

LEGISLATIVE ASSEMBLY OF ALBERTA

Tuesday, December 9, 1975

[The House met at 2:30 p.m.]

PRAYERS

[Mr. Speaker in the Chair]

INTRODUCTION OF VISITORS

DR. BUCK: Mr. Speaker, I wish to take this opportunity, on behalf of myself and the hon. Member for Edmonton Ottewell, Mr. Ashton, to introduce 55 Grade 9 students from the Clover Bar Junior High School. They are accompanied by their teachers, Mrs. Chmelyk and Mrs. Mann. They are seated in the public gallery. I would ask them to rise and be recognized by the Legislature.

MR. COOKSON: Mr. Speaker, it is my pleasure to introduce to you, and through you to the Assembly, a group of students from the Canadian Union College at Lacombe. They are accompanied by their teacher, Mr. Brendel, and Mr. Weis. They are in the members gallery. I would ask that they rise and be recognized by the Assembly.

ORAL QUESTION PERIOD

Cow-calf Industry

MR. CLARK: Mr. Speaker, I'd like to direct the first question to the Minister of

Agriculture and ask if he was in a position to announce to the Unifarm convention this morning some assistance to the cow-calf operators in Alberta.

MR. MOORE: Mr. Speaker, my comments this morning at the annual meeting of Unifarm were about 20 to 25 minutes in length. I would deal very briefly with them by saying that I did announce to the Unifarm convention that the Government of Alberta would be taking a new initiative in Ottawa on December 17 by way of suggesting to the Government of Canada and other provincial governments that we would be interested in talks which would lead to cost-sharing, between provinces and the federal government, of a cow-calf stabilization program on a national basis. That would be conditional, Mr. Speaker, upon other provinces moving out of their so-called insurance programs now in place.

MR. CLARK: A supplementary question to the minister. Has the minister had an opportunity to discuss with his counterparts, the Ministers of Agriculture in Saskatchewan and Manitoba -- especially Manitoba -- the concept of their pulling out of the program they have? I wouldn't include B.C. in there, because we're hopeful of a change before the 18th.

MR. MOORE: Mr. Speaker, I have not had an opportunity to talk directly to the Minister of Agriculture in Manitoba in that regard. I have talked with the Minister of Agriculture in Saskatchewan with regard to the beef cattle industry. I think it's important, however, for members to know that all ministers of agriculture from the provinces across Canada will be in attendance at a meeting with the federal minister on December 17 and 18 in Ottawa. It's at that point, Mr. Speaker, that we want to put forward our proposal.

MR. MANDEVILLE: Mr. Speaker, a supplementary question to the hon. minister. Could he briefly outline the program announced this morning at the Unifarm meeting in regard to the disaster insurance plan?

MR. MOORE: Yes, Mr. Speaker, I had

intended later today or tomorrow to issue a news release in that regard. Basically it's this. Three years ago the Government of Alberta put into place a compensation plan, called the disaster indemnity fund, for farmers who lost animals in disasters. While that has worked fairly well to serve the needs of people who have been in difficult circumstances because of disasters, we wanted to put it on a better basis. The challenge to come up with a workable package of insurance to assist the livestock industry in the event of disaster was put forward to the private insurance industry in Alberta by my predecessor, Dr. Horner, some months ago. I'm pleased to say that the industry has co-operated well and has brought forward a comprehensive all-risk program that covers a variety of things, such as unknown diseases for which there is no cure, and other disasters that may affect beef cattle operators in particular.

We expect, early in 1976, to be announcing the full details of the insurance package. We expect, as well, that it will be on sale by private insurance agents throughout Alberta at that time. I might note, Mr. Speaker, that the premium has been reduced to 50 cents per \$100 by way of a stop-loss feature provided by the government.

MR. NOTLEY: Mr. Speaker, a supplementary question to the hon. Minister of Agriculture relating to the first question dealing with cost-shared programs which was posed by the Leader of the Opposition. In the government's proposal, has any consideration been given as yet to the extent of cost-sharing? Is the proposal going to be 50-50 between the federal government and the provinces, or has any consideration been given yet by the province as to what, in fact, cost-sharing will mean in dollar terms?

MR. MOORE: Mr. Speaker, we have not given any consideration to that. You must appreciate that agreement would have to be reached by all provinces which are beef producers as well as the federal government. I thought it better to put the idea across, then have some discussion with the other provincial ministers and the federal minister as to what degree of cost-sharing we might get involved in.

MR. CLARK: Mr. Speaker, a supplementary. Has the minister had the opportunity to discuss with the federal minister this concept of federal-provincial cost-sharing as it affects the cow-calf operator?

MR. MOORE: Mr. Speaker, I expect to be having that opportunity on December 17. I would say, however, that I did discuss that and a number of other matters at 7 o'clock this morning at a breakfast meeting with the federal Deputy Minister of Agriculture.

MR. MANDEVILLE: A supplementary question, Mr. Speaker, going back to the insurance program and the disaster fund. What part

will the government be playing in the disaster insurance plan?

MR. MOORE: Really, Mr. Speaker, the situation was one where the industry was able to get the premiums down to a level of 90 cents per \$100 for that very comprehensive coverage which is provided. It was our feeling that was not a low enough premium rate to attract a large segment of the industry into buying that kind of insurance. Really what we're involved in is a stop-loss feature which provides that the Government of Alberta will pay for any losses the underwriters incur above 115 per cent of the premium to a maximum of 150 per cent of the premium collected. Thereafter the losses will again revert to payment by the underwriters.

MR. MANDEVILLE: A supplementary, Mr. Speaker. What will be the final date for taking applications on the present disaster fund?

MR. MOORE: Well, Mr. Speaker, until we've finalized the actual date on which the sale of the insurance will begin, and have some idea of the manner in which producers are accepting that insurance package across the province, it's not possible to set an exact date as to when we will be phasing out the disaster indemnity program presently in operation.

MR. TAYLOR: A supplementary to the hon. minister. Does the present fund cover any claim that could have been insured?

MR. MOORE: Mr. Speaker, that's been one of the very great difficulties in administering the present livestock disaster indemnity program. There is a line between what could readily be insured and what isn't insurable. There is a line, as well, between losses which resulted from improper management and losses which were unavoidable. In every case a judgment decision has to be made as to which side of the line you fall on. That was one of the reasons for wanting to get an insurance type of package in place, so that we wouldn't be faced with that difficulty.

Unifarm Contract

MR. R. SPEAKER: Mr. Speaker, a supplementary to the minister with regard to his remarks this morning. I understand he outlined terms of reference for a \$50,000 contract with Unifarm.

My question is: what type of services will Unifarm provide the government for those dollars?

MR. MOORE: Mr. Speaker, although I do not have it with me, I'd be only too pleased to provide a copy of the contract we have signed with Unifarm. Basically, it's one of providing information to us through their various locals and through their staff here in Edmonton with regard to a variety of things which might help us in

making policy decisions with respect to agricultural programs, agricultural stabilization, and a variety of other ongoing discussions which we are involved in from time to time.

MR. R. SPEAKER: Mr. Speaker, a supplementary to the minister. Are other organizations in the province -- such as dairy organizations, hog organizations, NFU -- eligible for the same type of contract?

MR. MOORE: Well, Mr. Speaker, hon. members would know Unifarm is the type of organization which has as members, in addition to its direct membership of farmers across the province, a good number of commodity groups. With respect to many of those commodity groups like the Western Stock Growers' Association and so on, it was our feeling that Unifarm would use them as some of the resource base for the kind of information which they are indeed gathering for us. So I wouldn't expect we'd be involved in signing any agreements of that nature with other commodity organizations in Alberta.

MR. R. SPEAKER: Mr. Speaker, a supplementary to the minister. Will the grant be made available to Unifarm in one contract? Would the \$50,000 be made available to Unifarm in one lump sum? Or will it be provided to them on the basis of work performed?

MR. MOORE: First of all, Mr. Speaker, it is not a grant. It is a payment which we've arranged to Unifarm to provide certain things to us. My recollection of the contract is that the payment will be made over a period of time: an initial sum at the beginning of the contract, a final sum on completion of the contract, when it has provided us with the kind of information which the consulting contract actually requires.

MR. R. SPEAKER: A supplementary to the minister.

MR. SPEAKER: Followed by a final supplementary by the hon. Member for Drumheller. This is undoubtedly an important topic, but we've covered it more fully than others. We may come back if there's time.

MR. R. SPEAKER: Will the funds which are made available be issued by special warrant, or will they be taken from some other expenditure in the Department of Agriculture?

MR. MOORE: Mr. Speaker, I'm told the budget of the Department of Agriculture is of sufficient nature that we have funds for such worth-while objectives as getting Unifarm to carry out this work for us.

DR. BUCK: Which appropriation?

MR. NOTLEY: Three million dollars [inaudible].

MR. TAYLOR: A supplementary to the hon. minister. Does Unifarm have members in all rural constituencies in the province?

MR. MOORE: Mr. Speaker, I really can't answer that directly, but it's my information their membership is generally spread quite well throughout the Province of Alberta.

Highway Accidents Report

MR. LITTLE: Mr. Speaker, I would address my question to the hon. Minister of Transportation. Would he inform the Legislature what plans he has for this document, the MacKenzie report, otherwise known as the report of the Task Force on Highway Accidents, which was commissioned by the Hon. Helen Hunley?

DR. HORNER: Yes, Mr. Speaker. Because the report does involve several departments, we have set up, under the chairmanship of one of my senior people, an interdepartmental group or task force to assess and evaluate it and hopefully to report early in the new year in regard to recommendations which might be taken early in the traffic safety area.

Camrose Area Expansion

MR. STROMBERG: Mr. Speaker, may I direct my question to the Minister of Energy and Natural Resources. Is the minister prepared to grant the city of Camrose permission to go ahead and develop 710 residential lots?

MR. GETTY: No, Mr. Speaker.

MR. STROMBERG: Oh.
[laughter]

A supplementary to the Minister of Municipal Affairs. Because the city of Camrose must have permission immediately to start development of these 710 lots, would the minister be prepared to overrule the present policy of the ERCB in regard to development situated near or on sour gas fields?

MR. JOHNSTON: No, Mr. Speaker.

MR. STROMBERG: Mr. Speaker, I'll direct my question tomorrow and see if I can get more help from the Premier.

Dodds-Round Hill Project

MR. CLAPK: A supplementary question to the Minister of Environment, the Minister of Transportation, the Minister of Energy, or the Premier. It deals with the application before the ERCB with regard to the development at Dodds-Round Hill.

Has the government taken a position yet on that portion of the proposal that would

make it essential that a number of the employees in the Dodds-Round Hill project, if and when it goes ahead, will commute to Edmonton by bus rather than live in the Ryley or Camrose area, which is a part of the proposal as it stands now?

MR. LOUGHEED: Mr. Speaker, I think the question's clearly hypothetical.

MR. CLARK: Mr. Speaker, a supplementary question. It certainly isn't hypothetical to Ryley or Camrose.

Beef Marketing Inquiry

MR. TESOLIN: Mr. Speaker, my question is directed to the Minister of Agriculture. In view of comments by Dr. Hu Harries, a member of the commission of inquiry into the marketing of beef and veal, criticizing the cattle market system in a statement that the fellow without supplementary market information and without a strong bargaining position is going to end up taking the low end of the price, what steps might your department take to better the bargaining position of the small cow-calf producer, and might we look forward to legislation to remedy such possible inequalities?

MR. MOORE: Mr. Speaker, we haven't yet had the benefit of the final report by the federal beef inquiry and recommendations that might be contained therein. But there certainly is a recognition that marketing information among producers differs very, very considerably. Through the department, in close co-operation with the Alberta Cattle Commission and others, we have been trying to develop a more effective means of providing market information to farmers and cattlemen throughout Alberta. We will continue that. I don't look toward a situation where we would be introducing legislation to correct the situation. I think it's more in the line of a better information and educational service with respect to livestock marketing.

MR. NOTLEY: Mr. Speaker, a supplementary question. Is the minister in a position to advise the Assembly when he expects the report of the federal commission looking into beef marketing in Canada?

MR. MOORE: No, I'm not, Mr. Speaker, except from the talks we've had with Dr. Harries when he indicated the report could be expected early in 1976.

Deerhome Institution

MR. NOTLEY: Mr. Speaker, I'd like to direct my question to the hon. Minister of Social Services and Community Health. It concerns the controversy over the question of contracting out certain services at Deerhome Institution in Red Deer.

Mr. Speaker, is it the government's intention, or is it considering contracting

out certain services, such as food and laundry, at Deerhome in Red Deer?

MISS HUNLEY: Mr. Speaker, we've asked for proposals so that we might consider whether economies can be practised in delivery of service in that particular institution. At the present time, no decision has been reached.

MR. NOTLEY: Mr. Speaker, a further supplementary question to the hon. minister. Has the government received any proposals from the private sector at this point in time?

MISS HUNLEY: Yes, we have, Mr. Speaker.

MR. NOTLEY: Mr. Speaker, a further supplementary question to the hon. minister. Is it the government's intention to discuss the matter with the CSA, and have meetings either taken place or been scheduled?

MISS HUNLEY: The CSA has been involved in -- of course, the employees at the ASH Deerhome were involved in providing information in order that proposals could be developed. An interesting side effect of this also, Mr. Speaker, has been that the employees themselves have suggested that perhaps they might indeed be able to submit a proposal whereby they could improve the delivery of service. This interests me a great deal, because I think it's a very important development. They will be given the same opportunity to make a presentation.

MR. NOTLEY: Mr. Speaker, a further supplementary question. Can the minister advise when the government will in fact be making a decision? Has any deadline for presenting the proposals to the department been given both to the employees who presently work there and to the private sector?

MISS HUNLEY: Yes, I will be advising members of the CSA of a deadline which I would like them to meet. I expect to be doing that this afternoon.

Bingo

MR. YOUNG: Mr. Speaker, my question is to the hon. the Attorney General. On November 26 the minister advised that he was trying to keep the peace among applicants for bingo sponsorship and was also trying to accommodate the groups that would like to be engaged in bingo sponsorship. From persistent telephone calls I'm able to gauge the ability to keep the peace, but I'm wondering about the ability to arrive at an accommodation of the would-be sponsors, Mr. Minister.

MR. FOSTER: Mr. Speaker, I think it's fair to say that it's a little difficult to keep the peace in the bingo community. However, I've been endeavoring to do so, and I think it has met with some success, judging from a recent meeting I had with the Edmonton

Federation of Community Leagues.

My intention, very briefly, Mr. Speaker, is that probably we should not approve any more large bingo halls in Edmonton, that we should endeavor to keep bingo as a community activity. However, we recognize that we are not in a position to shut down existing bingo halls. Our objective will be to allow as many groups as possible, who otherwise qualify, to participate in bingo activity and to earn some funds to support their community associations. A number of community organizations and others in Edmonton at the moment are on the outside of the situation and would like very much to have access to bingo-playing opportunity. We are attempting to restructure our licensing program in order that we can allow some of these new organizations to come in and to have some of the action, if you'll pardon the expression.

At the same time, implicit in that assumption is the assumption that some of the organizations which are currently major players in the bingo scene will not have as high a degree of participation in bingo activity in the future. Now there's a danger there, and that is that some of these organizations currently very involved in bingo are fully dependent on bingo to support major capital projects. So if we intend to scale down their level of participation and therefore profit-making, we must do so over a staged interval of time.

It's complicated, Mr. Speaker, but I'll try to be brief. I anticipate that we will design and develop a new licensing system that will stage the reduction of the major players in the bingo business in Edmonton, and stage in, over a period of time, the opportunity for the new organizations to become involved in bingos.

MR. YOUNG: A supplementary, Mr. Speaker. Pursuant to that response, could the minister advise what kind of consultative process or mechanism may be in place now, or is contemplated, to gain the co-operation of all who have been involved and all who wish to be involved?

MR. FOSTER: Mr. Speaker, there are many different groups and organizations involved in bingo activity. My comments generally relate to the city of Edmonton. The circumstance I'm describing doesn't really exist elsewhere in the province.

Probably the largest organization is the community leagues, and I think the single body representing the community leagues is the Federation of Community Leagues, who I have met and made this proposal to. I think I have their very substantial agreement on the objective we have in mind. I have asked the federation and the community leagues if they will empower the federation to be the main point of contact between this department and the community leagues. I have the general feeling that the federation is willing to perform that function, to be the liaison with us; in fact, that the federation is willing to do some aspect of regulation itself to ensure that the participation by interested community leagues is fair and

reasonable in a highly competitive circumstance.

There are other organizations, like religious organizations, to which we do not have any formal links. However, the Edmonton Council of Churches has been meeting with us. Mr. John Lee of the department has been and continues to carry on discussions with many organizations in the hope we can establish some kind of council we can relate to on an ongoing basis, to establish consistent policy.

MR. YOUNG: A final supplementary, Mr. Speaker. Will all those agencies or sponsors who either had commitments or felt that they had commitments from the department to go ahead with bingos, and have undertaken longer term financial obligations in consequence, be contacted and involved in this process?

MR. FOSTER: Mr. Speaker, there are some organizations which feel they have a commitment. I want to be very clear on this. I don't want to suggest that those who feel they have a commitment, have a commitment, as I think the hon. member said. There are some people who feel they have a commitment. For example, I think the North Side Bingo [Association] felt it had a commitment. That is not so. At this time we have no intention of approving the North Side proposal. Colebi perhaps thought it had a commitment. I think that has subsequently been clarified by meetings between myself, others, and the Colebi organization. I cannot operate on the basis of those who think they have a commitment.

If there is a commitment, it will be clear, will be in writing, and will be well understood by both parties.

MR. R. SPEAKER: Mr. Speaker, supplementary to the Attorney General with regard to the licensing of games of chance. Approximately two years ago, the former Attorney General indicated there was going to be a review of the \$5 per game licence charged for games of chance at casino nights held by the Lions clubs, Kinsmen, and various groups.

Has the Attorney General reviewed that fee? If so, what is the new fee at the present time?

MR. FOSTER: Mr. Speaker, in the time I've been in this office we have not to my knowledge changed any fees in this gaming or lottery area. I have a most comprehensive brief from the RCMP. I've been discussing that, and will be discussing that with them in some detail, and have been working with the department.

One of the suggestions is that the gaming and lottery section should be self-sufficient and, in view of the fact there is something like a gross take of some \$22 million in this section generally in the province, that we should substantially increase our licensing fees in order that the return to the province from the fee would reasonably pay for the cost of the service. If we're going to get involved in a much more highly regulated gaming and

lottery area of government, involving more people and greater activity by the police in checking situations, it seems reasonable to me that we would consider increasing the fees.

I have no specific recommendation to make at this time, however, but will be looking at it on an ongoing basis.

MR. TAYLOR: Supplementary to the hon. Minister. Why is it necessary to control the fun-loving game of bingo? Is somebody complaining about it? Nobody has to go.

MR. FOSTER: Mr. Speaker, I have said on more than one occasion and will say now, there are times I wish I had little or absolutely no jurisdiction in the matter of bingo. Bingo is not a major law enforcement problem or major criminal activity. It could become so, but I'm not suggesting it is at the moment.

The Criminal Code of Canada, however, vests certain jurisdiction in the Lieutenant-Governor. The Lieutenant-Governor has assigned that jurisdiction to the Attorney General, and I'm obliged to carry out the law.

DR. PAPROSKI: Mr. Speaker, a supplementary on that topic. Would the Attorney General indicate when he anticipates new regulations regarding bingo to come into force, especially regarding the larger bingo groups which want to rent large facilities?

