

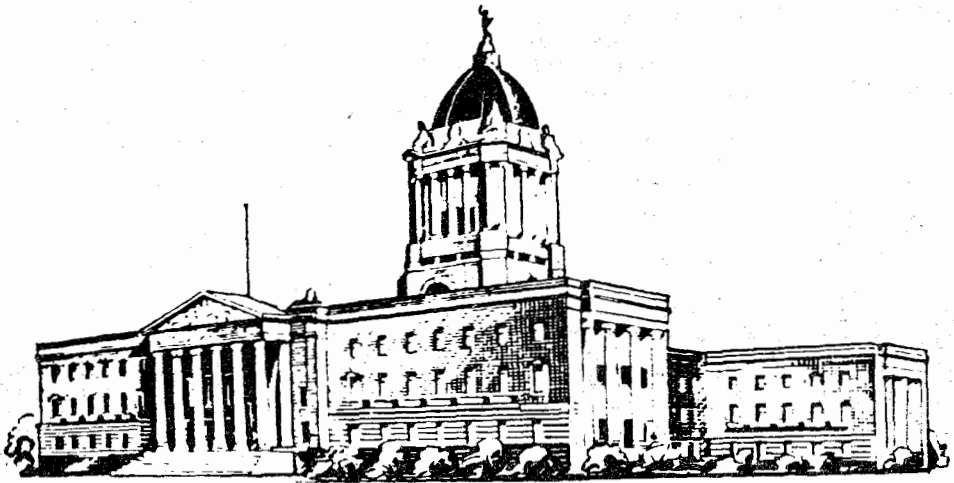


Legislative Assembly of Manitoba

DEBATES
and
PROCEEDINGS

Speaker

The Honourable Peter Fox



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THE LEGISLATIVE ASSEMBLY OF MANITOBA

8:00 o'clock, Tuesday, May 2, 1972

MR. CHAIRMAN: Clause 12 . . . The Honourable Member for Fort Garry.

MR. SHERMAN: Mr. Chairman, when the afternoon sitting ended at 5:30, I was just concluding a few remarks that I was making in response to some comments the Minister of Finance had made a few moments earlier and I had one other point that I wished to record, Mr. Chairman, and that had to do with the Minister's rhetorical admonition to us on this side not to try to make the case or make the argument that the five percent sales tax on production machinery is forcing Versatile Manufacturing out of Manitoba. The Minister did say that I had conceded in my earlier remarks that was not the only ingredient in the explanation they offered for their decision to move. But then he went on to say that I had suggested that considerable emphasis could be placed on the imposition of this sales tax on production machinery as one of the key ingredients forcing them to make the decision to move. And he's correct in that, because I did say that it was not the unique or single ingredient, - it had to be taken in concert with the whole economic and taxation climate the company is operating in but it was a key factor, something rather in the nature perhaps of the straw that broke the camel's back in this case and tipped the decision in the direction which it now has taken for the company to expand in the United States rather than here. But he said at that point in his remarks that he didn't want us to tell him that the tax on production machinery is driving Versatile out of here.

Well, we're not the ones who are telling him that or telling the government that, Mr. Chairman. It's the Versatile Manufacturing Company itself that is saying that. It's not us on this side of the House who have stood up here with nothing to go on and no evidence to support our case and said that Versatile Manufacturing is so distressed by this new tax and by the rest of the taxation measures under which it has to operate that it's going to expand in the United States rather than in Manitoba. It's the Versatile Manufacturing Company Limited that's saying it - - that's saying it in the newspapers today, that's saying it on the air today and that's saying it loud and clear for all to hear, and all we have done is stood up in this debate and cited the -- (Interjection) -- The Member for Thompson asks me if I believe it, my answer to that question is "yes". I believe that the Versatile Manufacturing Company has said that they are moving part of their production capability out of here and into the United States because the tax climate here is unfavourable and harmful and harsh to them. -- (Interjection) -- I believe that they have said it. That is the point. -- (Interjection) -- The Minister has asked us not to tell him that. What I'm saying is that it's the Versatile Manufacturing Company that's telling him that. Right here off the front pages of today's papers and through the press release that was disseminated on the air as well through their press conference this morning. They're the ones who are telling him that.

So it becomes a rather useless argument, or a rather useless defence in argument for the Minister to say to us, well look it, don't tell me this, because that such is not the case. Let him go and say to Versatile, don't tell me you're leaving because of this, and if this is the reason you're leaving, let's sit down and talk about it and see what should be done in your industry to make sure that we don't lose job generating enterprises like yours.

And I want to say on this same point, Mr. Chairman, that I think that there is a quasi campaign, a formative campaign underway on the part of some members of the government to create the impression that we are obstructing this legislation in an irresponsible and indefensible manner. I think that there is a formative campaign underway to create the impression that we are filibustering to create the impression. Now what that amounts to, Mr. Speaker, what that amounts to is political blackmail. -- (Interjection) -- Yes. It amounts to political blackmail. The government is indulging in an exercise of bludgeoning whereby they are going to try to intimidate the opposition into capitulation on a piece of legislation, capitulation on a piece of legislation affecting the welfare and the livelihood of this province. So they are spreading the impression -- and the Minister very carefully says, who me? -- you know, I haven't talked about filibustering. But he says, -- (Interjection) -- I notice the Member for Thompson has said it, but the Minister has said - "I", meaning the Minister of Finance haven't talked about filibustering but I must say that some members of the Press have made reference to it. Well, this is a very skillful kind of argument that is employed very capably and very well by the Minister. What he is really saying is -- what he is really saying is -- that you are doing this, you are filibustering but I don't want to say so, I want to pin that accusation on

(MR. SHERMAN Cont'd) . . . somebody else. I want to say somebody else is saying it, I don't want to say it, but you might have noticed that a few of the press are talking this way. Well frankly, I can't say that I have noticed that a few of the press are talking this way but if they are, so what, that's their prerogative, but for the Minister to say that, you know, I'm not doing this -- I'm not talking that way, but by the way somebody else is saying this is a contrived argument that is beneath him really. If he thinks we're filibustering, let him say so. And I say to him . . .

MR. CHAIRMAN: Order, please. I don't see filibustering mentioned in Section 12. Could the honourable member please come back to the clause under discussion.

MR. SHERMAN: Well, Mr. Chairman, it's not for me to -- it's not for me to argue with the admonition you direct at me, but I would just say Sir, that in discussion of clause 12 in this legislation, it is the Minister who has made a number of statements that surely legitimately deserve some response from this side of the House, and that's one of them. And I say that's an attempt to bludgeon the opposition into capitulating on this legislation before it can properly examine and to say that it's already law, so what can you do about it, is an argument equally despicable because to follow that to its logical conclusion you'd be saying that because the legislation became law on the 1st of May that precludes debate, that precludes debate on the clause by clause examination stage. -- (Interjection) -- I'm talking about the kinds of suggestions in the government's argument that is being made. And any suggestion of filibustering certainly is that kind of a suggestion, and the Minister for Thompson has made it -- and that kind of impression precludes debate and the government has no right to preclude debate on this.

MR. CHAIRMAN: Order. On a point of order -- the Minister of Finance.

MR. CHERNIACK: Mr. Chairman, I rise now to support your own statement that we are dealing with Section 12, a matter of great concern. I think we should stick to Section 12.

MR. CHAIRMAN: I think the point is well taken. I have examined the bill and the proposed legislation that it's repealing the section, and I find no reference whatsoever to filibustering or bludgeoning, so I would also call the member to order.

MR. SHERMAN: Well, Mr. Chairman, I'll leave it. Mr. Chairman, I'll leave it to others who no doubt will enter the debate to prove the case I've tried to make about our right to examine the legislation before us fully, and about the lack of an opportunity to examine it fully until now. I just want to re-emphasize, Mr. Chairman, that when the Minister asks us not to tell him that this is the kind of thing that has been influential in Versatile's decision that he's talking to the wrong people, because all we are doing is relaying a responsible news report emanating from a responsible new conference in which Versatile Manufacturing has said so itself that it's the tax climate as much as anything else -- and that includes this production tax, and that includes Clause 12, Mr. Chairman, as much as anything else that's driving it out of here.

MR. CHAIRMAN: The Honourable Member for Inkster.

MR. GREEN: Mr. Speaker . . .

MR. BOROWSKI: Would the member submit to a question?

MR. CHAIRMAN: The Honourable Member for Thompson.

MR. BOROWSKI: Regarding the statement you've read out made by Versatile, Mr. Chairman, I wonder if the member would indicate that he believes the reasons and the basis given by Versatile -- if he believes that the reasons are valid ones for moving out of the province.

MR. CHAIRMAN: The Honourable Member for Fort Garry.

MR. SHERMAN: Mr. Speaker, my answer to that question is "yes".

MR. CHAIRMAN: The Honourable Member for Inkster.

MR. GREEN: Mr. Speaker, the Honourable Member for Fort Garry has used the term "blackmail", and I think he used it in what I would consider a courageous sense. He indicated that he is not going to be intimidated by blackmail. I think that anybody who is intimidated by blackmail never, Mr. Speaker, achieves his purpose, because the blackmailer comes back again and again, and each time he is paid he is asked again. And what the honourable member has told us is that he won't be shut up by blackmail, and if we try to blackmail him into keeping quiet now, we would do it again and again and he is going to stand up for his rights. But, Mr. Speaker, his entire speech up to that point was on the subject of blackmail. He said that there is a taxpayer in Manitoba who has told you that if you attempt to pass this law we are going to hurt the citizens of Manitoba, we are going to deprive them of jobs; we are going to take out

(MR. GREEN Cont'd) . . . investment capital that has been earned in the Province of Manitoba; we are going to remove it from the place where we have earned which has provided the climate for us to earn I think they said some \$700,000 and we are going to remove it from this province and take it to another place unless you change your tax laws. Blackmail. And if we did follow that kind of suggestion, Mr. Speaker, then I ask, what would be the purpose of us in this Chamber? Who would pass the laws for the people of Manitoba? We in this Chamber, or those people who said, unless you pass the type of law that we want, we are going to remove ourselves from the Province of Manitoba.

