

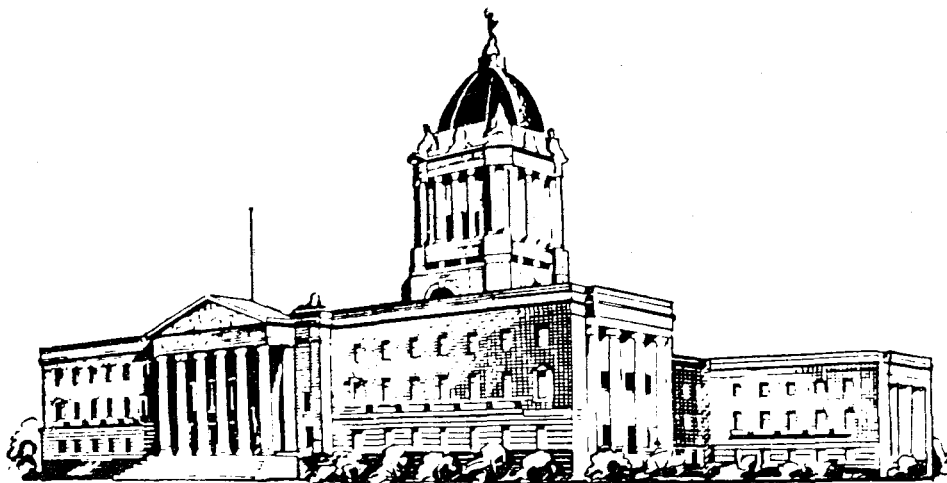


Legislative Assembly of Manitoba

DEBATES
and
PROCEEDINGS

Speaker

The Honourable Peter Fox



Vol. XXI No. 103 8:00 p.m., Thursday, April 25th, 1974.

First Session, 30th Legislature.

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THE LEGISLATIVE ASSEMBLY OF MANITOBA
8:00 p. m. , Thursday, April 25, 1974

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MR. CHAIRMAN: The Minister of Co-Operative Development.

MR. USKIW: Mr. Chairman, I regret the Leader of the Opposition is not here to receive the message that I have for him. Hopefully he will take the opportunity to have his researchers advise him of what has transpired here this evening, because I want to say the least that I want to do is to make it interesting reading for him. This afternoon, Mr. Speaker, we witnessed something which I regret to say is something that hopefully would not set new precedents in the way in which we conduct ourselves in this Chamber.

Mr. Chairman, I held off introducing the Estimates of this Department about a week or ten days ago, because I was advised, we were advised as government that the Leader of the Opposition was most interested in being here during the time that we would introduce the estimates of this department.

A MEMBER: You know where he is.

MR. USKIW: Yes I, Mr. Chairman, do know where he is and I'm not playing the silly games that my honourable friend opposite would play. My honourable friend ought to wait for my remarks before he indulges in shouting from the other side.

A MEMBER: I'm not shouting.

MR. USKIW: The point I am making, Mr. Chairman, is that we were courteous enough to hold back the introduction of these estimates so that the Leader of the Opposition would be here as he requested but, Mr. Speaker, that courtesy was not returned this afternoon because the Leader of the Opposition chose to pre-empt the full statement, my full remarks in the opening of the Departmental Estimates. He did not want to give me the opportunity to fully introduce the department to the House. And I say, Mr. Chairman, that hopefully that is not the way in which this Chamber is going to conduct itself in the future, because there will be some reluctance on the part of myself, and I'm sure our colleagues on this side of the House, in holding off the introduction of estimates because of the absence of someone on the other side; and obviously, Mr. Chairman, that is a matter of courtesy, not obligation, and like courtesy should be returned and would be appreciated.

So much for the Chamber ethics of the Leader of the Opposition, Mr. Chairman.

Let me again remind honourable members opposite that it is true that the previous government did not find it very difficult to engage itself in very questionable economic ventures with people whom they were not able to know, did not do a proper assessment on, and which has resulted, Mr. Chairman, in huge financial losses to the Province of Manitoba. While they are prepared to do that, Mr. Chairman, they were not prepared to undertake less significant risks with their own citizens of Manitoba and in particular, with respect to the citizens of Northern Manitoba. I want to say that it's without apology at all that I accept the responsibility for charting a new course through this Department, in providing new opportunities for people in Northern Manitoba which were denied to them for so long, and to take very great risks in doing so, financial risks, Mr. Chairman, but I'm satisfied in knowing that while we take these risks that these dollars that may be lost from time to time in ventures of the north are well spent if they pre-empt welfare dollars, and to that extent I think it is completely justifiable.

Anyone who has a degree of understanding of the north would know that it's fraught with all sorts of problems. It is very difficult to communicate, the facility of our modern era do not present themselves in that part of this province, not yet, Mr. Chairman. I think I should also point out that it is largely through the neglect of many governments over the years gone by that we find ourselves in that position today in Northern Manitoba. I have to say in passing, however, that there has been much improvement in these areas of economic development, communication, transportation and so on in the last four or five years.

So to suggest, as does the Leader of the Opposition, Mr. Chairman, that there is wholesale mismanagement on the part of the department in its response to the requests of Northern Manitoba is mischievous to say the least, Mr. Chairman. I want to point out a very interesting matter to the members opposite who perhaps are completely unaware, I'm not even sure that the Leader of the Opposition is aware, Mr. Chairman. If the losses that have occurred in Northern Manitoba represent some degree of mismanagement on the part of the government and the part of the department, and I'm sure if you look at every decision that was made, on

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(MR. USKIW cont'd) reflection you would say if it had made the other way, something would have been better than it is, and we can all do that by looking backward, Mr. Chairman, on every decision that is made here or anywhere else.

But let me relate to the House some statistics, Mr. Chairman, which members opposite should appreciate. We have had for a good number of years the money provided through the Wheat Board Money Trust Act guaranteed by the province for the development of these co-ops. Well I shouldn't say many years, it doesn't date back that far. But let me recite for the members opposite some of the losses that have occurred; under their management, Mr. Chairman, and I don't fault them for it, Mr. Chairman, because this is the kind of thing that one cannot escape from completely in trying to develop the north.

I want to draw to the attention of the House a number of co-operatives that were financed away back since 1962 and how many have been written off and the amounts, Mr. Chairman, and then let members opposite reflect on their position vis-a-vis the Co-operative Services Branch during their term of office, if that is mismanagement. And I suggest, Mr. Chairman, that it is not, that it is one of the risks that we have to take.

The Pine Creek Fishermen's Co-operative. A guarantee of \$5,000 away back in 1962; another one of \$10,700 in 1963; another one of \$3,000 in 1963; September 1965, \$3,000; September 1965 \$500; after May 1967 \$3,000; total of \$25,200, Mr. Chairman. These were the dates that these guarantees were made. Type of loan; guaranteed loan, balance \$8,000 due October '67; \$9,481 due March '68 and so on. Written off - one loan written off prior to 1966. Co-op Promotion Board loan and guarantees written off in late 1971, for a total write-off of this Co-op of \$23,981, Mr. Chairman, dating back to 1962.

I don't know what my honourable friends want to say about the management of Pine Creek Fishermen's Co-op but that is the sum total of the write-off on that one co-operative--(Interjection)--Very small ones, yes.

Shoal River Co-op, Mr. Chairman: This dates back to March of 1961, for a total of \$3,250; the co-op was liquidated in 1964, total written off, \$3,250. Not one penny collected, Mr. Chairman. Written off in 1965.

The Pas Pulpwood Co-op: June 1963 - \$5,000; October '63 another \$10,000 was provided, for a total of \$15,000. Interest in arrears after March 1965 and no repayment on principal. Written off October 4, 1965 - \$15,000 principal and \$549.82 in interest, for a total of \$15,549.82.

Fort Alexander: October 1962 - \$10,000; September '64 another \$5,000, for a total of \$15,000. Written off June 1967 - \$10,000; August 1969 - \$2,000, for a total write-off of \$12,000.

Berens River Pulpwood - all of these are co-operatives, Mr. Chairman. October 1962 - \$1,000; June 1963 - \$3,000; December 1966 - \$5,000, for a total of \$9,000. Written off in 1970 - \$10,057, which included the interest.

Berens Fishermen's Co-op: September 1964 - \$15,000; written off in 1970 - \$15,000.

Jackhead Pulpwood: December 1964 - \$3,000; August 14, 1967, written off - \$2,450 in principal, \$110.29 in interest, for a total write-off of \$2,560.29.

The total write-offs, Mr. Chairman, were \$82,398 on the co-ops that they set up, Mr. Chairman. In ten years with a \$100,000 limited loan fund, Mr. Chairman.

MR. F. JOHNSTON: You have 900,000 in one year.

MR. USKIW: We have not written off 900,000 in one year, Mr. Chairman. There is nothing wrong, Mr. Chairman, in writing off bad debts, that's what you have to do when they turn bad. There is nothing wrong with gambling in the hopes that people that are involved in this kind of development will somehow learn through the process and will become self-sufficient. That is not a bad thing, it's part of education if nothing else and if it costs some money we have to accept that as a necessary responsibility that we must share. We are not terribly excited about that, Mr. Chairman. But what we don't want to accept, Mr. Chairman, is the fact that the Conservative Party, and in particular the Leader of the Opposition, would try to leave the impression that these problems are somewhat new, that they began yesterday, Mr. Chairman, and it is only because we have poor government and mismanagement in the department that that is occurring.