MR. FOSTER: A very important question, Mr. Speaker, and I think I should be as clear as I can on that point. I hope the organizations which are awaiting some final policy document and a series of regulations, and anticipating that they will arrive on January 1, 1976, are not disappointed. But I'm afraid they must be. It is simply impossible to totally review and restructure the lottery and gaming activity in the province and the regulating capacity of government with respect to that activity. I don't anticipate significant changes in the short run. I said earlier in my remarks that it will be necessary to modify part of our licensing procedure to phase down the level of activity by some organizations, and phase in activity by other organizations. But I do not expect a comprehensive or detailed policy or regulation in this area for many, many months. That is more true of casino activity than it is of bingo.

Urban Transportation Research Program

DR. WEBBER: Mr. Speaker, I'd like to direct this question to the hon. Minister of Transportation and/or the hon. Minister of Federal and Intergovernmental Affairs. What is the current status of talks, which began some time ago, between the Governments of Ontario and Alberta re joint funding of an urban transportation research program?

DR. HORNER: Mr. Speaker, further developments since that time by the federal government have meant that, in fact, there has been a cessation of talks between the two groups with regard to any financial commitment.

MR. SPEAKER: While we don't ordinarily interrupt the question period to revert, there does appear to be a little scheduling problem here. Would the hon. members allow the hon. Member for Edmonton Beverly to revert to Introduction of Visitors?

HON. MEMBERS: Agreed.

INTRODUCTION OF VISITORS (reversion)

MR. DIACHUK: Thank you, Mr. Speaker.

Mr. Speaker, it is a pleasure for me to introduce to you today, and to members of the Assembly, a gentleman seated in your gallery who is known in many parts of Alberta. Formerly a fisherman, a cowboy, a gold prospector, a miner, a carpenter, he was employed by the provincial government from 1926 to 1949 with the then Department of Public Works as a carpenter supervisor. He came to Alberta via Montana from Nova Scotia, originally from England: Mr. William Elliott, celebrating his 100th birthday today. Mr. Elliott and your family, would you please rise.

OPAL QUESTION PERIOD (continued)

Christmas Assistance

MR. TAYLOR: Mr. Speaker, my question is to the hon. Minister of Social Services and Community Health. A very short explanation is necessary first. Because of the postal strike, a number of organizations which gather funds to help the needy at Christmas are finding themselves short of funds.

Has any application been made to the provincial government for special grants to help these organizations provide cheer for the needy this Christmas?

MISS HUNLEY: Not to my knowledge, Mr. Speaker.

Cow-calf Industry (continued)

DR. BUCK: Mr. Speaker, my question is to the hon. Premier, and it's not the new Draft Loughheed movement.

I would like to know if the government has now definitely decided not to directly help the cow-calf operator on an emergency basis?

MR. LOUGHEED: Mr. Speaker, as I've said before, it is a matter which has been dealt with by the Minister of Agriculture. I will refer the answer to him.

MR. MOORE: Mr. Speaker, there never was -- and I've said that a number of times in this Legislature, Mr. Speaker -- any decision by this government not to help the cow-calf operator. I would refer the hon. member to my remarks in Hansard of Thursday last and to the extensive remarks I've made in question period during the course of the last two or three weeks about the kind of initiatives which have been taken by the Government of Alberta to assist the cow-calf producers.

MR. NOTLEY: Mr. Speaker, a supplementary question to the hon. Minister of Agriculture. Has the government set any target date as a result of the proposal the minister is going to put to the federal-provincial meeting of ministers of agriculture on, I believe, December 17 and 18? Has the government established a target yet for a federal plan until some kind of unilateral action is taken by the province?

MR. MOORE: Mr. Speaker, I think it's difficult from the point of view of an individual province to establish some kind of target date on which you might conclude matters of this importance that are federal-provincial in nature and involve no less than 10 governments. I would prefer rather to put the proposal forward first to other ministers of agriculture and see, after the meeting of December 17 and 18, what time frame we might be looking at in order to conclude some arrangements.

MR. CLARK: Mr. Speaker, a supplementary question. If the minister is not able to convince the federal minister and his provincial colleagues of this new initiative as of today, does the Alberta government itself have a contingency plan it can put into effect by January 1, 1976?

AN HON. MEMBER: Order.

MR. SPEAKER: With respect, the hon. leader's question is baldly hypothetical. He perhaps could phrase it in an acceptable way.

MR. CLARK: Then a second try at it. Has the government a contingency plan if the minister is not successful in getting an agreement from the federal government?

AN HON. MEMBER: Order.

MR. CLARK: The answer is no.

MR. MOORE: Mr. Speaker, I recall having said in September and October that we did not want to move with regard to provincial assistance to the cow-calf operators because we felt a national stabilization program was forthcoming from Ottawa. Indeed, because that was not forthcoming, in late October we announced the re-establishment of the cow-calf advance pro-

gram for the 1975-76 year. Some three weeks ago I said in this Legislature, and I reiterated this morning, that the Alberta Agricultural Development Corporation would be assisting individuals on an individual basis, in terms of refinancing, extending loans and interest rates, and that kind of thing.

This morning, Mr. Speaker, I took the third initiative from an Alberta point of view that's been taken during the last two months, because of a lack of action from Ottawa, by suggesting to Ottawa and other provincial governments that we would be interested in entering into discussions that would lead to cost-sharing of a national beef stabilization program between governments.

I don't know of any government, Mr. Speaker, which during the course of the last two months has taken as many initiatives and as many steps as we have to try to bring about a national stabilization program for beef producers.

MR. NOTLEY: Mr. Speaker, a supplementary question. Has the minister asked the task force on agriculture to consider options for alternatives in the event that the federal government does not agree to a national stabilization plan for the cow-calf industry?

MR. MOORE: Mr. Speaker, I don't know what task force the hon. member is referring to.

MR. NOTLEY: Mr. Speaker, the task force of government MLAs set up to deal with agriculture and rural life.

MR. MOORE: Mr. Speaker, hon. members should be aware that the establishment, after the March 26 election, was of a caucus committee on agriculture of which the hon. Member for Lloydminster is chairman. Indeed the caucus committee and I on numerous occasions have discussed matters of concern with regard to the livestock industry, and will continue to do so.

MR. NOTLEY: Mr. Speaker, a further supplementary question to the hon. minister, specifically dealing with options. Has the caucus committee been asked to analyse various alternatives and contingency plans, in the event that Ottawa does not move?

MR. MOORE: The answer is the same, Mr. Speaker. I have discussed matters of concern with regard to the cow-calf industry with the caucus committee, on numerous occasions.

Federal Housing Grant

MR. MUSGREAVE: Mr. Speaker, I would like to address this question to the Minister of Housing and Public Works. It's my understanding that the federal government is going to give a levy of \$1,000 for building medium-priced housing.

I would like to know if it includes

apartments, or does it just apply to row housing?

MR. YURKO: Mr. Speaker, as I indicated earlier, this program of supplying to the municipality through the province a \$1,000 grant for each modest home would be done by way of agreement, and all the conditions of the various agreements I anticipate will be signed have not been worked out as yet. However, from discussing this matter with the minister in Ottawa recently, my understanding suggests that it will apply to rental accommodation as well as accommodation intended for home ownership.

MR. MUSGREAVE: A supplementary, Mr. Speaker. Could the hon. minister advise if those cities anticipating putting on extra levies of \$500 for redevelopment would have the \$500 deducted from the \$1,000?

MR. YURKO: Mr. Speaker, I don't remember any such condition being discussed with respect to the program. However, it would suggest that those large municipalities that have been discussing the levying of a \$500 charge towards new accommodation, be it either rental or ownership accommodation, might give some reconsideration to their thoughts in light of the fact that they will be receiving \$1,000 from the federal government with respect to this new program.

Northland School Division

MR. SHABEN: My question, Mr. Speaker, is to the Minister of Education. It concerns the study known as the Report of the Northland School Division, also known as the Worth report.

I'd like to know if the minister intends to implement any or all of the recommendations contained in that report.

MR. KOZIAK: Mr. Speaker, many recommendations are contained in that report, some of which are directed to the Department of Education and some of which are directed to the Northland School Division. Of course those directed at the Northland School Division would have to be looked at by the school division, and it would have to determine the efficacy of implementation.

Many of the recommendations directed to the Department of Education are now being looked at, some have been acted upon, and some are being studied. Perhaps one of the most important recommendations in terms of the life of the teachers in the Northland School Division is the one dealing with housing conditions and isolation bonuses. The Department of Education has initiated a study of isolation bonuses under the auspices of Dr. Gunnar Wahlstrom. Housing is also being studied. One of the recommendations of the report, with respect to the nomination to the board of Northland School Division by the Department of Education, has been implemented with the nomination of Dr. Marrinier to that board. Many will be looked at as time progresses.

MR. SHABEN: A supplementary. Will the provincial government's 11 per cent guidelines affect implementation of some of the recommendations contained in the report?

MR. KOZIAK: Well, Mr. Speaker, that's a budgetary item, and the budgetary process has not yet taken place. I think we'd probably have to wait until the budget is brought down in the spring session to determine if that in fact will be the case.

MR. NOTLEY: Mr. Speaker, a supplementary question to the hon. minister. Is he in a position to report to the House on the sections of the report that deal with transfer to other school divisions of schools presently in the Northland School Division? I refer specifically to Menno Simons school, but my question relates to all of them.

MR. KOZIAK: Mr. Speaker, no, at this time I'm not.

Anti-inflation Programs

MR. CLARK: Mr. Speaker, I'd like to direct my question to the Minister of Federal and Intergovernmental Affairs. It flows from the comments made yesterday by the federal Minister of Finance that in fact the federal government would be prepared to enter into an agreement with a province which was committed to the anti-inflation program for a period of 18 months.

Is the minister now in a position to indicate how close we are to an agreement? Does this remove the major obstacle to an agreement?

MR. HYNDMAN: Mr. Speaker, I think it would be more appropriate if that subject were dealt with by me and the hon. opposition leader either in debate at second reading of the bill this afternoon or in committee study tonight. I'd be happy to elaborate on it at that time.

NFU Convention

MR. NOTLEY: Mr. Speaker, I'd like to direct this question to the hon. Solicitor General. Is it true that the Government of Alberta hired or engaged several city policemen to cover the National Farmers Union convention?

MR. FARRAN: I have no knowledge of that, Mr. Speaker.

MR. NOTLEY: Mr. Speaker, a further supplementary question. Would the hon. minister look into it and report back to the Legislature tomorrow?

MR. FARRAN: Well, Mr. Speaker, if the hon. member would explain the circumstances in a little more detail, perhaps I'll understand.

MR. NOTLEY: Mr. Speaker, to explain and to pose the question again, in the light of reports that, in fact, two city policemen have been engaged by the Government of Alberta to cover the National Farmers Union convention in the Plaza Hotel. My question really is: will the government ascertain whether that is a correct report?

SOME HON. MEMBERS: Order.

MR. FARRAN: I now understand the question. No, it's not true, so there's no point in wasting time in investigating it.

MR. NOTLEY: Mr. Speaker, a further supplementary question. Was there any discussion with the city police authorities concerning covering the National Farmers Union convention?

SOME HON. MEMBERS: Order.

MR. FARRAN: Not by my department.

MR. BATIUK: A supplementary, Mr. Speaker, to the minister. Is it a possibility that maybe the hotel had asked the police to supervise?

DR. BUCK: [Inaudible] call in the Mounties, John.

ORDERS OF THE DAY

WRITTEN QUESTIONS

216. Mr. Notley asked the government the following question:

1. What arrangement does the Alberta government currently have concerning self-insurance of government vehicles?
2. What is "stop loss" level, beyond which the government has purchased motor vehicle insurance?
3. What is the total amount paid by the government for motor vehicle insurance:
 - (a) during the 1971-72 fiscal year,
 - (b) during the 1972-73 fiscal year,
 - (c) during the 1973-74 fiscal year,
 - (d) during the 1974-75 fiscal year,
 - (e) projected for the 1975-76 fiscal year?

MR. LEITCH: We accept the question, Mr. Speaker.

MOTIONS FOR RETURNS

212. Mr. Notley proposed the following motion to the Assembly:
That an order of the Assembly do issue for a return showing:

A copy of all studies dealing with the development of new and existing townsites in the coal branch area south-west of Edson, particularly regarding the viability of the present Cadomin townsite.

MR. JOHNSTON: Mr. Speaker, I'd like to address my attention to the order requested by the hon. member for Spirit River-Fairview. The government will take a position against that motion, Mr. Speaker, for the following reasons.

When the government has acted, then I believe we have a public responsibility to account in many ways. One of those would be the filing of data or studies from which policy may have evolved. However, in this case, with respect to the coal branch town studies, we are now developing our policy and guidelines, and have not taken any position. Therefore, the request of the hon. member for Spirit River-Fairview must be denied.

MR. SPEAKER: Could the hon. member close the debate?

HON. MEMBERS: Agreed.

MR. NOTLEY: Mr. Speaker, perhaps I could just close the debate by asking a question of the minister and, with the concurrence of the House, perhaps he could answer. I understand the point he was making. However, if government policy is developed and finalized, presumably then the government would be prepared to issue this information.

AN HON. MEMBER: Not necessarily.

MR. NOTLEY: I take it, Mr. Speaker, from the minister's remarks that the answer would be, yes. But I'd like him to answer if he could.

MR. JOHNSTON: Mr. Speaker, that will depend, of course, on the type of information and circumstances at that point. I certainly can't predict what will happen in the future.

[Motion lost]

215. Mr. Notley proposed the following motion to the Assembly:
That an order of the Assembly do issue for a return showing:

- (1) A copy of all studies done by the Department of Manpower and Labour and/or the Department of Advanced Education and Manpower on the use or potential for use in Alberta of temporary imported labor under an 11-42 category of visa or similar arrangement

- since January 1, 1972;
- (2) a copy of all studies relating to the flow of immigrants into the province in terms of the demand for immigrant labor, the effect on wages in Alberta, and the supply of immigrant labor in relation to demand since January 1, 1972.

DR. HOHOL: Mr. Speaker, I'll have to ask for this motion for a return to continue to stand.

MR. SPEAKER: Having heard the request by the hon. minister, does the Assembly agree?

HON. MEMBERS: Agreed.

MR. SPEAKER: The motion will stand over to the next Order Paper.

217. Mr. Notley proposed the following motion to the Assembly:
That an order of the Assembly do issue for a return showing:
A copy of an Energy Resources Conservation Board report entitled "Alberta's Requirements of Energy & Energy Resources, 1975-2004" dated December, 1974.

[Motion carried]

218. Mr. Notley proposed the following motion to the Assembly:
That an order of the Assembly do issue for a return showing:
- (1) An itemized statement of costs, for each member of the Executive Council listed separately, of remodelling, renovating, redecorating and/or refurnishing the office(s) occupied by that member of Executive Council, during the period August 31, 1971 through March 26, 1975;
 - (2) an itemized statement of costs, for each member of the Executive Council listed separately, of remodelling, renovating, redecorating and/or refurnishing the office(s) occupied by that member of Executive Council, during the period March 27, 1975 through November 30, 1975.

MR. SCHMID: Mr. Speaker, I would ask that the motion stand.

MR. SPEAKER: Does the Assembly agree to the request by the hon. Minister of Government Services and Culture?

HON. MEMBERS: Agreed.

MR. SPEAKER: The motion will stand.

219. Mr. Notley proposed the following motion to the Assembly:
That an order of the Assembly do issue for a return showing:
A copy of all assessments, interim or otherwise, done by any official of

the Department of Energy and Natural Resources and/or of the Energy Resources Conservation Board or any individual or agency working on their behalf, of the effect of the Alberta Exploration Plan of December 1974 on the level of oil and gas exploration in Alberta.

MR. GETTY: Mr. Speaker, with regard to this motion, which as members can see asks for an assessment, "interim or otherwise," regarding the ALPEP program, as it's framed in the Order Paper, at this time I'd have to advise the House not to accept it.

The reasons really are, the plan has only been in effect for less than a year now. In some respects, it was tied to oil and gas price negotiations; it was also tied in some respects to federal budgets. With the lead factor necessary in oil and gas exploration decisions, I believe there really hasn't been any adequate period of time that would provide the House with any meaningful information if we were to carry out an assessment. I think we'd certainly want to make sure when we do carry out the assessment, it will be something that can provide useful information, and not be merely an expenditure of funds.

It is true that over the course of past months during 1975, we have had discussions within the department, discussions with industry and industry associations such as CPA, IPAC, and individual members of industry, which give us some general reading as to their enthusiasm and level of activity. We also keep an eye on bonus payments for Crown sales, drilling activity, et cetera. These give us some helpful readings as to the usefulness of the plan.

Still, in my mind, it would be far too premature now to attempt a detailed meaningful assessment of the results of the plan. When saying that, though, I would say it certainly would be appropriate in the future, with the intent of having the information and the assessment provided to all members of the Legislature, to conduct an assessment of the ALPEP program. I'd certainly be pleased to do that, and will do it. However, I think it should be done when it will provide meaningful information to members.

MR. SPEAKER: May the hon. member conclude the debate?

HON. MEMBERS: Agreed.

MR. NOTLEY: Mr. Speaker, very briefly in concluding the debate, I can assure the hon. minister that this particular motion for return will be on the Order Paper during the spring session as well. I would have hoped that in the course of his remarks he would have given us some indication as to when the government feels it would be possible to conduct an in-depth assessment of the success of the ALPEP plan.

Mr. Speaker, I think it's a year tomorrow that the ALPEP plan was announced by the Premier of this province. Under those circumstances, I find it a little

difficult to understand why it is that we are not at least in a position to have an interim report on the success or failure of the scheme. Mr. Speaker, I say that because there is a lot of public money at stake in the operation of the ALPEP plan. Therefore, the monitoring of the success or failure of that plan is something which I would have thought, Mr. Speaker, the government would have given high priority to through the last 12 months. Therefore, I find it difficult to accept the reasoning of the minister in rejecting this motion for return.

What we are doing through the ALPEP plan, Mr. Speaker, is providing very generous incentives to the oil industry. It is not unreasonable under those circumstances, Mr. Speaker, that the people of Alberta should have a review as to whether those incentives are worth the cost in lost revenue to the public treasury. Obviously, the government's majority will defeat this motion for a return. I simply reiterate what I said when I began: it will be introduced again at the next session of the Legislature.

[Motion lost]

220. Mr. Notley proposed the following motion to the Assembly:

That an order of the Assembly do issue for a return showing:

- (1) A copy of a study by Bill Meneley and Earl Christiansan on groundwater flows in the Athabasca oil sands;
- (2) a copy of all environmental studies on the Athabasca oil sands by Arleigh Laycock of the University of Alberta.

MR. RUSSELL: Mr. Speaker, we'd ask that that stand.

MR. SPEAKER: Does the Assembly agree to the request by the hon. minister?

HON. MEMBERS: Agreed.

MR. SPEAKER: The motion will stand.

221. Mr. Clark proposed the following motion to the Assembly:

That an order of the Assembly do issue for a return showing:

A copy of the reports done by Foster Economic Consultants for the Government of Alberta or its agencies on the problems faced by small Alberta-based oil companies.

MR. DOWLING: Mr. Speaker, regarding Motion 221, we do not have a report by Foster Economics at this time; the motion is rather premature. However, when the document is placed in the hands of the minister responsible, I'm certain it will be used to make a decision regarding the matter under discussion. Until such time as the decision is made, the report, if and when it comes, will have to remain confidential.