Well, I want to tell the Member for Fort Garry something, because history repeats itself. I want you to know that when we first came into the government benches that there was a taxpayer in Manitoba who said that if we moved from the Medicare premium to the income tax that that would have the following effect on his business; that as a result of that effect on his business he would no longer be able to expand here. Not only would he not expand here but he would have to close up his factory which is situated in the Municipality of Fort Garry -- that this would put 600 people on the welfare roll. Do you know who that taxpayer was, Mr. Speaker? Do you know who that taxpayer was? Versatile Manufacturing. This was in 1969. Mr. Speaker, within four or five months they were down on their hands and knees crawling to the Manitoba Government to help them stay out of bankruptcy because they needed to get a guarantee from the very people who they had intimidated and said that they would starve and be put on welfare. They asked for the people of the province to covenant the continued existence of that particular plant in the Province of Manitoba. And you know what they were prepared to do, Mr. Speaker, in return for getting that guarantee -- these people whose definition . . .

MR. CHAIRMAN: A point of order has been raised. Order, please. Order. Point of Order.

MR. F. JOHNSTON: On a point of order, Mr. Chairman. I'm wondering -- the repetitious has been brought up many times today, and the Minister of Finance gave us this same speech this afternoon.

MR. CHAIRMAN: The point is well taken.

MR. GREEN: Talk about repetitious speeches I think that if we have to eliminate all the repetitious speeches we'd be back one week and the bill would have been passed. And, Mr. Speaker, what has just been said is in answer to what the Honourable Member for Fort Garry has said who has indicated that the tax laws of a Progressive Conservative administration will be designed to appease those people who will say, unless you reduce my taxes I'm going to take my business out of the Province of Manitoba. Well, Mr. Speaker, that's what the Member for Fort Garry is saying. The Member for Fort Garry said, if you have a taxpayer who says that he's going to leave the Province of Manitoba -- and on the basis of that position, that the Minister of Finance who was elected presumably by the people of the Province of Manitoba should no longer, should no longer govern the province but should turn the budget over to the principals of Versatile Manufacturing and say, would you please write a tax law that you will be satisfied with. And then we will bring it in to the Legislature of the Province of Manitoba, and we are sure that if we present the tax laws that you have written, that the Member for Fort Garry and the Member for Sturgeon Creek and the Leader of the Opposition will be glad to say "Allah" and pass your damn tax law.

Well, Mr. Speaker, I wasn't elected by the people of Inkster constituency to then abdicate my power to the principals of Versatile Manufacturing. I was elected to see to it that this economy, that the economy of the Province of Manitoba developed in such a fashion as would accrue to the well-being of all the citizens of Manitoba. And I agree, Mr. Speaker -- and when the Member for Sturgeon Creek interrupted me, I was in the process of saying that when Versatile needed the \$6 million covenant of all of us and every other citizen of the Province of Manitoba who they now say they have to impoverish -- but when they needed that covenant they were prepared to -- and if the Honourable Member for Fort Garry says he believes them I would ask you to read the statement that they made at the press conference the day that the deal was consummated. You know what they said at that time, Mr. Speaker? We had the same tax laws; we had reduced the Medicare premiums; we had increased the income tax; they said that the Government of Manitoba was a government which was very conducive to the development of their industry within the Province of Manitoba. And they signed an agreement, Mr. Speaker, which said that they didn't want to develop anywhere else but in the Province of Manitoba -- and I'm paraphrasing -- but I'm telling you that these were the things that they said

(MR. GREEN Cont'd) . . . at that time. And I presume that the Member for Fort Garry believes them now, he also believed them then. And there is very little change in the political climate and in the taxation climate in the Province of Manitoba as between the time that they gave those undertakings that they made those pronouncements, and at the present time.

However I want to deal with the real question of principle as to how tax laws are framed because, Mr. Speaker, I agree, I agree that the climate for the development to its greatest advantage of the resources of this province is something which we, the government -- or those people who support the government are responsible for -- and if that climate reduces we have to take the responsibility. If it increases then I would hope that the people of Manitoba can credit themselves with having done something. Therefore, I agree with the Member for Fort Garry that if the province sees that as a result of its fiscal policy that certain sections reduce in their willingness to participate in developing that economic progress, that the province has to pick up the slack. But I don't say as does the Member for Fort Garry that if you see as a result of the passing tax laws which are conducive to the citizens across the Province of Manitoba, which in this case, Mr. Speaker, are designed to return \$30 million roughly in real property tax credits to those people if somebody says that we won't participate in the development of your province if you go ahead with those tax laws, then I say, Mr. Speaker, there are two ways of behaving and I ask the people of Manitoba to judge: one way of behaving is that when someone points a gun at you you stick up your hands and you empty your pockets and you give it to him; the other way of behaving is that when someone points a gun at you, you figure out a way to get rid of that gun. As far as I am concerned, Mr. Speaker, when I am approached on that basis, I have to figure out and I charge the government with the responsibility of figuring out how to maintain production, but not yielding as apparently the Member for Fort Garry would to the type of blackmail that he spoke so critically of.

I say, Mr. Speaker, that I have confidence that there is nothing that happened, nothing that happened today, which hasn't an effective and easy remedy that can be taken by the people of the Province of Manitoba and I would fully expect them to take that remedy rather than submit to somebody saying as was said by that company in the fall of 1969, and I can find you what my honourable friend the Member for Fort Garry says are press clippings and press statements, when those people said that we are going to have to close our factories and throw - I'm trying to recall from memory but I believe I'm right because I remember reading it with interest at the time - and throw 600 people of the Province of Manitoba on welfare. Mr. Speaker, this government should not let them do it, and I know that this government will not let them do it. And if there has been investment capital that has been generated by a provincial industry in this province as a result of being here, and as a result, not of their efforts but of the combined efforts of the people of the province, which they cannot divorce themselves from, that if there is no way to protect that, the integrity of the development of our province other than to submit as the member for Fort Garry said to writing the tax law that they want written, if that is the only way that the Conservative Party would deal with it, Mr. Speaker, then I say that the Conservative Party is really saying to the people of the Province of Manitoba that if elected, upon achieving power we will abdicate power to the principals of Versatile Manufacturing. I say that this government upon achieving power has to say that if Versatile Manufacturing takes steps which are not consistent with the proper industrial development of this province, and that the industrial development problems of this province suffers, or can be anticipated to suffer by virtue of those steps, then this government has to take countersteps to see that it does not suffer. I say that there are ways of doing it. I charge the government to do it, and I have confidence that they will be able to do it.

MR. CHAIRMAN: The Honourable Member for Rock Lake.

MR. EINARSON: Well, Mr. Chairman, I just want to make a few more comments from the remarks I heard from the Members of the government side. I listened to the Minister of Finance this evening making comments to some of those of us on this side who probably made statements in regard to how we felt about this tax legislation, and it wasn't worthy of comment. I say to the Minister of Finance and to the Honourable Member from Inkster, who's now been laying the conditions on the line insofar as Versatile Manufacturing is concerned, I wish they would tell the complete story, Mr. Chairman. I wish they would. They only want to tell the things that they want the people to hear and I want to say to the Minister of Finance and the Honourable Member from Inkster that there is more to this than what they are telling the people of Manitoba. It not only affects the Versatile Manufacturing Company, insofar as the

(MR. EINARSON Cont'd) . . . five percent tax is concerned, on production equipment, but I want to say to the Minister of Finance and the Honourable Member from Inkster that the farmers of Manitoba assisted the Versatile Farm Equipment out of their dilemma that they found themselves in just over a year ago. I want to say, Mr. Chairman, that the increased price of machinery was one way that they did it. Versatile Machine Company were doing an excellent job insofar as being competitive with farm machine equipment in their production in the Province of Manitoba, but they found themselves in a very difficult and a financial position that they couldn't carry on any longer by maintaining the lower price that they were selling in comparison to other companies. As a result, Mr. Chairman, and I want the Finance Minister to know this, that Versatile had to increase their prices on a particular swather to as much as \$1,000, on a tractor as much as three to four thousand dollars -- (Interjection) --because of corporate tax, because of all taxes that this government has brought in. When you talk about taxation this is just one of them, Mr. Chairman, that I'm referring to, one of them that I'm referring to. I want to say to the honourable gentlemen that have talked about Versatile, that it is not just me that seemed to give the people of Manitoba the idea, it was because they came out and stated their position that if the banks are foreclosing on them they will stand by them and take the pressure off. This is not entirely true, Mr. Chairman, because the Versatile found themselves in that position, they had to increase their prices and the farmers of Manitoba were paying to help them out of that financial dilemma, plus the fact that in order, and still to maintain their competitiveness they were able to do that. And the other thing was that the accounts receivable that they had, as I'm given to understand, Mr. Chairman, they found that they had to find a better way of collecting their accounts so that they were in a better financial position. This is also part of the story with Versatile, Mr. Chairman, not just what the Minister of Finance is saying and what the Honourable Member for Inkster wants you to believe. I want this to be correct for the record.

