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Official Report of
DEBATES OF THE LEGISLATIVE ASSEMBLY
(Hansard)

MONDAY, FEBRUARY 12, 1973

Afternoon Sitting

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MONDAY, FEBRUARY 12, 1973

The House met at 2 p.m.

Prayers.

MR. SPEAKER: The Hon. Member for Comox.

MS. K. SANFORD (Comox): Mr. Speaker, I would like the Members of the assembly to join me today in welcoming a group of students from Campbell River who are here with their teachers, Joan Bunting and Dale Kelly.

MR. SPEAKER: The Hon. Member for Esquimalt.

MR. J.H. GORST (Esquimalt): Mr. Speaker, I too would like the Members to join with me to welcome a group of students from the Langford Alternative Boy's Club in the riding of Esquimalt. They are accompanied by their teacher, Mark Horne, who is the son of our deputy legislative clerk, Ian Horne.

MR. SPEAKER: The Hon. Minister of Health Services and Hospital Insurance.

HON. D.G. COCKE (Minister of Health Services and Hospital Insurance): Mr. Speaker, I'd like the

House to recognize today the representatives of the B.C. Environmental Council that are visiting us, Dr. Clark, Lois Boyce and Roger Smith.

MR. SPEAKER: I'd like the Hon. Members to welcome as well Mr. Frank Howard, MP, who was also a Member of this assembly some years ago. He's sitting on the floor of the House to your right.

Introduction of bills.

THE ADMINISTRATIVE TRIBUNALS APPEALS ACT

Mr. Wallace moves introduction and first reading of Bill No. 84 intituled *The Administrative Tribunals Appeals Act*.

Motion approved.

Bill No. 84 read a first time and ordered to be placed on orders of the day for second reading at the next sitting after today.

Orders of the day.

ON THE BUDGET

MR. SPEAKER: The Hon. First Member for Victoria.

MR. N.R. MORRISON (Victoria): Mr. Speaker, we in the official Opposition can only review this budget in terms of the expectations of the new order which were so spectacularly announced by the Provincial Secretary (Hon. Mr. Hall) on Thursday last, and I quote: "We're not here...to fritter away this opportunity. (We are not just going) to tinker about with the system...tomorrow (with the reading of the budget speech) we can see the first part of that journey unfold."

We can now describe that, Mr. Speaker, as "Hall's hollow threat" — a threat which must have brought surges of expectation to the hearts of the backbenchers opposite as they waited with bated breath the things to come on the morrow. As they were told in the language of the Provincial Secretary, they were taking that first step on the journey down the new road to be surveyed, constructed and paved by the NDP Government opposite.

How shocked they must have been as a faint, fluttering candle was presented to the people of British Columbia by the Minister of Finance (Hon. Mr. Barrett). The grand expectation that this would be a people's budget must have struck them as ironic.

We turn to page 16 of the Magna Carta of the new era and find in bold print that the Minister of Finance has designed a document which provides that 69 per cent of our total provincial revenues will be devoted to the social improvement of our people in the fields of education, health and social service. Then, Mr. Speaker, we turn to page 28 of that so-called document from the Dark Ages, 1972, and we find, Mr. Speaker, that in the last budget 69 per cent was spent. Where is the bright new era in that comparison?

Then we examine the total percentage of this new people's budget for education. Lo and behold, Mr. Speaker, we find a little better than 28 per cent of this budget devoted to education as opposed to approximately 31 per cent devoted to education last year. I wonder, Mr. Speaker, if the backbenchers opposite feel that that represents a breakthrough to the bright new era so eloquently threatened by the Provincial Secretary on Thursday last.

No, if there's one thing that can describe this budget, it has to be that it lacks imagination. The backbenchers opposite, when the time comes, should rise up and vote against it. How could they do otherwise, Mr. Speaker, when the Provincial Secretary in such ringing terms last Thursday said that there would be great surprises and they were not going to tinker with the system. They were really going to change it. Mr. Speaker, what came out of the Minister on Friday was a tinker-toy budget.

I'm amazed at the naivety of the socialist mind. The Member for Esquimalt (Mr. Gorst) made a public statement this morning regarding the increase from 10 per cent to 12 per cent — which is a 20 per cent

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increase — on the corporation income tax. In his reply to one of the largest firms in British Columbia, the British Columbia Telephone Company, he suggested that the British Columbia Telephone Company could absorb the increase as good corporate citizens. This is just as much misleading hogwash as the Minister of Finance's statement that this is a people's budget.

Who do those NDP socialists over there think they're really kidding? Has the small or large corporation some fairy godmother to get the extra dollars from? Don't be so naive. They'll pass the increase on to the people who have to pay for cement, for building materials, for telephones.

This is the beginning of a devious method of tax collection — the burden falling heaviest on those least able to pay — the low income and the average income people of this province. What the NDP are really saying is that when they want to raise a tax, the merchant or corporation gets the blame for raising the price of the product. The blame will not fall on the Government's shoulders where it really belongs.

Two of the most unendearing qualities of this new NDP administration seem to be: first, its lack of realization that it is now the Government, and not the Opposition. And because of this obsession during the course of the previous debate, and certainly during the presentation by the Minister of Finance (Hon. Mr. Barrett), there seems to be an almost juvenile attempt to discredit the budgetary systems inherited from the previous government. Yet, if one examines the presentation by the Minister of Finance on Friday, one could almost say that he prepared a Xerox copy of the procedures used heretofore.

The second unendearing quality is by gratuitous and unfounded assertions about previous bookkeeping practices. The Minister of Finance seems deliberately set on a course which seeks to undermine confidence in the community at large. I'll have more to say shortly about this in terms of the hang-up the Minister of Finance has about government guarantees — a hang-up which certainly represents a political carry-over from his days in Opposition, and not as the custodian of the financial destiny of this province.

However, the calculated attempt by the Minister of Finance to throw doubt and suspicion on the real credit position of this province is not more clearly evident than on page 7 of the 1973 budget — where, while representing the net contingent liability of the province to be \$2,740,565,944, he made the point that the previous government in its budget presentations had never laid that net contingent liability figure before this House.

If the Members have handy a copy of the 1972 budget, they will clearly find indicated on table E, page 39 the self-liquidating guaranteed investments, net, of the province to be at that time \$2,695,721,649. But, Mr. Speaker, the real criticism of this Government is to be found in the general way in which they unsettled the communities of British Columbia by statements such as this, which can only erode confidence.

In the five months that the NDP have been Government, if there's a single charge which we can hang on them, it is their most studied and off-hand method of undermining the confidence that anyone can really have in the business stability of British Columbia — which came about because of 20 years of sound, fiscal management.

We are told that the Minister of Finance is to go abroad carrying the banner of British Columbia into the market places of Europe. I would hope that the Minister of Finance, when he is there, would also take along the other side of the balance sheet in terms of contingent liabilities — and to stop indulging himself in gratuitous insults about the supposedly undercover bookkeeping kept by the previous Government on finance. The Members opposite have been in office five months now. After two decades of bouncing around British Columbia indicating there were two, three, four and five sets of books, they have not been able to substantiate that charge to this date and they know they never will. However, to run around Europe, with those silly financial asides ringing around this Legislature, does nothing to inspire confidence.

But let's examine just one portion of the idea that there is dead-weight debt on the people of the Province of British Columbia resulting from improper accounting practices on the part of the previous government — which, clearly, the Minister of Finance tried to imply on Friday.

The British Columbia Hydro Account, which makes up by far the largest portion of the guaranteed debt of this province, shows the following true picture of what the asset position of that organization happens to be. Physical assets represented by dams, trolley coaches, railway stock, et cetera, are represented at a net value of \$1,960,321,290 in the 1972 accounts of British Columbia Hydro. Surely the Minister of Finance is not suggesting that these assets have no relationship to the liability total he seeks to display as dead-weight debt on the people of the Province of British Columbia — suggesting it amounts to over \$1,300 per person in this province.

But along with the physical assets we find the following, on finished construction, amounting to approximately \$364 million. We also find cash materials on inventory, accounts receivable, and other liquid assets in bonds, and mortgages, et cetera amounting to approximately \$26 million. All of these figures have been readily obtainable for years in the annual reports presented by the B.C. Hydro and Power Authority.

When the Minister of Finance is going abroad to represent British Columbia, surely it is time for him

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to restrain himself in trying to paint the picture of hidden accounts, irresponsible budgeting, secret documents, et cetera as representing the financial picture in British Columbia.

Incidentally, Mr. Speaker, a very large portion of the contingent liabilities are wrapped up in the public school system and the hospital system in this province. These amount to nearly \$500 million. The point is, Mr. Speaker, no matter how the Members opposite tried, the facts were presented to the public.

More particularly, Mr. Speaker, when one understands that the good portion of the total of self liquidating liabilities are held by many British Columbians in the form of guaranteed parity bonds, it is inexcusable for the Minister of Finance to suggest in this House that the contingent liabilities of British Columbia really represent dead-weight debt on the people of this province.

Mr. Speaker, apparently the Minister of Finance, when on page 26, table A of the budget, he presents a picture of the asset portion of the province itself, he has no hesitation in listing the values attributed to the fixed assets of the province. It's simply irresponsible — to carry on this former position about contingent liabilities, and their true relationship to financing the financial picture of the province now — that he has chosen to retain his portfolio as Minister of Finance.

I predict, Mr. Speaker, that if he keeps up this foolishness he will have difficulty in maintaining his credibility in the financial markets of the world where, certainly, he will need more than a smile.

Furthermore, Mr. Speaker, the Minister of Finance has already indicated that he intends to invest pension accounts of this province in enterprises such as B.C. Hydro and, presumably, school and hospital construction. And to paint the picture he did Friday, about the true meaning of contingent liabilities, is irresponsible on that score also. Pension holders should not listen to this Minister of Finance, Mr. Speaker. They were well protected and well served by the former Minister.

The Social Credit administration followed a number of very important basic principles in achieving for British Columbia the most outstanding record of fiscal management anywhere. Those principles are important to review now, as we perceive the directions for the future outlined on Friday, February 9.

By 1960, British Columbia formalized the retirement of all direct debt, by passing in this legislation the *Loan Authorization Cancellation Act*, 1960. We serve notice now, that the lights will burn all night in this Assembly if the Government seeks to wipe that Act from the books of this province. It is the cornerstone of the "pay as you go" philosophy of Social Credit Members here. And, Mr. Speaker, we say now that the real name for deficit financing is dishonest financing.

By 1971, one of the severest critics of the former administration was able to say in the June 9, 1971 issue of the *Vancouver Province*: "Only British Columbia in the black." — by Bob McConnell. To the uninitiated that might not sound like much of an achievement. But it is something no — and I repeat, no other government in Canada has been able to do — no matter how great the need.

Mr. Speaker, even today as we move along the perils and uncertainty of 1973, generated in large measure by the NDP opposite, we in the Socred group here sound the warning. We will fight any movement away from sound credit financing in every way. Here in this House and out of this House.

By August, 1967, the Province of British Columbia was totally removed from the vagaries of international finance — we had been good Canadian citizens. Our financing was internal. We had done what no other government in Canada was able to do — we resisted the inflow of foreign capital to Canada, here in British Columbia. We were indeed a financial lighthouse, Mr. Speaker, and up to August 30, 1972, we still were.

Interest payments flowing out of British Columbia had been completely halted so far as provincial accounts were concerned. By 1970 the last phase of resisting any requirement to borrow outside the province had been launched with the municipal financing authority and by 1978, just five years from now, the entire capital required for all public requirements in British Columbia would have been found in British Columbia.

Remarkable you say, Mr. Speaker? No, simply sound planning. Step by step reaching the goalposts which were recognized from day one by the former Minister of Finance. Remarkable indeed it was, Mr. Speaker, that by 1970, all Hydro capital, British Columbia railway capital, school construction capital, and hospital construction capital was being raised in this dynamic province. And under the *Municipal Sewage Treatment Assistance Act*, the road to 1978 lay straight and narrow. Masters of our own destiny — the ship of state sailed on a sea of credit, not debt.

We warn now, Mr. Speaker, that tampering with pension funds, either those generated under agreements with Canada or those produced by our people here, or tampering with the perpetual funds or tampering with the surplus accounts in sprees of ravaging expenditure will be met with stern resistance on the part of the official Opposition.