MR. CLARK: Mr. Speaker, may I close the debate?

MR. SPEAKER: May the hon. Leader of the Opposition close the debate?

HON. MEMBERS: Agreed.

MR. CLARK: Mr. Speaker, in closing the debate on the report by Foster Economic Consultants, which apparently hasn't been reported to the government, I would refer the hon. Minister of Business Development and Tourism to questions earlier this session. Perhaps I should go back and check Hansard. I was just so sure the government would be tickled to death to make this report available, I don't have the Hansard with me. But if my memory serves me correctly, I believe the minister indicated that the report was in the hands of officials in the department and was being reviewed there. The minister shakes his head. I'm sure he will be pleased to straighten the record following my remarks, or on some other occasion.

I would just remind the House that despite the fact the minister is saying the report isn't finished, the Assembly's had great difficulty finding out about this report at all. In fact, at the spring session last year, we finally found out from the Minister of Energy and Natural Resources that a report had been commissioned by the government. Rather belatedly the Minister of Business Development and Tourism acknowledged that. Now we get the proposition put to us today that the report isn't finished. I wonder if the minister could indicate when the report will be finished? Why has the government taken the position that when the report is finished it will remain confidential -- when the minister doesn't even know what's in the report? What's the minister afraid of?

MR. SPEAKER: Does the Assembly accept Motion No. 221?

SOME HON. MEMBERS: Agreed.

MR. SPEAKER: The motion is lost.

MR. CLARK: How did you come to that ruling, sir?

MR. SPEAKER: I have to confess that I did it informally and the decision was somewhat instinctive. I'll put it formally.

[Motion lost]

222. Mr. Notley proposed the following motion to the Assembly:

That an order of the Assembly do issue for a return showing:

A list of the name and address of all companies who have or have had contracts with the Alberta Housing Corporation to complete work on any aspect of the subdivision and servicing of land in Fort McMurray since January 1, 1972, showing in each case the parcel of land involved, the goods and services rendered, and the

amount paid or projected to be paid for such goods and services.

MR. YURKO: Mr. Speaker, the department shall endeavor to provide the information requested to satisfy the hon. member's curiosity and appetite for data. However, it should be recognized that it may take a while to get the information together.

[Motion carried]

GOVERNMENT BILLS AND ORDERS
(Second Reading)

Bill 81
The Temporary
Anti-Inflation Measures Act

MR. HYNDMAN: Mr. Speaker, I move second reading of Bill No. 81, The Temporary Anti-Inflation Measures Act. Before outlining the principles of the bill at the second reading stage, I'd like very briefly to give some background which I hope will be useful to the Assembly.

Certainly inflation, as a problem, is not new to Alberta or Canada. It's been with us for many months, and particularly I think in 1975 the fear of inflation, the psychology of inflation, has been particularly difficult for Canada and for this province.

The 10 premiers of Canada, at both their 15th and 16th annual meetings, indicated concern about rising inflation. We all know of efforts made in May of 1975 by the former Minister of Finance, Mr. Turner, with regard to voluntary compliance. That procedure really got nowhere. This year, on September 17, the Provincial Treasurer set forth the initiative which the Government of Alberta was prepared to take with regard to the restraint or containment of inflation. At that time, we indicated that we agreed someone had to start somewhere. We said one area in which the provincial government can help to reduce inflationary pressures is its own spending. We proposed a decrease in the rate of growth of the Alberta provincial budget and the budgets of the agencies funded by the government and the Legislature.

We agree with those who say governments must provide leadership in assisting in the reduction of what must only be considered alarming rates of inflation over the past months. We believe that the provincial Government of Alberta could provide this leadership in part by controlling its own public expenditures, and we stated at that time we would ask municipalities, hospital boards, universities, colleges, and school boards to do the same.

Shortly thereafter, on October 13, 1975, it became apparent that the federal government felt that without restraining measures of some kind there would be very severe problems. The federal government

indicated that in its view there would be increasingly slow growth and increasingly high unemployment figures in Canada. I think there was a realization of the increasing danger of Canada's becoming uncompetitive in the crucial international trade market.

Mr. Speaker, to attempt to simplify what is admittedly a complex topic, I'd like to outline the federal program and our program as set forth in Bill No. 81.

The federal program is outlined in its essence in the white paper entitled Attack on Inflation. The federal program has these key characteristics: it sets wage and price guidelines in the private sector, and it sets wage and price guidelines in the federal public sector. By the federal bill, which I understand is now in the Senate, and by the federal regulations which we hope will be forthcoming before Christmas, the guidelines are legislated. The provincial governments, under the terms of the white paper, have been asked to enter into agreements to extend these guidelines to the provincial public sector. The provinces have also been asked to establish a system of rent regulation. We have indicated our commitment to that, which will be evidenced by a bill in the House very, very shortly. The provinces were also asked to give general support, as 10 Canadian provinces acting as a team, for a program that would control the rate of inflation in Canada.

Mr. Speaker, Bill No. 81 is not something which should be or can be considered purely in isolation as only a bill. It must be considered with and in light of certain other facts. It must be considered with the September 1975 guidelines of 11 per cent on this government's expenditure, which have already been stated, and which the government is now and will be following. Bill 81 must be considered in light of the rent regulation bill which will be coming before the Assembly shortly. Bill 81 must be considered in light of the fact that the federal government is covering the private sector in its procedures, and Bill 81 must be considered with the understanding that the federal guidelines apply to professional fees.

Bill 81 before the Assembly today, Mr. Speaker, has essentially four basic parts. First, there is PART 1, which gives the provincial government, through the Executive Council, the capacity to enter into an agreement or agreements with the federal government. That part of the bill comes into effect on assent.

PART 2 sets forth the situation if no agreement is possible between the Province of Alberta and the federal government. In that event, a provincial board can be energized, the Alberta temporary anti-inflation board, which would handle compensation in the public sector of Alberta. That part of the bill, as members know, would come into effect on proclamation.

The third part of the act deals with appeal mechanisms, routes of appeal available to persons in respect of whom decisions are made by the Alberta board.

The fourth part of the act sets forth a

specific termination date of March 31, 1977, underlining the fact that this bill, unlike most of the others passed in this House, is a temporary bill that will die on that day unless there is a previous resolution of the Assembly.

I think it is very important for the House to note, Mr. Speaker, that if the provincial board is activated under the PART 2 provisions, the federal guidelines in their essence would still apply. This means there can be some assurance of the national character of the program carrying on in substance, even if the provincial board is activated.

Mr. Speaker, there are certain subjects which this bill does not include. I think for greater clarification it would be important to underline those at this time. First, there is no reference in Bill 81 to the private sector, for the very simple and obvious reason that that is covered in the federal bill. Secondly, there is no reference to professional fees, because those are covered within the federal guidelines. Thirdly, Bill 81 excludes mention of any pricing in the Alberta public sector, for the very important reason that we already have the 11 per cent guidelines to which I've referred. They relate to budgeting, and the use of those guidelines is being carried forward right now and in statements made in the past weeks with regard to grants, payments made by the provincial government to hospitals, school boards, and municipalities. Pricing is also excluded for the reason that, in our view, fees and charges of the provincial government are within the ambit of the provincial budget. They are under the control of, and decisions are made by, the Treasury Board, by the cabinet, by the government, so there is no need to include those in the bill.

With regard to those entities which come under the Public Utilities Board, that board of course has been regulating for many years. It will continue to regulate and to take into consideration the guidelines with regard to anti-inflation.

In respect to the pricing aspects of activities of municipalities, cities, towns, counties, and school boards, there is no mention of that in Bill 81, for the very important reason that decisions with regard to prices charged by those entities are made by elected officials in those jurisdictions. We have confidence in those elected officials that they, being officials, reeves, mayors, aldermen, elected by the public in those areas, will certainly want to follow in substance the anti-inflationary guidelines. So in conclusion, in respect to what the bill does not include, Mr. Speaker, in our view it certainly would be superfluous to include public sector pricing. It is already covered in these other entities I've mentioned.

Mr. Speaker, I might repeat one item that is very important for everyone to remember: the bill does not cover the private sector, because that is covered by the federal bill.

What this means then, Mr. Speaker, is

that through policies of provincial fiscal restraint -- the 11 per cent policy already announced, through the rent regulation bill which is forthcoming very shortly, and through Bill 81 -- the Government of Alberta is making a major effort to curtail and contain inflation in this province and in Canada.

A word about powers of the board: in reading the bill, I'm sure members will see that many of the powers are very, very similar to those exercised by the federal board, but there is one important difference. In the federal bill, members will note that there is an administrator; there are very, very complex, very elaborate enforcement mechanisms, and some might say, very substantial powers of search and seizure vested in the federal administrator. We're not following that course of action. We think the elaborate enforcement mechanisms can be simplified, and members will see that is the case in Bill 81. We have deleted the very wide powers of search and seizure contained in the federal bill.

Mr. Speaker, to summarize at the second reading stage, I believe this bill shows an attitude of co-operation by the Province of Alberta in attempting to solve a national problem under specific conditions and with regard to certain safety valves which the province insists upon. Secondly, the bill is part of a package, in terms of anti-inflation measures, which also involves the rent regulation bill, the 11 per cent expenditure guidelines, and the federal coverage of pricing and compensation in the private sector. Lastly, the bill again is temporary in nature. It ends on March 31, 1977, unless it is renewed by a resolution of the Assembly.

I look forward, Mr. Speaker, to comments and suggestions by members of the Assembly during this second reading debate.

MR. CLARK: Mr. Speaker, I wonder if I might ask a question of the Minister of Federal and Intergovernmental Affairs. It relates to the one I asked in question period today. Is the minister in a position to give some indication as to what the province's situation is now, in light of Mr. Macdonald's statement yesterday that in fact an 18 month opting-in of the program would, I think, be acceptable to the federal government?

Mr. Speaker, I would ask the minister if he would respond to that question now, before we become involved in the debate on second reading.

MR. HYNDMAN: In response to the question, Mr. Speaker, I'm aware of the remarks made by the honorable federal minister. Certainly, as I think I mentioned on a previous occasion, the question of duration was one about which we were very concerned. The bill which is before the Assembly is [for] slightly less than 18 months, so the statement by the federal minister is certainly of interest to us, and in our view would assist in moving towards an agreement.

I might say that there are other matters which we would want to have covered

with regard to the finalization of any agreement, but I would see it as a positive move by the federal minister in making that statement.

MR. CLARK: Mr. Speaker, in rising in my place to take part in second reading of Bill 81, The Temporary Anti-Inflation Measures Act, might I say at the outset, just commenting on the minister's comments, I would hope that either in second reading or in committee, but preferably in the conclusion of the minister's remarks in second reading, he would spend some time in dealing with this question of "other matters". This is a rather unique piece of legislation we're looking at; unique from many aspects, but unique especially from the standpoint that Sections 1 and 2 will have implications for Alberta if we work out an agreement with the federal government. On the other hand, from Section 3 to the end of the act becomes very, very vital if in fact we're not able to work out an agreement.

I think it becomes rather important to members of the Assembly, wherever they may sit, that we recognize what the government considers to be the "other matters" to be worked out in addition to the 18 months. I would hope by the time the debate is finished on this bill we would have a pretty good idea whether an agreement will be able to be worked out with the federal government, or at least where the danger signs are going to be.

Hon. members should be aware that, in fact, there is tremendous latitude in this particular piece of legislation we're dealing with today. On one hand, if an agreement is worked out with the federal government, Sections 3 to 41 aren't as important because in fact, as I understand the arrangement, they won't be proclaimed. On the other hand, if we're not able to work out an agreement with the federal government, then 3 to 41 become vital. Members should look at those sections and the powers involved in them extremely carefully.

In his remarks, the minister indicated the powers aren't as wide as some of the federal powers. That's indeed good in some respects. But the powers in this bill and the power left to the Executive Council are very great indeed. So I would hope we do have a considerable enlargement on the term "other matters" at the conclusion of second reading of the bill.

May I say I'd like to divide my remarks basically into two areas. I'd rather start with what I'd refer to as the breathing space that the Alberta government has. In our case, in light of this legislation it's a breathing space of 18 months. In the second portion of my remarks I'd like to deal with priorities, perhaps a lack of clearly established priorities as far as Alberta is concerned.

I hope it's fair on my part to say the economy in Alberta is booming, to say the least. I'm sure it depends on where you sit and what you do, as to who receives credit for that. Despite our particular political points of view, naturally the

government can look with more than a certain amount of satisfaction upon the economic circumstances in the province at this time. We're in the enviable position of having the lowest rate of unemployment in Canada. That speaks well for all Albertans, regardless of where we may sit in this Assembly or of the opportunities available to us in the province.

Lest we think that Alberta is rather a Utopia in Canada, it would be good for members of the Assembly to familiarize themselves with some of the problems in other areas in Canada. We are extremely fortunate in this province, extremely fortunate when you look at the economic circumstances in some of our sister provinces in this country.

AN HON. MEMBER: B.C.

MR. CLARK: I would point out to hon. members that according to Mrs. Plumptre's committee, the Food Prices Review Board, if you look at the average personal income increase over the past 2.5 years in Canada, you'll find there's been something like a 53 per cent increase in the average income increase in Canada between January 1, 1973 and January 30, 1975. In the same period of time there has been a 7 per cent increase in our productivity as a nation. I go back and make the point again that we in Alberta are very, very fortunate; but when we're looking at 2.5 years of an increase of 7 per cent in productivity and the kind of increases in wages there have been across the country, unless we're able to bring these two factors together, get them heading in the right direction, we're in for more difficult times than many of us in Alberta imagine right now.

I say to my colleagues in the Assembly that we in this province are very fortunate. But the disastrous effects, if that's what's going to happen, are going to hit dear old central Canada first and much harder than they're going to hit Alberta. Politics being what it is, the effects in central Canada are going to dictate what the federal government does.

With that kind of reasoning in mind, when the federal government announced its program I think we were rather quick to say, in principle we support the program. As I've said before in this Assembly, there are several aspects of the program I'm not wildly enthusiastic about. Neither are my colleagues. But I think it is important, as members of the Assembly who are supposed to give leadership to Alberta, that we are a vital part of this attempt to try to break the back of this inflation psychology across Canada. We plan to support the legislation the government has before the House. We support rather strongly the portion that deals with the retention of provincial jurisdiction. We think that's a wise move on behalf of the government.

As far as the 18-month provision is concerned, I think that's a reasonable approach. It brings it back to the Legislature, so we have the opportunity to have the assessment here, which naturally satisfies us a great deal. On numerous occa-

sions, we've made a point of trying to have more of the action here in the Legislature. So naturally we're pleased with that particular aspect of the bill. We look forward to that kind of reassessment. I would hope that before the government makes the decision, we have that discussion right here in the Legislature, and that this could be a very worth-while discussion in perhaps less than 18 months.

I'd like to urge members to look at the bill itself and put themselves in the position of the average small businessman in Alberta who receives a copy of this bill. In fact, over the weekend we made numerous copies of this bill available to a number of people. I would be pleased to inform members that not all of them were associated with the particular party we're involved with. With only one exception the comment came back, what are we really dealing with? I think there's a feeling among many people in the business sector that this whole bill will apply to them. In this Assembly we recognize that isn't the case. But I would say to the government, I think we could strengthen this bill in some areas to make it much more plausible to Albertans. If it isn't a matter of strengthening this bill, then it is to become rather active in letting Albertans know exactly what this bill is all about.

Frankly, it was very surprising to me to get the response that we did from people in the business community who, in fact, see this section dealing with the public sector aiming right at them. As some would say, it may only be an argument about terminology. But I point out to hon. members that who this bill is going to apply to isn't going to hinge upon what the Minister of Federal and Intergovernmental Affairs has said here today.

If this portion of the bill is implemented, Sections (L) and (M) on page 3 leave the determination of who the bill is going to apply to in the hands of Executive Council. That's why it's so very important we recognize what these "other matters" are, so we get a feel whether an agreement will be set out.

Also, when we look at the bill I would urge the government to bring in an amendment that would spell out rather clearly in the bill that we are committed to the concept of protection of agricultural farm gate prices, and to put this right in that portion of the bill that's going to be proclaimed.

I'd also urge the government to place its commitment as to energy prices right in that portion of the bill that's going to be proclaimed -- so it isn't a matter of someone who wants to know what the situation in Alberta is, [having] to pull together a variety of statements made by the federal government, the minister here, the Premier, and others -- but that we have those commitments on agricultural farm gate prices and energy prices right here in the bill, and, as I say, in that portion of the bill that is going to be proclaimed immediately.

If we were in a situation of a strong likelihood of Sections 3 to 41 being pro-

claimed, I think it would be reasonable to ask the government who they have in mind as far as chairman of the board is concerned. Perhaps I won't go any further than that. I frankly hope, and I think it's the government's hope -- I hope it's the government's hope -- that the last portion of this legislation may not have to be proclaimed. But I would frankly be interested in knowing if the government has given some thought in that particular area as to the chairmanship.

One other portion of the bill I think members should look at carefully is an area I've mentioned earlier. That's the question of excessive regulations. I recognize that may be the case because the federal regulations aren't out yet. Once again, we see a drift here toward a great many more regulations, and in fact, cabinet having the power to overrule the board itself.

Mr. Speaker, I'd now like to move on to the second portion of my remarks. This is the question of the kind of provincial leadership we've had in Alberta as far as this program is concerned.

Today the Government House Leader indicated that it was in the middle of September that the Provincial Treasurer indicated the 11 per cent spending guidelines for Alberta, and I think we welcomed those. I suppose while we're both building up political brownie points, I might say it was my colleague, the Member for Clover Bar -- for Clover Bar, I want to emphasize that -- when he led off the budget debate on June 2 last year, who made it very clear to Albertans and to the government that, first, inflation was a problem, and secondly, if we were going to come to grips with the problem within Alberta, the government had to give leadership in this particular area.

I have indicated in the House earlier my feelings with regard to the Premier's belt-tightening speech in Vancouver and then the trip to Europe. I make the point once again that I think the timing was awful, regardless of the results. I think the timing was even worse to have said to municipalities, hospitals, school boards, and universities that we're going to live with the 11 per cent spending guideline, and then we go out and buy a \$1 million airplane to fight forest fires. Once in a while, when I look at the extras on that plane, I'm not so sure it's going to fight forest fires. It may be political fires. But I say the \$1 million expenditure isn't important from the standpoint of what's going to happen to the provincial budget. It's important from the standpoint of the public psychology.

I would remind hon. members that Alberta Government Telephones has received internal approval from the Board of Public Utilities commissioners for a 20 per cent rate increase. AGT is quick to say it hasn't had a rate increase for years. It can be justified from some standpoints, but I say to the members of the Assembly once again that as soon as the government increases the AGT rates, in fact it chips away at the voluntary support for the provincial and federal program. It chips

away at the confidence the public has in that kind of program.

We look at Bill 68 -- I don't argue with the desire that some professions have the same tax advantages as other professions, but I'd have to say this is the world's worst time to be moving on this kind of legislation, when we're talking about tightening our belts as a province, asking Canadians to be involved in a public live-within-your-means approach, and then we make rather sizable tax advantages available to some professions. I commented yesterday on the MLA pension plan. I won't repeat that other than to say that I still don't think that was the appropriate thing to do at this time.