MR. CHAIRMAN: The Honourable Minister of Finance.

MR. CHERNIACK: Mr. Chairman, the Honourable Member for Rock Lake who, I am sure, does not want to confuse the issue; I am sure that he wants to have a correct picture, has stated that this government created a situation that caused problems for Versatile. He gave two examples, one is their loan policy, their policy of financing farmers, and certainly the Member for Rock Lake who is himself a farmer I believe, is well aware of the situation of farmers, not only in Manitoba but throughout Western Canada, and the problems that they have had with their cash flow problems. If he wants to blame that on the Manitoba Government it shows that he's wearing blinkers, that he's blind to a world situation and the market. I don't believe he is.

MR. EINARSON: Point of order. I didn't say - I'm not blaming the government, Mr. Chairman. I am blaming the government for not giving the complete story when they get themselves involved, in telling the story of Versatile and their financial predicament. Give the complete story to the people of Manitoba, Mr. Chairman, and not the story that they want the people to hear.

MR. CHAIRMAN: Order, please. It's not a point of order.

MR. CHERNIACK: I don't really object to the Honourable Member's interruption but let him get it clear that when I spoke about Versatile and their problems when they came to this government, I did not lay blame for their problems on anything. I said they had problems and let the Member for Rock Lake know that they had problems. Now he has told us that their problems were related to two things, he mentioned, one was the difficulty that farmers had in paying their bills. Now that was not in any way sloughed over by me when I said they had problems. Now let him be honest, and let him review what I said, and let him admit that I did not give any reasons for the problems they found themselves in and I did not blame them. I did not blame the farmers that didn't pay their bills. I did not refer to the fact that some farmers might have paid their bills and didn't. I did not say that farmers could have paid their bills and didn't. I said nothing whatsoever about it. So let the Honourable Member for Rock Lake reflect on whether or not I gave any indication that would not give the full picture, because I didn't in fact lay blame at all.

Now he talked about corporate income tax, the fact that we charge one percent more than Ontario for example. That is a tax on profits and the problem that Versatile had was that they didn't have profit. Now there is no imposition of any burden on anybody who's not making a profit when you increase income tax. Let's get that clear. If a man doesn't earn

(MR. CHERNIACK Cont'd) . . . enough to pay income tax the fact that you increase the rate doesn't cost him one penny, and certainly the Member for Rock Lake knows that. So that how can he really say that because we increased the taxation on profit we increased the cost of production of machinery, unless he is saying that any corporation which pays a tax passes that tax on and doesn't indeed pay the tax itself. And if he is saying that then I have to point out to him that that is something that we recognize as being sick in the economy. That people who actually are being charged a tax aren't paying it. If he's saying that, I'd better invite him over to this side of the House where at least we don't have the phony impression that people who are in the business of making a profit are indeed being taxed when you increase the tax.

Let him make up his mind - somebody here quotes others as saying you can't have it both ways. Mr. Chairman, either the Member for Rock Lake has to admit that people who pay a corporate tax don't really pay the tax because they pass it on, which in that case if that's true wouldn't affect Versatile or any other corporation; or that they do indeed pay a tax and therefore there is no problem to them if they are not making any income. If they are not making a profit, then they don't pay a tax. So let him not get excited and he is excited, which is unusual for him. He was full of vim and vigor which normally is not the kind of style he uses, it's more relaxed and more calm. He got all excited but I don't think he got excited about the right thing. I think what he's excited about is the wrong impression that he has that production tax payable by a farm implement firm, will really increase prices, and I have already pointed out to him if he listened, that the extent of the tax of production machinery on farm implement manufacturers spread over the years of the use of that machinery can have very little impact, and proof is, as I pointed out, that there is nothing that prevented Versatile from saying they are going to North Dakota where production machinery is being taxed. That didn't stop them from moving and as I suggested earlier, if honourable members are concerned about Versatile, if I'm right in calculating some 12-1/2 thousand dollars is the net effect on them of production machinery tax on a half a million dollar investment, let's he and I get our friends around us here to pass the hat, collect the \$12,000 if he will guarantee that Versatile will not move because of that, and the fact is that he knows that that is not so, and the Member for Fort Garry was honest enough to say this isn't the real reason. He talked about it as tipping the balance or being the last straw and that's a lot of baloney too, or a lot of straw, because the fact is, as pointed out by the Member for Inkster, they had been itching to have a go at it for a number of years and they made their decision, and the Premier reported that the reason is so obvious that if honourable members would only listen, they would understand that the problem affecting all of Canada today in relation to the United States attitude on the DISC provisions, is a serious problem. Let's recognize it as a national problem and let's not obscure that problem by relating it to this Section 12, which is really what we're talking about.

It's too big a problem and the Conservative Party nationally is too much concerned about the problem of United States economic decisions as are the members, all members of the Government of Canada, too much concerned with the impact of the United States decisions in relation to their economic situation and particularly to DISC. Let's recognize that the problem is so great and involving the attention of so many people from all parties in Canada that we should not really let the public of Manitoba become confused in dealing with a very serious problem and that is I'm talking about the DISC proposals in United States and let them confuse it with this which is in comparison just no problem at all.

Now the Premier stated that when he was approached and saw the President of Versatile, the President told him that that is their real concern and that is their real attraction. Let's not confuse the people of Manitoba, or the Members of this House, to overlook that just because the Conservative Party has decided to fight Section 12. Fight Section 12, by all means do so, but don't really bring in a matter which is so very important and try to obscure it by talking about production equipment taxation. I appeal to fair minded people on all sides of the House not to ignore the tremendous impact that the U.S. economic policy has on the people of Manitoba. That really is much too important to be overlooked at this stage.

MR. CHAIRMAN: The Honourable Member for Riel.

MR. CRAIK: Mr. Chairman, the final remarks of the Minister of Finance were that we should not concern ourselves with such a small item, because it was going to have such a minuscule impact, if I can paraphrase as the Member for Inkster says in his quotation, if I can paraphrase, this is in effect what he has said, but the four year forecast is that \$12 million is

(MR. CRAIK Cont'd) . . . going to be reaped by the government from its tax on production equipment, either on sales, or on leased equipment. This in turn, Mr. Chairman, is going to get passed back to a very large extent to the consumer. How much we don't know exactly.

Now the Member for Rock Lake's main point was not the point at all that the Minister of Finance was debating but in typical fashion he picked it out of the main issue, isolated it, and made a point of it. What the Member for Rock Lake was replying to was the statement by the Member for Inkster in his remarks when he said that the Versatile Company had to come to him on bended knee and beg for mercy back a few years ago when it was in difficulty. Well perhaps we should clarify that too, Mr. Chairman, because the mercy that they were begging for, they did not have to actually accept. They never -- (Interjection) -- When they saw who they were getting into trouble with, they were wise enough, and smart enough, to back out of it. What the Member for Rock Lake was saying was that the Manitoba farmer, that the Manitoba farmer got Versatile out of trouble because the price of machinery went up. But the Minister of Finance says that the Member for Rock Lake is accusing him of causing Versatile trouble by his taxation policies of that day. The point was that the Manitoba farmer as much as anybody else paid for the machinery that eventually provided the profit that put Versatile out of trouble and that's the point that was being made. But the Member for Inkster, well you know -- (Interjection) -- the Member for Inkster.

MR. CHAIRMAN: Order, please. Order. Order please. The Honourable Member for Portage la Prairie, if he would just wait I would be calling the Honourable Member for Inkster to order but when the Honourable Member for Portage la Prairie is shouting I cannot have order. Now I would suggest to all members - I have given you all equal time to speak when you are on your feet but you are not going to speak when you are on your seat. The Honourable Member for Riel.

MR. CRAIK: Well, Mr. Chairman, the Member for Rock Lake has a very valid point and he put it across well, only to have it taken out of context by the government because they don't want to admit that the cost is going to be passed on to the farmer, and under this bill, Versatile Machinery is not only adding the five percent, or whatever the mark-up is, to the tax that comes out on the production machinery, it's also having to pay the tax on the stock that's going into the equipment that it's building, that finally comes out of the plant. So the effect on the machinery that comes out is going to be significant, and is going to be passed on to the farmer. And the Minister of Finance says \$12,000.00. Well it's \$12 million is what's forecast for all of Manitoba if we can take as valid the statements which he has made here earlier. So the arguments that come from across the House are utterly ridiculous when you get down to the basics of it. The government is going to collect out of this bill \$16 million to \$18 million, a good chunk of that is going to be passed on to the consumer and to the working people of Manitoba, and there's no way around it. There's no law of economics that even this government is able to develop that can tell us that this is not going to get passed on to the Manitoba farmer and the other consumers, and the points that have been made here are utterly valid.

The other point that was made by the Member for Inkster here with regards to Versatile Manufacturing was equally an invalid and equally showed to what extent this government can put on the blinkers when it comes to manufacturing an artificial case in its argument. The manufacturing business in Manitoba has a difficult enough time competing not only with eastern Canada but with the American market without the hostilities directed to it by this government, heaped on it first by escalating the corporation tax, which the Minister of Finance has said, well if you don't make a profit you don't pay a tax, but the name of the game of business is to make a profit and they are glad to pay the tax. Added to this is the fact that we now have the tax on production machinery. But it's the same old argument. The Minister of Finance says they have it in North Dakota too. But, Mr. Chairman, when you add them all up there is no place like Manitoba when you add up all the taxes. It's the top of the list. Of the two areas of manufacturing in this province that are characteristic and native to Manitoba, it's food processing and agricultural machinery manufacture. Not only that, the laws, the tax laws of Canada and the United States exempt the farm machinery from the normal taxation in crossing the border. Therefore there's no difference in a plant as to whether it's located in Winnipeg or if it's located in Grand Forks or Fargo. The product can come north or it can go south without the normal imposition of tax.