The third fundamental principle of Social Credit financing was low tax rates permitting the dynamics of an individual enterprise economy to meet the ever-spiralling costs in the social services field. While partisan critics labeled the Social Credit record in social service fields disastrous, the facts and the record are demonstratively much different: the highest old age pensions in Canada; the most highly developed

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day care programme in Canada; an education system having the lowest drop-out rate in Canada; the largest homeowners support programme in Canada; the recognition that British Columbia's Workmen's Compensation Act was the best in North America; a medical care programme among the best in Canada; a labour force enjoying the highest average wages in Canada, depending on what monthly report of Canadian statistics one was looking at; a child care programme that won international recognition as the most outstanding in the North America; and Mr. Speaker, the list could go on and on.

The point is that a dynamic individual enterprise system did deliver the goods.

In terms of revenue creation, Mr. Speaker, what are the facts? (a) The gross provincial product was reaching towards 11 per cent — far outstripping the experiences of the nation as a whole and indeed most of the western world.

(b) By August 30, 1972, revenues were growing at the rate of 15.5 per cent over the previous fiscal year. Indeed, Mr. Speaker, British Columbia was the best managed economy in the nation. The genius that showed how to make money work for the people instead of being their enemy is clear for all to see.

To disrupt, to amend, to tamper with this form of fiscal management would be infamous. The most serious concern the Social Credit group in this House can express here, however, Mr. Speaker, is the way in which social governments everywhere have moved in the direction of diminishing the discretionary incomes held in the hands of individuals and corporations. Often done in the name of motherhood but always directed on the idea that the state knows best, and is always to be more trusted than the more humane idea of man seeking to fulfil his own goals and aspirations with a maximum discretion in the hands of individuals and minimum in the hands of the state.

We thus see the socialist provinces of Canada lined up with British Columbia in this way. If you take the

personal income tax percentage of the federal tax: in Saskatchewan it's 40 per cent; in Manitoba, it's 42.5; in British Columbia, it is 30.5 per cent. If you take the corporation tax in Saskatchewan — 11 per cent; in Manitoba, 13 per cent. In British Columbia it was 10 per cent. It is now 12 per cent. Now, Mr. Speaker, British Columbia joins the socialist camp. How sad, because, Mr. Speaker, the record over the past 20 years shows that we need not be a province that operates financially like all others. We built our financial house on solid ground not on shifting sand.

The new Government is really saying, "we'll tax more to give them more, because we know better than they what they want and need." The dehumanizing "them" and "they" is not the philosophical foundation of this side of the House, Mr. Speaker. That is another reason why a socialist budget is usually so remarkably different from the individual enterprise inspired Social Credit budgets of the past 20 years.

The fourth principle that formed the foundation for Social Credit government financing rested on the idea that government at all levels could be expected to fight inflation and should be expected to fight inflation. It was of no comfort to blame the other person, nor to blame another level of government if within one's own jurisdiction there was no action. Inflation in some quarters is treated as a myth — that it's not really that bad.

The Premier and Minister of Finance in this province has been quoted that if he were Prime Minister of Canada, he would seek a ceiling on wages, profits, et cetera. But where was he when the former Social Credit government tried to bring some control here at home?

We had some jurisdiction in salaries for civil servants. We had some control that could be exercised with respect to teachers' salaries — and in that instance, contrary to the myth offered the general public of British Columbia, to exceed the ceilings set if they saw fit by way of a democratic vote. We had some jurisdiction on spiralling health costs, medical fees or service and the like. And I'll predict right now, Mr. Speaker, that the Minister of Health (Hon. Mr. Cocke) knows the inevitable consequences of spiralling health costs right now. Because I can't believe he hasn't read the Economic Council of Canada's comments on the subject of health costs.

Who gets hurt most with inflation, Mr. Speaker?

(a) The homeowner. Spiralling assessments which the former government tried to protect by eliminating assessment increases — particularly on residential property. Who opposed? The NDP.

(b) The pensioner and those on fixed incomes. Who tried to seek a solution? The Socreds with a guaranteed annual income plan, the first in Canada to adopt this as official policy.

(c) The food buyer.

(d) The saver and the investor.

And the list goes on and on until every segment of our community feels the impact of the dread disease which has toppled more governments and brought more tragedy in this world than any other force.

What is inflation in real terms, Mr. Speaker? Well, the following chart illustrates the disease in language anyone can understand.

Five years ago, based on 1961 dollars, the dollar was worth just 86.66 cents. Today the dollar is worth just 76.16 cents. Twenty years ago, based on 1961 dollars, the dollar was worth 113.64 cents. But today it is worth just 76.16 cents.

Ten years ago, if a pensioner had an income of \$100, today he would have just \$76.16. Ten years ago a house that sold for \$20,000 would sell for \$26,000 plus today. A man earning \$10,000 today

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would have been okay at \$7,616 ten years ago. A man earning \$10,000 today will need, at current rates of inflation, \$1,364 more three years from now; \$2,763 more five years from now and \$6,289 more ten years from now, just to stand still.

Yes, Mr. Speaker, inflation is no myth. It hurts real people.

Now I'd like to talk for a minute about rural land taxation. We see a continued policy of discrimination towards farmers and other rural residents. This Government started off by freezing farmland — which took millions of dollars out of the farmers' pockets. Now, to add insult to injury, you're going to increase his taxes — and you won't even tell him how much.

Tell us, Mr. Premier, why are you afraid to tell us everything about the increase in taxes to people? What is it to be: 20 per cent, 50 per cent, 100 per cent?

These are the people who were promised tax relief from school taxes. Where is that? Instead, they've been offered the sop of reduced gas taxes for their family truck. This is no more than a smokescreen for the long-range object of the socialists to take over the land of British Columbia — not openly and above board by paying fair market value, but indirectly through such tools as zoning, increased assessments and increased taxes.

I wonder, Mr. Speaker, where the Member for Alberni (Mr. Skelly) will vote on this budget. On Thursday, while he waited with anxious anticipation for the new era, what did he say? In *Hansard* and I quote: "At the same time, assessments and taxes are increasing to the point where rural residents are unwilling and in many cases unable to pay." Where can he stand when the bells ring, Mr. Speaker, and support a budget which threatens to increase rural taxes even more?

For a second, on the land bank. Ten million allocated for a land bank is mere tokenism. I'm told that one of the major real estate companies would sell more land than that in a month. All they're probably doing is taking the land off the market, paying excessive amounts — like, for example, the 4.3 acres from the City of Victoria at somewhere around \$82,000 an acre — supposedly for low-cost housing. Certainly no independent developer could afford to develop land at those figures. And furthermore, this developed land, if it is ever developed, will only return 15 mills in taxes to the city instead of their normal mill levy.

The Minister of Finance (Hon. Mr. Barrett) says that this is a people's budget. Yes — for NDP faithful who are recipients of excessive executive posts in this patronage-riddled Government. For the NDP cabinet Ministers, finance Ministers and for the Premier, the true increase amounts to 20 per cent plus on the basis of income.

HON. D. BARRETT (Premier): In one year?

MR. MORRISON: However, if one takes into account the prospect of two sessions a year, and includes the sessional indemnity, the real increase for the Premier, for example, is almost 60 per cent.

AN HON. MEMBER: Oh!

AN HON. MEMBER: You're kidding.

AN HON. MEMBER: Inflationary!

MR. MORRISON: In the public statements this past weekend on TV, the Minister of Finance (Hon. Mr. Barrett) tried to paint the picture that the increases were following the 6.5 per cent guideline established and legislated by the Social Credit administration.

Let us refer, then, to the legislation passed by this House in 1972. Section 73A, Subsection 2 of the *Constitution Act* requires that if there is a percentage increase which exceeds that provided and fixed under the *Revenue Act*, there is a requirement that there be a plebiscite of at least 60 per cent of the people of the province.

Now, Mr. Speaker, we know that this Government by order-in-council removed the 6.5 per cent ceiling. But it stretches the imagination to assume that this Legislature intended that the sky would be the limit. It is clear that Section 73A of the *Constitution Act* was passed by this Legislature in order that inflationary increases would be constantly under review and scrutinized by the public.

Now, Mr. Speaker, you will appreciate the inflationary effects of this. For as it stands now, your own yearly salary can be as much as — if you haven't figured it out — \$46,000 a year, compared to the previous

administration of \$19,000 in the annual Speaker's salary. A cabinet Minister, Mr. Speaker, will receive up to \$48,000 annually — plus in some cases \$7,000 travel expenses. The Premier could receive — if we have a full session in the fall — \$52,000.

MR. J.R. CHABOT (Columbia River): Wow!

MR. MORRISON: Plus an additional \$15,000 in travel expenses.

AN HON. MEMBER: How about the Minister of Finance?

MR. MORRISON: Surely this is the kind of increase for which the Legislature was committed to the people. I tell you, Mr. Speaker, if this socialist NDP Government were to go to the people today with those irresponsible demands, the people would say, "No."

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AN HON. MEMBER: That's right.

MR. MORRISON: And now that the cabinet Ministers and the Premier have looked after their salaries and their expenses, I want to direct the attention of this House to the plight of one person in 10 in this province who were not looked after in this budget — the unemployed in our province.

Mr. Speaker, the real gut issue, on examining the budget produced on Friday, can be itemized as follows; (1) Unemployment; (2) Unemployment; (3) Unemployment.

The Government has literally reacted to a near 10 per cent unemployment figure; or 95,000 unemployed, or over 30,000 more people unemployed in the five months they have been in office, by promising 1,000 more jobs in the civil service. I'll have more to say about that later.

There were 1,461 added last year anyway. But the Minister of Highways (Hon. Mr. Strachan) reduced that by nearly 500, using the excuse that there was no room in the previous estimates.

AN HON. MEMBER: I hear it's 600 now.

MR. MORRISON: He must have told some tall tales to the Treasury Board to get that 35 million bucks extra not in the budget. But he had an unfortunate lapse of memory in this people's budget when he forgot the men he had cast aside.

However, Mr. Speaker, the Minister of Rehabilitation and Social Improvement (Hon. Mr. Levi) may yet come to the rescue, because he has another \$90 million to work with. The social assistance may yet prove to be this Government's answer to the opening of a new era but surely, Mr. Speaker, that's got to be the most novel way yet to devise a substitute for a real work opportunity.

AN HON. MEMBER: He thinks money will solve all his problems.

MR. MORRISON: Now let's look at how the private sector is to be encouraged to invest money and thereby create jobs in British Columbia: a 20 per cent increase in corporation tax at a time when the Minister of Finance (Hon. Mr. Barrett) admits he doesn't really need the money to balance his budget. This must be one of the few times in history, Mr. Speaker, when a Minister of Finance levies new taxes and publicly presents accounts which show he doesn't need any more taxation. More peculiar, Mr. Speaker, he doesn't really reduce taxes in any other direction. In spite of pious statements, he in fact announces an increase for the non-municipal taxpayer.

As well, the tax on capital used is to be enforced. That, Mr. Speaker, is like using your own hair to weave a shirt. Its impact on the job-creating capacity of this province will be disastrous. It represents not a bow in the direction of common sense but yet another example of socialist hang-ups expressed in taxation, whether the revenue is needed or not.

These two measures, taken together, will give British Columbia the most hostile business climate in

Canada, especially when the Minister of Finance shows accounts which prove beyond a shadow of doubt that the tax increase represents political need and not fiscal need.

Now, Mr. Speaker, let's look at this budget of the new era in terms of specific job-creation measures. Let me take two at this moment in job creation. (1), park development. In the 1972 Social Credit budget there was an amount of \$10 million for park development. The 1973 NDP budget has \$5 million. (2), reforestation, for job creation. In 1972 the Social Credit budget had \$10 million. The NDP budget has — you guessed it — \$5 million.

Mr. Speaker, the Minister of Finance opposite is a 50 percenter or maybe — just maybe, Mr. Speaker — he does not trust his Minister of Lands, Forest and Water Resources, Recreation and Conservation (Hon. Mr. Williams) and condominiums to spend any more. (Laughter).

AN HON. MEMBER: He doesn't believe in jobs.

MR. MORRISON: Let me look at some other job-creating areas. Job creation item 1 - highways department. In 1972 the Social Credit budget had \$179,261,429 and, apparently, we were overspent by \$35 million, which brings the total up to \$214,261,429. What do we find in the 1973 NDP budget? — \$221,563,000. Big deal. The increase last year — \$21 million. To increase this year — maybe \$7 million.