Mr. Chairman, I asked the Co-op Promotion Board, who were responsible for this program, why some of these were not written off before I came to my office. Well they didn't know

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(MR. USKIW cont'd) really why they didn't write them off. Some of these co-ops didn't exist but they were still on the books. I asked my honourable friends why they didn't write them off, at least on the books. I don't know whether they thought it would be some embarrassment to them or not. And I suggest, Mr. Chairman, that it should not have been an embarrassment to members opposite because they were indeed experimenting in what I consider to be a meaningful program even though it was small. And one should not take away from that aspect.

I want to say, Mr. Chairman, that the value of fish production in 1967 was \$550,138, which grew to a total of \$2,156,077 by 1971.--(Interjection)--The co-ops, yes. No, I have value of fish production through these co-ops.--(Interjection)--Well, Mr. Chairman, I can't quite make out the remarks of my honourable friend but nevertheless these are the statistical facts. Fish production in 1967 was somewhere in the order of 2,000,000 pounds, which has increased to seven million pounds up to this point in time. Volume of northern co-ops increased from \$1,777,000 in 1967 to over \$3 million in 1971. Mr. Chairman, in the 1960s the Indian and Metis people made a very important decision, and that was that they wanted to do things for themselves. They wanted to end the exploitation of the human resources of Northern Manitoba, exploitation that was at that time imposed on them for the lack of government support to do things to help them do things for themselves. They chose to develop a co-operative economic structure. The department's responsibility over those earlier years was merely to assist them in the incorporation of these various co-operatives. There was no assistance in management, training, and there was no capital.

Prior to 1969 there was only eight fishing co-ops, mostly around Lake Winnipeg, and only one in an isolated area of the north by 1969, Mr. Chairman. That should reflect something on the members opposite when they had the responsibility to deal with the remote communities. Northern fisheries were operated by private companies. In 1969 the Freshwater Fish Marketing Corporation was created and the private fish companies ceased their operations. To replace these private companies nine fish co-ops were formed, six, Mr. Chairman, in isolated communities, and the only economic base was fish, no business experience, no roads, no airports, no telephones, no amenities of life whatever, Mr. Chairman, that we here take so much for granted. But what was their choice, Mr. Chairman? Their choice was to organize their fishery or to depend on the welfare cheques. That was really their choice. So I say to the Leader of the Opposition and members opposite that they should not condemn these people for wanting an opportunity to do something for themselves, notwithstanding the high risks that had to be taken. And nor, Mr. Chairman, should we regret the participation of government including the risks that we have taken and some of the losses that I have just alluded to, Mr. Chairman.

A lot has been said about mismanagement of the co-operatives in the northern parts of this province, the role of the native people in the isolated communities. I want to say that the establishment of these co-operatives while they have been questioned from time to time, and I would say rightly so, because you are dealing with a lot of innovation here, inexperienced people, this particular event has provided, though, these people an opportunity to learn things for themselves, to learn how to manage their own affairs. With all of the mistakes that they make in doing so they were given a role, they were given a chance to participate in the decisions that affected them directly, and indeed the decisions that affected their community. I think that has to be so, Mr. Chairman, if we're ever going to get those people into the mainstream of economic life in this province. They progressed despite the handicaps, Mr. Chairman. They brought into their communities new skills, new opportunities for training, new knowledge, and they provided to some degree self-government, self-administration, with all of the problems that go with it, Mr. Chairman.

So because some financial, some co-operatives are in financial difficulties I don't think that we should sit here and try to decide the success or failure of the communities in Northern Manitoba as they have been involved in the various co-operative enterprises that were set up. I think what we have to conclude, Mr. Chairman, is that while we will have some successes and some failures, that in totality, in totality there has been a learning process. A process that introduced people into the mainstream of economic activities which in the long run should bring forward those people of Northern Manitoba into what we consider to be the way in which business enterprise ought to function, ought to be handled, and which would result in profits and dividends to the people involved. And to the extent that that happens over the years ahead, Mr. Chairman, we will have to rely less and less on the welfare cheque. And I think that is an important consideration.

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(MR. USKIW cont'd)

So, Mr. Chairman, the question again, and I want to repeat this, is whether we want to engage in work activity or whether we want to throw up our hands and rely on the dole. And since we have the interest of the communities in going the work-activity route, we as government feel, Mr. Chairman, that that is what we should support, at some cost to the treasury, knowing that over-all we will all benefit from that kind of a policy.

The department must respond by or through various services, whether it's advisory or accounting or auditing or organizational, and sometimes, Mr. Chairman, I have to say that because of the peculiar situations in Northern Manitoba our staff have acted under the authority of power of attorney. It's not something that we prefer to do; I would prefer that the staff didn't have to get involved in that way whatever. But anyone having an appreciation of the problems of Northern Manitoba and the people within it, would know that sometimes these things have to take place. And let me assure my honourable friends opposite that this procedure is not new also, and it dates back, as I understand it, to 1964. It's not a new procedure.

A MEMBER: It dates back to 1200.

MR. USKIW: Well the House Leader advises me that that procedure dates back to 1200. But my information tells me that as far as government staff are concerned through the co-operative services of this government that that practice dates back to 1964.

And the Leader of the Opposition should not get excited about the fact that powers of attorney are ways in which we handle some of the problems of the north. He should appreciate the fact that these powers are given to staff people by the local boards who find it necessary to function in that way.

So I want to say, Mr. Chairman, that the north requires from time to time exotic approaches.

A MEMBER: Those approaches are used in the south, too.

MR. USKIW: The House Leader advises me that these approaches are used in the south as well, and he probably would know more about that than I would. But I want to remind members opposite that the north is not built like River Heights or Wellington Crescent or Roblin Boulevard. I want to advise the Leader of the Opposition that he needs to learn more about Northern Manitoba; the legal terminology or debating tactics are not all that's important insofar as Northern Manitoba and development is concerned. To approach the problems of Northern Manitoba requires more than legal terminology and debating tactics in the Manitoba Legislature. The balance sheet of the north will not be decided, Mr. Chairman, on dollars and cents. The balance sheet, Mr. Chairman, is going to be decided on the extent of human development, and the extent of educational and business opportunity that we provide for those people of Northern Manitoba. That is a balance sheet that has to come. And that is something that members opposite, that is something that members opposite have failed to appreciate when they were in government, Mr. Chairman.--(Interjection)--Yes, the Member for Souris-Killarney wants to know whose money we are spending. I will tell him that we are spending the same dollar from the same purse that we are financing CFI out of, and that we are financing the losses of Columbia Forest Products out of, and that we are financing the Lord Selkirk Boat out of, and I can name a whole host of other enterprises. And, Mr. Chairman, one of those enterprises, any one of them, has lost more people's money than all of these put together. More than all of these put together.--(Interjection)--My honourable friend wants to tell me that we can gamble if it involves somebody in southern Manitoba, but we must not risk a penny with the people of the north. That's what he's really trying to say, Mr. Chairman. And we are not prepared, we are not prepared to deny the same kind of opportunity to Northern Manitoba, we're not prepared to deny the same kind of opportunity to people in Northern Manitoba as we are in the south.

A MEMBER: Since when did you become an expert?

MR. USKIW: The north, Mr. Chairman, is changing and it's changing because of the positive attitude of the present government. And I know members opposite are sour on the north because they didn't win one single seat, Mr. Chairman. And now they want to find reasons why they can get a southern backlash. That is the issue that is before us.--(Interjection)--The Member for Morris some time ago wanted to know why we were claiming some responsibility over certain co-operatives in the north, and why we allocated staff people to look after certain problems with respect to Ilford. Mr. Chairman, if we didn't do that he would be

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(MR. USKIW cont'd) shouting here, suggesting that we weren't looking after a problem in Ilford. To suggest that we should not allow the Ilford Fishermen's Co-operative to borrow one of our staff men in order to help them with their problems. Mr. Chairman, it's ludicrous. I think it's fair to say that we are not as a department, we are not as a department prepared to manage all of the co-operatives in Manitoba, nor do we want to manage any of them; and our role merely is to assist those that request some assistance.

A MEMBER: That is why they went broke.

MR. USKIW: Now, Mr. Chairman, the Leader of the Opposition went beyond what the Member for Morris had suggested. He wanted to know, for example, and I want to now read a part of his speech "Whether I can confirm to this House that in stating this that this department assists in services to fishermen Co-operatives." He is essentially misrepresenting the position of the involvement of this department. That's the Leader of the Opposition in his comments some month or so ago. And to quote him further, Mr. Chairman, and he further asked me if I could inform why powers of attorney of the board of directors were taken by our development officers to be able to run to the co-operatives, and then, Mr. Speaker, he comes up with a statement such as this. And I quote from Hansard, page 1305: "We are dealing with largely unsophisticated people who substantially do what the department suggests." Mr. Chairman, I want to point out to the Leader of the Opposition that when he suggested that the people of the north are completely unsophisticated and that they would sign anything put under their nose, that that is not a fair statement with respect to the people of the north. My honourable friends opposite would suggest to you that while that may occur it may occur in any part of the province.

One of the concerns that I have, Mr. Chairman, with respect to the debate that has been going on as far as the northern co-ops are concerned, is the question of credibility, and the fact that all of our northern co-ops have built up a very important standard of credibility with respect to the business community.

MR. CHAIRMAN: Order please. The Honourable Minister's time has expired. The Honourable Member for Roblin.