I think it's likely fair to say that I look at the support the province has given the federal program to date as what you'd call, perhaps, grudging acceptance. We've had something like 50 to 55 days since the Prime Minister made his announcement, and we really have seen little from the provincial government that indicates they really feel we, as Albertans, should be serious about the program. We're being asked to look at this legislation today, and the Government House Leader has said we should look at it in context of the rent control legislation, which we haven't seen yet. But we understand it's coming. I would hope it will be introduced today, or certainly tomorrow.

So, in concluding my remarks in this area, I'd have to say in 55 days we haven't seen this government give leadership to Albertans to really be part of the federal program. I caution members once again that we are extremely fortunate in Alberta, lest we think that the rest of Canada is as fortunate as we are. Because if the situation is going to get worse, it will hit central Canada first. We've already had the comments by the Prime Minister that if this program doesn't work, there will be a great deal more government intrusion into all our lives. None of us wants that. That's why I think it's so important that this Assembly not only give approval to Bill 81, but be seen to be enthusiastically involved in trying to break the back of inflation.

We have a number of areas where we don't agree with the Feds, so be it. But in the long term it will be in the interests of all of us, Alberta and Canada, that we be able to come to grips with the problem of the psychology of inflation -- to come to grips with that problem as a result of this program, and not have to have the federal government become involved in a much more centralized program down the road.

Now I'd like to look at this question of priorities for a moment. I suppose if I were to look at this session in retrospect, one of the expectations I had rather hoped to see realized during this session was a statement either by the Provincial Treasurer or by the Premier or someone, to set out clearly what we can expect to be the provincial spending priorities for the next 18 months. We've had several examples in the Assembly during this session when I

think we could have had a clear indication of what the government's priorities are.

It isn't realistic to expect various cabinet ministers to come along themselves and say, well, we only want 7 per cent, or 11 per cent, or 6 per cent, or 4 per cent, or 15 per cent in our own department. There is a need for either the Treasurer or the Premier to say very frankly to the Legislature and to Albertans, during the next 18 months these are going to be our priorities as a government. We haven't heard that yet. I hope we'll hear that in the course of this debate. We may argue about the priorities, and that's the way it should be, but it is essential that we know what the government's priorities are, from a spending standpoint, for the next 18.

If we were to set forward what we think our priorities are, it seems to me they'd be very simple. They'd be based on the idea of doing what we can to make it possible for Albertans to have equal opportunity, and they'd be very basic in the areas of shelter, health, and education. Those would really be our priorities for the next 18 months. I recognize they are very simple, but at a time like this it is important that this Legislature and Albertans recognize what the government's spending priorities are going to be for the next 18 months.

When we talk about no priorities having really been set forward yet, I think two or three examples -- and I hope they're not unfair -- of a lack of priorities by the government [include] the hon. Minister of Energy and Natural Resources being on-again off-again in favor of a covered stadium in Edmonton. You know, it's pretty hard to convince Edmontonians and Albertans that we're really concerned about Bill 81 when we've got one of the most senior, and I'm quick to add one of the most respected, cabinet ministers saying, there's a lot to be said for a covered stadium in Edmonton. We all know that if Edmonton gets a covered stadium it won't be two days before Calgary is here, asking for the same kind of treatment.

AN HON. MEMBER: How about Lethbridge?

AN HON. MEMBER: And Olds.

MR. CLARK: No, Olds won't be here. We have enough trouble living with our own problems now.

We had the situation of the Member for Lacombe the other day asking the Minister of Utilities and Telephones about AGT advertising, which is a pretty reasonable question at a time when AGT is asking for a 20 per cent rate increase. We got a rather wishy-washy, albeit short, answer from the minister saying that it would be a good thing to look at as far as next year is concerned. But this is now. It seems to me that the AGT situation -- and one could pick out several others -- would have been an area where the government itself could have bit the bullet within its own operations.

Then, just yesterday, the Minister of Consumer and Corporate Affairs was asked if

he was going to be monitoring the price of Christmas trees. He was going to check and see if that's happening, and so on. It seems to me that's just an indication of no priorities there either. Far better we know what in the world's happening in the rent business and in prices, and that we come out and say very frankly, look, our priorities in the department are this and this.

So I ask the question once again, and hopefully we can get to it in the course of this debate: what are our spending priorities in the next 18 months? I'd like to think I'm prepared to be convinced that the government does have some clearly laid out priorities. Perhaps we're just waiting for the opportunity to set them before the Assembly. This afternoon would be just an excellent opportunity to do that.

I would like to make perhaps two other comments. One would be to the Minister of Federal and Intergovernmental Affairs. In the course of the negotiations you are going to hold in the future with the federal government, I would urge Alberta, in addition to some other areas, but three areas that we've already mentioned -- one was the question of some sort of sitting on interest rates. I would draw the attention of the government to the, I think, rather fine comments made not long ago by the former president of the Chartered Accountants' Association of British Columbia when he cited the sizable influence that interest rates have on the rather inflationary psychology of our time.

Secondly, I make the point once again on credit buying. If we're really serious, here's another of the areas the federal government can do something about, if it really wants to. I've spent considerable time here this afternoon belaboring the provincial government for not having priorities. The same thing could be said, only more strongly, of the federal government. It has clearly not set out any spending priorities as far as the next three years are concerned -- well, next year, let alone three years. So I say to the Minister of Federal and Intergovernmental Affairs, in the course of your meetings down there, I would hope you'd lay it on the line to the federal government and say to them -- for lack of a better way of saying it in the House -- what the heck are your own priorities for the next three years, spendingwise? And how do they square with the priorities of shelter, health, and education?

Then I would also hope the minister would say to the federal government, it's essential it enforce most vigorously the existing anti-combines legislation. I think many of us have been concerned as to how vigilant that group has been at the best of times. But certainly during the next three years it's just all that much more important that the anti-combines legislation be, in fact, used. Because it's vital that those people who are the wage earners in Alberta and Canada recognize they're not the only ones who are having the lid put on them.

Perhaps I might just spend a moment on

this question of rent control. We haven't seen the legislation yet, but in principle my colleagues and I can live with rent control for a short period of time. If the people who are going to be living in those rented accommodations are going to have their own wages frozen, then, in fact, they have to have some protection when it comes to the price they're going to pay for shelter. I emphasize I'm not wildly enthusiastic, by any stretch of the imagination, about rent controls. You can get about as many assessments from B.C. as you want, as to the pros and cons of the program which has gone on there. I think both sides of the fence have been rather flagrant in the violation of trying to see what the heck has really happened in British Columbia.

But we can live with reasonable rent controls if, in fact, that's what they're going to be for a period of time. But, at the same time, I say to the Minister of Federal and Intergovernmental Affairs that it will be a very appropriate time to go back to the federal government and say, when we changed the income tax legislation we made a very, very basic mistake. Frankly, in my judgment, for what it's worth, one of the reasons we're having the problem of city folks buying up large chunks of agricultural land today and of the price going up for young farmers, is that professional people see it as much better to invest in agricultural land than, in fact, to invest in residential accommodations in the cities. The Alberta government could make a real contribution, if it could help the federal government to see the light in this particular area.

I'd like to ask the Minister of Federal and Intergovernmental Affairs if, in the course of concluding the debate, he'd be in a position to outline to the Assembly what kinds of consideration the Alberta government will give in 18 months to making the decision [on] whether we extend the legislation. Is the government in a position to say now -- in general terms, I appreciate -- what the conditions will be, or must be? What are you looking at for 18 months, as to whether we continue the program?

In conclusion, I think there are perhaps four or five points to be made. We may not like many points of the federal program, but we have to work to improve the federal program, because the stakes are high for Albertans. The stakes are high for Canada. As far as the province is concerned, I think we've had 55 days since the federal government made its announcement, and there's been precious little provincial leadership during that period of time as to setting up provincial priorities over the next 18 months. Thirdly, I would hope the province, in its negotiations with the federal government, would come down hard on interest rates, a ceiling on credit buying, and, certainly, enforcement of anti-combines legislation.

I'll just make this one last point to the members of the Assembly here this afternoon, in concluding my remarks. I think Alberta, in its unique situation of being the energy province for Canada, can give leadership to Canada as far as the

federal government's anti-inflation program is concerned. Alberta's economy is good today. But we're not an island unto ourselves. We can't avoid, as a province or as individuals, carrying our part of the responsibility hopefully to make this federal program work. If it works in the long run, Alberta will benefit more than any other province. If the whole program fails in the long run, we in this province perhaps have more to lose than any other Canadians.

MR. R. SPEAKER: Mr. Speaker, in making comments with regard to The Temporary Anti-Inflation Measures Act, I'd like to direct my comments to the matter of inflation and the suggested remedy, wage and price controls. Throughout Alberta and our nation of Canada are some conditions -- I'd say some very serious conditions -- which demand an immediate and, certainly, a positive response. Inflation at better than 10 per cent per annum has precipitated the talk of different things: wage and price controls, consideration of rent controls, and an increased discussion with regard to greater involvement in the presence of social, political, and economic life in our land of Canada.

[Dr. McCrimmon in the Chair]

Inflation and the proposed remedy are really a nation-divider -- at worst a nation-destroyer. Inflation is no mystery or stranger to history, though throughout this land there is seemingly a great mystery about the circumstances which have led to inflation. It is argued by some that ours is a cost-push inflation. Increasing the cost of the factors of production is the guilty agent which encourages the general price level to increase. Others have argued that it is a demand-pull, and others argue that inflation is internationally imported.

Mr. Speaker, though there may be some truth to each one of these aforementioned points, I submit that our leaders must recognize that the primary and dominant cause of inflation is that governments are constantly promising programs and initiatives which exceed the tax revenue potentialities of their administrations. Then ultimately what occurs from each level is that the federal administration will steadily and without justification increase the supply of money in our land. We can look at the experience in Canada over the last few years. We can recognize a steady increase in the money supply. For example, in 1970, there was a 10.97 per cent increase; 1971, 14.9 per cent increase; 1972, 15.8 per cent increase; and in 1973, an 18.3 per cent increase. We can see this if we review the Bank of Canada statistical information summaries.

Mr. Speaker, I repeat to this Assembly that inflation and wage and price controls are certainly not new. History is rife with country after country which have gone through this cycle of inflation. And certainly, in the ultimate goal, was the implementation of wage and price controls. I would suggest, Mr. Speaker, inflation and wage and price controls are not new to

history, because this reckless and foolish behaviour of increasing the money supply in unwarranted amounts is certainly not new in itself.

The governments of the western world speak so much now of cutting back, lessening the damaging effects of inflation. They all speak of an attitude which is one of pitiful resignation to the alleged fact that inflation is here to stay. So they say, let's lessen its ultimately devastating effects.

Mr. Speaker, this brings my remarks to a more detailed consideration of the specific program of wage and price controls. Wage and price control is clearly a predictable and inevitable action which always follows in the wake of a totally irresponsible monetary and spending policy of governments.

The question is: will wage and price controls work at this point in Alberta and in Canada? By work do we mean that they will end inflation, as do some who believe inflation is only the result of labor attempting to gouge the market for more and more wages? By work do we mean that they will end inflation, as do some who believe inflation is only the result of businessmen charging prices for their products that will result in inordinate amounts of profit? By work do we mean that they will end inflation, as do some who argue inflation is imported from goods derived in international markets? Will they work? That is to say, if and when the cause of inflation is still operating when wage and price controls are inactive, what can we expect under those circumstances? In Alberta we are taking that step at this particular time.

Mr. Speaker, I have argued that there are strong reasons to believe that the cause of inflation is the government's printing of too much money. Distinguished financial analysts, professional economists, investment consultants, economic columnists, are fully supportive of the position I have put forth. Even such notable experts in this field as the central bank's governor, Gerald Bouey, and the vice-chairman of the anti-inflation board, Beryl Plumtre, have repeatedly affirmed this view. Vice-chairman Plumtre stated that "governments have been causing extraordinary increases in the supply of money to finance its own deficits." This has "been playing a pre-eminent role in fueling the pace of inflation." Bank governor Bouey stated that "by permitting excessive monetary expansion this inevitably leads in due course to higher rates of inflation." Mr. Speaker, if this is the case -- and I certainly believe it is -- then wage and price controls are not the answer, because they do not get at the basic cause of inflation either at this point in time or historically. They are of cosmetic value, and only cosmetic value.

For example, Mr. Speaker, what would we think of a doctor who, when confronted by a sick child with red spots covering his face, gave the following prescription to that particular child: apply this face cream twice a day to cover up the red

spots. Does the face cream really do any good? Does it help solve the child's illness, or counteract the causes of the child's illness? Certainly people who see the child with the face cream applied may not be able to tell the child is ill. The cream makes the child's face look better. That is all, Mr. Speaker. The child certainly will not feel any better with the face cream on his face. In fact, the face cream may do some harm by covering up the symptoms of the disease, or the face cream may cause the parents to delay taking effective action to counteract the causes of the disease.

Mr. Speaker, how much confidence would we have in governments of this land if they had the same competence as that particular doctor? How much confidence would we have in government's management of the economy if this doctor became the Minister of Finance? Wage and price controls, Mr. Speaker, cure inflation in the same fashion as the face cream cures the measles. My main point, Mr. Speaker, is that a wage and price control program attacks the symptoms of inflation, but it does absolutely nothing about the basic cause of inflation.

I have identified what I believe is the primary cause of inflation in Canada in my view of the effectiveness of the wage and price control program. I could go on and enumerate what the results have been historically of the imposition of wage and price control programs. We could discuss how wage and price controls inevitably cause supply dislocations in the economy, black markets for some important goods, restrictions on new investment capital, and the range of measures available to workers and businessmen alike to circumvent and defeat the intent of that particular program. This would be valuable discussion, but my intent is not to take time to dwell on those particular negatives. The shortcomings and the ultimate failure of such a wage and price control program could be determined by those things. Mr. Speaker, my objectives are to move to a positive response, and to what I feel are specific policies that should be considered to alleviate this terrible and inequitable burden from the backs of all Albertans and certainly Canadians.

Mr. Speaker, in my judgment Albertans and most Canadians are calling at this time for responsible action in monetary policy and in spending policy. They are calling for men and women in government to be willing to say no to most interest groups, lobbying groups, and other groups that motivate reckless spending from the public purse. These spenders, I feel at this time, would rather see our country spent into fiscal chaos and into a galloping monetary inflation. It is at this time we, as legislators, must take a stand.

I stand here and state we need some positive responses in this critical stage in the development of our province, Alberta, and in our nation. I urge the Alberta Government to do the following as some positive responses and as responsible actions at this moment of a potential economic crisis. First, immediately insti-

tute a program of fiscal and budgetary responsibility. I viewed with favor, in September of 1975, the announcement by this government to cut down on expenditures. But Albertans, Mr. Speaker, certainly expect more. Not more money, giveaways, grants, programs, bureaucrats, bureaucracies, and the like. Albertans expect more budgetary responsibility. Albertans are not demanding more programs, more money. Albertans, Mr. Speaker, are beginning to sense that a continuation down the present road of spending like drunken sailors at all levels of government, federal, provincial, and municipal, can only lead to a future many comprehend, but I must say very few desire, at this point in our history.

Secondly, Mr. Speaker, the provincial government must act to make clear and definite statements to the federal government of this country to make the difficult decisions which are absolutely necessary and are long, long overdue with regard to monetary and fiscal policy. Mr. Speaker, let us have this government take the lead in making these presentations to the Canadian federal government. Let us lead, not as foolish and simple men of empty words and a shopping bag full of promises of one new government program after another, but as aware and concerned Canadians and Albertans who recognize what will surely come to pass in this nation unless a positive response and responsible actions are taken now. Mr. Speaker, Albertans do not want pap and promises from the members of the Legislature. Albertans want an Alberta and a confederation that will make the decisions, take some risks -- political risks -- and say what needs to be said to ensure a free and economically stable future for ourselves and our children.

Mr. Speaker, my third point: I am convinced that most Albertans, at this point in our history, are believers in the market system of economic organization. I believe throughout our province Albertans recognize that the era of free and willing exchange extends roughly over the past 175 years. In no other period of our history have so many people raised themselves from poverty. The question we've got to ask is, who can really argue with that kind of success?

Mr. Speaker, those who would argue for greater government involvement and participation in the market place have proclaimed themselves the champions of the poor. They have fastened onto the poverty banner and placed themselves in the vanguard of the downtrodden. They have gained a considerable following because one, many people who wish to believe in these easy promises made by those who argue for ever-increasing government spending find it easy to follow, and two, the exponents of freedom of a market system of the allocation of goods in our society have failed to make their own case. Mr. Speaker, my concern lies in that particular situation.

In Alberta and Canada today, there are many who would concur in the popular view that the free market practices generally favor those of affluence and generally neglect the interest of the poor. This

notion, held by many affluent as well as the poor, to my mind is superficial and certainly false. When the exponents of the free market recognize and correct this erroneous concept, they will have found the key to explain how the market private property system serves the interest of all, especially the poor. Mr. Speaker, not until that is done can the poor be expected to look to a free market for their material well-being.

Mr. Speaker, the reason the free market, private property, limited government philosophy is sometimes regarded as an apology for the affluent rather than rightfully a boon for all, especially the poor, is that the practice and spoils of this philosophy have made such affluence possible. Mr. Speaker, I have cited some of the accomplishments of the free market, private property, limited government philosophy. However, we must agree that its genesis is succinctly and clearly liberty and the defined proper role of government.

I'd like to come to my third point. I believe my third point is a positive response and a responsible action. It is to stress the importance of this Legislature speaking boldly and forthrightly for the free market system of economic organization, and to enjoin us once again of the importance each member of the Legislature to understand that the poor's needs are not ultimately met by one government program after another. They are met by a dominant market system of economic organization, in which governments recognize their role of monetary, fiscal and budgetary responsibility.

Mr. Speaker, I would conclude on this point: inflation is tearing and will continue to tear this country apart. This is totally irrespective of the cosmetic cures such as wage and price controls that we are talking about today.

Mr. Speaker, in responding to the second reading of the government's anti-inflation measures, I have advocated three specific points which I feel are positive responses, and certainly responsible action. Mr. Speaker, I believe Albertans expect their provincial government to make the case to the federal government to pursue responsible monetary policies that end this monetization of the debt, and stop the monetary inflation in our country today.

Albertans expect their provincial government to get more serious about fiscal and budgetary restraint in government spending. Holding government spending to the 11 per cent guideline doesn't solve the problem. We can recognize that at that rate, in just seven short years the budget in this province will double. I don't think Albertans want that to happen. Mr. Speaker, they expect restraint. That means saying no to wasteful bureaucrats and people who want to continue to enlarge our government in Alberta.

Mr. Speaker, Albertans want and expect their provincial government again to evaluate the overwhelming and convincing evidence that it is a free market with less government programs, regulations, and laws

that will get our province and our nation back on the road to increasing prosperity for all. In this critical stage of confederation, we must not be so naive as to believe that imposing wage and price controls, without attending to the real cause, will meet the needs of this crisis that faces us in Canada today.

Let us recognize the real problem. It is not cloaked in mystery. It is not covered by an enigma. It is clear, understandable, and certainly worthy of an immediate response from us in this Legislature, and certainly from other leaders in Canada today.

MP. NOTLEY: Mr. Speaker, I welcome the opportunity to take part in the discussion of Bill 81.

Mr. Speaker, there is really little doubt that Canadians, whether they live in Alberta, Newfoundland, B.C., the Yukon, or wherever it may be, desperately want government to undertake some kind of action to deal with the ever-increasing problem of inflation. We saw evidence of very substantial support for that kind of action last night on the national CBC Newsmagazine.