Let me take item 2 — park development. In the 1972 Social Credit budget it was \$2,924,000. In the 1973 NDP budget — \$3 million. Big deal — \$76,000 more money.

Item 3 — construction of public buildings. We find in the 1972 Social Credit budget \$24,500,000. In the 1973 budget, \$20,500,000. Big deal — \$4 million less.

Item 4 — new construction in post-elementary education. In the 1972 Social Credit budget, \$6,500,000. In the 1973 NDP budget, \$2,500,000. Big deal — \$4 million less.

Item 5 — new construction — senior homes, recreation grants and special care. In the 1972 budget, \$6,500,000. In the 1973 budget, \$6,850,000. Big deal — \$350,000 more money.

Item 6 — housing and redevelopment. In the 1972 budget, \$5 million. In the 1973 budget, \$5, million. Big zero — no increase.

Item 7 — mining roads. In the 1972 Social Credit budget, \$4,200,000. What do we find in the 1973 NDP budget? — \$1,700,000. Big deal — \$2,500,000

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less money.

Item 8 — and these are job-creation items, every one of these creates jobs — forest nurseries and planting. In the 1972 budget, \$4,158,000. In the 1973 budget, \$4,390,000. Big deal — \$230,000 more money. Not much.

Item 9 — new patient care programmes. In the 1972 budget, \$1,310,000. In the 1973 budget, \$1,300,000. Big deal — \$10,000 less.

Item 10 — capital expenditure, technical and vocational schools, \$15 million in the 1972 budget. In the 1973 NDP budget, \$7,500,000. Big deal — \$7,500,000 less money.

Item 11 — capital expenditures, universities, \$14 in the 1972 budget. In the 1973 budget, \$11 million. Big deal — \$3 million less.

Mr. Speaker, this is a partial rundown. Big deal for the unemployed. But we know where it's at, Mr. Speaker, and my colleagues will have more to say about this later.

The Minister of Industrial Development, Trade and Commerce (Hon. Mr. Macdonald) will be doing his bit also for the 95,000 unemployed. Because according to the estimates, he will hire eight more people at about \$17,000 a year plus. Yes, Mr. Speaker it's a big deal for the unemployed.

Sadly, it's an opportunity not grasped. That, Mr. Speaker, is what the official Opposition say this budget debate will be all about. Because that's where it's at.

Mr. Speaker, it is the intention of the official Opposition to develop budgetary ideas as this debate progresses. I can tell you now that we will not support its shallow approaches. I have pointed out the tinker-toy nature of this budget and I can tell you that we intend to develop new proposals as this budget debate moves along.

We have on the order paper the answer to income maintenance in the new industrial state in which we live. A guaranteed minimum annual income for all residents of British Columbia could have rested upon the use of the income tax returns to eliminate the welfare state and replace it with a universal guaranteed income which, in terms of the allocations involved in this budget, could have been accommodated easily and would have meant the addition of approximately \$75 million, most of which with careful — and I underline that word "careful" — negotiation with the federal government, would have been shareable.

Secondly, there would have been a corresponding set-off in terms of eliminating the 15 per cent charge against the municipalities which, on this side of the House, we say should be eliminated in favour of the guaranteed income approach, leaving the local community responsible for the basic administration and the case work load at the community level. This would have produced in this budget an increase to the municipalities of better than \$20 million in a single year.

Furthermore, it is quite evident that the Government could have taken the first step towards eliminating the education tax from the land held by both farmers and those over age 65. Because last year, in moving on the question of adding an additional \$50 to those over 65 years in terms of the homeowner grant, the previous government, for all practical purposes, had eliminated the education load on the homes of thousands of senior citizens already. By including approximately \$10 million in this budget, the Minister of Finance could have completed the work so ably started by the Social Credit Government.

Thirdly, the Minister of Finance could easily have taken an opportunity to lower taxation on the incomes of many thousands of British Columbians by increasing the exemptions as calculated for the provincial share of income tax. No need to look to Ottawa for direction here. In the present climate of Canada, the beacon light could have been turned on in this province.

You will see, Mr. Speaker, that we have a bill on the order paper which would have the effect of exempting the interest and property taxation paid by the residents of British Columbia as calculated exemptions for provincial income tax purposes. These and other measures, Mr. Speaker, are what the fiscal management of the 20 years of Social Credit were all about.

The bills we introduced at the emergency or mini-session in October, and the ones added now, were the programme for the future. Our Members will express our disappointment in this budget debate in terms of what should have been, and express the sadness which must be evident across the face of British Columbia that the Minister of Finance produced a tinker toy budget. Thank you.

MR. SPEAKER: The Hon. First Member for Vancouver–Point Grey.

MR. P.L. McGEER (Vancouver–Point Grey): Thank you, Mr. Speaker. It's very nice to be able to take my place in this debate, wearing a red carnation. We do that as a symbol of the first victory Canada has had in the United States since the war of 1812. Of course I refer to the success the Hon. leader of the Liberal Party (Mr. D.A. Anderson) had in Washington in stalling the pipeline, which.... It shows what imagination and effort can accomplish despite government. In this case, there's hope for Canada and for the west coast.

Interjection by an Hon. Member.

MR. McGEER: Oh yes...quite prepared to

lump the federal government and the provincial Government in this, and to hail private initiative once more.

Mr. Speaker, it was the first socialist budget ever. To hear the reports, the Premier looked just excellent on television, but he always does. We hope that one day, the rules will be changed so that the Opposition can have some of their debates broadcast on television too.

HON. MR. BARRETT: Can't pretty you up, but we'll let you go on TV.

MR. McGEER: I liked the way the budget was made up. Same size as the former budget, but you turn it 90 degrees to the left to get it open. (Laughter).

Interjection by an Hon. Member.

MR. McGEER: No, no, Mr. Speaker, the Bloedel Conservatory. (Laughter). Right there on the cover. All the people displayed it. But I thought it was nice, Mr. Speaker, that for once the beautiful pictures in the budget had some pictures of honest-to-goodness people instead of just buildings. I want to compliment the Premier, too, on his restraint in having the facing picture that of all the Members of the legislative assembly. I was getting tired of that other dated picture.

I also admired the candour of the Premier in declaring in a forthright fashion the debt of the province. That was a refreshing change. Looking through the pictures...I always enjoy the pictures, Mr. Speaker. (Laughter).

Interjections by some Hon. Members.

MR. McGEER: ...always enjoy the pictures...look at them first. On Page 20, we see an NDP constituency association enjoying themselves on Sunday afternoon playing polo — there in the lower left hand corner. (Laughter). Now I know what the Hon. Attorney General's (Hon. Mr. Macdonald) speech is about — breeding horses — a better break for the horseplaying men. This same page also shows some struggling B.C. Federation of Labour men. I notice them on the tug of war and, although it isn't actually shown in the picture, I could imagine the Hon. Minister of Labour (Hon. Mr. King) tugging on the other end. (Laughter). Well the B.C. Federation of Labour men are grunting hard anyway, Mr. Speaker, We're not sure just yet who's going to win that one.

Mr. Speaker, it's a great pleasure for me to bring down a fifth Liberal budget. The history of these Liberal budgets is really straightforward, Mr. Speaker. It became evident during the late 1960's that the full resources of government were not being used for the benefit of the people. During that time, a number of practices were instituted which I think all Hon. Members would now realize were completely absurd. We had freezes during that period on school and hospital construction. At the same time, unemployment was rising and we had construction workers idle. At the same time, one could never attribute this state of affairs to the state of provincial finances.

Always it became clear that the amount of money available far exceeded that which was being spent. What the Liberal budgets were designed to do was to end this paradox. There's nothing more tragic than to have, in a country like Canada, people idle who want to work. Think about it. We have probably the richest treasure house of resources per capita of any nation in the world. We have a highly skilled labour force. We have a sound educational system. We're virtually free from hostile external forces. Surely these are the elements of the most successful social organization in the world. Yet, despite these obvious advantages, it's very clear that smaller nations with not nearly the resources we have are outperforming us, in terms of these acquisitive North American values that we're paying no attention to while we raise our salaries.

We're now fourth, according to World Bank figures, in standard of living. We're the worst of all developed nations in the matter of unemployment. British Columbia has one of the worst employment records in Canada, despite the fact that we're known as the province that has the most resources. It's not something that governments can be terribly proud of.

I want to say, Mr. Speaker, that we Liberals aren't afraid of growth. That's not to say that there haven't been dreadful errors made in the past. But they weren't accidental errors, nor were they the inevitable consequence of growth. They resulted from Social Credit indifference to the environment — which persisted despite objections from this party, as a free enterprise party, as well as the government party which is socialist. The complaint about these mistakes was not restricted to those who are now in power.

I say that growth is compatible with an attractive environment. It's a question of emphasis in quality. Anyone who doubts that, and who sits in this chamber, only has to go and look at the pictures of what this particular area was like before the gracious Parliament Buildings were erected and the Empress Hotel was put on the mud flats just across the way.

We do say this: if the population grows and there is no economic growth then it must be that there are no jobs. The throne speech talks about profligacy and waste. The greatest profligacy and waste that we have in British Columbia today is that of the unemployed. Here there are 90,000 to 100,000 people in British Columbia out of work. Never before in our history have we had that many looking for jobs — never more than right today.

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In percentage terms it's the highest since the darkest days of the depression. Do you realize what the loss in production is of those 100,000 unemployed? It exceeds \$1 billion a year. The loss in taxes to government is greater than \$150 million per year. Add to that, Mr. Speaker, the cost to the Minister of Social Rehabilitation because there will be an extra \$50 million there. That is the unimportant side of the story.

The important side is the human misery and defeat that goes with this. You only go round in life once. Every day counts. In terms of misery and defeat and despair this is where the profligacy and waste lies — with the unemployed. And the greatest failures of a society that it is possible to have is to subject those people to this kind of defeat. It isn't of their making, They didn't ask to be in the seats of power. They are only willing to do a day's work for the offer of a day's pay.

So the cure must come from aggressive action at the top — imagination, the skilful use of the resources that we have in our hands here in government.

What was wrong with those Social Credit budgets? I am glad we have one representative here to hear about it. It would have been better if these nine seats had been occupied by Liberals, Mr. Speaker, but at least we have one of their representatives here who wasn't a Member of the House in the days when we complained that these budgets, with their false predictions of revenues, their mean expenditures, their inability to get the province moving, would lead to the mounting unemployment which today has reached those record highs.

Our first four Liberal budgets, Mr. Speaker, differed very sharply from those of the Social Credit government. This, our fifth Liberal budget, will differ very sharply from that of the NDP government.

Really, Mr. Speaker, when you analyse that budget carefully, and I would ask the private Members to do that, you will find that the division of funds for education, for health, for social services and so on, is practically the same as it was in the days of the Social Credit government.

There's been a big increase, but there was a big increase every year under Social Credit. It may be that revenues this year were underestimated, but they were always underestimated in the days of Social Credit. Since this is really a Social Credit budget brought down by an NDP Government, I don't know what the Members opposite us here were complaining about. Mr. Speaker, what I don't understand is why for all those years the people who are now on the Treasury benches and were then in Opposition voted against those budgets.

I understand, Mr. Speaker, that when the Government took over they went in and found the files empty but I think there was one thing they came across and this was the draft of the 1973 budget (Laughter).

I want to start, Mr. Speaker, with revenue estimates. This is really the key to it all. Estimates are only estimates but when we first began bringing down our Liberal budgets I can remember those who sat in the government benches — they are not with us now I am sorry to say — howling with laughter at those budgets. How was it possible to put forward the aggressive spending programmes to outspend the financial wizard himself and still have a commonsense division of moneys? Then when public accounts began to show what the true revenue figures were, the laughter began to die down just a little bit and I am hoping to be spared a little laughter this afternoon, Mr. Speaker.

It is always hard to grasp that in a budget debate we are really discussing three different budgets. You will have noticed, and I am saying this particularly for the benefit of the new Members because half of the people who are sitting here in the House are seeing their first budget and hearing their first budget debate, that the

figures, the firm figures for revenue, the statements of assets and liabilities — read that part — refer to a budget that was closed out on April 1, 1972. Only now is it possible to verify the forecasts that were made in a budget debate of two years ago. So when we talk about revenue estimates, what we have to do is to stand on our credibility of statements that were made two years ago.