MR. McKENZIE: Mr. Chairman, we've just witnessed another incredible performance by this Minister. This Minister of Agriculture who not very long ago a lot of people in this province had a lot of praise, they thought he was a real comer, an excellent politician, a person that knew how to manage a department, how to be a Minister of the Crown, and that he would turn out to be somebody that Manitoba would like to be proud of. Mr. Chairman, it's regretful that we can't give those accolades to this Minister, because it's unbelievable in all the allegations and the charges, Mr. Chairman, and the documents that have been laid on the table of this House, in asking this Minister what is going on with these co-ops, and on two occasions he rose to his feet today, and he told us absolutely nothing - the charges, Mr. Chairman, of mismanagement that have been alleged in this House over and over again. I asked the Minister, was there mismanagement, yes or no?

A MEMBER: He won't answer.

MR. McKENZIE: He won't answer. I asked him, Mr. Chairman, if in fact there was waste through mismanagement in this department . . .

MR. CHAIRMAN: Order please. Order please.

MR. McKENZIE: . . . yes or no? And, Mr. Chairman, we get no answers.

MR. CHAIRMAN: The Minister of Co-operative Development on a point of order.

MR. USKIW: On a point of privilege, Mr. Chairman, the Member for Roblin wanted to know whether I would respond to the charges of mismanagement and he said that I would not, and I want to say to the honourable friend that I'm quite prepared to respond to that, and have been doing so.

MR. JORGENSEN: That's not a point of order. That's not a point of order. If the Minister wants to reply he's going to have an opportunity after the Member for Roblin is finished.

MR. CHAIRMAN: Order please. Is the Member for Morris speaking to the point of privilege?

MR. JORGENSEN: I am speaking to the point of order, and I'm suggesting to you, Sir, that this is not a point of order. If the Minister wants to respond, he'll have that opportunity when the Member for Roblin has concluded his remarks.

MR. CHAIRMAN: Thank you. The Member for Roblin.

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MR. McKENZIE: Thank you, Mr. Chairman. Again, Mr. Chairman, we've asked and we're trying to prove, where are the books, where's the auditors of these co-ops, where's the money? And, Mr. Speaker, if I as the Member for Roblin constituency haven't got the right to ask these questions on behalf of the taxpayers of this province, then I shouldn't be their MLA. And it's my duty as a member of the Opposition to make the allegations of the incompetence of this Minister and the manner in which he's wasted, literally wasted taxpayers' dollars, and now he can't find the books, Mr. Speaker, nor can he find the auditors, and he doesn't know what has taken place.

Mr. Speaker, it's an incredible story, this thing about the northern co-ops. It's just like a fairy tale the things that have happened in this province with that Minister in charge of that department, and with this government over here behind him; that they through all their efforts and their knowledge of the problems would let it happen and get to the stage now where the Minister is going to let the taxpayers take the big bat. And that's what he's trying to get across, and the end result in his remarks, you're going to see, Mr. Chairman, the Minister is going to stand up and ask the taxpayers of this province to take the bat for his bungling and his mismanagement of the northern co-ops in this province.

And, Mr. Speaker, I just can't accept that on behalf of a Minister of the Crown who is supposed to be one of the strong Ministers, he's been labelled as the next Premier of this province, and he can't even manage a little department with a budget of \$907,000.--(Interjection)--

Mr. Chairman, it's incredible, it's just incredible - I'm glad the Honourable Minister raised the story about the co-op at Ilford because this is one that I'm sure we'll remember in Manitoba who's got the pigeons involved. This is really a beauty. These little people up at Ilford, Mr. Chairman, minding their own business, looking after their own co-ops; a little bit of profit set to one side, everything's functioning beautifully, but all of a sudden big government with this big Minister and all these new ideas moves in and takes over the Ilford Co-op, and that's when their problem started, Mr. Speaker.--(Interjection)--

MR. CHAIRMAN: The Honourable Minister on a point of privilege.

MR. USKIW: I suggest the honourable member retract that because the government has not taken over Ilford Co-operative.

MR. CHAIRMAN: The Honourable Member for Roblin.

MR. McKENZIE: Let the Minister decide whether he took it over or not, and after you've heard my remarks, Mr. Chairman, let the people of Manitoba decide who took it over.

But, Mr. Speaker, there's published reports of how a government appointed manager went into Ilford and he refused a federal grant for a two-way radio between the fishermen and the shore to show what was going on. And what did they do? They come in with carrier pigeons, you know, in this new century the old archaic thing that they used a thousand years ago, to run this fishing co-op at Ilford they bring in these carrier pigeons, and these carrier pigeons are supposed to fly from the boat into the fishing co-op and into the manager's office and tell him what's going on. Now, Mr. Chairman, if you could imagine with that type of archaic communication system, how they could run the books. And the tragedy was, Mr. Chairman, the tragedy was that they moved the books from Ilford down to Winnipeg, and the pigeons couldn't find their way to Winnipeg to bring their messages in what was going on.

Mr. Chairman, if the Minister says they didn't go in there and take over that Ilford Co-op, I just don't understand it. Why did you move the books down to the city? Weren't they competent? They ran their co-op before. They had a little reserve set to one side. They managed their own business reasonably well. But no, Mr. Chairman, the Minister with all his government takeover, plans which is strictly part of the NDP parcel, they want to take over everything in this province, they move into Ilford and set up a carrier pigeon thing and away we go, we've got a new co-op in the north. You know what happened, some of the pigeons got lost. Some of the pigeons got lost. They found some in boxes later on that they forgot to release; and then it's told, Mr. Chairman, that some of the pigeons were consumed on some of the people's tables up there, so the whole system broke down. The whole system broke down, Mr. Speaker, and it's a tragedy.

The directors of the Ilford Co-op say today that they made a mistake, they made a mistake, Mr. Chairman, by asking the management authority from government to come in and give them a hand to manage their own affairs. That was their mistake, and they admit it was

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(MR. McKENZIE cont'd) a mistake, but the Minister won't. The Minister won't stand up and tell us that he made a mistake by going in to Ilford and trying to tell those people how to run their own business. No doubt, Mr. Chairman, that the directors of the board acted on assurances from the province that they would get efficient management, but efficiency in this government's book and in the book of the board of directors of the Ilford Co-op, are two different words; they don't mean the same thing. Efficiency in the Minister's dictionary means pigeons for communication; the board of director's book they want a two-way radio, and I'm sure you just imagine how that co-op would function, Mr. Chairman, at Ilford. It's unbelievable that in this day and age that a co-op at Ilford would be set up under the Minister's jurisdiction - he know the pigeons were there. I'm sure the Premier, according to the stories that I read, the Premier and also the House Leader knew the pigeons were there. --(Interjection)--

Well anyway, Mr. Speaker, the whole system broke down because when they got the books into the city from the Ilford Co-op and they started writing the books in the city, those people out there, them that are bringing the fish in, never get statements. Somehow, Mr. Chairman, the statements never got back out to the fishermen at Ilford from the books in Winnipeg, and there again, the system broke down, Mr. Speaker. I know private business knows, I think, the importance of up-to-date, maybe weekly or monthly bookkeeping; I'm sure private business knows that, Mr. Chairman, but money losing operations such as at Ilford Co-op when they started going down, they went down so fast they didn't even know they were going down because they had no record of what was going on.

So, Mr. Chairman, the fishermen at Ilford have learned a real lesson. They've learned a lesson that they'll never forget because they're saddled with the debt. They've learned a lesson that big government coming in doesn't give them any guarantee whatsoever that they're going to live a better quality life, not this government at least. It just bogs them down with an albatross around their neck that they'll never pay for.

And it's interesting in the Minister's remarks tonight, Mr. Chairman, he lashed at us and said when we were government we never done nothing for the people in the north. We never done nothing about the co-ops in the north. Read his statement one year ago when he presented the Estimates on the Department of Co-ops last year and the tar and feathering that he gave us about doing nothing. But, Mr. Speaker, he read into the record some of the things that happened in those days and while there were losses there, those people ran their own show. They didn't have big government moving in and taking over their books and giving them a carrier pigeon system for communication.

Mr. Speaker, the fishermen have learnt their lesson from this government. Ilford Co-op three years ago, maybe four years ago, in the early 70s was handling what? About 800,000 pounds of fish, fish business. Approximately. And that has dwindled down today with this government and with its management of those people's affairs to some 200,000, 225 or 30,000 pounds. Because of poor management I understand, poor management at the--(Interjection)-- You'll have your chance to talk when I sit down, Mr. Chairman. I suppose, Mr. Speaker, the one season of government managing that Co-op has cured those people forever, those fishermen. Sure they want their business back. Why don't they? They had their own business at the one time. Certainly they want it back now but the government won't give it back to them. They've goofed it, they've ruined it so bad nobody wants it now. Not even the Minister wants it because he's saddled with the debts.

Another question I'd like to ask the Honourable Minister. Those records I'm sure that he read, were those audited records that you read into the record a while ago? I suspect they were audited. But unfortunately we can't find no audited statement; can't find books, can't find records of what actually did happen up there, to try and somehow find out if there was mismanagement, if there was waste. So, Mr. Speaker, I say it is a tragedy that not only that the people from Ilford Co-op are going to take a tax bath but the taxpayers of this province are going to take a big tax bath before this is all over. I don't know what the losses are. I know there's a guaranteed loan for the Central Bank or the Credit Union for some \$900,000 and then the DREE grants where apparently they cooked the books so they could get \$400,000 of the Federal Government. And I wonder if that's ever going to be audited. How are we going to justify that when everything's broke today?