So when you're looking at taxation you have found an artificial argument that says if you

(MR. CRAIK cont'd) don't take it out of the corporations, you've got to take it out of the people, and completely isolate the corporations from the competitive market that they're in, is just sheer nonsense. It's just sheer misleading and misappropriate information to the public of Manitoba. The market in farm machinery is extremely competitive and the fact that Versatile was down here several years ago looking for some sort of assistance should come as no surprise to the Minister at all. The reason that they want to go to the American side is self-evident. The taxes when you total them all up, regardless of whether there is production tax or some other form of tax, when you total them all up the taxes on the American side are less, and significantly less, than they are in Manitoba, when you total them up. So why shouldn't they go? The markets don't change. All that changes is the taxes. --(Interjection)-- And so they will.

MR. CHAIRMAN: Order. Order. I would refer members to a section of our rules -- I won't cite the section -- but when an honourable member is speaking that other members will not interrupt. It is also in Beauchesne and I would suggest to honourable members that if you wish to make comments, be recognized by the Chair and then take part. The Honourable Member for Riel.

MR. CRAIK: Well the Member for Crescentwood says, let 'em go. I suppose good riddance to industry. Let them go to Fargo or let them go to Grand Forks. Well I wish the Member for Crescentwood would say that to the working people.

MR. CHAIRMAN: Point of privilege. The Honourable Member for Crescentwood.

MR. GONICK: Mr. Chairman, I would inform members of the House that I did not say, let them go. What I did say was that the DISC Program in the United States will make it attractive for many companies all through Canada to leave this country. That is the very purpose of it. It will not be exclusive to Manitoba, it will occur all through the country and we have to deal with that on a federal basis. There is very little the Province of Manitoba can do.

MR. CHAIRMAN: Order, please. That is not a point of privilege. The Honourable Member for Riel.

MR. CRAIK: Mr. Chairman, I suppose that's a paraphrase of let 'em go. It sounded an awful lot like let 'em go from over here. The government finds itself in the very peculiar position of mounting these absolutely defenseless arguments when you look at the competitive position of industry, and when I say industry I don't mean management and the shareholders and the corporate structure of industry, I mean the working people of the industry who derive equally from it with the management and the others involved in it.

Mr. Chairman, I want to read from the -- a quotation from an article written by Mr. Roger Newman, who will be no stranger to the present government, in an article in which he gives the results of his interview and discussions with the Industrial Development Board of Greater Winnipeg and he's quoting here, Mr. Thomas Durham. "Mr. Thomas Durham, Winnipeg's Industrial Commissioner, is hard pressed to pinpoint a specific reason for the sluggishness of manufacturing construction. He mentioned such factors as the U.S. Domestic International Sales Corporation's DISC program, federal tax reform and the general sluggishness of the economy during the past two years." Well that in itself tells you what the atmosphere is. I think I'd better quote the rest of it, too. "He also admits that a lot of press ink has been spilt about the socialist policies of Manitoba's New Democratic Government, policies which sometimes receive less than a warm welcome in the business community." Well I suppose that's the way that someone who isn't standing up here in the Legislature expresses his concern, Mr. Chairman, and for some reason the Member -- some of the members opposite in particular, seem to think that unless somebody stands up and shouts loudly that there's really no problem.

I suppose they would say that because an outfit like the Canadian Indemnity who moved everything to Toronto and didn't fire off -- and didn't fire off a firing blast at the government were really cowards for not doing it. They didn't say anything, Mr. Chairman, they just went and I suppose when Mr. Durham says that the policies of the New Democratic Government have received less than a warm welcome that the Member for Inkster could interpret that as being an endorsement of his government's policies in relation to industrial development in Manitoba. Mr. --(Interjection)-- I would be happy when I'm finished, Mr. Chairman. Yes. Yes.

MR. CHAIRMAN: Order, please.

MR. CRAIK: No doubt . . .

MR. CHAIRMAN: Order.

MR. CRAIK: No doubt the Member for Inkster will because anybody that can mount a specious argument on such a narrow foundation as he can should feel some unease when anybody even makes reference to his comments because the point in particular here is that if he should see fit as a member of the government, and as a former Cabinet Minister, who sets policy in Manitoba to take to task someone who stands up on his feet, such as the corporation of Versatile Manufacturing, and says they're unhappy, because usually he's complaining because nobody's saying anything about their situation. However all we did have demonstrated from him, that it pleases him a great deal when he can get one of these corporate giants coming on their knees to him and begging for mercy. That we believe. That we believe, Mr. Chairman, because that's the nature, the nature of some people on the government side. They find great satisfaction in having this happen.

Mr. Chairman, Item 12, and this bill, not only will see the tax imposed on the machinery that is used for the production, it will see tax on the stock that is used for the production, and in this part alone there will be a greater impact, probably as much impact or greater - we have no statistics - but inasmuch as it will go into the stock as well then we'll see added taxation here in addition to the straight machinery that produces the product. --(Interjection)-- Well, Mr. Chairman, the Minister of Labour says that's right and of course he ...

MR. CHAIRMAN: Order, please. Order. Order. Order. That's not tripe. Order. The Honourable Member for Riel.

MR. CHERNIACK: ... first place, well, the question I wanted to ask earlier is just what is it that was told to the government when the honourable members was a member of the Treasury Bench when Air Canada pulled out its base, and when the Sovereign Life pulled out, and when Imperial Oil pulled out, just what reasons were given to them that were any different, that were more acceptable to a Conservative Government -- that's one question. The second one, and more relevant to Section 12, is what is he talking about stock being taxed? I didn't understand him. I don't know if he understands it, but I'd like clarification because it may be that he's under a misapprehension that should be clarified.

MR. CHAIRMAN: Clause 12 ... The Honourable Member for Riel.

MR. CRAIK: Mr. Speaker, portions of the raw materials that are used for specialized production runs still are considered production equipment, and to that extent any material that goes into it and cannot be used on other runs becomes part of production equipment; and to that extent not only the machine sitting on the floor but the material that goes in the machine for a one-time run of something also becomes production equipment, because it is used at least once and to that extent there will be in the interpretation of this information that's put out here, taxation on that too. The material that would normally be considered disposable material becomes production equipment.

MR. CHAIRMAN: The Honourable Minister of Finance.

MR. CHERNIACK: Then the honourable member means items that do not actually go into the machine that is being sold, that is being produced. Is that correct? Because the impression I had was that he was implying that a part of the finished product is being taxed at the time it goes into the finished product. I assume now that he doesn't mean that at all.

MR. CHAIRMAN: The Honourable Member for Riel.

MR. CRAIK: Mr. Chairman, if I could just have a second to read this. --(Interjection)-- Well, what I was referring to specifically was material that was used that goes into the production process and if it's used at least once it's considered production equipment. This of course applies to particular areas, such as all the printing industry in Manitoba. I suppose it applies to the newspapers and what not that manufacture plates for one run then that plate becomes a part of production equipment because it has produced a newspaper, it has produced print. Therefore, it's subject to the sales tax. Now, unless there is going to be some "out" provided for items such as this, I assume that it doesn't apply only to this industry but applies to other industry where disposable materials that come in enter the productive process but don't necessarily end up as part of the machine will be considered production machinery.

MR. CHAIRMAN: The Honourable Minister of Finance.

MR. CHERNIACK: Well, Mr. Speaker, then again in the form of a question. Does the member then recognize that the -- let's say, the ink and the paper that goes into the finished product or any piece of equipment that forms part of a tractor for example are not being taxed. Does he recognize that?

MR. CHAIRMAN: The Honourable Member for Riel.

MR. CRAIK: Yes, I assume that item -- I'm not too sure about the ink that goes into the paper, but I assume that if a motor is purchased for a tractor, it simply goes into it, that it only gets taxed the once in going through it, if at all. I see it indicates here that it will not apply to the tractor, therefore I assume that the engine will not even be taxed once on its way through the process. But in other areas -- perhaps for him to single out farm machinery is not an appropriate case, since the farm machinery in itself will be exempt, but it will show up in the farm machinery as a tax on the production equipment that goes into the plant to make the machinery. Now is that not a fair statement to be made?

MR. CHERNIACK: Yes, that's a much more fair statement than the one originally made. Mr. Chairman, does the member want to answer the first question I asked? Just what happened when Air Canada pulled out, and when Sovereign Life pulled out, and when Imperial Oil pulled out during the term when he was a member of the Cabinet?

MR. CHAIRMAN: The Honourable Member for Riel.

MR. CRAIK: Mr. Chairman, when Air Canada pulled out, there was a larger effort put into attempting to keep Air Canada here than this government would ever recognize. As a matter of fact -- as a matter of fact, Mr. Speaker, if the opposition at that time that sat over here had put the amount of work into that issue as we've put into this Act, then there may well have been something done about it.

MR. CHAIRMAN: Order, please. Before we proceed, honourable members, I think that we are starting to stray again. We're starting to get Air Canada, we've had a very intelligent discussion I believe this evening on Versatile from both sides of the House. We switched into another area -- but the section before us is production machinery and the repeal of that section from the present Act. The Honourable Member for Souris-Killarney.

MR. EARL McKELLAR (Souris-Killarney): Mr. Chairman, --(Interjection)-- Are you finished with your speech?

MR. CHAIRMAN: The Honourable Member for Riel.

