 85 percent, and you can relate back to my words in Hansard, compared to 60 to 65 percent under the private system. So if the honourable member is using the figure of 19 percent, then I'm not out from the relationship that had I presented just a few moments ago. But insofar as the comparison of administrative costs, that takes into consideration the investment income, and the honourable member can himself check that out, but he will find that in either case that takes into consideration investment income except with a private system of course --(Interjection)-- and that is all the important aspect, the investment income is not returned to the motorist, not returned to the motorist, in order to reduce the accident, the demands upon the accident funds as it is with a public concept. It is diverted for other purposes, and that I think is, . . . I appreciate the Honourable Member for Minnedosa pointing this out. That again is one of the very distinct advantages of the public system, vis-a-vis the private system. (Hear, Hear)

MR. SPEAKER: The Honourable Member for Sturgeon Creek.

MR. J. FRANK JOHNSTON (Sturgeon Creek): Thank you, Mr. Speaker.

MR. SPEAKER: Order please.

MR. F. JOHNSTON: Mr. Speaker, this resolution, I was asked if I could speak on this today, and I can assure you I could speak on Autopac any given time, and being asked to do it at any given time. Probably we could go on it, for two years and the situation would still remain the same, is that the government on that side are poor managers. The previous Minister, who I have more respect for than the present Minister, was more capable of not getting himself twisted around the finger of the managers, who are people that had never in their lives been part of an insurance company that had to make any money. All they did was spend people's money.

So, Mr. Speaker, we have the case of the people basically in Autopac who are not, not one bit experienced in insurance companies that were supposed to make a profit, twisting the Ministers around their finger to do as they please - and the Minister basically said that. You know the resolution says that the Autopac be treated as a Crown Corporation. It also says in the Whereas, that the Minister shouldn't be, the chairman should not be an NDP minister in charge, and the Attorney-General just finished saying that the chairman doesn't run it, the Manager runs it. So there we have a situation where the chairman is a pawn in the hands of the manager. Which is what I just explained. I tell you, that that . . . you know, Reid, Reid, the member from Churchill, Reid answered. He said the Minister doesn't and the chairman doesn't make decisions, the manager does. The manager makes the decisions. So we have now come down to the situation where the management, which has no experience in insurance companies that are supposed to make a profit, are now twisting the ministers around their little finger.

Mr. Speaker, for the members on the other side to keep continually telling us on this side of the House that it is logical, logical that we have a two cent tax on gasoline, on the basis that the person who drives the most should pay the most insurance. So therefore if you drive more, you pay 2 cents a gallon --(Interjection)-- Well, what about the retired man who puts

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(MR. F. JOHNSTON cont'd) his car up all winter and goes on his holidays in the summer. Isn't that really too bad? Well, you know, senior citizens should pay 2 cents more per gallon for gasoline to go on holidays? This hypocritical government on the other side keeps talking like that. You know, it's just not logical to even think that way. They go along and they keep talking about two cents a gallon on the basis that the person who drives more, who drives more, should pay more. You know, Mr. Speaker, senior citizens, and the young people who go on holidays in the summertime were the people who were not going to be hit as hard by this government?

You know, the businessman can accept the two cents although it's ridiculous, you're just raising the cost of produce; you're just raising the cost of business generally. You take a man, in fact, I know of a business that has three sample trailers on the road. Those sample trailers don't run more than five miles to the gallon, and they drive all over this province showing people produce, taking the produce, taking the samples to the people, the stores, so they can buy them. You think that that didn't raise his business costs and won't raise prices. That's not inflation? Who ends up paying it? Mr. Speaker, doesn't this government realize there's only one taxpayer. Have they not come to the common sense yet that businesses don't pay taxes, politicians don't pay the taxes, the people that pay the taxes are the every-day people. Everybody when they go out and buy products they pay taxes, because that's where you'll pay your taxes. If you think for one minute that you are going to have businesses pay the two cents a gallon. No. It will be the people when they go to the stores to buy groceries will pay the two cents a gallon because of the increased cost of business. And that's inflation. And for the love of heaven, for them to turn around and say, that they --(Interjection)-- A premium? Oh no. Oh yes, pardon me! It's much . . . you're talking about the premiums, are you?

Well now let's get down to that with what the Minister talks about the premiums. He comes along and he says, very very casually, that we have now got, we have now got it where it should be, on the driver. You know, the driver, the bad driver. But I must say, Mr. Speaker, this is not the two cents a gallon. There is another thing. The bad driver. The guy that has the accident, he'll pay.