The Minister stands up here and tries to tell us, Mr. Chairman, that we are doing the wrong thing by asking for some accounting, asking for some records, asking for some answers

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(MR. McKENZIE cont'd) for the questions after questions that's been alleged and the charges that have been made over these northern co-ops. So, Mr. Speaker, I am alarmed, I don't know what the losses are. I wish the Minister would tell us but I guess he doesn't know because there's no books. I wonder can he tell us what stage the auditor is at; the Auditor General of this province has been up in the north trying to find some of these records and give us. Where is he at and what has he found? Has he found anything? What have the fishermen lost? What is the losses to the fishermen? Just give me one example at Ilford. Let's forget Southern Indian Lake and the other one. Give me an example of what kind of debt the fishermen at Ilford are going to be saddled with for the rest of their lives. I'd like it in black and white. How much are the taxpayers going to lose in this bath? I'd like some specifics to these answers and I'm sure everybody in this Chamber would and so would the people of Manitoba. So I hope, Mr. Chairman, that when the Minister does get to his feet that we will surely get some answers, facts, figures of what has taken place and how he's going to bail himself out of that terrible mess that this government has created in Northern Manitoba with our great friends the fishermen up there who . . . no wonder they're having sleepless nights in the north.

And it's interesting this Ilford thing, Mr. Speaker. The Member for Churchill was there. I saw the member for one meeting. He was there, the Member for Rupertsland was there I think, the Premier was there. The one set of records I think I've got it here. Yes. This one meeting - Oh there was visitors. I'm sorry. The visitors included Ken Dillen MLA for Thompson, representing the Premier, Les Osland, MLA for Churchill. They knew about the pigeons. Then Siggy Sigurdson, Zone Manager of the Freshwater Fish Marketing Corporation, Richard Terhorst of the Agricultural Credit Corporation, because they're in there to the tune of some \$40,000 somplace. Ed Johnson from the Mines Department, and the list is long of the people that was there and knew all about this crude, archaic communication system that this government was trying to heist on the people at Ilford. Is it any wonder, Mr. Chairman, that they come out screaming and yelling that they didn't want no more of that. Maybe if it hadn't been for the carrier pigeons we'd never have found out about it, but we did. Either the carrier pigeons or somebody leaked it to us. We've got a lot of the information. And it's interesting, Mr. Chairman, there's a lot more to come. Before we get through with the Minister we're going to document a lot more stuff. We're only getting nicely started in this debate. To hopefully finally prove once and for all that this Minister has mismanaged this department, he's mismanaged the taxpayers dollars and he deserves to be removed from that office.

MR. CHAIRMAN: The Honourable Minister of Co-operative Development.

MR. USKIW: Mr. Speaker, I just want to take a few moments to quickly respond to the Member for Roblin who knows so much about Ilford - I don't know if he knows where it is on the map, Mr. Chairman - because all of the things that he said he knew are not possible, or virtually all, since that Co-operative never existed before I believe about 1970 and they never did fish 800,000 pounds of fish in any one year, Mr. Chairman. The most they ever did was 350, the most they ever did was about 350. So I want my honourable friend from Roblin not to mislead the people of Manitoba that there was something serious happening between yesterday and today, namely a few years back versus 1974, in the affairs of Ilford Co-operative because, a) it didn't exist that far back; and b) it never fished as much as he suggested it did, and let me tell the honourable member that he should research his subject matter before he wants to make a contribution to this Chamber.

As far as bookkeeping is concerned I want to advise the Member for Roblin that the bookkeeping system that is intact today which is being brought into question is the one that was set up when they were in office and has continued ever since. There has never been an instruction to change the procedure. The same rules apply, but all of a sudden there is something wrong with those procedures, Mr. Chairman. And the Member for Roblin doesn't want to listen to that, Mr. Chairman. Now I have undertaken, Mr. Chairman, to try to improve on management by reclassifying certain positions to bring in people with greater strength in order to more sophisticate the Department of Co-op Development, and that has already taken place. So let members opposite not suggest that nothing is being done.

The Leader of the Opposition suggested that the plant at Leaf Rapids was never a viable proposition. He suggested that it would never be viable and it should have never been proceeded with. And I don't know whether that is right or wrong, Mr. Chairman, because it depends on a whole host of things. Many assumptions are built into a feasibility study and when you're in

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(MR. USKIW cont'd) northern Manitoba you double or triple the assumptions that you would use if you were building it in southern Manitoba. Mainly what is the weather going to do, how many fishermen are going to fish next year instead of working for Manitoba Hydro? There are all sorts of things that enter into it, in terms of the season, the catch, the whole thing, that are all giant question marks. Your viability is always based on a basic set of assumptions and if any one of those assumptions are not correct then your viability is brought into question. No question about that at all, and I wouldn't dispute it.

But I want to tell the Leader of the Opposition and members opposite that the Government of Canada thought it was viable because it was on the basis of their study that they gave a grant of four hundred and some thirty or forty thousand dollars towards the plant at Leaf Rapids. The Department of Indian Affairs had a major input into that development. So obviously if it's not viable then there were two levels of government that looked at it and proceeded to support the local co-operative in the development of the facility. But I should like to point out that the Government of Manitoba didn't get into the full guarantee at Leaf Rapids until a year ago, long after the plant had been built; only in an effort to bail them out of trouble, Mr. Chairman, and to keep the fishery operating last summer. We came to their rescue, Mr. Chairman, last summer. Our guarantee was not \$800,000 before the plant was launched. Our guarantee was \$800,000 as of last summer, after the plant had already been built and when we knew that they were in trouble and we knew that if we didn't do something that the plant would close and there would be no fishing done in South Indian Lake last year. So let members opposite not distort the facts.

Now the Member for Roblin suggests that we have no figures and he forgot, Mr. Chairman, that they themselves introduced the figures, the financial statement of Ilford into this Chamber. I'm wondering whether his memory is short, Mr. Chairman, or whether it's a further attempt to confuse the people of Manitoba. I should like to say that with respect to the Ilford plant that plant was bought from a private company in 1970 and it was financed, financed by the Manitoba Agricultural Credit Corporation. The Member for Roblin suggested that they were doing very well without the government. Why is the government there, Mr. Chairman? The government put the plant there for the co-operatives, through a loan through MACC. So I suggest to members opposite that they get their facts straight before they even attempt to make a contribution to this Chamber.

Now the Leader of the Opposition has indicated that the degree of sophistication or lack of the people of northern Manitoba is such that they would sign any document placed under them. Mr. Chairman, I take exception to that. You know I don't believe, I don't believe that one could allege that all of the people in the north, native people, metis, are simpletons, are stupid as does the Leader of the Opposition.--(Interjection)--He sure has stated that, Mr. Chairman . . .

A MEMBER: Says everything which implies that.

MR. USKIW: He said - that's correct, Mr. Chairman, he said everything which implies that because he said they are not capable of making any decision of their own. They sell their votes, Mr. Chairman, that's the implication of the suggestions of the Leader of the Opposition.

Mr. Chairman, the government recognizes that these people in northern Manitoba are equal to any other group in society in this province and we intend to make available to them all of the facility of government that we have always had in this part of the province in the hope that we will bring about the kind of social economic development that is meaningful to northern Manitoba. They have geographic problems, problems of distance, lack of facility which are being improved on every year, we are undertaking a tremendous improvement in that area in particular with respect to the development of airport facilities in the isolated communities, telephone communications and so on. But I want to say that the record of the past, and I take that from 1969 back, was one where none of these activities were undertaken in a serious way in order to bring about the full participation of those people into the economic life of this province. One of the many disadvantages they have have been listed, Mr. Chairman, and now we have one more, one more disadvantage, and that is the bigotry of the members opposite.

Mr. Chairman, the progress in the north is far behind that of southern Manitoba and we recognize that. There's a lot of catching up to do. The Leader of the Opposition should not draw attention to the lack of sophistication of those people and their progress; because to the

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(MR. USKIW cont'd) extent that it exists, Mr. Chairman, it is largely the fault of that group of people over there who did nothing for 11 years to improve that condition in northern Manitoba. In fact it's a lack of government support to that region of the province for many decades.

MR. CHAIRMAN: The Honourable Member for Arthur on a point of privilege.

MR. WATT: I'd like to point out to the Honourable the Minister of Agriculture that the first money in the Province of Manitoba that was ever handed without any strings attached to the Indian Brotherhood was done in the office that he does hold now, which I held at that time, to Dave Courchene and Rev. Cuthand. The first moneys, in order that the Indian people and their co-operatives in the north and the Indian Reserves, that something could be done for them without any strings attached by the so-called white people. The first time - somebody says how much. Off the top of my head I can't remember how many, but it was X thousands of dollars.

MR. CHAIRMAN: Does the honourable member have a point of privilege?

MR. WATT: For the first time in the Province of Manitoba and that was before this government took over.

MR. USKIW: Mr. Chairman, that's not a point of privilege.

Mr. Chairman, I regret to draw into the debate the personal well-being of the Leader of the Opposition. I want to say though, Mr. Chairman, that he has drawn into the debate the lack of sophistication of people in northern Manitoba. I want to say that I know that the Honourable Leader of the Opposition has not been fed with a silver spoon, Mr. Chairman, but I'm convinced his pabulum was handled with a golden spoon, and I think it's unfair of him to cast remarks on the lack of the wealth of people in northern Manitoba.