MR. CRAIK: I want to finish on the Minister's last question by pointing out that the main argument upon which I spoke here was to endorse the line of argument that was being presented by the Member for Rock Lake. The farm machinery and food processing business is one of the most natural and well adapted industries in the Province of Manitoba and the application of more taxation to this industry hits it like it does every other industry. The difference is here, that when the government sees a member of that segment of the industry crying out even for the second, third or fourth time, cannot they have the sensitivity to realize that when they're doing that they're speaking also for the people that work for them and not just for the capital investment in that industry. And if they would like to go out and take a survey, not only of the farmers that the Member for Rock Lake is talking about but the people that are working in that plant, they'll get the same answer. They'll get the same answer -- yes.

MR. CHAIRMAN: The Honourable Member for Souris Killarney.

MR. PAULLEY: Mr. Chairman, before the Honourable Member for Souris-Killarney speaks I wonder if you would kindly indicate what section of the bill we are now dealing with for my information and information of the members of the committee, because it's most important.

MR. CHAIRMAN: Subsection (3) of Section 4 ...

MR. PAULLEY: On a point of privilege, I don't want such clap trap from my honourable friend the Member for Riel if I stayed in this House. Surely I have privileges and rights in this House and in this Assembly that the Member for Riel never ever realized --(Interjection)--

MR. CHAIRMAN: Order, please. In response to the Honourable Minister's question we are dealing with Clause 12, Bill No. 21, which is the repeal of subsection (3) of Section 4 of the Act -- deals with the repeal and the exemption of production machinery.

MR. CLERK: Section No. 12 ...

MR. CHAIRMAN: Clause 12. Thanks very much. The Honourable Member for Souris-Killarney.

MR. McKELLAR: Mr. Chairman, I remember this section so well when we were dealing with the bill in 1967. At that time, everybody was in favour of this section. Now we find the reverse by the present government members and I find this kind of odd, Mr. Chairman, because there is the government who are trying to create more industry in the rural parts of Manitoba and also in the province of Manitoba. This is one of the reasons I am getting up to speak, because in rural Manitoba we are having a tough time now trying to exist, and I am afraid we are going to have a tougher time trying to exist and trying to create industry of any

(MR. McKELLAR cont'd) size. I'm not talking, Mr. Chairman, of the large industries, I am talking of industries that will employ 5, 6 or a dozen people, and every one of those industries has to have production equipment if it is going to exist.

Now one of the reasons why the government of the day, 1967, didn't tax production machinery is because we are not one of the rich provinces in Canada. The Minister of Finance always relates that Ontario's got tax on production machinery, Saskatchewan's got a tax on production machinery, Alberta's got a tax on production machinery, North Dakota's got a tax on production machinery --(Interjection)-- Well maybe Alberta haven't but -- so what? I can't relate it in my own mind what this has to do with Manitoba. Mr. Chairman, we're sitting in the centre of Canada; we're sitting in one of the colder climates in Canada; we have a hard job in getting Winnipeg people to even come out to visit us in rural Manitoba, let alone start new industries.

Mr. Chairman, I think it's right and proper that we do fight this particular section, because if we don't fight as rural members we are not doing our job. We are not doing our job for the constituents we were elected to represent. Mr. Chairman, the \$12 million involved in this tax -- Mr. Chairman, there's lots of places in the budget I can see right now where we can eliminate that \$12 million and I think that's the approach to take at this time, 1972, when our economy isn't very strong, especially in rural Manitoba. Mr. Chairman, I would suggest that they have second thoughts -- the caucus sits tomorrow morning, the government side -- and take a second look at this. We can't amend this section. We have one choice, to vote against it. That's the choice we are going to take, that's the choice we are going to take. --(Interjections)-- Mr. Chairman, Mr. Chairman, --(Interjection)-- I'll keep on talking if the honourable --

MR. CHAIRMAN: The hour being 9 o'clock -- the last hour of every day is Private Members' Hour. Committee rise and report. Call in the Speaker.

Mr. Speaker, the Committee of the Whole has considered Bill 21, instructs me to report progress and asks leave to sit again.

IN SESSION

MR. SPEAKER: Order please. The Honourable Member for Logan.

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

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

PRIVATE MEMBERS' BILLS

MR. SPEAKER: Tuesday, the first Order of Business, Private Members, is Private Bills. On the proposed motion of the Honourable Member for Inkster.

MR. GREEN: Mr. Speaker, could I have the indulgence of the House to have this matter stand?

MR. SPEAKER: (Agreed) On the proposed motion of the Honourable Member for Roblin.

MR. McKENZIE presented Bill No. 31, an Act for the relief of Ross Meroslaw Kozak and Arlene Kozak, for second reading.

MR. SPEAKER presented the motion.

MR. SPEAKER: The Honourable Member for Roblin.

MR. McKENZIE: Mr. Speaker, the petitioners in Bill 31, merchants in the town of Roblin, a Mr. Ross Kozak and Mrs. Arlene Kozak, his wife, have carried on a business in that town since 1948. On January 4, 1971 they sustained a loss by fire to their business premises and to the stock in trade and to their equipment. Mr. and Mrs. Kozak filed a proof of loss with respect to the said fire damage, Mr. Speaker, claiming some \$71,200. Around November 1971 the petitioners were advised by their solicitors that the insurance companies were denying liability re this loss. Mr. Kozak had been charged with arson on the 31st of May 1971 on a charge arising out of the fire. This charge was heard in the courts and finalized December 1971 and the case was discharged by the presiding magistrate, who for his own reasons and those of the court found that there was insufficient evidence to place Mr. Kozak on trial.

Mr. Kozak, as a result of the fire and the charges, suffered great shock and mental anguish and was admitted to Brandon Hospital for mental depression and released September 1971. The petitioners, Mr. Speaker, were not aware of the fact, and had no knowledge of the fact that the statutory conditions of their insurance policy required an action to be commenced

(MR. McKENZIE cont'd) within the twelve months within the occurrence of the fire -- and of course did not understand that such an action against the insurance company had to be commenced before -- which would be the 4th of January 1972. The petitioners became aware of this fact on the 24th of January when they set out to have an action commenced against the insurance companies for the recovery of the \$71,200.

Mr. Speaker, the petitioners are asking this House to support this bill in the interests of equity and of justice so that they can bring an application before the courts for the extension of time to file their claim.

MR. SPEAKER: The Honourable Member for Inkster.

MR. GREEN: Mr. Speaker, we have had several bills during my tenure in the Legislature asking for limitation periods to be opened up; and whether it's commendation to the position that I took or not, I can tell you that I have never voted in favour of one of these bills, and I see no reason to change at the present time. However, having said that, I believe that one of the insurers was the Portage la Prairie Mutual Insurance Company --(Interjection)-- I believe that that is the case.

Mr. Speaker, I remember Earl Brown, the Manager of the Portage la Prairie Insurance Company appearing before Legislative Committee on the Automobile Insurance legislation -- and I relate this story, not because it's going to change my opinion on the bill but I will want Portage la Prairie to clarify what is happening in this case. Because he was asked at the time -- and I'm only speaking from memory, and Mr. Brown will say that it's not correct -- will be able to check my memory with this transcript -- he said that Portage la Prairie Mutual Insurance Company has never resisted a claim because the limitation period has expired; that they were a beneficial a wonderful charitable organization; that they weren't really an insurance company; that they never took this kind of technical position; and that they never resisted a claim because the limitation period has expired. That's all I'm going to say, Mr. Speaker. I'm going to wait to hear what Mr. Brown says when this comes before the Legislative Committee.

MR. SPEAKER: The Honourable Member for Souris-Killarney.

MR. McKELLAR: Mr. Speaker, we really heard a forceful speech from the Honourable Member for Inkster about insurance. He's becoming more educated on insurance the last year since Autopac became an authority. As a member of the Board of Directors I am sure that he's assuming his responsibility. I too am going to vote for this bill to go past second reading. --(Interjection)-- Are you not voting for it?

MR. GREEN: Mr. Speaker, on a question of privilege, I never said that I would vote for the bill, or on second reading. I want to make that clear, I am not going to vote for the bill on second reading.

MR. McKELLAR: Well I am going to vote for the bill on second reading so that the Honourable Member for Inkster will get his wish. Maybe Mr. Earl Brown will come in and tell us if the bill passes on second reading, but he'll never be able to tell us unless it does pass the second reading. I've always been one of those that have always voted for these bills and for one particular reason only. Not that I am interested in any one particular person, but I remember so well of a particular person in Dauphin who had pneumonia and went to the hospital. In that interval in the hospital the nurse gave him a needle and somehow it hit the wrong nerve and the man's leg was paralysed, and he too through a lawyer's lapse of memory -- some of them have many lapses of memory too, along with insurance agents and insurance executives -- the lawyer's lapse of memory let it go over beyond the 12 months and this bill was voted to committee, passed the third reading, gave him authority to review it in courts again.

I think this is the way this bill should be dealt with at this particular session. I don't know the people involved, I don't know the case, I have never talked it over with the Honourable Member -- but regardless of whether it's Portage Mutual, Wawanesa Mutual or Autopac, whoever it might be, let us get the facts, let us get the facts --(Interjection)-- Sure he said it, sure he said it, that's what he said. Yeah, but we want to get all the facts. I've been an agent for 24 years with Portage Mutual and I have never had one particular claim that wasn't settled right and proper, and every person was helped. This is, I think why we want to get Mr. Brown in here to devulge the facts to us. There's nothing wrong with that, nothing wrong at all. Let's hear the facts. But you'll never get it if you are going to vote against this bill. This is the decision you are going to have to make. I have made my decision right now. I'm voting for

(MR. McKELLAR cont'd) this bill so I can hear the facts. Even though I mightn't be on that committee, I'll be there to listen anyway.