The second budget that we talk about is the one which ends seven weeks from now on March 31. We cannot be sure of what the revenue figures will be for that period. If you look through your books, though, you will see the little printed pages which say "interim estimates". Those give the figures for the first nine months of this year which ends on March 31 and which allows you to make highly accurate forecasts regarding the budget that we discussed one year ago.

And then from that point we move to the third budget year which is contained in our blue estimate books where we try and decide how money which we think will come in between April 1, 1973 and April 1, 1974 shall be spent.

What kept coming out with the former Minister of Finance's (Mr. Bennett) budgets, Mr. Speaker, when we got the public accounts two years later, was that he underestimated what he was going to receive in revenue by about \$130 million a year. Now you say, how is it possible for a man who brought down 18 budgets to make dumb errors like that? How is it possible? He did it every year.

Do you know, Mr. Speaker, the last two years, he made the dumbest mistakes of all.

HON. L.T. NIMSICK (Minister of Mines and Petroleum Resources): He called an election.

(Laughter).

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MR. McGEER: Well, I agree, I agree. He called an election, but you know, he made a mistake the final year of \$179 million. Isn't that staggeringly inept for a man who brought down 19 budgets and was hailed by the Press as a financial genius? Then last year, as the Minister mentioned, he made his big mistake calling that election.

But we've got the first nine months' receipts now and you won't believe it. We're going to get \$1.67 billion in by the end of March, and the Premier, in that final, that twentieth, that last budget, made a grand record error of \$217 million. It was his twentieth time at bat and he fooled the people so often, Mr. Speaker, I think he was pitching to himself in the end and, as the Minister of Mines and Petroleum Resources (Hon. Mr. Nimsick) pointed out, he struck out.

Last year our budget called for an expenditure of \$1,577,000 — that was \$124 million larger than the one brought down by Social Credit and \$177 million greater than the Liberal budget of the year before. I predicted then that that budget — which drew snickers from the Opposition side — would be balanced; that the tax increases were unnecessary even for that budget. And so it's turning out to be true.

I mention this, Mr. Speaker, only to say that we will be continuing to make forecasts of revenue for our Liberal budgets. It may be that even the grand, fantastic error made by the previous Minister of Finance (Hon. Mr. Bennett) in his twentieth and last time at bat, will be less than the one the present Premier brought down on Friday.

Certainly I make this flat prediction: the revenue estimates that I give the House today will be at least \$100 million closer to being accurate than the ones printed in this budget. Our liberal budget this year, Mr. Speaker, calls for an expenditure of \$1.85 billion — that's \$130 million greater than the budget brought down by the Minister of Finance, and I say, Mr. Speaker, that it will be a balanced budget and there will be a surplus, which we can predict with a high degree of accuracy a year from now and will be able to prove two years from now.

Our budget last year was directed in two important ways: one was to provide a charter of rights for the elderly and the other was to provide jobs for the younger people who could work.

Now our charter of rights for the elderly is far from complete. But I want to commend the Government once more for making a great start. We warmly applauded the moves that were undertaken at the special session and quite agree that they deserved top priority.

But there are still tremendous gaps. So we've set aside an extra \$25 million for chronic hospitals and homemaker services.

I'm sorry the Minister of Health Services and Hospital Insurance (Hon. Mr. Cocke) has left, as well as the Minister of Rehabilitation and Social Improvement (Hon. Mr. Levi), because — shall I leave this part until they come back? Fine. Because when you have exciting spending proposals for Ministers you want them to be here to hear it.

I see that the Minister of Industrial Development, Trade and Commerce (Hon. Mr. Macdonald) is gone — I'll save that; the Premier is gone — I'll save that. Agriculture!

AN HON. MEMBER: Hooray!

MR. McGEER: I know, Mr. Speaker, that the Minister of Agriculture (Hon. Mr. Stupich) is one of the eminences grises in this new power structure in Government. He was one of two Members on the Opposition side who really understood budgets. He sits on Treasury Board — which is a very influential body, as we know.

We've had, Mr. Speaker, a vigorous debate in this House on the subject of agriculture. Everyone's for the farmer; everyone wants agricultural land preserved. Everyone also wants lower food costs. These objectives are incompatible. I suggest this is the reason why in all the years I have been listening to agricultural debates there hasn't been a single good idea emerge. Today I suggest that \$10 million be set aside as an increased budget for the Department of Agriculture, \$10 million.

AN HON. MEMBER: What do you want them to do with it?

MR. McGEER: What we want them to do with it, Mr. Speaker, is to take all property taxes off producing agricultural land — all taxes off. It can be done for between \$5 million and \$8 million. The advantage is a very obvious one: it makes it more profitable to work the land. It will increase production in agriculture. It will lower food prices. It will make it possible for the B.C. farmer to compete, when he tries to sell his burnper crops in the summer, abroad.

Interjection by an Hon. Member.

MR. McGEER: Certainly it'll give the farmer a return. And so he deserves it, because he's the hardest working producer in the land. He deserves that increase above everyone.

So I say this, Mr. Speaker: this may not be enough, just to remove all his taxes. It could be — and this is why there's more in this agricultural budget than just to remove all taxes from agricultural land — maybe we need to have a negative tax on the land, i.e., a bonus. Nothing wrong with that principle, Some of the agricultural taxes today actually go

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directly into the provincial coffers. It just sets the food prices up and puts the farmer's income down. This plan of zero taxes on agricultural land and the granting to regional districts of the equivalent — in the way of grants from the agriculture department — would be an incentive to agriculture.

HON. D.D. STUPICH (Minister of Agriculture): You'll leave them the right to subdivide?

MR. McGEER: We'll cross that bridge when we come to it. I don't think there'd be any desire to subdivide. I think people would be assembling lots to turn it into agricultural production. It would depend on the skill and vigour with which the programme was implemented.

The Premier is in, and while he's here I want to talk about one particular aspect of industrial development which I know is close to his heart. In our Liberal budget, Mr. Speaker, \$15 million has been set aside for a

merchant marine. The Premier was saying that we should be building ships in British Columbia; he was complaining that there was no help from Ottawa, The fact of the matter is that there is a 19 per cent subsidy on shipbuilding. Therefore, if we build ships in British Columbia, almost a fifth of the total cost is provided by the federal government.

Mr. Speaker, here's what a Liberal government would do — and what the Premier could do — with this \$15 million that we've set aside. He can order ships tomorrow from the shipyards of British Columbia. Order bulk ore carriers. Own them as the provincial government. Make as a requirement, for shipping copper concentrates or coal to Japan, that the first refusal on any ship must come from a British Columbia bottom. That way you can keep it busy. You know you're going to get the business.

Okay. So what happens? We put people to work right away in the shipyard. We get a subsidy for doing it from the federal government. We get all those people off unemployment insurance. We build the ship. We own it. We start a merchant marine going. We insist that the coal and the ore can't leave Roberts Bank — or wherever we build that other superport — until our bottom has been filled. Then we make a profit.

Mr. Speaker, we had a free enterprise government that did all these socialist things, because they wanted to start government enterprises. The Premier isn't any good as a socialist Premier unless he is an enterpriser who can start businesses going. The merchant marine is dead easy. No one is going to complain, Mr. Speaker, about the Premier entering the field as captain of the high seas — because after all, he's not competing with any other businesses that are in existence. We sold off all our merchant marine. So he's got a clear field.

Mr. Speaker, I said this a year ago: the first ship that should be built in this British Columbia shipyard isn't an ore carrier — we can build one or two of those a year; they'll make a lot of money — but the first ship should be another ferry. I'm sorry the Member for Prince Rupert (Mr. Lea) is out — but what we need, and I've said this a year ago, is a Queen of the Coast. It's not for express trade, it just runs to Prince Rupert. It stops at the Queen Charlotte Islands and at Kitimat and at Bella Coola, and so on, so that we've got another ferry for local stops to tie together the communities of the coast.

I'm just looking through all these proposals that we have for the various Ministers because so many of them are absent. But, if I may, since the Minister of Education (Hon. Mrs. Dailly) is here, I'd like to talk just for a few moments about our education budget.

Educational spending is increased by \$20 million. Most of this, Mr. Speaker, goes to the universities. Though I'm a little embarrassed as a university man having to stand up demanding that something be done, I do so only because of the very close relationship proven in every advanced country between the finishing off through high-powered graduate work of the capabilities and skills of our most able people and the development of new and sophisticated industry.

It was something that we could never get across, Mr. Speaker, to the former Premier and Minister of Finance (Hon. Mr. Bennett) and I'm counting on the considerable skills and charm of the new Minister of Education to make that vital point to the new Premier.

I'd like to suggest one particular thing — it's only a small thing, but still I suppose it falls into education, Hon. Members last week were entertained by some representatives of UBC to a Museum of Man which received a very fat grant from the federal government and will contain mostly objects of Indian art. We're prepared to spend, it seems, millions of dollars on a wonderful museum at our university to house Indian art that was made with tremendous effort and skill in small communities along our coast a hundred years ago.

I'm not wildly enthusiastic about museums because they're places of the past. What I would like to see the provincial government do to prove that it lives and looks to the future is to create in British Columbia a school for Indian art. Perhaps it might be located in the Queen Charlotte Islands, or somewhere along the coast — remote from the city style — where the kind of inspiration that led to the development of those things which we now cherish can be rekindled; where the obvious inherent talents of the Indian people could be made to live again with great works of art for the future. It wouldn't cost very much, but how much more valuable than spending those millions of dollars on a museum dedicated to the past.

I think we're going to have to move on despite the absence of the Ministers. We have to talk, Mr. Speaker, about industrial development. We've set aside \$20 million in our budget for building the infra-structure of a new kind of industry. Of course, I must refer first to the science city that I've talked about so much. But immediately we have to have loans, incentives, bonuses — the kind of thing that will bring secondary industry here immediately.

I met a man on the ferry this morning who said he was an importer. He makes his living travelling around the world buying up sophisticated machinery for sale within the province. He put it bluntly, cruelly. He said: "British Columbia industry is 25 years behind eastern Canada. Eastern Canada is 25 years behind the world."

The Premier, when he was Leader of the Opposition, used to mumble occasionally about an industrial development commission. But I never really thought his heart was in it. Well, it was sort of a mumble. But when he really gets worked up, the Premier can belt a speech out.

But I want to suggest ways, in addition to these incentives that we've talked about so many times in the House, by which we can spark the imagination for industrial development of this kind.

I'd like to see the government give awards — two awards annually of \$25,000 each. The first should go to the British Columbian with the best invention of the year.

Now, Mr. Speaker, Hon. Members have heard me make this suggestion before, and I want to tell you what happens. There's a little squib that usually comes in the paper; oh, about every fifth time. Nothing ever on radio or television — a little squib in the paper. And then I get a whole bunch of letters from inventors. Better mousetraps, wonderful gadgets.

They always complain about one thing, those letters — every last one. And that is: they've got the invention but they can't get it manufactured and marketed.

So that's why I want to reintroduce the idea with a second prize. The other \$25,000 goes to the manufacturer who does the best job of marketing and producing a British Columbia invention. This way the inventor can appeal to the pride of the imaginative entrepreneur.

I can think, Mr. Speaker, of a couple of obvious candidates for a prize of this kind. We might have given one a year or two ago to the people who produced the Pisces submarine. They thought so much of it they didn't want the Russians to buy a model. They didn't think quite enough in Canada or the States to buy any themselves, but they didn't want them to be produced for sale to the Russians.

Then this past year there's been a company, Glenayre Electronics — I think they deserve to be mentioned — who've been dickering with the B.C. Railway — more power to the B.C. Railway — about a very sophisticated method of identifying our own B.C. railroad cars wherever they are in North America. They've got a little gadget on the front and there's a way of identifying. And as I understand it, this little British Columbia firm, with nothing but imaginative people, is bidding against two of the great giants of the world — Philips Corporation, which I also spoke about the other day, and General Electric — for the rights to introduce a novel system of identification in the City of New York.

O.K., so why shouldn't we give these people a little bit of recognition and hope that the inspiration will trigger off future industries which will start small with a few employees, the way the Dupont corporation that I used to work for started. The way that Philips Electronics started, but which, if they're successful, will lead to hundreds of thousands of jobs.

Like planting the little acorn, Mr. Premier.

The Provincial Secretary (Hon. Mr. Hall) isn't in right now but I know he's been travelling a lot. Travelling a lot, observing conferences. He's been to London and since the Attorney General (Hon. Mr. Macdonald) has shucked off the responsibility for industrial development, he's going to be travelling more.