Mr. Chairman, the powers of attorney is a mechanism that is used from time to time. I want to suggest that it is only used where it is being requested of the local co-operative board, and not used to exploit or to deceive anyone. This is something that I believe one or two members opposite have alluded to this evening. Those procedures again I want to repeat date back, date back to 1964. I notice the Leader of the Opposition is back, Mr. Chairman, and I simply, I simply want to make the observation that he should read Hansard when it is available to him and then to reflect on the kind of posture that he has brought into this Chamber with respect to this particular issue and to reflect on some of the statements that he has made in the past.

Mr. Chairman, I just finished saying that the Leader of the Opposition is one of the more fortunate people in our province who has had handed down to him an enormous amount of wealth, which I'm sure he appreciates, but because of that, Mr. Chairman, he is unable to understand the reality of the world around him. He is unable, Mr. Chairman, to appreciate the problems of people that don't inherit the kind of fortunes that he has personally benefitted from in this province.

MR. CHAIRMAN: Order please. The hour of 9:00 o'clock and Private Members has arrived. Committee rise. Call in the Speaker.

Mr. Speaker, the Committee of Supply had considered certain resolutions, has directed me to report same and asks leave to sit again.

IN SESSION

MR. DEPUTY SPEAKER: Order please. The Honourable Member for St. Vital.

MR. D. JAMES WALDING (St. Vital): 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.

PRIVATE MEMBERS' HOUR - BILL NO. 39

MR. DEPUTY SPEAKER: The hour being Private Members' Hour. On Thursday evening, adjourned debates on second reading, public bills. Bill No. 23. (Stand)

Bill No. 31. The Honourable Member for Crescentwood. (Stand)

Private Bills. On the proposed motion of Mr. Johannson. The Honourable Member for St. Matthews, Bill No. 35, An Act to Incorporate The Red River Community College Students' Association. The Honourable Member for Morris. (Stand)

On the proposed motion of the Honourable Member for Assiniboia Bill No. 40, The Presbyterian Church Building Corporation Act. The Honourable Member for St. Vital. (Stand)

BILL 39

(MR. DEPUTY SPEAKER cont'd)

Second reading, Private Bills. Bill No. 39, an Act to incorporate Portage Curling Club. The Honourable Member for Portage la Prairie.

MR. G. JOHNSTON presented Bill No. 39, An Act to incorporate Portage Curling Club, for second reading.

MOTION presented.

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

MR. G. JOHNSTON: Well, Mr. Speaker, the bill is self-evident. It's a group of sportsmen in Portage la Prairie who wish to incorporate so that they may carry out certain acts as a corporation instead of individuals. I believe it's the intention of the Portage Curling Club to join forces with another corporation namely the Portage Golf Club and the incorporation of the City of Portage la Prairie and certain others to form a complex that will be of greater benefit to the citizens of Portage and district and this is the reason for Portage Curling Club seeking incorporation.

MR. DEPUTY SPEAKER: The Honourable House Leader.

MR. GREEN: Mr. Speaker, I move seconded by the Honourable Minister of Agriculture, that debate be adjourned.

MOTION presented and carried.

RESOLUTION NO. 31

MR. DEPUTY SPEAKER: Private members' resolutions. Resolution No. 31. The Leader of the Official Opposition.

MR. SPIVAK: I move, seconded by the Honourable Member for Riel, that WHEREAS the cost of living in Winnipeg has escalated ten points in the past year; and WHEREAS the food segment of the cost of living index in Winnipeg has risen 21.1 points in the past year; and

WHEREAS there has been no study done on the effect of taxation and government spending on the cost of living;

THEREFORE BE IT RESOLVED that the Government of Manitoba consider the advisability of establishing a Manitoba Prices Review Board with special reference to study effects of taxation and spending on the cost of living.

MOTION presented.

MR. DEPUTY SPEAKER: The Honourable Leader of the Official Opposition.

MR. SPIVAK: Mr. Speaker, I present this motion at this time according to our rules, and having left a State Dinner now being attended by the Lieutenant-Governor for the Governor General--(Interjection)--with members of the government as well - I'm here because I believe that this particular resolution deals with the fundamental problem that exists in this province and in Canada, and that is inflation and the cost of living. And in the few moments that are available to me, I'd like to deal with this issue, to place before the House a recommendation for a course of action, and in dealing with this issue deal with it on the basis of who profits by inflation; who is protecting the public in Manitoba from inflation, and what additional work can in fact be undertaken and done.

Now, Mr. Speaker, before I begin I should indicate that at the time the resolution was prepared the information on the latest statistics with respect to the cost of living were not known. The government has taken the position that the cost of living in Winnipeg, and that would reflect Manitoba, more or less is about even and that there really is no serious situation for this province. But the fact is that the latest statistic, Mr. Chairman, indicates that the highest increase in the past month in the cost of living has been in Winnipeg, and that the fact is that the highest increase in Canada has taken place in Manitoba. And that surely is an indicator that there are basic problems, and there are concerns, and it is not something that simply can be addressed to as a problem by simply saying it's beyond our control. Because it's our contention, Mr. Speaker, that a great deal of inflation has to do with excessive government spending and excessive taxation, which has the effect of feeding the fires of inflation and in turn by its action, by its action, increasing prices and increasing the cost to the consumer.

Now, Mr. Speaker, we have made the point, and we'll repeat it again, that the one organization in our system that profits more than any other organization in Canada by inflation is government. The biggest profiteer of inflation is government. They profit by inflation

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(MR. SPIVAK cont'd) because they have as a result of their tax system the ability to attract a progressive tax which will in fact increase in actual amounts paid, if there is an increase in wages, an increase in costs and increase in prices. When someone earns one figure, he will pay a certain tax. Because he requires increases to just cover the cost of his living, he will have an increase in his income, and once that happens he then now starts to pay a higher rate of taxation, and that effect will mean that the government will earn more money than it did before, and will in fact profit by that increase. That's why governments generally, Mr. Speaker, have not really been as concerned as they should have been about the ultimate cost to the consumer or about dampening inflation because it has given them money, and in the course of giving them money it has given them the opportunity to dole it out as they see fit on the basis that they are better judges than the individual, and can give the individual the feeling of a greater dependency on the government, and maybe a greater feeling of benefit to the particular political party in power. And what I'm saying when I talk about government, I am talking now on all governments, the Federal Government and every government in this country; they all profit by inflation and I do not see one that is really prepared to act or to deal with this issue.

The municipal taxes are going up, we know that today; the commercial taxation will go up. Does anyone not believe that that is now going to be passed on to the consumers who are going to be buying the goods and services from the commercial institutions whose taxes have gone up? Does anyone believe that somehow or other through some magic that's going to be absorbed by industry, by business, by the small commercial enterprises? They are simply going to pass it on, and by their passing that on it will simply mean the cost of goods and prices will go up even more; and it will simply mean that people are going to have to demand and receive higher wages to be able to be at the position they were before, and in the course of doing this, what it also means is that people will be paying a higher degree of taxation because of the increase in their wages. There is a five percent sales tax, and if a pair of gloves cost \$2.00 four years ago, it costs \$4.00 now, and the government gets five percent on the \$2.00 of the increased price. That's another ten cents in their coffers, and so governments have profited by inflation.

All one has to do, Mr. Speaker, is examine the record of 1969 and the record of 1974 of the moneys that the government has received by way of income tax, corporation tax, succession duties, gasoline tax, fuel tax, tobacco tax, sales tax, and so on. In 1969 individual income tax paid into this province by the people of this province was \$64 million; in 1974 it will be \$166 million. It will be \$102 million more, paid basically by the same taxpayers. Succession duties are about the same but gasoline tax was 35 million in '69, it's now 43 million.

Let's look at the sales tax. In 1969 the sales tax paid by the consumers, by the people of Manitoba, was \$60 million; this year in '74 the sales tax is forecast, if I'm correct, at about \$125,000--(Interjection)--\$125 million; it's almost double.

And, Mr. Speaker, I could go on. This point has been made before and I'm not trying to repeat that but I want to use that as a basis for some of the things I have to say with respect to this resolution. Because I suggest that the group who profit most by inflation are government.

Now, Mr. Speaker, who protects the consumer? The Minister of Consumer and Corporate Affairs, and I want to talk about him for a few moments. When I finish, Mr. Speaker, I think I can demonstrate pretty clearly that the Minister doesn't protect anybody. He doesn't act for anybody; he's not concerned or interested in anybody. I guess, Mr. Speaker, he spends more time in this House than any other Minister, except possibly the Minister of Mines and Natural Resources who is House Leader, and who is expected to be here for a very good reason. It's not surprising though, I think really it's not surprising if you have a Minister who does not protect the interests of the people that when we have a time of rapid inflation that the Minister can find so much time to spend here and so little in his departmental responsibilities.