But, Mr. Speaker, I would caution members of this Legislature not to confuse desire for action on the part of Canadians with any real support for the proposals of the federal government as the details unfold. Mr. Speaker, our responsibility as members of the Legislature is first of all to analyse the federal proposals to see whether they are reasonable, and then to consider their application to the Province of Alberta.

Mr. Speaker, I would suggest there are some very real problems with the so-called "Trudeau package". What we have in fact -- and I'm going to go into this in a somewhat more detailed way in a moment -- is a system of real wage controls on one hand, but rather hypothetical price controls on the other.

Mr. Speaker, we also see evidence -- and I want to go into that a little bit further -- of continued use of tight money as a method of combatting inflation. I can only say to the members of this Assembly that these two major defects in the "Trudeau package" are going to make it extremely difficult for either federal or provincial politicians to sell it to the people of Canada over the long term.

Wage earners in this country are prepared to accept wage restraint, providing they have a reasonable assurance that prices are going to be kept in check. But if they see double standards applied, if they see price controls which are, in fact, unworkable, then, Mr. Speaker, we will very quickly find the initial response, which is positive to federal action at this stage, will change. People will become embittered, and rather than being a solution to the problem, the plan will just increase the divisions and engender bitterness within our society.

Mr. Speaker, that's why it's important we evaluate the assumptions on which the plan is based and consider carefully what

we are getting into. Most of the proponents of the present wage and price control scheme -- when one sets aside the window-dressing of their remarks -- really suggest that the principal reason for inflation is the expectations, the so-called inflationary psychology, caused in the main by excessive wage demands.

Well, Mr. Speaker, in listening to the hon. Premier when the Legislature opened on the 12th and in reading his comments, I noticed this appeared to be, at least in part, his view as well. I quote from Hansard, November 12, 1975:

We are also aware in this province that in 1975 there were [very] significant wage settlements by way of increases. . . . They wouldn't be justified, in our view, in 1976 in terms of catch-up, except in very exceptional circumstances

On page 1022 of Hansard, the Premier referred to the current phase of inflation as being caused on a "wage cost-push basis".

Mr. Speaker, in taking part in the debate, the hon. Premier supplied statistics for July '74 to July 1975 which showed an increase in the industrial composite index of 13.4 per cent compared to a price index increase of only 11 per cent. I suppose, Mr. Speaker, if one stopped at the analysis of the statistics using just one year, one could easily reach the conclusion that wages in fact are a real problem and the major cause of inflation. But, Mr. Speaker, if we look over the last three years, we find that the industrial composite index has gone up 36.4 per cent, the consumer price index up by 33 per cent. That means, Mr. Speaker, that the real increase in wages and salaries during those three-year periods, when one considers the increase in the cost of living, is only 1 per cent annually.

Now, Mr. Speaker, in a province as wealthy as Alberta, with the tremendous potential of this province, it seems to me not unreasonable to say that an increase, in real terms, of 1 per cent annually for the wage and salary earners of this province is, as I say, not an unreasonable proposition.

Mr. Speaker, when one looks at the aggregate of the Province of Alberta, we see that some very interesting things have occurred in the last four years. Between 1971 and 1974, profits and investment income, as a percentage of Alberta's gross provincial product, have risen from 15.6 per cent to 23.8 per cent, or an increase of 8.2 per cent. On the other hand, the total aggregate amount of wages and salaries and supplementary labor income has declined from 51.2 per cent to 46.4 per cent, or a 4.8 per cent decline.

Mr. Speaker, I suggest to those people who argue that wages are the reason for our present difficulties, the evidence is that, while wages may be a part of the present inflationary psychology and the difficulties we face as a province, to jump to the conclusion that they are the major reason,

or even a main reason, is not backed up by the evidence at hand.

Mr. Speaker, I want to take a look for a moment at this question of government spending. As the Minister of Federal and Intergovernmental Affairs said, when he introduced debate of this issue, in early fall the government announced a ceiling of 11 per cent for increases in government expenditures. Mr. Speaker, there's no doubt that government expenditures, the same as any other expenditures, contribute to inflation. But let us not be so naive [as] to assume that government expenditures contribute to inflation, while private expenditures do not.

The fact of the matter is that an overheated economy can be overheated because of excessive government expenditures, excessive investment decisions, or a combination of both. As a matter of fact, one of the warnings that was issued in the memorandum prepared for the government on oil sands development was that too rapid development of the oil sands would contribute to an overheated economy, which would create a spiral of inflation that would be impossible to control, regardless of what the government did.

As a matter of fact, Mr. Speaker, as I look at the figures for the Province of Alberta, I see that between 1974 and 1975, in the period of one year, there was a very substantial increase in the amount that Albertans have to pay for fossil fuels in this province: \$527 million in 1974, an estimated \$812 million in 1975; a very substantial increase.

Now, Mr. Speaker, the point I want to make is simply this: if we are going to deal with spending, we have to analyse our position, not just from the perspective of government spending but also from the viewpoint of investment decisions and spending in the private sector as well.

Let me just illustrate what I mean by that. I don't really believe, for example, that assistance to the cow-calf operators, where you have a very depressed industry with low prices, is going to contribute to inflation. On the other hand, the Leader of the Opposition cited the example of covering the stadium, hardly a major issue in itself, but extra investment in an area of the economy, the already booming construction industry, which is going to push up the cost and contribute, Mr. Speaker, to additional inflation.

So when we look at spending, let's not just analyse government spending, but accept the responsibility of an overall income program which in fact acknowledges the need for at least some kind of control over investment decisions. In the Province of Newfoundland, I hardly think the major problem is inflation, with 19 or 20 per cent presently unemployed. Their major problem is lack of investment, and depression or recession.

So what we need in this country is a program which not only looks at government spending, but accepts the overall need to make sure there is a sufficient supply of capital, so we can provide full employment for Canadians in some areas, and perhaps

phasing, slowing down, or pacing the development in areas that are overheated. That's going to require federal-provincial co-operation, Mr. Speaker, but if we are going to lick this problem and have an economy which is not totally in balance, but at least within semblance of being balanced, that kind of co-operation has to be undertaken.

Now, Mr. Speaker, I want to deal with the question of tight money. I always laugh when I hear bank presidents tell us about the need to cut back on certain expenditures, why it is that governments should balance their budgets, and of course why it is that interest rates should go up. As a matter of fact, if I look at the prime lending interest rates, Mr. Speaker, in January 1972, the banks' prime lending rates in this province -- Canadian Imperial Bank of Commerce, January 1972 was 6 per cent. By January 1974, that had risen to 9.5 per cent. It rose even higher, fell slightly -- 9 per cent in July 1975 -- now it's 9.75 per cent.

Mr. Speaker, the impact of these substantially higher interest rates is the inevitable contribution to inflation. But, as well, it contributes rather substantially to the banks. As a matter of fact, in this time of inflation, the banks are making a killing. The December 2, 1975, Globe and Mail reported that for the 3 months ending October 31, 1975, the after-tax profits of the 10 chartered banks were up 87.5 per cent. So, Mr. Speaker, while the bankers of this country are saying to working people, to low-income Canadians, and to the rest of us for that matter, tighten your belt, the monetary policy followed by the federal government has been contributing to massive increases in the profits of the chartered banks.

Mr. Speaker, it might be a legitimate argument at a time when you had totally free competition, 50 or 75 years ago, that increasing the interest rate would dampen demand and effectively combat inflation. But, unfortunately, with so many of the prices in our economy today being administered prices, when the company or firm has to pay 9.75 per cent to borrow money, instead of 6 per cent, that increase is simply passed on to the ultimate consumer.

If we're going to mean business about dealing with inflation, we have to mean business about controlling interest rates. The decision of the Parliament of Canada in 1966 to take off the ceiling from interest rates was, in my view, a terrible mistake, and since that time we haven't had interest rates in balance. I would hope, when the Bank Act is reviewed, that once again the federal parliament will continue the policy which existed for years in this country, of an effective ceiling on the interest rates which can be charged by the chartered banks.

Mr. Speaker, I want to go into the question of the price control features of the federal plan. I'm going to do that because today, in introducing the bill, the minister made it quite clear that the provincial legislation is not going to cover prices. Why is it not going to cover

prices? Because the assumption is that this is already adequately covered by the federal legislation. Well, Mr. Speaker, I would say first of all, as far as most of the private sector is concerned, that really isn't totally accurate because the federal program applies to companies of 500 employees or more. So there is a large amount of the private sector which is not covered by the federal plan and, as a consequence of this legislation, is not covered by any provincial scheme either.

Mr. Speaker, the method that the federal government has outlined in its white paper to control prices is, to put it mildly, cumbersome. If you are going to compute the per unit profits after the fact, after a price increase -- if you consider all the prices in this country -- you know, from one end of it to the other there are just thousands and thousands of prices, and the combinations and permutations of these prices -- and we have that pathetic little group of 40 people in Ottawa entrusted with supervising the investigation of the per unit profits of the companies in this country. To suggest somehow that we're going to have effective price control is, in my judgment, wildly optimistic, to put it mildly.

Mr. Speaker, I have to stand in my place at this time and say that even the personnel of the federal board trouble me. When Mme. Plumptre and Mr. Pepin held their first news conference several days after they were appointed -- the Prime Minister in making the announcement specifically stated there would be no controls over the farm gate price of agricultural products. Well, with that in mind, one would have expected Mme. Plumptre and Mr. Pepin to concentrate their fire on other than agricultural matters. Did they go after the banks? Did they look at the profits of the oil industry? Did they look at the profits of many of the companies in this country which are doing well? Did they look at some of the unreasonable wage settlements? And I'm willing to recognize that there have been wage settlements in this country that are unreasonable. No, they didn't. They zeroed in, Mr. Speaker, on farm marketing boards. Mrs. Plumptre has had a . . .

MR. COOKSON: On a point of order, Mr. Speaker. I have a little trouble relating that to this particular bill. There may be some relationship, but I have trouble identifying it.

MR. NOTLEY: Mr. Speaker, the hon. Member for Lacombe would have trouble identifying in any event. But the fact of the matter is that we are dealing with a provincial bill, and the price control features of that provincial bill are, in all likelihood, going to be left up to the federal board. As a consequence, discussion of whether or not the federal board is effective, the guidelines operative, is very vital to this debate.

Now proceeding, Mr. Speaker, with the debate: it seems to me rather strange that when we have the first news conference with

the two people in question, they attack the whole concept of orderly marketing. I notice Mrs. Plumptre has gained a victory. As a result of her efforts, the price of eggs to producers, I understand, is going to be dropped by 1 cent a dozen, totally in contradiction to the Prime Minister's announced objective that farm gate prices would not be covered by this legislation.

So, Mr. Speaker, I really don't have confidence in a federal anti-inflation board which, when it has its first opportunity to talk to the people of Canada, zeros in on controlling farm gate prices.

Mr. Speaker, during the question period we've already discussed some of the loopholes that exist in the federal plan. When the rather complicated device is followed through the per unit costs, there are certain ways in which companies can evade their responsibility to roll back prices. If there's been an increase in productivity, fine. But there's another one: an unanticipated cost reduction. Now what does that mean, Mr. Speaker? It means that if they are able to buy their products for less, then that unanticipated cost reduction will not necessarily be followed through to the ultimate consumer.

Today in the question period we had, as usual, a discussion of the whole business of beef marketing. Let me just follow this one through. God forbid that this would happen, but if the price of cattle were to go down even further -- choice steers drop 10 cents a pound -- a large concern, such as Safeway, buying its meat from a packing company would not have to reduce the price in the store, because they could claim an unanticipated cost reduction, if as a result of the market situation the price to the farmer dropped. Now, that sort of thing could very well happen under the present guidelines. So, Mr. Speaker, I say to you that we have to analyse carefully what the federal government is doing in this regard.

Mr. Speaker, I could talk for some time about the whole issue of cutting back on provincial spending and the impact that's going to have on low-income people in this province. When I had an opportunity to speak in the debate in reply to the Premier's address, I emphasized the problems we had last time the federal government embarked upon a war against inflation. That was a year after the Economic Council report on poverty. As a result, many useful programs were dropped and abandoned. Now we see at this stage useful programs which should be proceeding, obviously the victim of the new crusade against inflation.

It was clear beyond any shadow of doubt that the federal government planned to introduce a cow-calf stabilization scheme until the Prime Minister's announcement in October. No question about that. It is equally obvious today, Mr. Speaker, that they have decided not to proceed with that scheme as a result of the October announcement.

So often the argument is made that we have to bring in wage and price controls to protect the poor. But you know the poor

are unorganized. They're not able to take advantage of whatever loopholes may exist in programs. They usually aren't protected by unions to negotiate for them. Their only protection is to have an economy where wage rates elsewhere are rising, so they can go across the street and get another job that is paying more. So the problem with wage controls is that over the long run you inevitably reduce the options of lower-income people to find other unskilled jobs which are paying more. So, Mr. Speaker, there is no doubt in my mind that this scheme, while it is disguised as being a program which will help low-income people, will redistribute wealth the wrong way. Low-income people will get less, and those who are skilful enough to find the existing loopholes will simply get more. Mr. Speaker, I think that's extremely unfortunate.

Now, Mr. Speaker, relating all this to the provincial program and the bill we have before us today -- as the minister has already cited there is no mention in the bill of any kind of price controls. We're leaving that matter up to the guidelines set out by Ottawa. In my view, the guidelines are not workable. Mr. Speaker, the document we have before us is essentially a wage control package. Every aspect of it is set out clearly to say to the people who are employed either directly or indirectly by the government, we are going to control your wages, but [there is] no systematic, well thought out supplementary plan to make the federal price controls operative and effective at the provincial level.

I say, Mr. Speaker, that is one of the concerns which not only I will express. I know perfectly well that many Albertans, irrespective of their political point of view, want to see a program which will rigidly apply price controls if, in fact, we are going to have wage controls.

What should be done? I suggest, if we're going to make price control effective in this country and in this province, there should be prior justification for price increases. In other words, prices would remain constant. The only way they could be increased is if the company or firm is able to justify an increase in the price because of cost increases. But, Mr. Speaker, what we have at the moment is after-the-fact monitoring. The distinction between justifying before the price goes up and monitoring after the fact is pretty crucial when you consider we have a board with only 40 people in its price control division.

Mr. Speaker, it's also my opinion, as far as professional groups are concerned, that there should be almost a 100 per cent tax of any income above \$2,400. I'd like the minister, when he concludes debate, to advise us just what the present situation is on the position of professional people. Will there be a virtual 100 per cent tax? How, in fact, are we going to monitor that \$2,400 maximum ceiling for professionals?

Mr. Speaker, I believe there also has to be provision for a rollback in prices where those rollbacks are justified.

When I determine what position I should

take as a member of the Legislature and am asked, in effect, to control wages of people working in the public service sector and to support a program which is going to control the wages of the large majority of the people in this province, I have to ask, what guarantee have we got of reasonable price control?

I look first of all at energy, and I know there will be no control over energy costs. I have rural gas co-ops in my constituency. I know perfectly well there will be no effective control over the existing price of natural gas. The co-ops receive their gas at the moment from Gas Alberta at 42 cents per MCF, but, as a result of legislation which was passed in the Legislature, we're going to see a very substantial increase. What that increase is we won't know until after the government's natural gas price shelter is announced, but there will be an increase. We know that. We know as well, Mr. Speaker, when the government succeeds in getting the BTU equivalent for natural gas related to oil, there will be another increase, probably 22 or 23 cents. We know over the next three years, Mr. Speaker, when we finally reach the world price of oil -- another \$3.50 a barrel -- that will translate into 35, 40, 45 cents more per MCF.

So there are not going to be any controls over natural gas. That's going to continue to rise. The same with gasoline, the same with heating oil, the same with utility rates. Alberta Government Telephones have increased their rates by 20 per cent. We know perfectly well that all the private utility companies have increased their rates and will continue to increase their rates as well. Even something as simple as housing. Checking with the multiple listing sales summary, I find, Mr. Speaker, that in August 1975 the average price of a home in the city of Edmonton was \$45,300. As of November, the price of that home had risen to \$49,314, or an increase of \$4,000 in a period of only 4 months -- almost \$1,000 a month average increase.

[Mr. Speaker in the Chair]

Mr. Speaker, when I look through the federal white paper, analyse the guidelines, and examine the legislation we have before us, I see no evidence that we are going to be able to control prices effectively. That being the case, Mr. Speaker, I find I cannot support this piece of legislation.

MR. YOUNG: Mr. Speaker, it's a pleasure this afternoon to enter this debate. Just to recap my impressions, Mr. Speaker, of what we have heard this afternoon, apart from the opening description of the bill which, as it was outlined to us, would bear particularly upon the public sector of Alberta, not upon the private sector -- that's a jurisdictional prerogative of the federal government and a responsibility which the federal government has assumed. Mr. Speaker, we have had outlined to us that the bill makes provision for either co-operating with the federal government if

we can obtain agreements satisfactory to us in this province, or establishing our own board to administer the program along the lines and with the same intent as the federal government.

Some of the comment I wish to make is particularly toward some of the comments which have been addressed to us. Statistics have been used this afternoon. They've been abused this afternoon. And we have been abused by statistics this afternoon.

We have had reasons given to us for the problem in which we find ourselves. One hon. member says, it's an overexpansion of the money supply, and attributes it to the central banking authorities, and possibly to the federal government. Another hon. member suggests that productivity and wage increases haven't kept pace. Another hon. member would have us believe that profits, big corporations, and the organized -- the ones with clout -- are the culprits in the scheme. And several hon. members addressed themselves to the problems of too many, too large, ever-growing government expenditures.

AN HON. MEMBER: Hear, hear.

MR. YOUNG: Mr. Speaker, if we knew what reasons for our problem, it would be much more simple to resolve. In fact, of course, the debate is a real debate in the sense that the experts and the politicians do not know for sure what the real problem is. It leaves the way then for a debate about what the problem is, in terms of what group of voters we wish to appeal to. In my opinion, there is no doubt we have seen before us this afternoon a display of posturing, to take a position which presumably would reflect empathy -- sympathy with a particular group of voters -- and presumably in return would be rewarded with voting support.

For what it's worth, I'd just like to read into the record a few statistics. I will use a 10-year time span, because statistics of the nature which concerns us have to be at least of that long a duration if we're looking at trends. We're not looking -- or are unable, of course, in our economy -- to find different prices moving in a consonant manner. In other words, wages and costs do not rise equally. Profits move erratically. So we have to look over a longer period of time to know what really is happening.

I have just a few statistics here. I have used the Statistics Canada, starting with their base period, which now is 1961 for most reference purposes. It's intriguing to note that in 1961 the average weekly wage in the industrial composite -- and, unfortunately, I have to use the industrial composite because that is the most representative as it involves many different types of wages -- was \$74.45. At the end of 1974 that wage had risen to \$172.99, a 2.3-fold increase. Mr. Speaker, I'm not holding this out as a high wage, that it's making everyone rich. But by comparison with prices, since that is the comparison which is frequently made and was made this

afternoon, the consumer price index stood at 100 in 1961. By the end of 1974 it had risen to 175, meaning that the purchasing power of a dollar in 1961 had declined to approximately 57 cents by the end of 1974.