It's one of our major industries. I'm not talking about cabinet Ministers touring. I'm talking about other people coming to British Columbia.

Mr. Speaker, I think the Premier made a great mistake in not strongly backing British Columbia's bid for the 1976 Winter Olympics. "No, no," says the Premier. Well, listen for a moment, even if you think that the Olympic Games is a spectacle that should be elsewhere.

I remind you that the Olympic Games is now carried on world television. All the effort that would go into the preparation of British Columbia for hosting the Olympic Games would be more than rewarded by that single period of world television coverage that would let people see for the first time how magnificent this province really is.

The Minister (Hon. Mr. Barrett) doesn't want people to discover. But I think tourism is a valuable industry, it's clean; it provides employment; it brings wealth. Certainly, I've never heard any of the rural Members, no matter what side of the House that they came from, that weren't in favour of tourism as an industry. There's scarcely an industry that is more welcome anywhere. There are more mountains in British Columbia than all of Europe put together.

The trouble with our tourist industry is that it's all in the summer. Until we get proper resorts developed for the winter and people know that this is better than Switzerland or Colorado, we won't have a balanced tourist industry. It will just be cold and unwelcoming here.

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The fact that Government has some interest in it is evidenced by the Minister of Travel Industry's (Hon. Mr. Hall) present budget, where the Festival of Sports is advertised. There's broomball at 100 Mile and Indian wrestling in Osoyoos and so on. That's not going to bring people from Europe for their month's vacation in British Columbia.

We spent something like half a million dollars on the kind of advertising that really isn't going to bring the tourists who will spend their money here and support our excellent facilities if they come. So I'd set aside \$5 million in the budget for promotion of winter tourism. I say first of all we should strongly back the bid for the 1980 Olympics. Maybe Colorado doesn't need the publicity. They've got it made.

But I can vividly recall, Mr. Speaker, a Member from upcountry somewhere and he sat in one of those seats down there, standing up and thundering about the way that British Columbia advertising was going on around the world. He'd been in Scotland and people asked where he was from. He said "from British Columbia." They couldn't quite place it. They weren't sure whether it was on the east coast or the west coast of South America. The way he got his point across — and you can imagine how galling this was — was that he told the Scot that British Columbia was near Vancouver. That got it properly placed. So you see we've got a long way to go just to get British Columbia correctly adjusted in people's minds for the Commonwealth countries, much less places like Switzerland and Austria. It's my hope, Mr. Premier, that you will back the Olympics and the Minister of Travel Industry will have that extra \$5 million. I wouldn't spend it all advertising broomball and Indian wrestling in the Festival of Sports. I'm not sure it all should be spent on advertising because I think it more important in the first instance that we build the roads up to these facilities, so when the people got here they've got something that's worth having.

I know that the Minister of Lands, Forests and Water Resources (Hon. Mr. Williams) is very busy — but we've set aside \$10 million for him to be spent in three ways. Everybody is for an improved environment but when you look through the estimates, there just isn't that much in it which spells an improvement of the area that we live in. So part of that \$10 million just goes for increasing his field staff so that they can go around and find out just how much pollution there is in the province.

The second part of this grant is to provide incentive funds for pollution abatement equipment. You want to reduce the effluent from the Port Alberni mills, for example? Well, offer tax incentives, grants, for the installation of that equipment. The more generous the grant, the quicker these firms will clean up. We could do one other thing. That is, the grant could be doubled if the equipment were bought from a British Columbia manufacturer. That way, there would be incentive for jobs here in British Columbia to produce the pollution abatement equipment, as well as to get rid of the pollution.

The last part of this grant is to go towards the building of a thermal electric plant to run on wood waste

from the beaches. Just last week we read in the paper where the Haro Straits went down after having hit a submerged log. There were a number of deaths, but those are by no means the only deaths we have had in British Columbia waters that are attributable to deadheads. I think it can be proved that the greatest hazard to being on the waters in British Columbia is not rough seas but submerged wood and deadheads. That's the prime cause of death.

Therefore, sooner or later we've got to get to cleaning up a century of waste. The way to do it is through the building of a plant that will burn that waste. You can't sink it. It's just going to collect on the beaches until somebody gets busy and burns it. It's wasteful to burn it without generating electricity from it. The longer we postpone building these wood-fueled thermal generators, the longer we're just going to have this wood stacking up on the beaches. They're getting full now and so the extra wood just floats around in the water sinking ships.

I want to talk briefly about the thought I had for chronic care. This is to improve our social services while at the same time providing employment. We've set aside \$25 million in our budget for this. The idea, Mr. Speaker, would be to take people who are presently unemployed, particularly women workers, and make a provincial homemaker corps out of them. We could give them a short course at our technical and vocational schools, give them a certificate and a badge and a cap and some training in caring for the elderly, the mentally ill, the indigent, those from single-parent homes.

Interjection by an Hon. Member.

MR. McGEER: No reason why not. Governments are terrified, Mr. Speaker, to get into this grey area of custodial care and chronic hospitals. We've left it in private hands and turned our backs on it. But this is where the misery index is at its highest. Year after year we've talked about the need for chronic hospitals but nobody has really made a start because they are afraid. A note of optimism can be tossed into all of this today, Mr. Speaker. It's been found in a number of trial studies that as many as half the people who are currently in chronic hospitals — I'm not talking about British Columbia because something like this has never been done here — can be discharged if supportive measures can be found for their regular home. Maybe it's coming in and doing the laundry. Maybe it's taking them for a week while someone else goes on vacation. Maybe it's a hot meal

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a day. Maybe it's bringing around medication three times a week. People get to chronic hospitals when the one last thing they can't cope with comes along and they're no longer self-sufficient.

The idea of the homemaker corps is just to improve the self sufficiency of the home.

HON. MR. BARRETT: You should have listened to my radio broadcast at noon.

MR. McGEER: No, I didn't. I wish I had.

One could take a huge hospital like Shaughnessy, turn it into a chronic hospital and build teams — doctors, nurses and so on — but the backbone of it would be this provincial homemaker corps. You don't need to go through four years of university for this — six weeks of training and a cap and a mission.

That's the way I see our commencing to deal with this tremendous reservoir. It's not a very courageous step but I'm convinced the success would lead us to do much bolder things in the future.

Mr. Speaker, this completes our main spending proposals. What you could do with the extra \$130 million, which is there, should you choose to spend it. It's a dynamic budget, designed to reverse the downhill course of this province which has led to unemployment, mounting year after year.

However, Mr. Speaker, Hon. Members will notice I have made no provision in this budget for the financing of the Crown corporations. What ate they? There are four of them. There's the B.C. Hydro, the PGE, the hospital financing authority and the school financing authority. Never do you find in a budget an indication of the requirements of those Crown corporations, the extent they will encroach on the tax revenues of the province, the amount the Minister of Finance intends to slip to them through the back door. Never. All that happens is when you look in public accounts, you find that that's where the money has been spent.

There was a mention in the budget that, during 1972, \$266 million of provincial funds went to these four Crown corporations. That was what was spent last year, Mr. Speaker. But nowhere do you find any mention of the fact that about \$300 million will be slipped out of this year's budget to the Crown corporations. Not one word. No one can tell me that we've got frank and open declaration of the state of finances in this province, as long as that goes on. It's the old shell game.

AN HON. MEMBER: Open it up, Dave. You're going to spend the money. Why don't you tell us?

MR. McGEER: The budgets of this province remain a sham so long as this practice is continued. It means that a quarter of a million dollars of public funds are kept out of sight.

What's more, Mr. Speaker, I will move, when the Public Accounts Committee meets, that the responsible officers of these Crown corporations appear before the Members to outline what their spending needs will be, and to tell us how they think they should be met. Because that's the only way we're going to have honest budgets in this province.

Let me say once more how I believe these Crown corporations should be financed — first of all, schools and hospitals. The requirements for these two Crown corporations can easily be met by the funds from the Canada Pension Plan, with plenty of money left over. No difficulty, as long as Canada Pension Plan money is coming in for schools and hospitals getting adequate funds at the lowest interest rates in Canada.

For the B.C. Hydro and the PGE the story is a different one, because these are corporations which sell services to industry and to the general public. Were they private corporations, there would be no possibility of them obtaining their tax revenues from the taxpayers of the province. Those Crown corporations would not be on the backs of the people. What better way, Mr. Speaker, to have private investment being put to work for the good of the people than to have open market borrowing for the capital needs of these Crown corporations? There's no equity involved. They are completely owned by the province.

What that move will do is to release enormous amounts of capital to do the jobs that have been outlined in the Liberal budget. If these other methods had worked, we wouldn't have nearly 100,000 people in the province unemployed. If this Social Credit method had been the right answer, we would never have had freezes on hospital construction or school construction. I do not commend them to the present Government or the present Minister of Finance (Hon. Mr. Barrett). Our party condemns these practices. We say that the budget has not been imaginative. It has carried on, without exception, the practices of the past and, because of that, it hasn't been the dawn of a new day. It's been the continuation of practices for which the previous administration was discredited.

Therefore, Mr. Speaker, when the time comes, we shall be voting that you do not leave the chair.

AN HON. MEMBER: All five of you?

MR. McGEER: Yes, and I might add, Mr. Speaker, that there's a sixth in the galleries today who sat here and pleaded very hard for the kind of reforms that we're advocating today. Of course I refer to Mr. Clarke, the former Member for North Vancouver-Seymour.

Interjection by an Hon. Member. (Laughter).

MR. McGEER: Say it isn't so.

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Mr. Speaker, perhaps it comes as no surprise that we will be voting that you do not leave the chair when this motion comes before the House.

DEPUTY SPEAKER: I recognize the Hon. Member for Oak Bay.

MR. G.S. WALLACE (Oak Bay): Thank you, Mr. Speaker. I'm not sure that I can match the eloquence of the former Liberal leader...

AN HON. MEMBER: Don't be modest.

MR. WALLACE: ...but I would echo some of his opening remarks, Mr. Speaker, that the format of the budget and the emphasis on people in the pictures, and the fact that the whole of the Legislature was represented on the inside page, I think is an indication of his philosophy and respect for this House.

I think that every budget really is trying to explain two things to the people of British Columbia. It tries to explain the manner in which money should be raised, trying to make that manner equitable in relation to all segments of society. And it tries to explain, in an equally equitable manner, how social services should be financed. The manner in which any government attacks these two goals reflects its philosophy and its political posture.

Despite some of the comments that have been made by the Liberal leader and some of the claims that it is a "Sacred" budget, I would say, Mr. Speaker, in my opinion this is clearly a "socialist" budget.

Don't get excited, my friends. (Laughter).

I think that the Minister of Finance (Hon. Mr. Barrett) has clearly vindicated the title he received earlier of "Dangerous Dave." I think the manner in which he has chosen to increase taxes — in fact when the figures show very clearly that there is absolutely no need for any tax increase — the manner in which he has done this is classical socialist philosophy. It's namely...oh, I haven't even explained it yet, Mr. Minister. (Laughter).

The philosophy says, Mr. Speaker, for popular consumption: "Hit the corporations and tax our resources." While we have social problems, the only effort is to put another \$25 billion into social welfare.

We've talked a great deal about unemployment. It's certainly the concept of the Conservative Party that when we have a 9.9 per cent unemployment rate in this province — and the Government has a demonstrable surplus of money — that there should be no increase in any kind of tax, corporate or otherwise. In fact, we should be reducing personal taxation to place more money in the hands of the consumer, whose increased spending will create jobs.

The Minister of Finance — I give him credit for this — has already stated...in the budget he mentions that the government pay-out on Mincome of \$200 per month to senior citizens is largely recovered by the economy, since these payments increase the spending potential of the senior citizens, and the spending has secondary effects through the purchase of consumer goods and an increased demand for service. All of this demand for goods and services means jobs.

I would submit, Mr. Speaker, that if this is the case for the recipients of Mincome, then surely it must be true for the citizens at large. At a time when the economy is buoyant, I repeat, it is our firm conviction that personal income tax should have been reduced. Surplus money which is available in the present budget would have been used to compensate for the decrease in income tax revenue, which is presently \$300 million. If \$25 million of that had been left in the hands of the citizens, would it not be better to adopt measures to create the economic climate whereby individuals have a greater opportunity to obtain a job, rather than simply rely on an ever-increasing provision of welfare payments by government?