Now, Mr. Speaker, on March 27th of this year in Hansard, he commented that his usual contribution in the House consists of and I quote: "little speeches from my seat when members of the Opposition are speaking". Now I can quote the exact day, Mr. Speaker, but it's March 27th - at least the exact page - and I wonder when you think about that statement that, I have little speeches from my seat when members of the Opposition are speaking, that there really

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(MR. SPIVAK cont'd) is an admission by him that his chief contribution to this House lies in the role of heckling. Now, Mr. Speaker, we can take all the heckling that he has to give us or that the members opposite may present - that's part of politics and it's part of the debate - but, Mr. Speaker, if you took that away from the Minister of Consumer and Corporate Affairs, I would wonder what you have left. I think very little, in fact nothing. As a distraction to his little speeches they are of nuisance value when people on this side are making their presentations, but, Mr. Speaker, what is disturbing is that he really only performs from his seat of his pants; he obviously makes policy by the seat of his pants, and that's been demonstrated, and I would suggest that the policy is pretty threadbare, and I would suggest if the Minister stood up we'd find that the seat of his pants are as threadbare as his policy.

Now, Mr. Speaker, in the Budget Debate the Minister of Consumer Affairs, who is supposed to be the person knowledgeable and supposed to be the person protecting the interest of the consumers with respect to the inflationary trend existing in this province, and who is supposed to undertake the research and to be in a position to express the concerns of the people, to protect their interests in every area, on March 27th he spoke in the budget debate. At one point he commented that the members opposite are not schooled in economics.--(Interjection)-- Well I'm not going to engage in the debate with the Minister over who's schooled in what but for someone who on that side presumes to lecture us so condescendingly, you know, we might draw attention to some of the statements that he's made and from his own words.

In his speech in a question on Page 1918 of the Hansard, the Minister said and I quote, and I'm quoting his words: "Who does benefit from inflation? The opposition says it's government. I say corporations." But on Page 1917 in comments given about five minutes earlier, he said, and again I quote, and I'm quoting him: "The Opposition are trying to claim that government benefits from inflation. Well, Sir, I concede them that point. Government does benefit from inflation." In one breath the Minister says that government benefits from inflation, and then in the next breath he denies it. Then he has the gall to accuse us of non sequiturs or to suggest that we lack schooling in economics.

Mr. Speaker, what the Minister lacks is mastery of any logic. He simply sits there, makes little speeches from his seat, which is a nice safe position, Mr. Speaker, and he says whatever foolish things happened to pop into his head with no regard of consistency, accuracy or the facts. The Honourable Minister of Mines and Natural Resources seems to be delighted with the fact that the Minister of Mines and Natural Resources has been getting some attention from this side. You cannot deal with inflation in this province without dealing with the aspect of what government has done, and you cannot deal with the question of government action or direction or initiative without looking at the Minister of Consumer and Corporate Affairs. He's done nothing, it is a do-nothing department, he's capable of nothing, and so is this government.

And our criticism, Mr. Speaker, is directed to the fact that they are not prepared to deal with the question of inflation, they are not prepared to deal with the component part that taxation has in raising costs in this province because they profit by it and because they are surrounded as it happens, in their Cabinet by key people who are incapable of handling the basic situation that exists today and who are satisfied to stand up in this House and from the top of their head make whatever grand statement they want to make, based on no facts but on their particular prejudice and their particular ignorance. And there's no better example than that than the answers that he gave with respect to the question of the sugar rise, price rise in this province. I don't want to waste my time, and I'm not going to, in reciting the inconsistencies of the statements that he made but I have them here, Mr. Speaker, and they only indicate the shallowness of the policy of the government, the shallowness of the Department of Consumer Affairs, and the ridiculous assumption that somehow or other they are basically concerned or even interested in the question of inflation.

Now I'd like to deal if I can with the suggestion of something that can be done, and I think should be done in this province, and that is to deal with the establishment of a Prices Review Board, so that they can deal effectively in this province with the aspects that I've referred to in my resolution, and with other matters that I think can be of value and really, Mr. Speaker, I am doing this in substitution for an inactive and inefficient and incapable Minister.

Now I believe a Prices Review Board should be set up; I believe that that board should not be just a two or three man board but can contain, and should contain, a dozen or possibly two dozen members. I believe that the component part of that should be made up of at least

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(MR. SPIVAK cont'd) one representative from each party in this House; and I believe that the other appointments should be made not by the Executive Council, they formerly may be made by the Executive Council, but should come as a result of a meeting called of all the non governmental organizations who are concerned and interested in this province in the developments of economy and in the protection of the consumers. I would include in those non governmental organizations the--Mr. Speaker, I would include in those non governmental organizations those who are in the consumer field; I would include the farm organizations; I would include the Chamber of Commerce; I would include the Canadian Manufacturers Association; I would include the whole host of organizations who are concerned with the development of this province and who have some direct affiliation or contact - no, affiliation is the wrong word - direct contact with government in pressing for governmental assistance programming, alteration of legislation to assist the carrying on of their activities, and in the course of doing this I believe that that group could then among themselves decide who should make up that committee and that Prices Review Board. Once that's done, Mr. Speaker, then I would give the Review Board the right to subpoena witnesses, and to be able to subpoena and be able to receive documentation, and to be able to hold hearings both private and public to be in a position to present on a - and that would be subject to obvious discussion and agreement - on either a quarterly or half-yearly, or possibly monthly, presentation with respect to the monitoring of the consumer prices in this province and suggestions that should take place. And I would believe that the first matter, and the most important matter, is for the determination of whether in fact government spending has contributed as we suggest to the inflation in this province, and the recommendation that can be forthcoming as to what spending should in fact be cut down.

Now they're recommendations, Mr. Speaker, the government won't have to act on it, but I believe at this point we've reached a time where some objectivity has to be at least followed in determining what we're going to do. Can you have a continuation of a budget that is about \$800 million, with borrowing of \$700 million, at a time when there is a tremendous degree of inflation, when prices are going up, and everyone say, Well we're satisfied, government should do it. Does anyone not believe that all of the taxation proposed, including the Mining Royalty Tax that's now still in the head of the Minister of Mines and Natural Resources which we haven't seen on paper or in this House, including that Mining Royalty Tax, will it not be passed on to consumers? Of course it will. Everything, everything that is taxed will be passed on. So that in effect, Mr. Speaker, what we have to examine realistically is how we are going to deal with the basic problem of inflation. What I am proposing is only one of several proposals and I say it is more realistic than the kind of razzle dazzle that the Minister of Finance has proposed in his cost of living allowance, which he's prepared to give next year when by that time next year the people of Manitoba will have paid out in sales tax more to the Treasury than they will be receiving from this razzle dazzle next year, in which case they will be not only no better off, they will be worse off because in every other area, their costs will have gone up and there will have been no relief given to them by any of the new programs and initiatives that have been proposed by the government, because they're not there.

So the Prices Review Board has a particular objective in Manitoba. It has a particular need for one good reason, because of the incompetent and incapable Minister of Consumer Affairs who from his Cabinet receives absolutely no direction and who has not given any leadership in this province.

MR. DEPUTY SPEAKER: The Honourable Member for St. Matthews.

MR. WALLY JOHANNSON (St. Matthews): Mr. Speaker, I find it very ironic that the Honourable Leader of the Opposition should come here to lecture us tonight on the terrible effects of inflation in his tuxedo. I only wish, Mr. Speaker, that we could take a picture of him and send it across the province to show . . .

MR. SPIVAK: Mr. Speaker, on a point of privilege.

MR. DEPUTY SPEAKER: The Honourable Leader of the Official Opposition on a point of privilege.

MR. SPIVAK: Yes, on a point of privilege. I'm not sure that the Honourable Minister really warrants this. I left the Honourable Minister of Finance, who I believe normally would have replied to this, who was wearing his tuxedo at the dinner of the Lieutenant-Governor's, the Minister of Labour, who left 4:30 to be able to put on his tuxedo by 7:30, and the First Minister who, as I must inform the Honourable Member for St. Matthews, is wearing a blue bow tie today.

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(MR. SPIVAK cont'd)

I want to indicate, Mr. Speaker, I came here in a tuxedo from a State Dinner to introduce this resolution on the basis that this is a serious resolution. If the honourable member wants to make a statement concerning that . . .

MR. DEPUTY SPEAKER: Order please. I've heard the point of privilege and you are now debating it. It is not a point of privilege, it is an opinion. The Honourable Member for St. Matthews.

MR. JOHANNSON: Mr. Speaker, now the honourable member seems to be so offended that he's leaving us and I'm sorry that he left because the honourable member tonight . . .

MR. DEPUTY SPEAKER: Speak to the Chair.

MR. JOHANNSON: Mr. Speaker, I am speaking to the Chair. The honourable member tonight reminded me so much of a story told of General Ulysses Grant who was the Commander-in-Chief of the Union forces during the American Civil War, and during the Civil War he was on an inspection tour of a battlefield and during his inspection tour he was very vigorously berating the stupidity of his Commanding General in that particular sector. His aide turned to him and said, "But, Sir, the general has been through ten campaigns." Grant turned, pointed to a mule standing nearby and said, "So has that mule but he's still a jackass."