MR. SPEAKER: Is the House ready to pass this? The Honourable Member for Riel.

MR. CRAIK: Mr. Speaker, I move, seconded by the Member for Souris-Killarney, that the debate be adjourned.

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

MR. SPEAKER: The proposed motion of the Honourable Member for St. Matthews, Bill No. 33.

MR. JOHANNSON presented Bill No. 33, an Act to amend An Act to incorporate Co-operative Credit Society of Manitoba Limited for second reading.

MR. SPEAKER presented the motion.

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

MR. JOHANNSON: Mr. Speaker, this Act to amend an Act to incorporate Co-operative Credit Society of Manitoba Limited produces or is intended to produce four changes in the Act. The first section dealt with is one that deals with membership in the Co-operative Credit Society of Manitoba which presently includes only Co-operatives, Credit Unions, or any other organization which conducts business within Co-operative principles. This change is merely an extension to allow non share, non profit corporations such as churches, church organizations, senior citizens homes, to become members of the society and it would also allow trade unions, which by nature of their size cannot deal with local credit unions to become members of the central organization. This further extends memberships so that in the event that a data centre or similar organization is established, that is jointly owned by the local credit unions and the Co-operative Credit Society of Manitoba, to allow it to qualify for membership in the Society.

The second change deals with provision of the Act which allows the Co-operative Credit Society to accept deposits from the Government of Manitoba, or branches of it, or Crown corporations of the Government of Manitoba. This amendment would allow the Co-operative Credit Society to loan money to these same agencies that it now has the power to accept deposits from, and the reason for this is to allow for loans on a short term basis such as lines of credit, to cover any overdrafts.

The third change involves the section of the Act which deals with the eligibility of the Co-operative Credit Society to become a member, a shareholder, or contribute capital to other companies who have objects wholly or in part similar to those of the Co-operative Credit Society. This would expand the section to allow this organization to contribute to the funds of credit unions, local credit unions in the province, to contribute to the chartered banks -- to the funds of chartered banks and wholly owned subsidiaries which the company may have.

For example, where a credit union does not presently exist and has a potential of being established and it is limited under the present act as to the amount of money it may borrow, the central organization would then be able to contribute funds by way of a special deposit to make it a viable operation. This would, for example, allow the central organization to create an instant credit union at Leaf Rapids. It would permit the credit union there to start with a reasonable amount of funds so that it could instantly become an effective loan agency within this developing town.

The final change involves the deletion of an entire section of the Act and it provides an amendment that would allow the distribution of earnings of the Co-operative Credit Society to be provided for by by-laws and the reason for this is the changes that are taking place presently in the Federal Income Tax Act. There is a great deal of uncertainty as to how these will affect the credit union movement and because of this the Co-operative Credit Society wants to have some flexibility in ensuring that its provisions for distribution of surplus will conform to the requirements of the new Federal income tax law. And so this is to be provided for by by-laws of the society.

This Act also retains the provision that the statutory reserves that have been set up to be used for the purpose of losses or uncollectable loans will remain to be used for that purpose as well as any subsequent additions to the reserve fund. The by-laws of the Co-operative Credit Society at present specify that reserve funds shall be maintained at not less than one and one-half percent of the total loans and investments of the society that are outstanding at the end of any fiscal year.

Now there may be questions of detail that honourable members have. I have been assured by the officers of the society and by counsel that they will be available at committee stage to

(MR. JOHANNSON cont'd) answer any questions of detail that members may have.

MR. SPEAKER: The Honourable Member for Rock Lake.

MR. EINARSON: Mr. Speaker, I beg to move, seconded by the Honourable Member from Brandon West, that the debate be adjourned.

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

MR. SPEAKER adjourned debates on public bills.

PUBLIC BILLS

MR. SPEAKER: On the proposed motion of the Honourable Member for Portage la Prairie. The Honourable Member for Radisson.

MR. HARRY SHAFRANSKY (Radisson): Mr. Speaker, I ask to have this matter stand.

MR. SPEAKER: Agreed? (Agreed) On the proposed motion of the Honourable Member for Winnipeg Centre.

MR. J. R. (BUD) BOYCE (Winnipeg Centre) presented Bill No. 30, an Act to amend The Optometry Act, for second reading.

MR. SPEAKER presented the motion.

MR. SPEAKER: The Honourable Member for Winnipeg Centre.

MR. BOYCE: Mr. Speaker, I'll just make my remarks brief. I was rather in a procedural dilemma in how to proceed with this matter because some recommendations were forwarded to the Legislative Assembly from the Professional Associations Committee of the Legislature; and contained in the recommendations of the committee which doubtless everyone has read, there are certain procedures which are suggested and the procedures are based on the bill as it was presented during the last session. So I presented the bill in the same form and format in which it was presented during the last session. It will be my recommendation that perhaps we could proceed expeditiously to Law Amendments with this particular bill, and it would be my intention to vote for the recommendations of the Professional Associations while in committee.

MR. SPEAKER: The Honourable Member for Riel.

MR. CRAIK: Mr. Speaker, unless someone else wishes to speak, I would move, seconded by the Member for Souris-Killarney, that debate be adjourned.

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

MR. SPEAKER: Having exhausted bills, private and public, we arrive at resolutions on Tuesday.

PRIVATE MEMBERS' RESOLUTIONS

MR. SPEAKER: The Honourable Member for Crescentwood.

MR. GONICK: Mr. Speaker, moved by myself, seconded by the Member for Ste. Rose:

WHEREAS the Government of Manitoba has invested and will continue to invest hundreds of millions of public dollars in opening up the north for mining and resource companies as well as in maintaining roads, schools and other public programs so as to make mining profitable;

WHEREAS families are forced to invest substantial sums in building homes in communities such as northern towns;

WHEREAS these public and private investments must be protected by assuring short term stability of output and employment and gradual long-term growth that will preserve the life of the communities;

WHEREAS the mining industry has been notoriously and unnecessarily unstable in its production levels and unemployment and its employment levels causing undue hardship to countless families;

WHEREAS processing of raw materials in Manitoba remains limited, stunting growth of secondary industries and causing jobs to be exported from the province;

WHEREAS resource developments and the required development of hydro-electric power may infringe upon the rights of native people of the north;

WHEREAS northern residents, in particular native people are still not participating fully in the industrial development of the north;

WHEREAS resource industries can be heavy polluters causing great damage to the natural environment and undue discomfort to local residents;

WHEREAS the resources industry is organized as private fiefdoms subject to decisions by absentee landlords despite the fact that its decisions have a profound effect on all Manitobans

(MR. GONICK cont'd) including workers, townspeople and northern residents;

THEREFORE BE IT RESOLVED that the Government of Manitoba consider the advisability of establishing a Northern Resources Council composed of representatives of industry, trade unions, town residents, native people and the Provincial Government, which council would;

(1) coordinate all exploration and keep a public inventory of known resources of metals and other resources -- of known reserves, metals and other resources;

(2) set production levels for one-year periods, five-year periods and longer periods subject to necessary revision as new information becomes available;

(3) develop a program for the processing of raw materials;

(4) develop an effective anti-pollution program for all resource based communities;

(5) insure that northern people have access to jobs by establishing appropriate training, transportation, housing and cultural facilities;

And further, should these measures prove inadequate to solve the problems outlined above that the government consider the advisability of nationalizing the major resource companies operating in the north.

MR. SPEAKER presented the motion.

MR. SPEAKER: The Honourable Member for Crescentwood.

MR. GONICK: Thank you, Mr. Speaker. This is a long and complex resolution. It requires a good deal of explanation.

Northern development is as we all know a very expensive proposition, particularly in terms of public money. Roads, surveys, power development and all the rest altogether amounting to a major proportion of the Provincial Government's capital spending program. The people of Manitoba definitely have a large investment in the north. Similarly for our working people in the small businesses that establish in the north with their investment in their homes, the taxes they pay to support local facilities.

I could talk too about the investment of the mining companies and the resource companies but, Mr. Speaker, I don't think that upon examination they amount to very much, because we can say that usually in Manitoba and throughout Canada one of two conditions prevail. Either the resource development is extremely profitable, so that within a very short period of time the company has paid off its entire investment including exploration costs, so that all current profits are used for expansion or to line the pockets of their owners sitting in New York, South Africa or Switzerland. Or if that isn't the case then the resource situation is so marginal that the company refuses to put anything of their own resources into the development so that the entire investment is paid out of the public purse. In either case the company itself has risked very little, the capital comes either from the people of Manitoba or from profits earned in Manitoba.

Now, Mr. Speaker, in what way does this situation in the north differ from the situation throughout the rest of the province? Why make a special case as I have for the north? I think there are at least three important differences which require a special approach. First of all, the relative importance of public monies in northern development; secondly these communities unlike most communities in Manitoba are totally dependent on one product. They're one crop economies, they're dependent entirely on the decisions of one company possibly even one person usually sitting somewhere in New York or South Africa or New Jersey or Switzerland.

The third reason why the situation in the north requires a particular attention is that resource centres are always temporary, particularly as regards non-renewable resources. Canada is littered with ghost towns and Manitoba has some too. The company's only interest is to mine the resources out of Manitoba soil and sell them to the highest bidder. Depletion is inevitable at some point. At what point is depletion inevitable? Who knows? How long will the reserves last at Flin Flon? At Thompson, or at Lynn Lake? Only the companies know because they have a monopoly on this information. For example, according to Fortune Magazine Canada's nickel companies will be producing up to 70 percent of known reserves by the late 1970's, and they estimate that within 25 to 30 years nickel reserves in Canada will have been exhausted.