In passing I would say, Mr. Speaker, it's certainly our sincere hope that the federal government when it brings down its budget on February 19, will surely see that it can show leadership in this regard by reducing personal income tax. It certainly would be our hope that the 3 per cent which was removed last year will not be reintroduced as has been suggested.

Interjection by an Hon. Member.

MR. WALLACE: I'm suggesting that \$25 million — which is about 8 per cent of \$300 million.

I'm trying to equate the fact that if you leave \$25 million in the hands of the spenders and the people who have income, you won't need to put \$25 million into social welfare — which was just a government handout for people who want to work and have no job.

The Minister of Finance (Hon. Mr. Barrett) is on record, when he presented the budget, as saying that he was being cautious in calculating revenue growth on the basis of 10.5 per cent when the actual rate of growth at the moment, to the end of 1972 is 13.5 per cent and with simple arithmetic shows that he is counting one-third

below the present rate of revenue growth. As I said, I don't think I can match the former Liberal leader's eloquence and I'm not sure I can match his figures either but I would like to submit that if you are a third above what you are budgeting for, the surplus will be well in excess of \$100 million. I simply say this that when we have unemployment and inflation and apprehension about business expansion it seems unbelievably cautious in our mind.

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It really surprised me, Mr. Speaker, that the Minister of Finance (Hon. Mr. Barrett) stated that if — and I know who he had in mind when he said this "if"; it's our friend on the high seas — he said, "If enormous surpluses begin to appear, I'll tell the public, yes I'll tell the public." What he meant was they would not be like the former Premier, who waited until the next budget to tell us that he had \$100 million in the kitty. But, Mr. Speaker, I think it's very reasonable to ask: What good does it do a man this winter who has no job to be told some months from now that we have over-budgeted and we have revenues of \$100 million unspent?

AN HON. MEMBER: He won't know anyway. He can't find out.

MR. WALLACE: With a buoyant economy and financial surplus, it is our position as a party in this House that there was no justification for any increase in any type of taxation. We feel that the increases which have been introduced by the Minister of Finance are explained on the basis only of political ideology. It has been his stand as a leader of the Opposition to expound the socialist philosophy, which has some popular appeal, to tax companies more highly and to increase the royalties on our natural resources.

The premise has been that this would make more money available for social services — particularly for the poor people or, as the Premier has often said, the "little people", many of whom are presently unemployed. I think we should look for a moment, Mr. Speaker, at what corporation tax means to the little people. It is paid from company profits which in the first place come from the consumer, and the consumer includes the little people. So that to a degree they pay for the increases in corporate taxes which the companies, in order to stay in business, pass on in the form of increased consumer prices to the consumer. Who else buys but the consumer?

In the newspaper I came across a statement the other day which I found very revealing in this regard — that a study of 1961 tax collections showed the federal corporation tax had an effective rate of 6.5 per cent of incomes under \$2,000, whereas the figure was 2.7 per cent with those in income brackets \$7,000 to \$10,000. The provincial corporation tax weighed even more heavily with the poor in relative terms.

Sales tax, Mr. Speaker, hit the low income earner hardest, but at least in this province with a sales tax there are exemptions. But corporation tax, because it can be passed on in the price of all goods becomes a sales tax without exemptions. In other words it can directly affect the price of food, children's clothing and other goods which we presently exempt from sales tax. Everybody knows from the recent newspaper disclosures that the price of food is certainly rising rapidly and we have a federal inquiry at the present time.

On the subject of sales tax, Mr. Speaker, I would like to just mention to the Minister of Finance an interesting letter I received from a lady who works for the Greater Victoria Association for the Retarded. She operates a small shop in Victoria selling donated second-hand goods. I would just like to read one or two paragraphs from her letter:

"I'm deeply concerned with what I feel is an injustice — to charge a 5 per cent sales tax on second-hand goods, especially clothing. The tax has already been paid on the new article and yet each time this article is recycled a tax is charged on it again. Some customers buy clothing at our shop and they later donate it for the use of others. Why then must a sales tax be charged over and over again?"

She goes on in this vein and she finishes up by saying:

"Our customers come from all walks of life. Consider the family with several children whose father is earning the minimum wage. It is not easy to feed and clothe a growing family so they are willing to buy second-hand clothes and then some little treat — a toy or a book — but they often have to think twice before they treat themselves to a pretty dress or a warm coat. Even toys and books are taxed over 10 cents."

In passing, Mr. Speaker, I hope the Minister of Finance will seriously consider removing sales tax from

second-hand clothing. This is the kind of help for the little people which I think he will consider.

The other point which I think we should look at in terms of the increased corporation tax is the effect on companies whose products are mainly for export. If the price becomes less competitive in world markets the sales decrease, and there again we have the net result of fewer jobs. I think although the Minister of Finance may be appealing to the poor people by hitting the companies with higher taxes, in the end result this could well mean higher prices and more unemployment.

I think there's another thing that we should point out, Mr. Speaker. I'm sure the Premier and Minister of Finance is very sincere in this, but it seems to me that he is forgetful of the small businessman. When we talk loosely about hitting the companies, we always seem to think of MacMillan Bloedel and Crown Zellerbach and General Motors and what have you. We seem to forget that there are a tremendous number of small businessmen incorporated in this province. They are already feeling the pinch from rising costs and inflation. I feel that if the Premier and Minister of Finance felt that corporation tax had to be increased, there should at least have been some exemption for the smaller corporations.

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The Conservative Party also opposes the introduction of the tax on utilized capital, which we feel is a further penalty on companies which again hits hard at the small businessman. Furthermore, when we have already expounded the idea that there was no need for increase of existing taxes, we feel that there is no need to introduce a new type of tax altogether. To my understanding the iniquity of the utilized capital tax is that it can be applied to a business even if it doesn't make a profit, which would seem to me totally unjust.

Much has been said in this session and at other times of the need for the judicious use of natural resources and of the concept that they must not be extracted with disregard for the effects on the environment. But it is certainly the Conservative Party stand that the two concepts can be satisfied, that we can continue to explore and develop natural resources such as oil and gas without causing unnecessary desecration of the environment.

In fact, Mr. Speaker, at this point I would say that two suggestions have been made several times in this House by both sides of the House, neither of which is correct. The first one is that the socialists say "no growth," and the conservatives say "growth at any price." I think we should get it on the record right now that neither of these statements is correct. I think that if the truth is looked for carefully the two sides of the House are in remarkable degrees of agreement, namely that we must make judicious use of our resources but there must be greater insight and awareness as to the fact that they just cannot be collected and shipped out with disregard for the environment.

The Hon. Minister of Mines (Hon. Mr. Nimsick), in tabling a bill on Friday, mentioned that oil reserves in the ground amount to a six year supply. Now, Mr. Speaker, we feel that this is no time to be placing higher royalties on petroleum when there is a greater need for exploration and incentives to industry to develop new oil fields. Furthermore it seems, again, quite logical to assume that if the oil is more expensive to produce, it will be more expensive to the individual consumer. I can't think of anything that is more important these days to a consumer than to heat his house and drive his car.

We're also concerned in this party with the uncertainty which business and industry must feel in the face of this budget. On page 14, the Premier states: "several tax concessions to industry are noted under existing legislation. . . . It is not this Government's intention to cancel these industrial tax incentives at this time." These last three words suggest very clearly to me that the next time around, "Look out, boys."

The Minister makes it clear that he is reviewing the whole range of revenue derived from natural resources. And he makes it clear — and he has said so many times — that the province should be getting more revenue from the forests and the mines.

HON. MR. BARRETT: Sounds like Lougheed.

MR. WALLACE: A good government there, Mr. Minister.

I think it points out also, as I said in the throne speech, that's why we have this Legislature and that is why we have this House. You present your philosophy and we present ours and the people make the choice.

Interjection by an Hon. Member.

MR. WALLACE: No, I just thought that up at the moment. (Laughter). It wasn't in my written speech, Mr. Speaker. But whether you like our philosophy or not, I don't even care. I'm just telling you what it is.

We feel that the uncertainty creates "disincentive," to use a word I hate. It fails to create an incentive to orderly expansion. Many of the companies who might otherwise be planning further expansion with the creation of jobs are likely to look at the Minister's statement on page 14 and just wonder very carefully what increased taxation and royalties are around the corner.

It's also interesting to note that the Premier of the province recently said that if he were Prime Minister of Canada, he would immediately introduce wage, price and dividend control. I notice that the speaker for the Socred Party this afternoon tried to make the rather weak-kneed claim that this was something the Socreds had tried to do. I think we should make it very plain — and certainly will make the Conservative stand very plain — that if there are to be restrictions, they should be on everyone — not just the teachers.

Interjection by an Hon. Member.

MR. WALLACE: Yes — wage, price and dividend control, which is justice for all concerned in the economic picture. Of course, while these measures would have to be federal in origin, it does surprise me that in the budget speech the Minister of Finance has not mentioned the very serious problem of inflation, or suggested any positive methods other than what he would do if he were Prime Minister of Canada.

It seems from our standpoint that one of the very vital areas in which to bring some measure of control over inflation is to try and bring about efficient management-labour negotiations to prevent unreasonably high wage settlements which might be pacesetters for future negotiations.

Interjection by an Hon. Member.

MR. WALLACE: "How?" the Member says. That's

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right. I'll tell you one way. The Government cannot sit back and allow lockouts or strikes to continue when a section of the community is being seriously damaged or an industry held up to ransom by unreasonable wage demands. The present Government, which has always professed to be the workingman's friend, should make its position clear as to its stand on the economic implications of labour management strife.

In passing, Mr. Speaker, I will have to repeat my strong feeling that the provincial government was seriously negligent in its attitude to the recent school strike in District 61.

We are all agreed that compulsion in a democratic society must be used to the absolute minimum. But this is no reason to overlook the avenue of amicable discussion and objective advice. While our students were being denied the education which they are guaranteed by law, the Minister of Education (Hon. Mrs. Dailly) saw fit to adopt an entirely passive attitude when, in fact, her primary responsibility was to do all in her power to have formal education resumed. She did nothing.

While I regard the Minister as a very sincere person with a deep interest in education, and whom I like very much as a person, I think she failed the students and their parents, the taxpayers, miserably during the recent strike. In talking about strikes and unemployment and some of the major problems, at this point it is fair to say that I recognize the effort being made in the budget in certain directions to create jobs. The reforestation and development of parks and highways is certainly a positive step, and it would be unfair not to give credit to the Minister of Finance for this part of his planning. But this will not provide jobs for highly trained technical people or for university graduates, for whom appropriate jobs do not exist.

One of the funds which the Minister of Finance is setting up is called a Research and Economic Study Fund. Mr. Speaker, I think it could go to work right now to look into the future and try and decide the new types of jobs which will be appearing in the years ahead and then advise the technical and vocational schools and universities to adapt their curriculums accordingly.

It is imperative that we train people for the jobs of the future and stop training them for jobs which are now obsolete.

Interjection by an Hon. Member.

MR. WALLACE: I'm glad somebody's awake, Mr. Speaker. I was beginning to wonder. (Laughter).

I would also, Mr. Speaker, question the Minister's statement that if we pay teachers the best or the highest salaries, that we'll get the best education.

Interjection by an Hon. Member.

MR. WALLACE: They're all waking up, Mr. Speaker.

Interjection by an Hon. Member.

MR. WALLACE: No, you don't necessarily get better doctors either because you pay them a lot of money. I never said that. In fact, I don't think that money guarantees very much in life. You don't get better MLA's with more money either.

Interjections by some Hon. Members.

MR. WALLACE: But anyway, Mr. Speaker, we will discuss education estimates at the appropriate time.

At present, our somewhat old-fashioned concept of the educational process should be made more meaningful and more useful to the student of today. The Minister of Finance mentioned the large sums of money that go into education, and they are indeed large. It must be galling for many citizens in this province to look around and see the degree of unemployment and wonder just what progress we're really making in terms of the educational process today.

One of our honoured members of the Fourth Estate gave me an earful the other day when he told me that school was just a misery and a hopeless experience and that he never really started to learn anything until he left school. I can't say whether he's learning things in the Press gallery, but I hope so.

Mr. Speaker, I'd like to say a few words about secondary industry. While the socialist party was in Opposition, they talked very loudly and very long about secondary industry. As we recall, the Minister of Finance entered into negotiations with automobile manufacturers from Japan. Apparently this fell through because of the high wage structure in British Columbia. I think the Minister of Finance, Mr. Speaker, through you, deserves credit for the effort he made to show initiatives in the direction of forming secondary industries in the province.