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(MR. JOHANNSON Cont'd)

This resolution, Mr. Speaker, has to be one of the stupidest, or one of the most dishonest resolutions ever presented to this House. It amazes me the audacity of the Leader of the Opposition to present such a resolution. Because, Mr. Speaker, inflation, which the members opposite have been trying to make an issue of, is something that cannot be controlled by any one province, the primary jurisdiction necessary to control it is the jurisdiction of the Federal Government. The primary jurisdiction that can control inflation in this country is the Federal jurisdiction, and the major, the government that has the major economic power is of course the Federal Government. Now, Mr. Speaker, I'm not an economist, the Member for Morris is not an economist, but even with my crude knowledge of economics after four years in this House I can see the limited degree to which any province can control inflation. And it's obvious that not only I see this but several other authorities - no, I shouldn't say that - several authorities do see this also. And I quote from the Toronto Globe and Mail which is not a NDP organ, not a NDP newspaper, in fact I now understand that Brigadier Malone is the new publisher. So I don't imagine it will be any more friendly, any more friendly to the NDP. What do they say about inflation? And I quote from their paper of April 11, 1974 and I quote: "It is ridiculous to suggest a provincial budget can control inflation. The most important fiscal and monetary instruments for attempting to exert such control lie not in the provincial but in the federal jurisdiction, and even federal instruments can be less than effective in the present situation where inflationary pressures are worldwide." The Globe and Mail says this.

It's interesting, Mr. Speaker, also that the Batten Royal Commission appointed by, among other governments, the previous government in this province, presented a report in 1968 concerning the problem of inflation in the prairie region, and what did they say, Mr. Speaker? "The prairies are part of a nationwide and to a lesser degree worldwide economy. Inflation when it occurs in this region is generally a response to very broad forces over which little local control can be exercised. Responsibility for the control of inflation rests squarely with the Federal Government and its agencies in Canada. There can only be limited support contributed by other agencies, other governments or agencies." The Batten Commission report.

Mr. Speaker, who does the Member of the Opposition think he's fooling? Inflation is not only a problem in Manitoba, it's a problem in Canada, it's a worldwide problem, and I don't have to prove that by quoting Canadian Dimension. I have here a copy of Time magazine, that radical organ. Time magazine, look at it, it's red. Perhaps they're changing.

A MEMBER: But it's a Canadian magazine.

MR. JOHANNSON: And the issue, the major topic of this issue is world inflation. And, Mr. Speaker, if the honourable members opposite care to do any reading - and it's obvious that they don't care to do any reading very often they would find - Oh, pardon me, the Honourable Member for Sturgeon Creek has a book which he waves at us every week or so. Mr. Speaker, not only is Canada suffering from inflation, the United States is suffering worse than we are and I find reading this article that every major western country, every major western country is suffering in most cases far more than Canada. I find, Mr. Speaker, to my astonishment that in Greece which is governed by a collection of Colonels, who aren't noted for their left wing proclivities or for their great admiration for socialist policies, I find that the inflation rate in the last year in Greece was 33 percent. Portugal is suffering very severe inflation. So, Mr. Speaker, when the Leader of the Opposition attempts to create the impression that Manitoba alone is suffering from inflation, that because we have a socialist government that is spending too much and taxing too much, we're suffering from inflation. He is putting forth a proposition that is simply either totally dishonest or totally stupid, or a bit of both --(Interjection)-- A lot of both.

Mr. Speaker, I have noted during this session that the Opposition, as they did during the election campaign, are trying to make political hay out of inflation, and that's to be expected. The members of this government haven't promised any miraculous cures because if we did we would simply be as dishonest as the Opposition is. If we were to promise that we can make a substantial impact on inflation we would simply be lying to the people of this province and we feel that that's an irresponsible thing to do. Therefore we haven't pretended that we can lick the problem of inflation within the context of a provincial economy. Now

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(MR. JOHANNSON Cont'd) we've done what we can to make an impact on this problem.

In fact I was reading an article by one of the journalists employed by the Winnipeg Free Press who compared the Ontario budget with the Manitoba budget, and she came to the conclusion that this government was actually doing more than the Ontario government to tackle this problem. Now perhaps that's not allowed, that is, that kind of comparison. After all we hear members of the Liberal Party saying that we mustn't compare Manitoba with other provinces, but if you're going to understand the problem of inflation you have to put it in context, and the context is a context of national inflation, continental inflation and world inflation. And how does Manitoba and how does Winnipeg stack up? It doesn't stack up too badly, Mr. Speaker.

The Honourable Leader of the Opposition was playing with statistics, now this is an old game, statistics can lie and liars can use statistics. It's an old game to employ statistics, and so the honourable member for one thing used the statistical points rather than percentages to create the illusion of a larger increase in inflation in Manitoba than actually occurred.

And he also selected one month, the last month, and this is supposed to prove his case. Now if we look at the last year - he didn't give us his source - if we look at the last year, Mr. Speaker, the Manitoba average is lower than the Canadian average, and I understand that Winnipeg is roughly the second lowest city in the country. If we look at the previous year again Manitoba is quite low. It's lower than the Canadian average in terms of the increase in inflation rates.

The member implies that the government is contributing to inflation by its excessive spending and its excessive taxation. But, Mr. Speaker, I think what this government is doing is that it is attempting to do what it can do within a very limited sphere of jurisdiction. To do the most effective things that it can in order to help those hardest hit by inflation. And this is what the Batten Commission recommended as a course of action for a provincial government. The Batten Commission recommended that the major thing a province could do was to try to help those hardest hit by inflation.

Mr. Speaker, we haven't been launching major studies like the Batten Commission Report. We've been doing things to actually help those who've been hardest hit by inflation. We have carried out a number of programs to reduce taxes on a progressive basis, to redistribute income, we have implemented this year a cost of living tax credit plan, which members are aware of. Our tax credit plan is more generous than the Ontario one. We have increased by \$50.00 the minimums and maximums on the Manitoba Property Tax Credit Plan. These two programs will help to some extent but I wouldn't promise that they're going to solve the problem because I have reservations, along with a number of other members in this caucus, about the effectiveness of any form of redistribution of income through taxation. Because the problem with this, and this has been argued by the Member, the previous Member for Crescentwood, it's been argued by the Mines Minister, the problem with this sort of device is that when you put money in the pockets of poor people in a matter of time that money is taken away from them by the most powerful organizations within the economy. So it's not a cure-all.

We have also carried out major thrusts in the housing field, including a \$20 million fund for land assembly, for land servicing, for mortgages, in the budget. We carried out a massive housing program, which hasn't been met with any degree of favour by members opposite. The only time they like it is when they participate in the openings of Senior Citizen Homes. We've carried out a pharmacare program, which is limited. But it is my hope that this sort of program eventually can be more useful than tax credits, because if we can provide free drugs eventually to the people of this province there is no way that inflation can affect those individuals when they're obtaining drugs. We've eliminated Medicare premiums; we've brought in extended nursing home coverage, and we've brought in home care for people who would otherwise go into nursing homes. So we've done a great deal. We have done a great deal to help those who are hardest hit by inflation, principally the lower income groups, the senior citizens in the province.

As I said, Mr. Speaker, we have done more than the province of Ontario, our tax credits are greater. We have done it without increasing taxation since 1969, without increasing taxes, and we've done it with a balanced budget for a number of years, whereas Ontario has a substantial deficit this year. We've done it without increasing the sales tax to

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(MR. JOHANNSON Cont'd) seven percent as Ontario had to do last year. --(Interjection)-- Yes. The Ontario government last year raised the sales tax to seven percent, and I believe, Mr. Speaker, that the Conservative Party, Conservative Party governs in Ontario. They also govern, I understand, in Newfoundland and Newfoundland has just increased its income tax by four points, and its sales tax. I understand, Mr. Speaker, also, that the Province of Alberta which is also governed by Conservatives I believe, has an immense increase in revenue through taxation this year, and I imagine they're going to spend that money. These are the actions of the Conservative Parties in the country.

Mr. Speaker, how much time do I have left? Five minutes? Mr. Speaker, the major remedies for inflation have to be carried out at the federal level. We can do some things to help cushion the impact for those who are hardest hit in our province by inflation but the major things have to be done at a federal level, at a federal level.

And some of the things that should be done have been supported by our colleagues in the federal New Democratic Party. I would point out that our federal colleagues have been supporting an increased taxation on the excess profits of corporations. This would be something that could make an impact on inflation to some degree. We have also on the federal level supported reduction of mortgage rates to six percent for home owners. And we have promoted on the federal level increased transfers to people through higher pensions and through tax reductions or tax credits.

And finally, Mr. Speaker, on the federal level where it makes some sense we have pressed for providing effective powers to a prices review board. Now even that isn't a panacea, Mr. Speaker, because even the Federal Government won't be able to solve the problem of inflation, although I think it can make a far greater impact than can any provincial government. But it's at the federal level where the real solutions to what extent there can be solutions in this area, where the real solutions must be sought.

MR. DEPUTY SPEAKER: The Honourable Member for Riel.

MR. CRAIK: Mr. Speaker, the most important and telling thing one derives from listening to the member of the government side in presenting their case is the lack of an indication of any leadership towards inflation control. Slight reference towards the end of the remarks that the honourable member made about a few things that might be done with regard to curbing inflation. A complete abdication of any responsibility as a provincial government, a complete laying of responsibility at the feet of the Federal Government, despite the fact that this government talks about a \$5.3 billion gross provincial product, of which they represent between a quarter and a third of that between their spending and their borrowing, and say they have no control, no influence, and they talk about Ontario and talk about Alberta, and the powers of the Federal Government.