The real income position of individuals whose incomes are included in the industrial wage composite has improved, on an indices basis, from 100 in 1961 to 139 in 1974, sufficient to indicate that contrary to the suggestion made, I think, by the hon. Member for Spirit River-Fairview, of a 1 per cent increase in real income, it is substantially better than that over this period of time. On a simple divisional basis, of course, it would be something in excess of 2 per cent per year.

I'd like to refer to another set of statistics. Unfortunately, since I've been at my desk this afternoon to listen to the debate, I've been unable to go back into Statistics Canada to research the argument I'd like to present. I have to do what some hon. members did this afternoon, which I don't like to do, and that's refer to a one year to another year change in prices and wages movements. But I did refer to the Economic Council of Canada report for 1974, and explored the components of personal income as reported in that book. I will refer to two only, because a reference has been made to that group of companies and individuals who seemingly, by the terms of the federal legislation, will not be controlled or regulated: that is, the small businesses, the unincorporated businesses, the small entrepreneurs, that group we generally regard as being subject to the greatest degree of competition and also as the least able to influence prices. If they get out of line, if they become uncompetitive, they go out of business.

Well, Mr. Speaker, the change for that group of persons and businesses -- their position improved 7 per cent from 1972 to 1973. During that time frame, the same analysis talks of wages and salaries increasing 12.5 per cent. So with due respect -- and while I'm not trying to make a strong argument in support of the strengths or weaknesses of the federal legislation -- looking at it in terms of whether that exclusion is going to be a substantive failing in that legislation and in the program, it seems to me that, relying upon this statistic only -- and I admit it is not the long-term trend I would like to have at my fingertips -- we need not be unduly concerned. Between 1972 and 1973 that is not the group that benefited most, or was able to advance its incomes from inflation.

Mr. Speaker, I don't think it's a worth-while exercise this afternoon to try very much to identify the cause that has brought this particular legislation before us. At the same time, Mr. Speaker, I can't miss an opportunity, since we have seen a federal election waged somewhat along the lines of what we have before us, of reading into our Hansard a very brief sentence or two from the federal Hansard. I refer to a statement made by the Hon. Donald Macdonald on October 17, 1975, when

he was introducing and speaking to this particular federal legislation:

I say that the proposals the government has put forward for curbing the present situation in this country, a situation which has not risen merely in the present but has existed for the past 18 to 25 months, recognize the truth of the statements made by the Governor of the Bank of Canada and . . .

Now, I'm saying that because we went through a federal election in which there was concern about inflation. I think it could be fairly said that a program that was needed was, in fact, denied by one party and promoted by some members of the other party.

AN HON. MEMBER: How do you like that?

MR. R. SPEAKER: Way to go.

MR. YOUNG: Mr. Speaker, one of our problems in dealing with the economic situation before us is the credibility of those who must deal with it, the credibility of our leaders. I say that with respect to the federal government, because it leads to some comments I will make later on about our provincial position.

It's very difficult, Mr. Speaker, to see how we can expect a federal program to succeed without tremendous support from all parts of Canada and all responsible leaders at all levels of society in Canada, when basically it is a reversal, and a very major reversal, of position. It is an acknowledgement of facts which appear to have been denied. I am sure the public perception was that they were denied just a few months ago.

Mr. Speaker, I'd like to turn now to the bill before us, with one aside. This afternoon, the hon. Leader of the Opposition referred to the very fortunate position of the Province of Alberta and our economy and how well it's flourishing. With that I agree. I obtained the impression from his remarks that we were more fortunate than central Canada, and that if a major disruption in our economy should come we might fare better than central Canada. I question that, if that's what he was conveying. My impression is that the Alberta economy is much more open than that of central Canada -- I notice he is agreeing with that observation -- and that our agriculture and our energy, in particular, those two industries, which are really the source of much of our economic power at the present time, depend very mightily upon export possibilities. If we have a major economic disruption, whether it's national or international, it will have very, very severe effects upon Alberta. Usually the areas of the primary producing industries feel the worst repercussions of that sort of action.

Mr. Speaker, turning attention to the Alberta bill before us, I've already mentioned that the purpose is to deal with wages and prices in the public sector. The bill has been criticized for dealing pri-

marily with wages. Clearly, Mr. Speaker, arguments can be advanced that in fact, the responsibility for dealing with pricing devolves to a large extent upon this Assembly. I say that because in the Province of Alberta, in the public sector, I think we can find that some prices are controlled by the provincial government directly through its agencies. Failing that, a large group of them -- the utilities, et cetera -- are under the Public Utilities Board. Another group falls [under] the responsibility of the municipal and local governments, the other elected leaders of this province.

So, Mr. Speaker, there is some question in my mind, in fact a very great question in my mind, and I would oppose any suggestion that in this bill we should turn [over] to a federal agency the responsibility for pricing those items which either devolve directly upon the Government of Alberta, indirectly through the Public Utilities Board, or upon the local politicians.

I think that if the program the federal government has proposed is to succeed, it must have the support of leaders everywhere. Some of those leaders are in this Assembly. Others are in the city council chambers of Edmonton and Calgary, the county council chambers, the school board offices, et cetera. They have a responsibility as we have a responsibility, and to suggest that we turn those responsibilities over to a federal board is to suggest we really don't have a problem, or if we have a problem, that we don't have the courage of our convictions.

Mr. Speaker, I think the crucial element in the success of this program, and I feel most keenly that the program should succeed, is the development of a local, provincial, and national will to make it succeed. Much has been said that's critical of the suggestion that it's an oversimplification to express our problem as partly an inflation psychology. But I think that, in fact, is a major part of our problem now. How many people today, in looking at an investment, look at it in terms of the return unless they can anticipate rewards of inflation.

If we look at our housing industry today, and that'll be debated later on I'm sure, all kinds of houses are being purchased, the rental on which does not even begin to meet the mortgage payments. So why do people purchase them? Simply because they are gambling on inflation to make the investment pay off. And that's what's got to be controlled. So I'm suggesting we need to develop a strong will to break that kind of psychology.

Now, Mr. Speaker, I've always opposed wage and price controls as a general tenet. I continue to [hold] that position. But I think we find ourselves in a situation where my general preference must be overruled by the dilemma of dealing with what I regard as a very severe situation at this time. So I support this program. It's rough justice. It's going to give rise to lots of criticism of the provincial government -- probably more of the federal government, but of the provincial government

for sure -- and, Mr. Speaker, it's going to give rise to much debate here about priorities. We have already listened this afternoon to a commencement of that debate. I hope to share in that debate, because I think, as others have mentioned, government expenditures are exceeding our willingness to tax to support those expenditures.

Mr. Speaker, I think my concluding comment on this bill will be that I hope we do not go the route in this bill of arriving at an agreement with the federal government so that government takes over responsibilities which are rightly those of the provincial government. I think this government and this province can do more for the success of the federal program, in the national interest and in the provincial interest, to come out four-square in support of the guidelines of the federal government in the sense of the controls, of the general objective of the federal government, if we handle our own responsibilities. In my opinion, it's extremely important, if we're to succeed at all, that the success can come only from leadership demonstrated through all levels and all corners of our society.

Another reason for my expression of that point of view is that I believe we are in the best position to do that. I think the federal board has more on its plate than it can chew in the 18 months we've indicated we would co-operate, probably more than it can chew in 3 years, if we went into it. I think for that reason we will provide a tremendous assist in the success of this program if, as a province, we pull our end of the challenge before us, and not weigh down the federal government with a responsibility I don't think it needs to accept, as long as we co-operate to the fullest extent toward its objectives.

MR. KOZIAK: Mr. Speaker, the hon. Member for Spirit River-Fairview indicated that he could not support the bill, and he gave many reasons for them, among them the fact that the measures did not control interest rates.

Perhaps if I make a few comments on the matter of interest rates and the hon. member re-thinks his position, he may in fact change his mind and vote in favor of the bill. My understanding from the hon. member's comments is that he has shown a basic lack of economic appreciation of interest rates . . .

DR. WARRACK: As usual.

MR. KOZIAK: . . . that may adversely affect his position on this bill.

Mr. Speaker, at this particular moment, the borrowing of money is cheaper than it has been at any time in history. I can say that unequivocally, because you don't look at the figures, you don't look at the interest rate. You don't look at the interest rate to determine what the cost of borrowing money is. You look at all the factors.

Now when I lend out a dollar on June 30, 1974, and on June 30, 1975, the borrow-

er returns that dollar, in fact he's only giving me back 90 cents, because inflation has taken away at least 10 per cent of the value of my dollar over that period of time. Now if that individual pays me an interest rate of 12 per cent, I'm in fact getting \$1.02 for my dollar, of which I must pay income tax on 12 cents. At say a rate of one-third, 4 cents, I'm in fact getting 98 cents back on my dollar.

So, Mr. Speaker, when one complains about high interest rates, one does not recognize the fact that interest rates are not the cause of inflation. Interest rates are not the disease. Interest rates are the symptom, the outward sign of the disease. You don't control interest rates and expect to cure the disease. You don't use a cough suppressant and expect to cure tuberculosis. You have to go at the problem, then the symptoms will go away.

Mr. Speaker, that is why interest rates aren't controlled. If this program is effective, the interest rates will fall. Now, I would imagine what the hon. member wants is a controlled 10 per cent per annum increase in the interest rates to correspond with those wage increases that would be permitted. That, Mr. Speaker, is the nub of the whole matter on interest rates. If this program is successful, interest rates will in fact fall.

Now, Mr. Speaker, I would have thought the hon. Member for Spirit River-Fairview would have jumped up and welcomed legislation of this nature with open arms. It is not the type of legislation I would normally find myself speaking in favor of. But surely from a leftist position, from a position of government control, this would be ideal legislation, to my mind, in the hon. member's political thinking. Yet he says he won't support it.

Mr. Speaker, months ago the leaders of labor and the leaders of business were asked to control themselves. People in general, the greatest cause of inflation -- you and I, our friends and neighbors -- were asked to control our wants and demands. Nobody seems to have heeded those requests. None of the leaders of labor, none of the leaders of business took any steps to try to reduce the growth of inflation, and this type of program in fact became necessary.

After the announcement of this program, Mr. Speaker, I might state I was very pleased that The Alberta Teachers' Association came out four-square in favor of it, knowing that their particular responsibility was everybody's responsibility, and that we all had a responsibility to curb this evil of inflation that was destroying our society. Other groups, such as the postal workers, didn't seem to find that that was part of their responsibility, Mr. Speaker. But of course that's history. So legislation of this nature is necessary.

I find myself supporting this legislation because of one particular word that appears in the title, the word "temporary". I hope, in the course of the 18-month period this government has indicated its support for this program, that the rest of Canada -- all the citizens of Canada and

all the leaders -- will see the necessity for self-control and that, in fact, inflation will be licked. Then, of course, interest rates will be down at their levels of 4, 5, and 6 per cent [where] the hon. member would again like to see them. Perhaps he would now like to rethink his position on the bill.

AN HON. MEMBER: Do you feel a speech coming on, Jack?

MR. COOKSON: I feel a speech coming on, Mr. Speaker, but there isn't enough time. May I beg leave to adjourn the debate?

MR. SPEAKER: Might the hon. member adjourn the debate?

HON. MEMBERS: Agreed.

MR. HYNDMAN: I move we call it 5:30, Mr. Speaker.

MR. SPEAKER: The Assembly stands adjourned until 8 o'clock this evening.

[The House recessed at 5:30 p.m.]

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[The House reconvened at 8 p.m.]

MR. HYNDMAN: Mr. Speaker, I'd like to ask leave of the Assembly to revert to Introduction of Bills so the hon. Solicitor General may introduce a bill.

HON. MEMBERS: Agreed.

INTRODUCTION OF BILLS (reversion)

Bill 58
The Motor
Vehicle Administration Act

MR. FARRAN: Mr. Speaker, I beg leave to introduce a bill, being The Motor Vehicle Administration Act. The purpose of this bill is to consolidate those matters concerned with licensing and enforcement under The Motor Vehicle Administration Act, leaving matters pertaining to safety in the Highway Traffic Act, which will be introduced shortly.

[Leave granted; Bill 58 introduced and read a first time]

GOVERNMENT BILLS AND ORDERS
(Second Reading)

Bill 81
The Temporary
Anti-Inflation Measures Act
(continued)

MR. COOKSON: Mr. Speaker, in rising to speak for a short time on Bill 81, The Temporary Anti-Inflation Measures Act, I feel a little like the mosquito in the nudist colony. I know what I have to do, but I'm not sure where to start. I did listen with some interest to the comments by our opposition members. Perhaps I could start out by reviewing a little of the background as to why our government has seen fit to introduce this particular bill.

First of all, I'd like to say it's really a sad reflection on our economy, on the overall situation in the western world, and certainly in free society, that we require this kind of extreme measure. It reminds me a little of the War Measures Act that had to be initiated in a temporary manner in Quebec during the uprising at that time. The only really good thing I like about the bill, and I think that's been mentioned, is the word "temporary".

When Mr. Stanfield campaigned in the last election, he spoke about the importance of controlling wages and prices, at least trying to solve the problems of inflation. Unfortunately, the people at that time just didn't see the relationship between that and themselves. The result was that we drifted, by means of federal government incompetency, to the stage where Mr. Trudeau and the cabinet saw that something would have to be done to curb the situation occurring across Canada. It's not just a Canadian problem; it's a problem all over the world. But the problem was becoming more acute, perhaps, here in Canada.

So, after due debate and review of the situation across Canada, he saw fit to propose to the people of Canada that some measure would have to be taken to control this rampage in financing. Following that, he made preparations to call the ministers representing financing in the various provinces, and the premiers of the provinces, to try to get some consensus to control inflation in Canada.

At this time I would like to say how proud I am of the fact that the Province of Alberta, one of the provinces that was least concerned about inflation, that certainly could ride out inflation alongside any province in Canada, was the first to initiate some kind of program that might curb the inflationary situation. I want to commend the ministers and the Premier for taking this initiative, because it was a bold step. When it was announced that controls would be made on municipal, school, and hospital budgets, that we wouldn't expand beyond the 11 per cent figure, I was proud to be a part of the Progressive Conservative government of

Alberta.

The Leader of the Opposition started out this afternoon by saying we are extremely fortunate, and I would like to add that we are extremely fortunate to have a Progressive Conservative government in the Province of Alberta.

MR. CLARK: I didn't go quite that far.

MR. COOKSON: The Leader of the Opposition's chance will come. You know, I was thinking this afternoon about this provision of an insurance plan for livestock disasters in Alberta. I was wondering whether certain parties in the province couldn't qualify under that fund.

The Leader of the Opposition said he worried about politics in central Canada. Well, that's nothing new. We've been worrying about that for years. That started with Confederation. Certainly western Canada has always been -- I'd better not use the term -- the one that had to provide raw materials to central Canada in order to develop them and then, hopefully, buy them back. So there's nothing new about the political situation. Anyone who starts worrying about some major confrontation with the federal government, for fear something is going to happen to us, had better get out of the business of politics. In my opinion, Mr. Speaker, confrontation with the federal government and with the power structure in central Canada is what we have to have continually in order to get where we're going. It's a simple matter of economics. As I say, it's nothing new to worry about politics in central Canada.

The Leader of the Opposition spoke about priorities for the next 18 months. He did compliment us, and I believe he will support The Temporary Anti-Inflation Measures Act, although there is some question whether the Member for Little Bow will. He got on another tangent. Again, I'm not sure who is the Leader of the Opposition. I thought that was all clarified last week, but there may still be a problem as to which direction they're going. Anyway, he suggested certain priorities should be laid out with regard to how we expend funds over the next 18 months. That's a new tack, because I don't know whether the last government ever had any priorities. Certainly I didn't know of any.

We have set some priorities. We've already initiated a constriction on municipal, school, and hospital funds -- those expenditures which take a very large part of the total in the province. I don't know what more the province can do at this time. We attempt to plan how funds are to be expended in the province. I think we've done a better job of that than the former government, in that early in the year we announced the funds that would be available for municipal, school, hospital, and other spending. We've also said, Mr. Speaker, we would be giving special consideration to the costs of policing and law enforcement. I think that's important. This indicates that the province has some priorities and has placed emphasis in certain areas.

I was interested when the Member for

Little Bow spoke about wage and price controls not being the answer. Then he went on in a great dissertation; I thought for a minute I was listening to Real Caouette in the federal House. He suggested government spending is [the answer]. Let me suggest to the Assembly and to the people of Alberta that it's very easy to find some scapegoat on which to blame all the faults of inflation. But I think it was well put by the Member for Edmonton Jasper Place when he suggested that we all have a responsibility, in some way or another, to curb inflation. It can't be laid at the doorstep of government any more than it can be laid at the doorstep of private enterprise or any other source of funding. It's a responsibility of everybody. I think that's a pretty safe and responsible position to take.

When Mrs. Appletree, or Mrs. Plumptre -- Mr. Diefenbaker calls her Mrs. Appletree, but I think it's Mrs. Plumptre -- spoke about the problems of inflation -- and she's in charge of the review board -- I think she suggested that writing legislation and regulations isn't, by any means, the total answer to the problem of inflation. It's everybody's problem. In this respect, Mr. Speaker, I'd like again to congratulate our government on the position they've taken with regard to salary increases for the people in here. I have had little differences of agreement as to when it should start, but on the whole I think it was a responsible position.

I think it sets a precedent for all the other professional and private enterprise groups in the province. I think we have to stick by it. I think it's very important that this government doesn't bend in any way to pressures outside this Assembly, with regard to deviating from these guidelines which are designed to prevent inflation. So I would like to take this opportunity to congratulate those who saw fit to accept the wage increase in the area of 10 per cent. I hope it sets a precedent.

In particular I'm suggesting to the people of Alberta that they'd better watch very closely what happens at the municipal level. They are the children of this Assembly. We have suggested, in this Temporary Anti-Inflation Measures Act -- and the House leader has mentioned this, and I want to make it very clear -- that we presume municipal people are responsible enough to stay within the kinds of guidelines being set down at both the federal and provincial levels. I know it may cause hardship. It may even cause some temporary unemployment. But I think it's a necessary exercise we as responsible people have to go through.

I'm the first who will be criticized, I suppose, if next year we have to pull in the road equipment halfway through the fall. The theory in municipal government, when you're building roads, is that you just keep going until you can't break through the frost any more, because chances are you might not get a good year the following year. Mr. Speaker, I suggest that isn't good enough. Municipal government, in the area of road building, in the

area of school expenditure, must project very carefully the costs they're going to incur throughout the year, and thereby put some restrictions on themselves even if it is necessary to bring in equipment or shut down or reduce expenditure in a certain area. If this point can be put across to our municipal people, I am sure they will see fit to co-operate with it.

For several years, the public has said that government has to set some kind of precedent if we're going to control inflation. I can't help but agree with that. They're the senior body; they're the people who write the legislation; they're the people, I think, who have to set the example. When the member from Fairview, who usually runs off to a CBC program sometime during the day to give his daily report -- which is probably where he is at the present time -- suggests government spending is only a part, then starts attacking private enterprise, you know, this is such an inconsistency. I just wrote down some of the inconsistency. This gentleman from Fairview was challenged here the other day to provide his knowledge on accounting, and I'd suggest probably the only financial statement he's ever read was to figure out how much income tax he's paying at the end of the month. This gentleman has produced so many inconsistencies in this House that I sometimes wonder why the people of Alberta keep bringing him back in here. You know, he hangs on by a shirt tail. I think the termites are starting to get into his soapbox.