But the experience with the Japanese automobile people only points out not only the importance of having our products remain competitive in world markets but also within Canada, so that we can attract labour-intensive industry. Unreasonably high wage settlements can quickly thwart that aim.

The Minister states, Mr. Speaker, on page 3 that: "Your Government is presently engaged in negotiations with industry on a major project..." Now, Mr. Speaker, this is rather vague and indecisive information for the House after the same party has had many years to talk about secondary industry. I think the absence of definitive plans is a difficult omission for

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me to understand. While the Minister of Finance was in Opposition, he certainly talked repeatedly the few years I've been here, and I would have thought that something more definitive should have emanated from the budget speech.

Interjection by an Hon. Member.

MR. WALLACE: Well, if the plans aren't vague, my friend, maybe he should tell us about them. I assume the statement's vague because the plans are vague.

Interjections by some Hon. Members.

MR. WALLACE: The Minister of Finance, Mr. Speaker, proposes partnership arrangements between government and industry. I would like to say a little bit about that because I think if there is anything useful that I have said in this speech today, this is it. When I heard of this I did some research into the record of so-called partnerships between socialist government and industry in Saskatchewan and Manitoba. Frankly, Mr. Speaker, the record of the socialist government in participating directly in creating new industries there from 1944 to 1961 is one long miserable tale of disaster.

The socialists, well...

Interjections by some Hon. Members.

MR. WALLACE: ...just hold on, Mr. Speaker. I have some examples which I think will more than outweigh any potash profits.

I am going to speak first of all about Saskatchewan. The socialists found it difficult to attract private industry to the province. Every province is having that problem, I don't deny that. But I am saying that the initiatives and the efforts can be made in certain ways. While they were trying to attract capital they were busy espousing a philosophy which was completely contradictory to the idea of investing money for a fair profit. Anyway, the interesting thing was that the new projects, Mr. Speaker, were not administered by experienced non-political businessmen, but mainly by friends of the party. These men were appointed because of their extra-curricular political chores. It was this political position that got them on to the boards of these businesses in the first place.

AN HON. MEMBER: That was Newfoundland....

MR. WALLACE: I am talking about Saskatchewan — not that I would defend the Liberals for a minute. Anyway, one writer described the experience in Saskatchewan as a classical example of bureaucratic bumbling and "boondoggling." I would simply ask if this is what we want in British Columbia. Someone said how wonderful the potash business went, but let me tell you about some of the others.

There was a leather tannery that was started in 1946, a year where there was short supply and high prices — just the ideal kind of time to start a business. But apparently the only hides that were tanned were the hides of the Saskatchewan taxpayers. It went from one financial crisis to another, and it closed down two years later with a deficit of \$200,000.

Then they started a shoe factory. Tommy Douglas made great public statements that they were going to manufacture shoes for \$2.75 a pair. Well, it closed down three years later with a deficit of \$82,000.

And the woolen mill. They started a woolen mill, Mr. Speaker, and it closed with a deficit of \$830,000 — and outstanding payments of interest, unpaid I might say, of \$206,000. And then they had a fish board. Not only did the fish board lose money but it did so even after compelling the commercial fishermen to sell only to the board — when they could have obtained better prices from other buyers. Anyway, it finished with a deficit of \$400,000 and no interest paid on the money advanced. Then there was a lumber mill — Big Beaver — wherever that is, I don't know. The lumber mill was set up in 1951 and in 18 months there was a deficit of \$97,000 and outstanding interest unpaid of \$54,000. Now this goes on and on. There was a box factory — they were in a box alright. This was a box factory at Prince Albert. They expropriated the private company because it wouldn't do what was demanded by government. They accumulated deficits of \$352,000.

Now, they set up 19 Crown corporations in Saskatchewan....

MR. G.V. LAUK (Vancouver Centre): Twenty-six.

MR. WALLACE: Well, the 19 I read about were financial disasters. If there are 26 I don't think the other 7 are any credit to the 19 that I read about.

The important thing, Mr. Speaker, that I think we should get through, whether it is Saskatchewan or any socialist enterprise in partnership with private industry, is the political patronage, and the fact that people are

placed on the board who do not have experience and knowledge of how business functions, with the result that the business does not thrive. Worst of all, and we have seen this in this province under a previous administration, is the fact you can always hide deficits and business losses by the skilful manipulation of consolidated revenue. The fact is that — when you read some of the experiences in Saskatchewan — that is exactly what happened. Provincial grants were made to these businesses when they were losing money, and they were entered in the books as revenue.

Now, these were not revenue. These were subsidies, direct grants or subsidies, by the Saskatche-

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wan government to shore up the companies and try and make it look as though they were in the black. At least if we do it here, or if we provide subsidies to business, I think it should be under the stringent understanding, Mr. Speaker, that this is to help in the early years to get an industry established — which at a later stage can be self-supporting.

I'm not saying at this point that this party favours the continuing support of private business or enterprise industry by public money. But I am saying that, if in the early years some assistance or incentive can be given to get the business on its feet and be self-sustaining, in the process you are again creating jobs, which are well worth the return.

One point in the same direction I feel is that, in trying to create jobs, we should consider some income tax exemptions to businesses who increase their number of employees for at least the period of one year. Perhaps a tax exemption in the neighbourhood of \$2,000 would not be unreasonable.

We also feel strongly in this party that worker participation in business or industry is the best incentive to the worker to do the best work. One of the Members from the socialist party mentioned during the throne speech, debate, Mr. Speaker, and I couldn't agree more, that not only should a man be given every opportunity to take pride in his work but, human nature being what it is, a reasonable reward in the form of a bonus, or whatever mechanism might be used, would be most productive.

We would develop tax incentives to businesses which develop programmes through which the employee could participate in the profits of the company.

We are disappointed in one area of the budget speech, Mr. Speaker, and that is the lip service that is paid to protection of the environment. The budget speech talks quite eloquently in some places about the fact that there is little point in striving to achieve a high income if our physical surroundings are rendered intolerable in the process. That's on page 6. I agree with that and I agree with some of the other philosophies along the same line. But seriously, Mr. Speaker, I feel that again, as in secondary industry, the language is vague. There is a lack of specific proposals. It was my understanding that the Government had agreed or had decided to set up a department of the environment. There is no mention of this or the specific ways in which the department would function.

Some jokes were passed across the House a moment ago about Manitoba and Duff Roblin. While that may be no joke, one wrong doesn't make another wrong any better. I think it would be interesting for the House to hear that the leader of the Conservative Party, Derril Warren, and myself visited Manitoba recently to, amongst other things, look at the Government car insurance plan which, to listen to the people around this chamber, you would think was just God's gift to the car driver. Regardless of that, we met many people and talked about this whole question of secondary industry in Manitoba in partnership with government.

The Manitoba Development Fund as of March 31, 1972 is in the red to the tune of \$22.8 million that it has loaned and where the industries or the concerns have gone broke. This is on a total advance of \$145 million. They are \$22.8 million out that they are never going to see again because of the business going into bankruptcy.

The same applies in Manitoba as applied in Saskatchewan. The people are appointed to boards really because of their political position and affiliation to a party and not because of their proven competence as businessmen.

HON. W.L. HARTLEY (Minister of Public Works): Did the Tories do that?

MR. WALLACE: No, we wouldn't do that.

Some of the examples worth quoting, Mr. Speaker, there's a company with the delightful name of the King Choy Co. Ltd., which was set up to market frozen Chinese food. A few weeks after the government chipped in with a large sum of money, the company went bankrupt. The government had provided \$260,000 within a few weeks before the company went bankrupt.

AN HON. MEMBER: What was the name of the company?

MR. WALLACE: The King Choy Company.

AN HON. MEMBER: In Manitoba?

MR. WALLACE: Manitoba.

It's also interesting that the Flyer Coach Industries Ltd., that has been mentioned here — we did some research into that company, Mr. Speaker. It's a company in which the government has 80 per cent equity, which is probably another reason why this socialist Government went to buy the buses from another socialist government. The record shows quite clearly that Flyer Coach Industries Ltd. does force municipalities to purchase their buses.

We also have the case of Saunders Aircraft Ltd., which apparently has sold about two aircraft in two years. There again the government has 87 per cent equity in Saunders Aircraft and is losing money.

All I am saying, Mr. Speaker, is that in Opposition the socialist party talked about secondary industry — and I agree with the concept; we try to get industry which is clean and minimizes pollution and is labour-intensive — but because we are agreed that this is a desirable goal, I would like to ask the people of British Columbia: do they want to follow the mechanisms which have been followed in Saskatche-

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wan and Manitoba with such unsatisfactory results? I would agree that all such projects were not unsuccessful. I agree with that. The Attorney General (Hon. Mr. Macdonald) shakes his head, referring to potash. But the percentage of failures and the unsatisfactory way in which these enterprises have failed so often, I would hope most sincerely, Mr. Speaker, that the Premier will look at this whole question of partnership very seriously.

We think that it is important to attract secondary industry, but these projects should remain under the direction and administration of the private industry concerned. Inevitably, where you have a partnership between government and industry, political influence creeps in and the fact, as I have mentioned, of political appointments to business administration where the people really don't know what business is all about, only end up with the companies losing money.

Mr. Speaker, we in the Conservative Party believe that incentives of various kinds can be offered to assist industries. As I say, we would make it very plain that this is to get them established and provide perhaps decreasing incentives over the first few years until they are self-sustaining.

We would also want to make it very clear that any company receiving financial incentives would be subject to detailed scrutiny of its financing and would be totally and completely accountable to the public and the government.

It is interesting in this regard, when we keep talking about the different philosophies of your side of the House and this side of the House, Mr. Speaker, that profit has been mentioned several times in the throne speeches by Members. I was very interested in the Member for Skeena (Mr. Dent), who mentioned that a legitimate profit was all right. I'd be very interested — perhaps later in the debate — to have the Member for Skeena explain to me what is a legitimate profit. Is it the size of the profit or the way it's made or any other factor that governs that profit? It seems to me for a socialist party frequently to rail at this side of the house about what a bad and wicked thing it is for companies to make a profit, I would really like to hear what he understands by a "legitimate profit".

AN HON. MEMBER: You gave your definition last October.

MR. WALLACE: I have one or two points I'd like to mention that seem to be omitted from the budget, Mr. Speaker. Perhaps other Government Members can fill in the information.

We know that we are to have an automobile insurance plan and apart from the money that is directed to industrial development, trade, and commerce, there is no mention in the budget of the kind of money that will be involved in setting up the automobile insurance. When we were in Manitoba, it was very interesting to find out some of the basic facts and figures about the plan which was started therein November, 1971.

The first thing we found out is that they have three centres in Winnipeg where you take your car when you have an accident, costing \$1 million apiece — so right off the bat there's \$3 million for a city the size of Winnipeg. We don't have the details of the proposed....

AN HON. MEMBER: The body shops would be closed up.

MR. WALLACE: We didn't find out. But we're talking in principles at the moment, a general outline of the programme. But I am just picking that as one of the general concept of cost in an automobile insurance programme.

We were also assured by the Premier, Mr. Speaker, that although he's planning to keep the Minister of Finance's job that he will be creating new Ministers, and at \$24,000 a year, we're wondering why the salaries or the indemnity for these Ministers was not included in the budget.

I have already mentioned the whole question of inadequate specifics on the matter of pollution control. It was surprising to me to see on page 6, "a study has commenced to determine the feasibility of levying financial charges against any group that initiates waste problems." It seems to me that that's sort of trying to lock the stable door after the horse has gone. I always thought, from listening to the Government when they were in Opposition, that they were much more interested in prevention rather than just fining people once they've broken the pollution laws. We feel that there should have been some specific mention of help to municipalities to provide pollution control. In that regard the help to municipalities in itself, the increase in the per capita, is less than is fair in this present inflation situation.

We also wonder why, after making it a prominent platform in the election, that you would take the cost of education off property, that all we're getting in this budget is a promise that this is planned. Now I don't think the people of British Columbia are only interested in what you said at the election when you come back five months after election and say you're still planning.

Mr. Speaker, the party knew very well the sums of money involved to take it off property. I don't think that it is fair — or that the Government is meeting its obligation at this stage — five months later — to say that it is still planning the mechanism by which it will take education tax off property.