And they're absolutely right what they say about, well I shouldn't say absolutely right, they're on track when they say that it is primarily a federal problem. We recognize that and we recognize other provinces are doing certain things, including Saskatchewan and B.C., which have NDP governments. But, Mr. Speaker, what is this government thinking about, what are their plans, and what do they propose? And this resolution as the Leader of the Opposition has presented it, is an attack at the heart of the basic problems that many people are realizing which is that the greatest profiteers on inflation are government. Mr. Speaker, this government has criticized over the years business who increases their profits with inflation, because it's on a straightline basis, but government takes their rip-off not on a straightline basis, it's an . . . financial curve. They shove people into higher brackets so they can pay more income tax, a higher rate of income tax. They just don't pay tax at the same rate as they go up, they keep shoving them up. They never change the bracket, the Federal Government doesn't change the bracket, so inflation all works to their favour.

The Member for St. Matthews says we haven't increased taxes, and in that bad old, that bad old sales tax since this government has come to power produces twice as many dollars almost now as the day they took power. --(Interjection)-- Mr. Speaker, the member didn't say that he said we didn't increase taxes. He didn't say that. But, yes, Mr. Speaker, this is it there's always this you know twisting of the argument. --(Interjection)-- Twisting of the argument; deletion of what you don't want to say. He didn't say the rate didn't increase. He didn't say that. He said taxes haven't increased since we came here. Well,

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(MR. CRAIK Cont'd) Mr. Speaker, sales tax - they taxed more things, Mr. Speaker, they taxed more things than they did before, and in total they take in as a result of that, plus the national inflation growth, they take in twice as much money, but they didn't increase taxes. Well, Mr. Speaker, how come their budget has more than doubled. And then he says we have a balanced budget. Ah ha, there's some magic. We didn't increase taxes, but they've doubled their budget, and they have a balanced budget.

Well, Mr. Speaker, it's no wonder people are just getting a little bit, a little bit skeptical, a little bit cynical about governments, because, Mr. Speaker, all governments refuse to recognize the fact that they are the biggest beneficiaries of all of it. Not only do they take off more tax, they take it off at a greater and greater rate. Mr. Speaker, between the Provincial Government and the Federal Government and all levels of other governments, municipal governments, the three levels, it's a common well-known fact that the gross, the cash flow of the country is more and more in the hands of government. We know that the cash flow of the country has gone over the 40 percent mark, it's crept up from the 30s up to 40s, and we're approaching over the 40s, and between all of them the cash flow of the country is approaching the halfway mark. And still a government in power who stands up and ridicules a resolution brought into this House by the Leader of the Opposition to try and drive at the responsibility of government, and all this, they use every possible means to ridicule them. Can't they not stand up and say what they stand for. They did when they were in opposition, Mr. Speaker. They stood up regularly and told us what they stood for. They didn't like the sales tax; they wanted a progressive tax; it was kind of a discriminatory tax, Mr. Speaker. So now he says, we didn't increase the tax but the sales tax brings in twice as much money as it did before, Mr. Speaker. --(Interjection)--

No, Mr. Speaker, the New Democratic Party government is very vulnerable on this because they can say one thing in opposition and do quite another thing in government, and at the same time when they are posed with the real fact, the fact that people are beginning to recognize that all governments are the ones that benefit from inflation, then they hedge. Then they hedge, they don't assume responsibility. They accuse the Federal Government but they don't offer remedies to the Federal Government. What is your remedy? What is your remedy if the Federal Government? - you didn't say anything about the increase in the money supply, which some people say is the largest inflationary factor, the doubling of the money supply in six or eight years. --(Interjection)-- Could be? Didn't he hear you say anything about that, nothing was said. As a matter of fact the government reply said absolutely nothing in real terms about how a provincial government may not just fight inflation but might make recommendations to the Federal Government on what they might do.

Despite the fact that they're responsible probably in Manitoba this year for at least 25 percent of the cash flow in this province, at least 25 percent of the cash flow, they say they have no powers, no powers. They didn't stand up and say, we don't believe in the philosophy of creating unemployment. Didn't even say that. They didn't even hedge their position and say, we can't do that because people would be unemployed.

Well, Mr. Speaker, somewhere, somehow, this total problem has to be put in terms that the public can understand. Because, Mr. Speaker, they're getting increasingly cynical about what has happened. And people hide behind the world inflationary effect, the responsibilities of the Federal Government, what Ontario's doing, what Alberta's doing, but what are we doing?

This wasn't just debated tonight. It was asked in the budget debate as well, Mr. Speaker, and the Minister of Finance replied, the Minister of Finance replied and said, "My position is well known in a paper I gave and a speech I made." We never did find out exactly what that position was, because, Mr. Speaker, the Minister of Finance was presenting his budget which was just as inflationary a budget as anybody else's budget. Mr. Speaker, in fact more inflationary, more inflationary, because for the first time in Manitoba's history, for the first time in Manitoba's history in 1974-75 the capital borrowing authority requested, almost balances closely, almost balances the regular budget of the province. It's almost twice as high as what it would be without the capital borrowing.

And, Mr. Speaker, the Member for St. Matthews stands up and talks about a balanced budget. Presents an argument about the fiscal responsibility of the Provincial Government because it presented a balanced budget. Somehow I guess he hopes or thinks that when people

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(MR. CRAIK Cont'd) hear this that they really think that the government is really acting responsibly with regards to inflation. It doesn't mean a thing.

The capital borrowing authority asked for, if the spending goes through, is probably more inflationary by far than whether the government had a balanced budget or a deficit budget, or one in which they had a modest surplus.

It doesn't add up, Mr. Speaker, and we haven't had a responsible reply for the government on this resolution, or any of the questions in relation to inflation. We simply have had the usual masquerading behind the argument that it is a world problem and a federal responsibility, with the Provincial Government simply posturing as if it were a private corporation or a private organization functioning within the system. That's exactly the position that is portrayed to us in the reply by the government to this resolution.

Well, Mr. Speaker, what we want in this resolution is some demonstration of leadership, some indication from the government. We know from their actions that they've taken what they're not prepared to do, but they have not yet articulated what they believe the Federal Government should do, or what any other government should do to fight this problem. And I think this resolution gives them a prime opportunity to do that. This isn't a government bill that's before them; it's an opportunity for them to tell the people of Manitoba what they think should be done about inflation.

I want to comment as well on the comments that were made about the increase in the rebate with regards to increase in taxation. Mr. Speaker, the rebate to homeowners has gone up, it's indicated it will go up by \$50.00. We have today also laid on the table of our city councils, and so on, the information regarding the taxes in Manitoba and we find that for a home with a \$6,000 assessment that the increase in taxation from 1973 ranges from 82 to \$127.00 - pardon me - from 75 to \$127.00, Mr. Speaker, and the Member for St. Matthews says that this is a move by the Provincial Government which will alleviate this problem.

We have before us also a budget in the Provincial Government's hands that does not increase the assistance to education, so perhaps what they're going to do is fight inflation by keeping the cost of education down. The budget is almost identical to what it was last year. The full burden of increased costs in education has gone on to the property taxpayer, other than the \$50.00 rebate which is being given here. So we find small businesses and other people that don't qualify for the \$50.00 rebate are paying the full brunt of it, and they are up to the position now where they're paying over one-tenth of their assessment, over 100 mills, this year in property taxes with absolutely no rebate from the Provincial Government. So the rebate scheme is one which the government again is posturing behind to try and say that they are fighting inflation with this rebate scheme. Mr. Speaker, it's going to take an awful lot more persuasion to demonstrate to people that the inflationary problems of Manitoba are in any way, in any substantive way alleviated by these rebate schemes by the time the administrative costs are taken off of administering them, and with the escalation of costs the way they are, as indicated by the budgets of the City of Winnipeg and the school boards of the City of Winnipeg, there is no way that the Provincial Government through their rebate schemes are going to have any substantive effect on decreasing the inflationary effect on the homeowner.

So, Mr. Speaker, without further comment on this let it simply be said that the government has not demonstrated this year that they have any grasp of how the nation let alone the Province of Manitoba, should attempt to fight inflation, and if they attempt to disguise their efforts behind the moves that they have made with regards to the rebates that they're presenting, it isn't going to wash with the public because that isn't the answer, Mr. Speaker, and I think that they can do themselves a favor, and the people of Manitoba a favor, if they would present an analysis of how they think the nations and the provinces within the nation can fit into a fight against inflation.

MR. DEPUTY SPEAKER: The Honourable Minister of Industry and Commerce.

MR. EVANS: Well, Mr. Speaker, I realize that we only have a couple of minutes and I can't say everything that I want to say in two minutes, but I'd like to just begin by replying to the honourable member as to what is our attitude with regard to a federal solution to the problem because there seems to be unanimity on both sides that it is a problem that has to be coped with at the national level and cannot be resolved at the provincial level.

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(MR. EVANS Cont'd)

Well, Mr. Speaker, we have on many occasions, members of the government on many occasions, including myself, have stated categorically that there were certain things that the Federal Government should do and certain things that the Government of Canada should not do with regard to inflation. They should be very careful in what and how they handle the increase in the money supply, and this is a very very dangerous, very ticklish area because if you reduce the money supply in Canada, or the rate of increase in the money supply in Canada, you also have the effect of rising interest rates. And if you raise interest rates there is a tendency to cut back on business investments spending, and also on consumer spending, so this has a dampening effect on the level of . . .

MR. DEPUTY SPEAKER: Order please.

MR. EVANS: Just one last thing, Mr. Speaker, the other things we've stated, I've stated at least . . .

MR. DEPUTY SPEAKER: Order please. The Honourable Minister will have time to continue next time the resolution comes about. The hour being 10:00 o'clock the House is accordingly adjourned until 10:00 o'clock tomorrow morning. (Friday)