The resources of Manitoba, Mr. Speaker, belong to the people of Manitoba. Is it too much to ask that the people of Manitoba conduct an inventory of resources so that they can know the extent of their assets and how rapidly they are being expanded or depleted? Why

(MR. GONICK cont'd) should the companies have a monopoly on this information? One of the tasks of the development council that I propose is to do just this, to conduct ongoing surveys so that we may know, the people of Manitoba may know exactly how their assets and resources stand.

Now, Mr. Speaker, because of the huge public investment in opening up the north, it is commonsense that it is in the interests of the general public to see that resource development is stretched out over as long a period as possible so that the investment, the public investment is fully paid for. It makes no sense to have the companies mine the resources out of existence before the public has gotten a decent return on its investment. That is why it is necessary in my view to take the decision as to how fast the resources will be extracted out of the hands of the company. They have only their own interest in mind and not those of the general public. That is why it is necessary for someone else to set production levels years in advance, so that they are matched up with reserves, so that the lives of northern communities can be stretched out as long as possible. One of the tasks of the Northern Development Council that I propose, composed incidentally of miners, townspeople, native population, and the province as well as the companies would be to set long-term production levels with this goal in mind, subject of course to revision as information becomes available.

Mr. Speaker, besides the long-term problem there is also a short term problem with respect to production. Mining industries in particular are notoriously unstable in production levels and employment levels, causing undue hardships to families that depend on mining for their livelihood. I cite as an example the current situation at Inco, at Inco's mine in Thompson. Just a year ago, even less, the miners were required to work overtime. Only three months ago, on the other hand, the company began a massive lay-off -- over 500 employees were laid off. Obviously what they were doing earlier is stock piling; what they have in mind is that collective bargaining will be begun soon between themselves and the steelworkers and they are stockpiling in case of a strike. The mass lay-off I believe was caused by an effort on their part to soften up the miners. And in the case of International Nickel, a multi-national corporation, it can transfer production to any one of its other mines located around the world. Inco has just launched the greatest single expansion program in the history of the mining industry anywhere in the world. Wingate, the Chairman of International Nickel has been quoted as saying that the biggest potential source of nickel in the free world outside of Canada is New Caledonia and we're there, he said. Guatemala -- and we're there, he said. Indonesia -- and I think we'll be there, he said.

Production levels and employment levels at any one mine such as Thompson or Sudbury where there was even a greater lay-off can be raised or lowered to suit the global requirements of International Nickel. The needs of the people at the mine and the communities are of secondary importance. The lay-offs at Thompson, I believe, had nothing whatever to do with the softening of world markets such as they claim. They could easily have stockpiled because they know that the world demand for nickel is growing. They could have stockpiled temporarily if that were the case. The real reason as I've said is the fear of a strike and an effort to soften up the miners. While cutting back at Sudbury and Thompson, there is evidence that they were expanding in Guatemala and New Caledonia. Why should these decisions on production and employment be left with the company? Obviously the company is responsible only to its shareholders. What about the miners? What about the people of Manitoba? What about the townspeople? All of whom have a great stake in the company, more I would say, a greater stake than even the shareholders of the company. That is why the decisions regarding production levels and employment levels, in my view, should be taken out of the hands of the companies and given to a council that reflects the needs of all the people affected, the shareholders, the miners, the townspeople, the public of Manitoba. All I am seeking to do here with this resolution is to apply the general principles of political democracy to the economy at large.

Mr. Speaker, because of the delicate ecosystems of the north northern environment can easily be damaged -- as it has been damaged by oil explorations, mining and the shipping of resource products out of the north. Oil exploration and mining licences are given by our Department of Mines and Resources and Environmental Management without proper surveying and testing to check the possible damage to land and wildlife. How many people does this department employ to investigate these questions? Even one? We know that the resource development can infringe upon the rights of native people and destroy their traditional livelihood.

(MR. GONICK cont'd) This has happened in Manitoba. It will probably happen again at South Indian Lake. I believe in the simple conservation principle that before any exploration and mining or Hydro project goes forward, a thorough investigation proceed to discover possible damages to land and wildlife and that these projects would simply not be proceeded with until the consequences are fairly known.

I believe again that what is required is a council of northern development composed of all the parties affected, who have an interest in conservation and preservation as well as in their own immediate day to day livelihood.

My proposition, Mr. Speaker, is radical and far-reaching but its basic premise is simple. Resources of Manitoba belong to all the people of Manitoba and to future generations of Manitobans. They are not the monopoly of a few giant corporations whose only interest is to raid our resources and to pull out as fast as they have removed our natural wealth. The resource industry is organized by giant, multi-national corporations. Decisions as to what resources will be mined, where and how fast, to what extent they will be refined, what levels of production will be set, all of which are crucial to the present generation of Manitobans, to say nothing of the workers directly affected, the miners and the townspeople to say nothing of future generations of Manitobans and Canadians, these decisions are not even made in Manitoba and certainly they are not made by people responsible to the people of Manitoba. For example, in the question of Inco the decision to lay off 500 employees was not made in Manitoba, it was not made by a person responsible to the people of Manitoba, it was made by gentlemen who sit at 67 Wall Street in New York.

The Hudson's Bay Mining and Smelting Company which has just gone through a bitter strike, the decisions on the part of management were not made at Flin Flon, they were not made in Winnipeg, they were not made by individuals responsible to the people of Manitoba; they were made by men sitting and living in South Africa.

Mr. Speaker, I do not expect these companies to give up their prerogatives to decide on how they will exploit Manitoba's resources. They would have to open their books to proceed with my proposal. Production levels would be taken out of their hands. The Forbes Business Magazine published what I think are very revealing figures with regard to one of our mining companies, International Nickel. It says that "in bad years or good years, both, the International Nickel Company averages 33.5 percent profit on its sale of dollars, and I suggest, Mr. Speaker, that they would have no intention of giving up these profits which my proposals might require.

In the likelihood, Mr. Speaker, that they would insist on preserving their absolute control over northern development and prohibit dehumanization, democratization and conservatization of resources development, all of which are embodied in the resolution that I presented, I believe, and my resolution says, that these multi-national corporations should be nationalized by the Province of Manitoba.

MR. SPEAKER: The honourable member has five minutes.

MR. GONICK: Thank you, Mr. Speaker. Mr. Speaker, I would say that even as Crown corporations I believe it is necessary to have a council such as I propose, because in my observations, Crown corporations can also act dictatorially and would act even more dictatorially were they not subject to the review of this Legislature.

I think that it's necessary that Crown corporations also be to some degree controlled by the people that they most immediately affect - in the case of the north, certainly the miners, the townspeople and the native population.

Well, Mr. Speaker, what I have said, I believe is well reasoned. I believe it is logical. I believe that it accords the philosophy of the New Democratic Party. I believe it would have widespread support throughout this province. I also believe, Mr. Speaker, that it will be rejected by this Assembly and by the members that sit on the government side.

Mr. Speaker, there is in my presentation and in the resolution an implicit criticism of the government's approach to northern economic development. Mr. Speaker, I don't want that criticism to remain implicit. I want to make it explicit. I know that the present government has instituted some reforms. It has doubled the Royalty taxes. It has developed Leaf Rapids townsite as a Crown corporation. It has established a mining exploration company, Crown corporation. It has made efforts to use native people in development opportunities in the north. I recognize these measures and I have supported them, but to my mind they are obviously inadequate.

(MR. GONICK cont'd)

The main thrust, the main thrust of the provincial government's approach to northern development remains what it always has been under previous government, and that is to serve the mining companies. Government spokesmen have said over and over again that this government has no intention of harming the business community. I say that its policies in the north to date prove this contention. The wealth of Northern Manitoba is still under the control of the big companies. They still determine what resources will be developed, when they will be developed and how fast they will be developed. It will be up to them to determine when layoffs will occur and how many men will be affected.

The Leaf Rapids case is an interesting example. We developed the townsite of Leaf Rapids as a Crown corporation but the mine that produces the wealth is still a mine that is owned by Sherritt Gordon, a large corporation. We have an environmental management department. However, it gives mining companies years and years to go on polluting the resources, to go on polluting the environment of Northern Manitoba. We have a mining exploration company, but the control of the north by private companies is still expanding. We have had mass layoffs at Thompson and I recall when I raised the matter in this House the Minister of Labour saying, What can I do? What can I do? It is out of my control. And that, Mr. Speaker, I think tells it all. The government, this government is impotent to really direct the affairs of the north. The prerogative, the direction, is still in private hands. We have done nothing to change that.

I suggest that from its record the Government of Manitoba has been unwilling to invade the prerogatives of the large mining companies, to take direction of northern economic development out of their hands. It has accepted the companies parameters of control. It has not had the guts to take on the multi-national corporations despite its own enormous resources. Tens of thousands of civil servants we have, we have popular support, we would have support from the miners and from the native people, all the ingredients to launch a major frontal attack on the dictatorship of International Nickel and the Hudson Bay Mining and Smelting Company and other resource enterprises.

MR. SPEAKER: Order, please. I regret to inform the honourable member his time has run out.

MR. GONICK: Mr. Speaker, I have said all I have to say.

MR. SPEAKER: The Honourable Member for Riel.

MR. CRAIK: Mr. Speaker, I think we should help this resolution along to a vote. I was going to say that there is a good deal of the resolution that almost anyone can support. Unfortunately there are so many items in it that it raises a question as to why so much of it is included together. And finally, the final resolve in it, the consider the advisability section, I think will be the one on which most people will vote, which is the one that says "that the government consider the advisability of nationalizing the major resource companies operating in the north".