Social services, I have already mentioned. I feel that the direction that is being followed simply by putting another \$25 million into social welfare fund

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plus the \$65 million to Mincome — which we voted and approved and still feel is a good idea — but I still feel that some reduction of personal income tax would have created jobs which would make it less necessary to put such a large sum into further welfare handouts.

In the area of health services — I am pleased with the Minister of Health Services and Hospital Insurance (Hon. Mr. Cocke) — I think that the additional money for health services can certainly be put to tremendous use, provided we finally stop saying how much we need other levels of care — other than the acute hospital — and get down to the serious business of providing these other levels of care.

Every study that has been done, nationally or provincially, comes up with the same bald central fact that what we are doing is spending a great deal of money on expensive care which could be provided somewhere else. And the Liberal leader touched on this.

Incidentally, Mr. Speaker, we hear so much about the spiraling costs of health care. But one thought I'd

like to inject at this point is the fact that our progress in health care now puts many people back to work who otherwise, just a few years ago, would continue to be people who, for the sake of illness, could not do a job and would in fact be dependent on state support. So I think we shouldn't lose sight of the fact that although some medical and surgical methods of treatment are expensive, they are not so expensive when you consider that the patient can return to work.

In the area of chronic care, again we hear that something is being planned. The Minister of Finance knows very well that for the last several years this has also been a commitment which his party made to the citizens of British Columbia to bring in such coverage. Again, I think it's very disappointing that such a major plank of the election platform has not been spelled out in some reasonable detail.

I would like to commend the Minister of Health for putting close to \$5 million into the Department of Mental Health. I would plead with the Minister of Health Services and Hospital Insurance (Hon. Mr. Cocke) through you, Mr. Speaker, for goodness sake, let's never have another mausoleum built like the Eric Martin Institute. The cost of building it, the cost of operating it, the inefficiency, the total lack of atmosphere which is conducive to people recovering from this kind of emotional illness, is just for the birds.

At the same time, let me return to the theme that it's all very well to say that it is not the right kind of treatment but let us create the facilities and find the personnel who can give the correct atmosphere and the correct kind of facilities. I am referring particularly to the concept of so-called halfway homes or halfway houses, where the patient leaving the acute facility has some intermediate level of care prior to resuming their full activity.

It would only be right too, Mr. Speaker, to comment on the question of agriculture, although we've covered it in an earlier debate to some degree. I certainly was very interested to hear the Member for Shuswap (Mr. Lewis) speak the other day. Not only did he speak in a manner which suggests that he is an independent individual, he reminded me a little bit of a former Member who has stood in that same corner and talked about agriculture and pleaded for the farmer. I just hope, Mr. Speaker, that the present Government will listen more attentively to their Member than the Socreds did to Don Marshall.

MR. LAUK: Where is he?

MR. WALLACE: The farm freeze, we feel, is a discrimination against a segment of society where the intention may be well placed. We all try to accept that we must not lose more and more farmland to commercial and residential development. But we must repeat that the Conservative Party feels the method which has been used by this Government in some ways resembles a method the Socreds used against the teachers. They wanted to keep down costs so they nail one segment of society, which is really not just. In this case, the socialist Government has picked on the farmers.

While we're assured that formal legislation is coming in which will correct the inequity of the farmland freeze, I still feel that it was carried out very close to the date at which the Legislature was sitting. This, Mr. Speaker, reflects the kind of thinking that the Premier himself has frequently voiced from the Opposition benches — that matters of great public concern which particularly affect the rights and freedoms of individuals should certainly be brought to this House, debated and passed in this House. I remember many times how the Premier rejected government by order-in-council. Here, very early in the administration of the socialist Government, he is doing exactly the kind of thing that he so bitterly criticized the former Premier for doing.

We applaud, Mr. Speaker, the Premier's attempt to reopen for negotiation the Columbia River Treaty. It is obvious that that negotiation was terminated after a considerable amount of disagreement between the federal and provincial negotiators. If this resurrected Conservative Party can take any credit, at least the Conservative Party pointed out at that time that a serious mistake was being made.

Mr. Speaker, I think I'll just close now by trying to recapitulate where the Conservative Party stands on the budget. There are many points in the budget that need to be touched on but no one should speak too long.

We feel in the Conservative Party that — let there

be no mistake — despite the rather gentle attitude which the Minister of Finance has taken with his first budget, he has taken that first step down the road which leads to ever-increasing state control of business and industry, which is the hallmark of socialism. This, despite the fact that he makes every effort to assume the posture of a moderate and despite the fact that only 40 per cent of the voters agreed with his philosophy in the election campaign.

AN HON. MEMBER: They didn't agree with his philosophy. They voted the other one out.

MR. WALLACE: Some of the Liberals are really eager to get in the fray. I hope that at least the public realize that, for whatever reason, 40 per cent of the people who voted in the last election voted for the socialist Government. Certain Liberal Members are so smart that they think they know every turn of the mind of the voter. That perhaps exhibits the kind of arrogance that they can show.

Interjections by some Hon. Members.

MR. WALLACE: Our feeling, Mr. Speaker, in reviewing the budget is that the tax increase directed against corporations, as I said earlier, unfortunately appeals to many people only thinking of large corporations. In fact, it is a blow at both the investor and the consumer. We feel that this is but the start to many measures in the future which will not only increase costs to the consumer but create difficulties for companies struggling to survive.

The first increase of tax on resources, we would agree, is moderate but is certainly damaging in its effect on the oil industry. The uncertainty which continues to exist in the business world at the likelihood of further step-by-step takeover of industry is something which will certainly impair the buoyancy which the Premier mentioned.

It is also our clear conviction from the speeches made by the backbenchers of the socialist Government, who have repeatedly encouraged the Premier and his cabinet to move more and more into other areas of the business world, that we do indeed have a leftist socialist Government in this province, and that the posture of the Premier as a moderate, democratic socialist is not the posture we can expect in the future.

The Minister of Finance has adopted a soft tread and moderate action against business in his first budget. We believe that the direction which they are about to follow in the coming years should not be hidden or should not be misunderstood by the public at large. We're very clear in our conviction that under this type of administration with these philosophies, the economy of British Columbia will not continue to flourish and that private enterprise and the efforts of individual citizens and individual companies will be dampened to the disadvantage of all British Columbia.

Hon. Mr. Macdonald moves adjournment of the debate.

Motion approved.

Presenting reports.

Mr. Lauk from the Select Standing Committee on Standing Orders and Private Bills presented the Committee's first report, which was read as follows and received:

Report No. 1, Legislative Committee Room, February 12, 1973. Mr. Speaker, your Select Standing Committee on Standing Orders and Private Bills begs leave to report as follows:

That the standing orders have been complied with relating to the petition for leave to introduce a private bill intituled *An Act to Amend the Vancouver Charter*. Your committee recommends that the petitioner be allowed to proceed with the said bill.

Mr. Lauk moves that the rules be suspended and the report be adopted.

Motion approved.

Mr. Lauk from the Select Standing Committee on Standing Orders and Private Bills presented the

committee's second report, which was read as follows and received:

Report No. 2, Legislative Committee Room, February 12, 1973. Mr. Speaker, your Select Standing Committee on Standing Orders and Private Bills begs leave to report as follows:

That the standing orders have been complied with relating to the petition for leave to introduce a private bill intituled *An Act to Amend the Vancouver Stock Exchange Act*, except for late filing, but with respect thereto the petitioner has paid double fees in accordance with standing order 98(3). Your committee recommends that the petitioner be allowed to proceed with the said bill.

Mr. Lauk moves that the rules be suspended and that the report be adopted as read.

Motion approved, Hon. Mr. King files answers to questions.

Hon. Mr. Barrett files answers to questions.

HON. A.B. MACDONALD (Attorney General): Mr. Speaker, I beg to ask leave of the House that the rules

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be suspended to permit the introduction without notice of a motion relating to Mr. Speaker's report on Legislative Practices and Procedure.

Leave granted.

HON. MR. MACDONALD: Mr. Speaker, I move, seconded by the Hon. Provincial Secretary (Hon. Mr. Hall), that recommendation No. 8 of Mr. Speaker contained in his report be referred to a Select Committee of the House, to be composed of Messrs. Lea (Convener), G.H. Anderson, the Hon. W.L. Hartley, Mr. Steves, the Hon. Eileen Dailly, Ms. Young, Messrs. McClelland, Smith, Curtis and D.A. Anderson, and that they consider the said recommendation and report from time to time upon the same to this House.

Motion approved.

HON. MR. BARRETT: Mr. Speaker, before I adjourn the House I'd like to congratulate the Hon. Second Member for Vancouver Centre (Mr. Lauk) for his election by "hacclamation." (Laughter).

Hon. Mr. Barrett moves adjournment of the House.

Motion approved.

The House adjourned at 5:06 p.m.

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APPENDIX

The following reports are referred to on page 315 of the daily Hansard:

LEGISLATIVE COMMITTEE ROOM,

February 7, 1973

MR. SPEAKER:

Your Special Committee appointed January 25 to prepare and report lists of members to compose the Select Standing Committees of this House for the present Session begs to report and recommend that the personnel of the Select Standing Committees of the House for the present Session be as follows:

STANDING ORDERS AND PRIVATE BILLS—Messrs. *Lauk* (Convener), *D'Arcy*, *Dent*, *Gorst*, *Lewis*,

the Hon. *Ernest Hall*, the Hon. *A. B. Macdonald*, Messrs. *Morrison, Smith, Gardom*, and *Wallace*.

PUBLIC ACCOUNTS AND PRINTING—Messrs. *D'Arcy* (Convener), *Cummings, Radford, Skelly*, Ms. *Young*, the Hon. *R. M. Strachan*, the Hon. *D. D. Stupich*, Messrs. *Fraser, Morrison, McGeer*, and *Curtis*.

MINING AND RAILWAYS—Messrs. *Lockstead* (Convener), *Dent, Lea, Nunweiler*, the Hon. *F. A. Calder*, the Hon. *W. L. Hartley*, the Hon. *L. T. Nimsick*, Messrs. *Chabot, Phillips, Richter*, and *L. A. Williams*.

AGRICULTURE—Messrs. *G. H. Anderson* (Convener), *Kelly, Lewis, Nicolson*, Mrs. *Webster*, the Hon. *Norman Levi*, the Hon. *D. D. Stupich*, Mrs. *Jordan*, Messrs. *Phillips, L. A. Williams*, and *Curtis*.

MUNICIPAL MATTERS—Messrs. *Nunweiler* (Convener), *G. H. Anderson*, Ms. *Brown*, Messrs. *Liden, Rolston*, Ms. *Sanford*, the Hon. *J. G. Lorimer*, Messrs. *Fraser, Schroeder, Brousson*, and *Curtis*.

FORESTRY AND FISHERIES—Messrs. *Skelly* (Convener), *Kelly, Liden, Lockstead, Nicolson, Steves*, the Hon. *R. A. Williams*, Messrs. *Richter, Smith, D. A. Anderson*, and *Gardom*.

LABOUR—Messrs. *Gabelmann* (Convener), *Barnes, Cummings, Lea, Radford*, Ms. *Young*, the Hon. *W. S. King*, Messrs. *Chabot, McClelland*, and *D. A. Anderson*.

SOCIAL WELFARE AND EDUCATION—Ms. *Brown* (Convener), Messrs. *Barnes, Gabelmann, Lauk, Rolston*, Mrs. *Webster*, the Hon. *D. G. Cocke*, the Hon. *E. E. Dailly*, the Hon. *Norman Levi*, Mrs. *Jordan*, Messrs. *McClelland, Schroeder, Brousson*, and *Wallace*.

LEGISLATIVE COMMITTEE ROOM,

February 7, 1973

MR. SPEAKER:

In accordance with the resolution that there be prepared a list of members to compose the Special Committee to review the problem of oil spills in the coastal waters of British Columbia, with particular emphasis upon joint action with the State of Washington, and to make recommendations to the House which they deem to be in the public interest, your Special Committee appointed on January 25 to prepare and report lists of members to compose the Select Standing Committees of this House for the present Session begs to report and recommend that the personnel of that Special Committee of the House be as follows:

Messrs. *Gorst* (Convener), *Lea, Liden, Lockstead, Skelly, Steves*, the Hon. *R. A. Williams*, Messrs. *Morrison, Phillips*, and *D. A. Anderson*.

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