He said: government spending is only a part; private spending plays a major role. Then he goes on to say that Newfoundland has a lack of investment. Now, if you put those two things together and try to analyze what he's saying -- which is pretty difficult, I must admit -- he's saying in the first place that private industry shouldn't spend money, and on the other hand he's saying it should spend money. Now you can't have it both ways.

I'm not saying the total responsibility for inflation is one or the other. They both have a responsibility. But to decry on one hand what private industry is doing in this country and the important role foreign investment, that has provided jobs for hundreds of thousands of Canadians, has done in the development of this country, to decry this on the one hand, then say private industry is spending too much money and is contributing to inflation is just a total inconsistency that doesn't make sense.

He got on a few other kicks about high interest rates causing inflation. A member from Edmonton, I think, dealt with that pretty well. Mr. Speaker, there's no question in my mind that interest rates do affect one's ability either to finance or borrow, or not to borrow. Anybody who's been in industry is going to look at the interest rates before he re-finances, or before he finances a venture. Why not? After all, presumably it's got to be paid back.

I don't know whether this socialist philosophy espoused in here says it doesn't

have to be paid back. When he's out here in this pup tent on the soapbox talking about the problems of cow-calf men, I'm not sure whether he's saying they should pay back what they've borrowed or get it cancelled. Well, if we're going to cancel all the money spent in this Legislature, or that banks finance or loan, we're going down a path I don't want to go [down]. I don't think most of the people in Alberta want to, and certainly not the farm people. Any farm people I talk to want to stand on their two feet with a minimum of government control, unless I'm talking to the wrong people. And I talk to an awful lot of people right across this province. So I don't know where he digs this stuff out, but that's his problem. He has to substantiate his existence, thank goodness.

He talked about the problems of no control over gas in Alberta, and the Minister of Energy got up here yesterday or the day before and said the Province of Alberta has a three-price system and quoted the figures. We have a price for export, a price for other provinces in Canada, and a price for the people of Alberta -- in that order, from the highest to the lowest. And he quoted the figures on this. So where was the Member for Spirit River-Fairview when this was explained to him?

Of course energy costs are going to go up, Mr. Speaker. One of the reasons is that people like the Member for Spirit River-Fairview get on the soapbox and talk about spoiling the environment. Many, many times in this House we've gone into the issues of damage to the environment. A utility company wants to develop something in order to reduce the price of energy, and he talks about the destruction it's going to do to the environment. The member will be the first one to come in here and say the utility rates are too high. So there you run into the kind of inconsistencies the member argues. As far as I'm concerned, it just fails to make any kind of sense at all.

So in conclusion, Mr. Speaker, I would like to commend our government for bringing in The Temporary Anti-Inflation Measures Act, and for attempting to bring some sort of order into chaos as we now have it. I'm not pleased with having to do this, and I said in my earlier remarks that we are a victim of circumstances. If this action had been taken two or three years ago, we likely wouldn't be in the kind of dilemma we're in today.

I appreciate the use of "temporary". We will be talking about rent controls in this Assembly at a later date, and that term will be used too. I hope we can stick by this kind of thing. It bothers me no end, Mr. Speaker, to see us continually bringing in legislation to substantiate legislation we had before. I think much of this legislation should be of a temporary nature, the kind of legislation we could use for a temporary period, so we can make it clear to the people of Alberta that at the end of that time let's get out of the business and let free enterprise -- supply and demand -- control the destiny of this province.

You know, something like 1,500 people a month are coming into Alberta from the provinces around, and in particular from the Province of British Columbia, which presumably is one of the wealthier provinces in Canada. Do you know why they're coming here, Mr. Speaker? Because the Government of British Columbia got their fingers in every operation that was in business in the Province of British Columbia. They may even flow into this province, I don't know. But certainly the people I have talked to -- you can drive up and down the highways, and about every third or fourth licence plate is from British Columbia.

Parts of British Columbia even want to be sold to Alberta, and we've had a tough time over that. We're trying to negotiate our way out of that one, not that we wouldn't mind having them. It may be we'll have to take some funds out of the heritage trust fund and buy the province to try to get them out of the mess they're in. But that's the situation we have.

I hope the people of Alberta understand the importance of free enterprise and minimum government control. If they don't, we're going to go down the road to the never-never land. And when you get down to that point, it's pretty darned hard to come back. So let's get with it, make it temporary -- and I'll put this caveat in on rent controls too -- make it temporary, then get out of it and let free enterprise do the job, because they know how to do it best.

MR. ZANDER: Mr. Speaker, I just wanted to touch on a few highlights of the bill, and on the concerns of some hon. members about The Temporary Anti-Inflation Measures Act. Mr. Speaker, I think we have to look briefly at the demands of society as they are today. We have too many dollars chasing too few goods, and the demands of the people, whether on the provincial or the municipal level, are continually upon us. I only have to look back to the year 1971 to see that the grants to municipal governments have been increased about 400 per cent, and the demands are always there. Of course, you always hear, you're not giving us enough. Consequently, I think the government of this province is fortunate enough to find itself in the position that it could fulfil all the demands made upon it. But is this in the best interest of Canada as a whole?

Mr. Speaker, I was very intrigued to listen to the hon. Member for Little Bc. Probably, it recalls a speech I heard back in 1939 from the first Social Credit Premier of this province. To my recollection, I think it's one of the best speeches the hon. member has made in this House in the last four years.

AN HON. MEMBER: Four years is a long time, Ray.

MR. ZANDER: I must give him credit, but I cannot accept the theory of funny money, because we have too much funny money running around now. But I think I have to

give him credit for the work he put into his speech, and the attitude he took towards the bill.

The hon. Member for Lacombe, who has just spoken, said he didn't know who the leader of the Social Credit party is, but I believe he does. I think we have to give the Leader of the Opposition credit. He realizes we must have controls at this time, in the best interest not only of Alberta, but of Canada. I think he, more than the hon. Member for Spirit River-Fairview, who said he couldn't support the bill . . . Mr. Speaker, it intrigues me that you hear him accusing the Alberta government of spending more money in the areas of social service and what have you. Then he criticizes the government because of the temporary act now before us. Perhaps he would want to do as the sister province to the west of us, which has been spending money like drunken sailors, and has probably gone sometime to the east and borrowed money from the Arab nations, out of the heritage fund they have there, maybe in hopes that they may inherit the Province of British Columbia.

Mr. Speaker, I think it is a challenge to us. I think we have to say that industry, by and large, and the labor unions in this province have made demands upon the people of this province -- and not only this province, but all parts of Canada -- to escalate out of existence the price of housing, machinery, whatever you want to look at.

Let's have a look now. We've taken the bench mark of 1961 as the 100 per cent value of the dollar. I can recall building a new house in 1961 at a total cost of \$15,500. It was a modest home of about 1,080 square feet. But we must remember, Mr. Speaker, at that time the wages were approximately \$2.25 an hour. Let's relate this to the price of our houses now. I'll accept the figures of the hon. Member for Spirit River-Fairview -- \$45,000 in July, I think, and now it's \$49,000.

Let's look at the wage structure. Have wages kept pace with the inflation on housing in this province? Mr. Speaker, I would say, most certainly, they have. Most people today find it hard, if not impossible, to comply under the Alberta housing regulations, where the subsidization occurs at \$16,500. Most young people who have come to me are earning in excess of \$16,500, and they can't come under it. So that leads me to believe we have enough money, Mr. Speaker. The working people have enough money, by and large, but are not putting enough away to buy homes for themselves.

Mr. Speaker, we find today that people will buy houses and sell them, maybe on a speculative basis. I can recall, Mr. Speaker, young people in my constituency who have been able to set aside a number of dollars, and have been able to qualify and have a home of their own with no hardships on them. But basically what is wrong, Mr. Speaker, is that we not only go into the expenditure of a home, but we want to have all the luxuries of 1975. Mr. Speaker, it's the same thing as if I, as an ordinary

person, would apply for a job and immediately be the manager or president of an organization. This is not possible. I think we must learn to live within our means. By and large, as people of this province and as far as Canada is concerned, we have not.

I think we have to live with the fact that we must have wage control, we must also have price control. You can't have one without the other. As the hon. Member for Lacombe said, by and large I don't like to see it. But it is a must if we are going to save the social economy of Canada and this province. We are at the last steps now. We are one of the worse offenders in inflation, I think about third in the world today. We cannot, as a nation, proceed any further down the path of destruction.

Just tonight the Auditor General reported the wanton and foolish spending of the federal government. In the last federal election, Mr. Speaker, we all listened when it was said it was far removed, and we didn't need any wage and price controls. But in his speech, the hon. Mr. Macdonald stated he could see wage and price controls coming upon us as far back as probably a few months if not a year. If we Canadians saw this some months and years ago, I think I have to reiterate the statement I made in this House.

I admired the hon. Mr. Stanfield for the bold step he took. We all knew it was suicide. As he said, it's a pill nobody wants to take. Nobody wants castor oil. Whether he needs it or not, he's going to have to accept the fact that he's going to have to take it down the line anyway. This is what Mr. Stanfield said in the last election. But the people of Canada and of Alberta did not believe him. Consequently, he lost the election. But we are right back to step one. We came right around in a circle, and we find ourselves on the brink of wage and price controls. It must come whether we like it or not.

I for one, Mr. Speaker, in a free-enterprise community and a country where we have the privilege to live -- and I think the Leader of the Opposition has stated it beautifully -- we are fortunate to live in a province such as ours. We could probably weather the storms of inflation, but I think the premier and the government of this province have seen fit to follow the lead of other provinces, to stick by it whether it is good or bad for us. But I can't see that it's good for us to continue in the manner that we are headed now.

In closing, Mr. Speaker, I know that by and large the labor unions do not approve of it. Are you going to say to the people of this province, because labor does not approve of it and you only want to have industry, you have to have control of the prices of industry and not of wages? This can never happen because, first of all, the manufacturers of all the goods and services we need would no longer be in business if the demands of labor were to continue as they have in the past few years, where not only 20 per cent, but 30 and 40 per cent was asked from the industries of this

province. As far as that goes, the demand was there for 21 per cent and up even from our municipalities, our school boards. We can't continue in that group. I don't think we can print money fast enough. As the hon. Member for Little Bow stated in his speech we are facing one of the toughest decisions as a government today. I think we have the opposition with us, although we may not have the hon. Member for Spirit River-Fairview with us. We know that he's never going to be with us anyway, and he may not be with us too long. I understand he's gone to B.C. tonight.

AN HON. MEMBER: Going on to bigger things.

MR. ZANDER: In closing, Mr. Speaker, I know it is hard for a member of this Legislature to stand up and say we must have wage and price controls. If you want to be a politician, I think you have to accept the fact that you're going to have to inject some type of honest thinking into the general public of this province and of Canada if we wish to survive as a nation.

MR. TAYLOR: Mr. Speaker, I certainly have no desire to prolong the debate, but I do think it would be wise to diagnose the situation and just see what some of the answers really are when we break down the body we call inflation and try to ascertain what is making the economy sick.

The first point I would like to make is that when our bodies get ill, many times the doctor puts us to bed for a short period in which we have a chance to recuperate. It may not be the cure, but it certainly helps the various methods that might cure a body. The object is to get the body in a healthy condition again.

I support the temporary measure. I can't see a thing wrong with it. If the situation is bad at the end of 15, 16, or 17 months, there's nothing to stop the government or the Legislature from prolonging the treatment. If the body has regained some health by that period, let it get up and walk around and do its job. So I can't really follow the arguments of hon. members who say it shouldn't be 18 months. There certainly should be a period, and it shouldn't be any longer than necessary, any more than a person who is ill should stay in bed any longer than necessary. After an operation, I believe, most doctors want you to get up and gradually get back to normal. If we have recovery in a few months, I would hope the economic body of this country will be able to get up and gradually get back to normal.

I want to deal with the economics of inflation for just a very short while, and try to diagnose what makes the Canadian body or the Alberta body sick or ill at this time. If we can diagnose it to the point where we can find the causes, as legislators perhaps we can prescribe treatment that may once more bring back health and strength to our economy. What I'm going to say is probably elementary economics. Nevertheless, I think it's very important, and I believe we should analyse this thing, diagnose it, before we come to

an actual conclusion. After I've done that, I want to analyse some of the reasons for rejecting or accepting the temporary anti-inflation bill.

In the first place, as mentioned by the hon. member who just spoke, inflation is defined in the dictionary and by economists as an increase in the volume of money and credit relative to the available goods, resulting in a substantial continuing rise in the general price level -- in other words, as we sometimes say colloquially, too many dollars chasing too few goods. I think most people can accept that as the definition, an increase in the volume of money and credit -- many people leave out the credit part -- relative to the available goods. To make it very simple, if you have \$2 and two apples, those apples are worth \$1 each. The scarcity brings the price. If you increase the number of apples, you automatically reduce the cent value of every one of those apples. If you decrease the number of apples, you do the very reverse. I think the whole thing is tied up with our dollar, and I'm going to use a dollar bill to try to illustrate why I think this measure is necessary to protect the poor.

The hon. Member for Spirit River-Fairview indicated this was doing nothing for the poor. Well, if that were the case, I think I would be the last one to support the measure, because I believe we have a responsibility to the greatest degree possible to look after those who can't look after themselves.

Let's break this down into two items. First of all, the matter of prices or the volume of money in credit. The hon. Member for Spirit River-Fairview said he opposed the bill because there was real wage restraint and hypothetical price restraint. I can't understand how he's reached that conclusion, because the federal bill has just come into force and effect. I think we should at least be reasonable enough to give the federal government an opportunity to get its machinery working.

Let's look at the money end of it -- how much money there is in the economy, the increase in volume of money and credit. That includes money that's put into the economy -- some of it's government spending, and I want to deal with that in a little more detail in a minute or so -- wages, salaries, credit, profits, and interest. We sometimes forget credit. Credit is a tremendous factor. Maybe I haven't got them all, but I think those are the major ones that make up the purchasing power of our people. If that purchasing power is higher than the number of goods to which it is related, we have what we call inflation, because the price of goods rises to meet that. Every time the price of goods rises because too many dollars are chasing it, we erode part of the dollar. So the dollar gets a little smaller and is not able to buy the same amount of goods it otherwise would. I think it's as simple as that.

What is the situation right now? First of all, let's look at the other side, the

goods. In that column we have to put food, clothes, houses -- food, clothing, shelter, the major items -- land, cars, utilities, and so on, the costs of living. Probably the three major ones are food, clothing, and shelter. If those prices rise because a great number of dollars are vying for them, the prices rise. That's the automatic conclusion -- just as natural as when you create a vacuum, the air rushes in. The prices rise, so the dollar erodes. That's exactly what we have today. This has been going on for some time, so the dollar has eroded to what some people say now is to about 60 per cent of its original size.

Instead of having a full dollar to spend, most people when they get their wage -- well, the people who have a dollar -- now have a dollar which is worth 60 or 70 cents, with which to buy their goods. That's one of the serious results of inflation. Will any hon. member stand up and say that doesn't hurt the poor and those on fixed wages more than anybody else? Of course it does. When they take their dollar bill to the store, they're only able to spend that much for goods, instead of having the whole dollar to spend. So it does have an adverse effect on the poor or those on fixed wages. Those who have lots of money are able to live quite buoyantly in spite of that.

What is the equation? If we're trying to equate prices and wages, what is this bill actually trying to do? Is it trying to create a situation where the increase of money in the system is somewhat equal to the production of goods within the system? If that were so, the prices would not rise or lower. There would be a stable situation, and the dollar would not erode. So one of the causes is to look at the causes, to get it back to that position where you don't have an eroding dollar and rising prices. Then certain things have to be done.

In connection with purchasing power, if we look at that for a moment, we mentioned government spending. Some hon. members have said government spending is one of the main things that will solve the whole situation -- not particularly members in this House, but this has been said -- all we have to do is stop government spending, and we'll be able to stop inflation. I wonder how true that is, because some government spending increases production. If the production increases to a greater degree than that amount of spending, you're actually reducing inflation by government spending. Some government programs actually reduce the inflationary effect, for instance the program designed by the Department of Agriculture to get more beef on the market. All other things being equal, the more cattle and cows we can get on the market, the less inflationary it's going to be. Because there's going to be more goods, there's not going to be a rising price but a lowering price. The same with every other government dollar that goes into raising production in this province. When we spend money on irrigation, I believe we're reducing the inflationary

effect, because we're increasing production to a degree that far outweighs the dollars going into that system. So there are fewer dollars -- not more dollars, but fewer dollars -- chasing more goods. To that degree, as we approach stability, we are reducing inflation.

We've heard some members say the interest rate doesn't matter. I think interest is one of the major factors in purchasing power. I'd like to follow that through a little bit, because I am unable to follow the argument that it doesn't really matter how much the interest rate is, in regard to inflation.

To follow that through, I'd like to take a \$1,000 loan for one year. If there's no interest, you still have your \$1,000 at the end of that year. If the purchasing power has eroded 10 per cent it's only 90 per cent of its regular value -- you would have \$900 purchasing power out of that \$1,000. But if you loaned the \$1,000 at 5 per cent, you'd get interest of \$50. So you actually receive \$1,050 at the end of the year, \$50 more than you had before. With the same erosion of the dollar, that would give you purchasing power of \$945.

Actually, the higher interest increased the number of dollars, so prices rise and the dollar erodes further. If we put on 10 per cent interest, the interest is \$100. That would bring in \$1,100, and the purchasing power, with the erosion of 10 per cent, would give you \$990 to spend. Again, the higher the interest, the more dollars. So prices rise and the dollar erodes. It's inflationary. If you go to 15 per cent, you get \$150 interest. That \$150 still has to be added to the cost of production. You have \$1,150 to pay back, and the consumer has to pay that sum. So again, using the eroded dollar at 90 per cent of its real value, you have a purchasing power of \$1,035.

Now who can say, in that case, that the interest rate doesn't matter? The interest rate, in my view, does matter, because it adds to the amount of purchasing power, the amount of money. That automatically causes the price of goods to rise to reach that increased price, so it certainly is inflationary. With this one exception: if that money were used to vastly increase production, it could have the opposite effect. That's the difficulty of generalizing in regard to some of these economic items. You can generalize to the point where you can actually be telling an untruth. I don't want to simplify this too much, but I do want to deal with these various items in that regard.

Now, the same with profits. The hon. member to my left mentioned profits aren't concerned. Well, if profits are simply taken, not used, and shoved into the barrel of money, they would certainly have an inflationary effect, because they would not be increasing production. But if those profits are shoved back into the stream to produce more goods, of course, the profits could have an anti-inflationary effect. They could very well lower, not raise, the price. So again, we can't generalize in

regard to these various items.

Government spending need not be inflationary. For instance, say the department of highways spends a considerable amount of money this year and is able to improve the roads so the farmers and so on get more of their goods to market. Spending more money could have the effect of being anti-inflationary. Of course, when we spend more money to help the needy to buy, in order to meet this eroding dollar so that they'll have enough to keep body and soul together, who would want to change that? That isn't anti-inflationary except to the degree that every dollar any of us gets is anti-inflationary. So when we simply say government spending is going to be an answer, I can't follow that. Some government spending can really be an answer to reducing inflation, and need not add to it.

Well, the object is to get a stable economy where your purchasing power is equated with your goods, then you don't have rising or falling prices. There's one danger in the whole thing. If you keep going to the point where you raise your amount of money, should there be a slowdown in production so that your money is increasing and your prices are falling, of course your prices rise exceedingly high and the dollar erodes very, very much. But if you lower the amount of money in the economy too greatly -- so that there are more goods than money, too few dollars -- of course we have the very reverse, where we might have unemployment and a depression. I think it was the Rt. Hon. Mr. Diefenbaker who said during the last federal election that you can tamper with this matter of prices and wages to the degree that you bring on deflation, not inflation. If I have to choose between the two, and I've gone through both periods, I'd much rather have inflation than deflation. But I don't want either, because neither does the economy very much good.