You know, Mr. Speaker, you hear what he says, the private industry. These fellows don't remember, Mr. Speaker, very well, private industry did not have the capability, the legislation, to charge the driver extra on his licence. The only thing that they had to do was to charge more on that car. --(Interjection)-- Premium. Premium. Now he says that because we've gone into the insurance, we can do this. We can now do it. Could there not be some system where the bad driver's premiums, or bad driver's increased licence couldn't be worked out with private industry? But no, these men will never work it out with private industry. They have got to have that control. They have got to have that control. They don't even try to work it out with industry, yet they criticized the industry because we raised the prices, or the premiums, on a piece of steel, a car. They say, "Oh, we raised it on the bad driver." But they never say that the other man didn't have the chance to do that, and I know he didn't, and I think maybe he should have. Maybe it should have been that way with us. They never bring that up. They just have got to always criticize the private industry.

Mr. Speaker, I will tell you, I will take Autopac, I would take Autopac, I would allow every private insurance company in this world, if they want to, to come into this province, and under my management, or two or three other people that I know, would make it pay. Make it pay. I'll tell you why there's waste of money. The Chief of Police in Winnipeg would just love to have something changed in Autopac that never happened here. You know, Mr. Speaker, you go down, and every time you write a report, an accident, you go into the Police Department to write a report. You go in Autopac and you write the same report all over again. If the Autopac wants the report from the Police Department, they have to pay \$2.00 to go and get it. They don't need half of them. I happen to know that the Police Chief in Winnipeg and the Police Department in Winnipeg would offer, would offer to put a policeman in every Autopac claims centre to lay information. Do you know how much money that would save Autopac? But has it been done? This would save thousands and thousands and thousands of dollars of a policeman's time writing reports that 90 percent of the time are never used. But does this group ever do that? No. No, they don't. They don't even think about saving money.

MR. SPEAKER: The Honourable Minister of Mines.

MR. GREEN: I would like to ask the honourable member a question. Does he believe

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(MR. GREEN cont'd) that in Ontario where they have private automobile insurance, same system as we used to have in Manitoba, that a citizen when he makes a police report to the Police Department, that that report should be turned over to the private insurance? Is that what he is suggesting? That the person's report to the police, every person's report, that the Police Department should send them to the private insurance. Is that what he . . .

MR. SPEAKER: The Honourable Member for Sturgeon Creek.

MR. F. JOHNSTON: Mr. Speaker, I know. Well now we've got those childish yappy guys again that don't listen to anybody, is that it? The yahoos in the back row who don't listen to anybody? Well, Mr. Speaker, the Minister is playing with words again about--(Interjection)-- Well, as the Member from St. Johns says, "Do you have something to say? Would you like to get up and say it"? No, but the Member from St. Johns, every time somebody speaks up the Member from St. Johns gets up and says, "Would you like to speak"? So I'm saying to the Member from Point Douglas "Would you like to speak for once in this House"?

MR. MALINOWSKI: I speak already.

MR. F. JOHNSTON: Well, would you please like to make it twice this year?

MR. SPEAKER: Order please.

MR. F. JOHNSTON: Would you like the floor? Mr. Speaker, would he like the floor?

Mr. Speaker, the Minister is now saying, and working around that the private report that I make to a Police Department should be made available, and he could even get up and compare it with it . . . my doctor's . . . should be made available to somebody else as well.

MR. SPEAKER: The Honourable Minister for Mines state his matter of privilege.

MR. GREEN: Yes. The Honourable Member is suggesting that I said that a private police report should be made available to the insurance companies. I never said that. I find that to be a little obnoxious. I am asking him whether he agrees with that.

MR. F. JOHNSTON: The Minister is quite right. He said to me, should I, do I agree, that a private police report . . . Yeah, and he's quite right in saying that. But he asks me that question, trying to put me in the position of saying, do I agree, do I agree that a private report that I give to a policeman should be given to anybody, Autopac, or anybody else? Now, Mr. Speaker, an accident report is demanded, and can be demanded, and is asked for by Autopac, and it's usually the same report that's been given to the Police Department. Is he suggesting that people go in and give the Police Department a different report than they give Autopac? You know, you know, I'm really wondering. Are you suggesting that this is the way it is, because that's not the way it is. They go in and give a report to the policeman and they give the same report to Autopac, and there should be a policeman within the Autopac area to check and lay information, and it would save millions, not millions, I said thousands and thousands and thousands.

MR. SPEAKER: The Honourable Minister . . .

MR. GREEN: The Police Department reports are made available to anybody, to the private insurance, or to the lawyers, upon payment of a \$2.50 fee. The question was, should it automatically be made available to all the insurance companies in the province, regardless of request?

MR. SPEAKER: The hour of adjournment having arrived. We will have an opportunity again some other time.

Is the Honourable Minister, the House Leader going to make a statement for next week's proceedings?

MR. GREEN: Well, Mr. Speaker, the proceedings next week have been more or less mapped out. We will be proceeding with the Attorney-General's Estimates, followed by the Minister of Agriculture's Estimates. There have been the announcements of the various committee meetings on Tuesday and Thursday, and we will probably be calling first of all the Supply Bill which is now in committee.

MR. SPEAKER: The House is now adjourned and stands adjourned until 2:30 Monday afternoon.