Well that part, Mr. Speaker, of course brings in the basic argument of free enterprise versus socialism, and I think we could either vote on it right now, because I suppose the argument will boil down to that or we can argue about it for a while.

Let me go back before we come to that, I want to go over some of the points that were made by the Member for Winnipeg Centre and I want to go through these and pick out ones that I have seen here where I feel that there are some corrections to be made. One of them, he uses a justification is the variation in the employment levels that exists in the north. Well the common problem, if any, that we have had over most of the industry, so far is that there is such a very high turnover, such a rapid and large percentage turnover in most of the mining industry that regardless of the production levels, there has never been a particular problem that persisted over a long period of time, and the problem is not so much the fluctuation of the employment levels as it is that very high turnover, and how that is going to be solved through this resolution, which I do think is one of the most critical factors in the north, is not explained in other parts of the resolution.

The next section to that is on the processing of raw materials. Well I think it's been no secret in Manitoba that one of the major next steps that could occur in the north is a copper refinery and I think it's generally conceded that the level of copper output in Manitoba to this point, if you add it altogether, is still not at a high enough level to justify a copper refinery. And that's regardless of whether there is government involvement or just industry involvement

(MR. CRAIK cont'd) in this particular problem. This is why we have concentrates and so on being shipped out of the province at this time because even if you combine all the outputs there is still not enough copper production in a concentrate form to go on to justify a refinery to take the next step.

Then of course if you want to go the next step to secondary industries, it makes a good emotional argument but locating secondary industries at distances that are so great from the markets defies in most cases the logic of production. And when we get to that point then we'll probably find that even with the public sector involved it is difficult to justify many of the things which on the surface might appear to be very logical because of the location of the raw product.

We have also in the next clause the problem of the, I suppose, the Indians on South Indian Lake and others that may be affected by Hydro Electric developments. Well no doubt it's a problem but it seems to get to be a pretty mixed bag when you start adding in the problems of the residents of South Indian Lake and mix it in with the problem of determining how much ore there is in the ground and what the planning of the mining industry is going to be in the long term. When you add these all up together, Mr. Speaker, you have what is supposed to be in most cases the responsibility of government. If you take all these items together, you will find the reason why a Northern Commissioner was first appointed in the Province of Manitoba. I think the absence of the Northern Commissioner in the House is probably notable at this time and I think that he should be the one that this is being addressed to in particular, if anyone in the Legislature is supposed to be getting a lecture.

The member spent a good deal of time talking about the heavy pollution caused by the resource based industries. Well, Mr. Speaker, if the industries are polluting, the government has all the teeth it needs in its legislation to bring it up short and to rationalize, if not solve, the problems, and how this is going to be solved again, by adding it in with the problems of Hydro development, long range metal forecasting, drilling programs and pollution problems, again begs a question as to why the Commissioner of the North cannot bring into force the teeth of the Clean Environment Commission to solve the problem, if there in fact is pollution being carried on. The story that we get from the member is that the industries are notorious polluters.

Mr. Speaker, let me point out a particular example of northern development now, that is going on not in Manitoba but in the Northwest Territories. We have found a considerable amount of activity associated with oiling and pipelining up through the Northwest Territories and the Yukon, up through to Alaska, and eventually to come down into the southern parts, too, as part of the outfall from it. For the last two years the industry have been doing environmental base line studies. These have gone on continuously. They have gone on because the industry sensed that there was a body of public opinion which it satisfactorily brought to bear the concerns about the environment, so they spent a great deal of money. They spent millions of dollars of money over the last two years in doing environmental base line studies. Associated with this project as well, the Federal Government has spent a great deal of money but their efforts started somewhat later. But running parallel to it, Mr. Speaker, running parallel to this great project that we now read so much about, is a highway, a highway that runs for hundreds of miles and goes from Dawson City right up across the Yukon, across the Northwest Territories and into Inuvik. Mr. Speaker, that highway is under construction and has been pushed through and not any environmental base line studies have been undertaken to determine whether there was an impact or not. Well it begs a question as to whether industry or government is best equipped to protect the environment. But let me say that in the most notable example of the north right now, that industry is carrying its fair share and more. It started earlier and it has done more and is continuing to do more in terms of establishing first of all the environment problems that are going to exist than the government has done in pushing through its projects. So let's ask whether industry is more capable or government is more capable in solving its own environmental problems, because there is a good deal of question on the record that would cause any sane person to question whether the government is the one that is equipped to in fact protect the environment through any more than providing rules and regulations.

Mr. Speaker, the next point that the member has made here is that the resource industries of the north are created as private fiefdoms subject to decisions by absentee landlords despite the fact that its decisions have a profound impact on all Manitobans including workers, townspeople and northern residents. Well, you know, I think we should ask the Member for

(MR. CRAIK cont'd) Flin Flon if Hudson Bay Mining and Smelting has in fact operated as a fiefdom in the Flin Flon area. Does he consider the people who have headed up the corporation to be the type of people that he would put in the fiefdom class? Can he stand up --(Interjection)-- Well I am asking him. Can he stand up and say that if Hudson Bay Mining and Smelting were a Crown corporation that the unions, the employees would prefer to negotiate with a Crown corporation when it comes to that period of their relationship with their employers? Can all of these things be justified from a practical point of view from those of you who have experience? Are you as a body advocating that you would rather have the employees and their unions negotiate with a Crown corporation? If so I think this should be pointed out. If not at least ask the union people whether this is their desire.

The result of all these sections, the result of all these sections, Mr. Speaker, -- and we have the House Leader now occupying the position that he should be in this House, in the back row; he sounds better from back there than he does in the front row -- the result of all this is a council that is going to bring together long range resource forecasting, it's going ...

A MEMBER: Not forecasting.

MR. CRAIK: It's also forecasting, based on drilling programs, which the member incidentally says the information now lies in the company vaults. Which I think even the Member -- the former Minister of Mines and Natural Resources will question, based on his short experience. It also is going to solve the native problems from Hydro flooding. It's going to develop secondary industries, even though the first step at this point has been studied by the government and they full well know the answer with respect to copper refining in the north.

And then he closes off by saying that if all these problems, pollution, Indians, native problems, production forecasting, production control and also the forecasting of ore reserves is all going to be embraced in this, and if it cannot be done effectively - and he doesn't state the period of time to be allowed here - that what he will do is to recommend nationalizing the major resource companies operating in the North.

Well, Mr. Speaker, the conclusion isn't in keeping with the observations that precede it. The powers to do nearly all the things that he has mentioned here now lie with government. And if this government has been unable or unwilling to actually administrate its powers to the satisfaction of the Member for Crescentwood, the first thing he should do is vote against the government rather than to stand up here and pretend that it is the fault of the industry.

So that on the basis of the conclusion that is drawn here there is only one way to vote, Mr. Speaker, and it is certainly to vote against the resolution.

MR. SPEAKER: The Honourable Member for Flin Flon.

MR. THOMAS BARROW (Flin Flon): Mr. Speaker, the honourable member asked me some questions on the bargaining procedure which I'd prefer and it seems to me that the honourable members of this side, especially the Member for Charleswood, the Member for Minnedosa are all experts on union matters. They all know what caused the strike. They tell me and I live there.

Let me explain the bargaining procedure in Flin Flon. There is no bargaining as such. Almost every demand is met with a flat "no". During the trade strike they had a young man --(Interjection)-- Pardon? Yes. They had a young man there, his name was Goodison and he had them so baffled they become very sullen. During the course of bargaining hot words were exchanged and one member of the bargaining committee, his name was Larry Johnston, who represented the company, actually accused the trades people of not having the guts to go on strike. Mr. Speaker, this is dynamite. I say that any form of bargaining would be more suitable than the bargaining they've had in the past. I hope this answers your question, Sir. Thank you, Mr. Speaker.

MR. SPEAKER: The Honourable Member for Charleswood.

MR. ARTHUR MOUG (Charleswood): Just briefly, Mr. Speaker. As far as the Member for Flin Flon getting up and making mention that I'm concerned about union bargaining in Flin Flon or any part of the north country, most certainly am I not. I agree with union, I agree with there being unions in the province. They better the economy for everybody. They upgrade the living for everybody in the Province of Manitoba. They upgrade possibilities of a small businessman or large making a living. And it's shown today by that side of the House, by that government, that they are not in favour of anybody making a living. Bill 21 they seem to think is not going to affect the people in the north, but the people in the north is going to be badly affected. I hope that the Member for Flin Flon can go back to Flin Flon on the weekend

(MR. MOUG cont'd) and tell them that he thinks Bill 21 is not going to affect the union workers out there. --(Interjection)-- Yes, Bill 21. I don't want to make any reference to Resolution No. 20, Sir, in the first comments I make. I intend to make comments on that but I wanted to first of all straighten out the Member for Flin Flon, that certainly when he makes reference to me and what I think of unions he is definitely wrong.

When you get back to the resolution as put forward by the Member for Crescentwood I think it's pretty well what we could expect to find him bringing into the House and not concerned about the north, not concerned about Manitoba but more concerned about what's going on in eastern Canada and in the United States. It's all the man worries about, there's no significance in anything he brought in here at all about Manitoba. But, certainly circling around, back and forth as to what he thinks about boards that are centred in Toronto . . .

MR. SPEAKER: Order, please. The hour being 10:00 o'clock, the adjournment hour, the House is accordingly adjourned until 2:30 Wednesday afternoon.