Well, I think I've said enough to indicate what I'm trying to say. Without this bill, the dollar is going to erode and erode to the point where they get to the ultimate: in the German economy the mark got eroded to the point where you had to take a suitcase down to the store to buy a loaf of bread. That's not a dream, that's a reality. And that can happen if you do this.

The hon. Member for Spirit River-Fairview -- I'm glad to see him arrive -- said during his talk, what guarantee have we that this is going to work? Well, I want to say to hon. members we have one guarantee that if we don't do this, the dollar is going to keep on eroding to the point where we could very well be in the same position, or a similar position, to what Germany was in -- the dollar is hardly going to be worth the paper it's written on, and it can get that bad. At one time they laughed when they said that in Germany. But when they had to take a suitcase of marks down to buy a loaf of bread or a bottle of milk, the laugh then was on the other side.

The only guarantee we have that we can bring the dollar back to its regular size

is by giving the economy a temporary chance to rest and recover. Then it may be able to work itself out through the regular factors. But it has shown it is not recovering without some medical attention, clinical attention, diagnosis, and rest, and that's really all this bill is doing. It's giving the economy a chance to recover. If we can equate production with the amount of money in the economy and have a stable economy without rising prices or lowering prices and keep the dollar from eroding further, Mr. Speaker, this bill will have been well worth while.

In my view, this is the one hope of federal legislation and one reason every hon. member should not be bucking this. We should be trying to help the government make it work, so that we will stop the erosion of the dollar and make it more valuable, so that the poor can get a full 100 cents value out of it when they go to the store, instead of the 60 cents they're now getting. If we don't do anything, it's going to be less and less. Yes, we have a chance under this legislation to do something for the economy, to give it a chance to recover. I intend to support the second reading of this bill to assist this government and the federal government in every way possible to get our economy back to a stable position where the amount of money can properly be equated with the goods and services available.

DR. WALKER: Mr. Speaker, everybody is talking so much about diagnosis and treatment that I thought maybe they were getting into my field a bit. The hon. Member for Little Bow mentioned diagnosis and said it was pretty clouded; and where the diagnosis is clouded, the treatment can be empirical only. I do hope the hon. Member for Drayton Valley didn't get the castor oil for his own affliction.

The dictionary says inflation is "an act of inflating; a state of being inflated; distention; empty pretentiousness; pomposity; an increase in the volume of money and credit relative to available goods resulting in a substantial and continuing rise in the general price level". In other words, it blows things up like a balloon, an ego, one of those things thin women wear that explode up in the air, or an inflated dollar.

As the hon. Member for Drumheller mentioned, in Germany they had great difficulty. But all of Europe was like this after the war. The Europeans said, let's not bother saving our kroners, or whatever it was. We will spend everything we've got, because we're not too sure it's going to be that good tomorrow. Everybody went on a spending spree. I think this was probably the start of the whole inflationary spiral in the western world. We ended up with an inflated dollar as a secondary concern to Europe.

We're like a ship going across a sea. It's perfectly calm, and we hit a wave. It's much, much better to change course than to keep sailing straight into the eye of a hurricane.

One of the members referred to several

means of issuing money. The central bank does this by two main means: number one, on its gold reserves; number two, on what's called a fiduciary issue, which allows it to issue a certain amount of money on the securities held in that country. If we issue one dollar, and it moves around the community three times in a day, that's equivalent to three dollars spent. If we can encourage people to save, that dollar doesn't circulate at all. The value of it gradually goes up again.

Some of the people who I am glad to see are the leaders of the community in Alberta, and that includes doctors and teachers, have started off by acknowledging the guidelines that have been set down. I do like to remind the hon. Member for Spirit River-Fairview that if he wants to tax all the \$2,400 some doctors might make, the only way they can possibly earn it is to work a lot harder.

Energy companies, utilities, and municipalities have purposely been left out of this legislation, as they are controlled by their own boards and by elected members, just as the federal government left provincial governments out of its own legislation, leaving a lower government level to do its own thing. I feel it's only right that we rely on responsible people with a lot of integrity who are serving their own community, such as municipal governments and school boards, to control their own area.

Let us give a little medicine to our complaint, then, and try to correct the so-called illness a bit. As long as this legislative self-destructs in 18 months and becomes truly temporary, I will support this bill.

MR. KIDD: Mr. Speaker, it seems to me so much confused economic nonsense has been spoken in this House today that I might as well add to the total. We've heard about apples, salves, interest rates, body rubs, castor oil, and the dollar bill. A significant contribution to this debate by Lewis Carroll:

'Twas brillig, and the slithy
toves

Did gyre and gimble in the
wabe;

['Twas] mimsy [in] the borogoves
. . . [that] outgrabe.

The facts are that we as Albertans must go along with the federal government on this one, as good Canadians. So let's get on with it as best we can.

MR. HYNDMAN: Mr. Speaker, I'd like to make a few remarks in closing. I'd like to thank the various members for their unique contributions . . .

[laughter]
. . . which encouraged the debate to be free flowing and, I think, many dimensioned.

In closing debate, Mr. Speaker, I'd just like to deal with a number of points which have been posed. There were a number of questions. I think if I offer some comments about them at this time, in committee the bill may move along with less

difficulty.

One of the questions posed, Mr. Speaker, concerned what conditions Alberta might or would consider requiring, in the event it was moving toward an agreement or agreements under the federal bill. I think that's a pertinent question, Mr. Speaker. Some of the conditions we might be looking for in the negotiations which will take place over the course of the weeks ahead would be as follows.

I have already mentioned the caveat with regard to 18 months, and as has been discussed in the House this evening, there are hopeful signs from the minister of finance that possibly we will reach some accommodation in that regard.

One other condition we would be looking to, of course, is the continued exclusion of oil and gas pricing. The exclusion of farm-gate prices has been mentioned, and this is something we would be looking to also.

The matter of delay is something I would have to mention. We would be seeking some kind of safety valve which would enable the Province of Alberta, if it felt there was a very serious and lengthy delay prejudicing the province or part of it in the delivering of a decision by the federal board respecting an entity in Alberta -- under those circumstances, we would want to ensure there was a condition which would be of assistance to us.

Another area of a condition could be the question of whether, over the course of months, the federal board manifested a lack of regional understanding. If something like this occurred -- and at the moment I am frank to say I haven't seen evidence of that -- we might want to include such an item in any conditions we would put forward.

Another condition would be mutual consent between the federal government and the Province of Alberta before any modification of the agreement. I think a requirement that there be proper and meaningful consultation, probably on a regular three or four times a year basis -- not a very vague kind of consultation, but something that could be pinned down in an agreement -- is what we would be looking for.

Finally, another area could be the reference in the white paper to situations where the employer can pay his employees above the guidelines when he can demonstrate he can't attract or hold workers. The recent decision by the federal board in the Falconbridge Mines situation evidenced this. Particularly in this province, where there may be situations that would see employers being unable to attract or hold workers, we would want to ensure there is a continuing exemption in terms of a higher than guideline wage being paid.

Those are some of the conditions we would look to. The situation at the moment is still very fluid. The negotiations would take place over the course of the next weeks in December and probably into January, hopefully no longer.

Another question raised related to the latitude in the bill. I'd certainly concede the bill sets forth the powers of the

Executive Council in a very general way. We would have preferred to have been more specific. The problem is we haven't seen and won't see the federal regulations until probably a week or more. Also, we don't know what kind of agreement we might get into in the course of the next few weeks. That's why we are unable to be as specific and detailed as we would like to be.

A further question was raised with regard to how, in 18 months, the province would make a decision, by resolution of the Assembly, as to whether it would continue to be involved in the program. I think it's very, very difficult at this stage, Mr. Speaker, to foresee the situation. But some of the indicators, I think, would be: the rate of inflation in the Province of Alberta over the course of the next 15, 16, 17 months; the success, or otherwise, of the federal program at that date -- and that would be in, for example, the fall of next year or the spring of 1977; also, at that time, possibly the measurable effect on the Alberta economy with regard to its growth and unemployment, which might be seen in the fall of next year or the spring of 1977. Those would be a few of the indicators we would be looking at. It would be, I think, a judgment call. In addition to those facts, we would have to look at such issues as psychology and mood and attitude, because they are very much a part of what has brought us to this inflationary stage today.

A further question was posed with regard to professional fees. I believe members are probably familiar with the statement of professional fees in the white paper. It's on page 23. Essentially what this boils down to is that the federal government will be involved in the area of professional fees. I think it is abundantly clear the same general principles that apply to prices and incomes of all working people in Canada covered by the federal guidelines will apply to those people who are in the professions -- doctors, lawyers, architects. I think there is evidence that when the federal regulations come out they will possibly make it clear -- because the guidelines certainly make it clear -- that increases in that area will be allowed only to an extent enabling the covering of increased costs. There is a \$2,400 maximum ceiling, which, as the Member for Macleod pertinently pointed out, does not include an increase in workload. Certainly, I think the federal government is right in not excluding productivity as something which is not going to be caught by the guideline ceilings, because an increase in productivity and an increase in Canadians' [ability] to produce is one of the things that must be very basic to beating inflation and putting ourselves in a competitive position in the world.

In the area of professional fees, I gather also that the federal government -- I believe it was noted in the Edmonton Journal this evening -- is looking towards some kind of control with regard to billings, and that Mr. Macdonald, the Minister of Finance, has indicated there may be a special provision limiting the fees of

lawyers with regard to a percentage they would secure as a fee in real estate transactions. It seems to me, therefore, there is no question the federal government is serious in bringing in guidelines with regard to professional fees. The real question at the moment is how, by what method, by what mechanism. That is a gray area. We don't know at the moment what that will be. Certainly I would see a provincial monitoring role of some kind in that area.

Mr. Speaker, in conclusion on second reading of Bill No. 81, I would suggest that this bill is one of a number of alternatives Alberta is taking with regard to the inflation fight. In summary, I think Bill 81 balances the opportunity for co-operation and a national perspective with proper safety valves and flexible options for Alberta. Perhaps in looking at the whole program and at the place of this bill, it boils down to the question of rights and responsibilities, as so many things in life do. We, as a province, have fought diligently for provincial rights. We have sought the right to be a full partner in Confederation. With the exercise of our rights, I think we have acquired a national visibility. There are certainly national responsibilities that go along with that new maturity on the part of Alberta. One of those national responsibilities, I suggest, is to lend our weight in the fight against inflation. Mr. Speaker, we're prepared to do our part.

[Motion carried; Bill 81 read a second time]

Bill 90

The Credit Union Amendment Act, 1975

MR. GOGO: Mr. Speaker, I move second reading of Bill No. 90, The Credit Union Amendment Act, 1975, and I would like to make a few comments in support of the amendment.

With all this talk about inflation, I couldn't help recognizing how it might affect the proposed amendment to The Credit Union Act. It seemed most members in the Assembly were concerned about government spending as a way of controlling inflation, and I got the impression that's what the Prowse commission tried.

If the federal government were really sincere about controlling the rate of inflation, they might have considered turning it over to the post office. That would have stopped it altogether.

Basically, the purposes of the changes in The Credit Union Amendment Act, Mr. Speaker, are really those concerning consumer protection. There are many in the Assembly who remember from boyhood days when a candy store was on each street corner. Today, in 1975, those locations are occupied by banks and trust companies. Our system seems to have changed. Indeed the credit union has changed; today we have in Alberta over 200 separate entities of credit unions with assets of almost \$.5

billion. I think the most significant thing is that the cash flow, that is, the money going into the credit unions, is over \$11 million a month. They have shown a rather astounding increase of over 30 per cent in the first three-quarters of this year. Indeed, the largest credit union in Alberta is located in the capital here. It has assets over \$70 million.

The proposed amendments have come from the credit union movement itself. This appears to be an organization, Mr. Speaker, that is quite prepared for self-control and self-discipline, and they're asking this Legislature to make amendments to their act that would benefit their customers. Mr. Speaker, the major changes in the act number five or six, the first one being the stabilization fund.

The purpose of the stabilization fund, which has been growing since 1959, is that each credit union contributes a percentage of its assets into a central fund so in the event -- the unlikely event, the hopefully never-happening event -- of a credit union going bankrupt or belly up, the depositors and shareholders of that credit union are protected. However, because of recent changes in the federal income tax act of a year ago, the contributions the credit unions make to the stabilization fund are now allowed to be tax-deductible, or an expense to those credit unions. Mr. Speaker, by putting through the amendment, we make this stabilization fund a separate corporate entity on its own. If we do not put through the amendment, the credit unions will not have the advantage of considering as a deductible expense their mandatory contribution to that fund. So it's certainly essential that it be done.

Also, in terms of protection, the federal government has made mandatory [that] all federally-chartered institutions within Canada be members and contribute to The Canada Deposit Insurance Corporation, known as the CDIC. The purpose of that, Mr. Speaker, is that if any federally-chartered institution runs into difficulty, it can lean on the CDIC for support. This costs money, and they make deposits. Because of the tremendous growth of the credit unions, they would also like to turn to the CDIC in the unlikely event they should require assistance. That can only happen if (a) the stabilization fund is a separate corporate entity, and (b) they would then have the possibility of using their assets as collateral to the CDIC for assistance. We've talked so much about the devalued dollar that we should perhaps consider what that means to the stabilization fund. If they hold government or corporate bonds at 7 per cent interest, in their portfolio of investments at the interest rates today those bonds are only worth probably 65 or 70 cents on the dollar. If they do not have access to the CDIC, they can only borrow based on the market value; whereas if the stabilization act is put through, they could borrow at face value. That point is absolutely essential, Mr. Speaker.

Should it be passed, the bill also provides that the new stabilization fund

would assume the reserves in the present stabilization fund, which amount to \$4 million. In addition, a new board of directors would be created. Instead of the federation controlling the stabilization fund, it would have its own board of directors.

Mr. Speaker, a third change is because the size of the credit unions has made the process of accounting and accountability somewhat difficult [compared] to what it was 10 or 15 years ago. They have requested, and it's proposed in the amendment, that the annual reporting date be extended from February to March each year, or an extra month.

It also allows for -- and this is a sign of success, Mr. Speaker. Credit unions have had supervisory committees within them to supervise their books. They have got to the point where they are too big for laymen, as elected members within their boards, to do this. So there's provision in the act whereby they could have an internal audit, and that would replace the supervisory capacity of these volunteers.

So, Mr. Speaker, in keeping with the principle of self-help and self-discipline that's been displayed by the credit union movement, and the fact that their members themselves have asked for these amendments to the act, I would ask that this House support the amendment to The Credit Union Act, Bill 90. Thank you.

DR. BUCK: Mr. Speaker, I would like to make one or two comments, really in the form of a question or two to the hon. member presenting the bill.

I was pleased to see the number of branches is rapidly escalating, and the volume of business they are doing. I would like to say that in many small communities the credit unions are really doing an excellent service for the people of the province. In speaking to one or two small businessmen, they said they almost would have gone out of business if these facilities had not existed in the communities.

The one or two questions I would like to ask the hon. member are: what are the limitations on the credit unions, and how do they compare with the treasury branches and the chartered banks? I would like to know what limitation there is on how they handle their money. Are they involved in house mortgages? What are the limitations as far as memberships go? Who can belong? Do you have to be an employee, and what are the restrictions in that area? These are basically the few questions I would like to ask the hon. member.

MR. SPEAKER: I suggest that perhaps the questions asked by the hon. Member for Clover Bar might be dealt with in committee if they're thought to be relevant, because, as I understand it, they relate to portions of The Credit Union Act which are not touched in any way by this amending bill.

DR. BUCK: Agreed.

MR. SPEAKER: Would all those in favor of the motion . . . Did the hon. Member for Vermilion-Viking wish to enter the debate?

MR. LYSONS: Yes.

MR. SPEAKER: I apologize.

MR. LYSONS: Mr. Speaker, I'd like to say a few words on this bill. In the first place, I would like to congratulate the Member for Lethbridge West in his drafting of the bill and his presentation here tonight. I believe this is really a grand job he has done.

We have to realize this bill is permissive legislation, asked for by the credit unions. I believe any time we can have organizations such as this, run almost exclusively by non-paid volunteers -- normally, none of the directors of these credit unions are paid; the credit committees and supervisory committees are not paid -- and when we can accommodate them in this House in this fashion, we should be very pleased.

I would like to mention that the stabilization fund was set up by credit unions many years ago. As a matter of fact, I believe The Canada Deposit Insurance Corporation has been tailored in some regards to the stabilization fund. In other words, the credit unions were leaders in this area.

Another point I would like to mention is about the year end. We live in Alberta, and it gets pretty cold in February, with lots of storms. I can remember many times going to credit union annual meetings in February; it was 25 below with the wind blowing. By having the year end extended to March 31, we've certainly earned some brownie points.

That's all.

[Motion carried; Bill 90 read a second time]

Bill 87
The Alberta Income Tax
Amendment Act, 1975 (No. 2)

MR. LEITCH: Mr. Speaker, I move second reading of Bill No. 87, The Alberta Income Tax Amendment Act, 1975 (No. 2).

There are four provisions of the current legislation which this bill proposes to amend, Mr. Speaker, and all of them relate to the amending legislation passed as Bill 25 during the session in May and June of this year. Three of them are to ensure we are doing in that bill what we intended to do. In short, they are essentially amendments for purposes of clarification and certainty.

One deals with the method of calculating the foreign tax credit, in the sense that the legislation that now exists requires that that be calculated after the application of the selective tax reduction. It should be the reverse.

The second change proposed in the bill, Mr. Speaker, would ensure there is no

doubt about the fact that rentals and other fees of a similar nature, paid in respect to rights to produce petroleum, are included in the calculation of attributed Canadian royalty income, which is necessary in respect to the tax credit and rebates portion of the bill.

In addition, Mr. Speaker, one of the amendments proposed to carry out the intention we had at the time of introduction of Bill 25 in the spring would ensure that two corporations, one of which was acquired by the other during the course of the year, would remain entitled to the \$1 million rebate when both of those corporations prior to the year of acquisition were entitled to the \$1 million rebate, and where both of them in the year following acquisition would have been entitled to the rebate.

The fourth amendment, Mr. Speaker, is one of substance. The rebate entitlement of an individual increases from \$25,000, being the amount referred to in Bill 25, to \$1 million, which is the rebate to which a corporation is entitled. The reason for that proposed amendment, Mr. Speaker, is simply that we have been persuaded that those who have made representations to us that individuals ought to be treated in the same way as corporations are correct. For that reason, we are proposing the individual be entitled to the same rebate as a corporation.

[Motion carried; Bill 87 read a second time]

Bill 85
The Real Estate Agents'
Licensing Amendment Act, 1975

MR. MCCRAE: Mr. Speaker, I move second reading of Bill 85, The Real Estate Agents' Licensing Amendment Act, 1975.

Mr. Speaker, this bill is a result of a number of discussions over the past several years between government spokesmen and representatives of the real estate association. The Real Estate Agents' Licensing Act has not been amended for a number of years, and the bill tonight will incorporate changes of considerable importance that have been decided upon through discussions.

Mr. Speaker, there are several highlights to the bill, and I would like to go through them. One is that time-sale agreement sales will come under the umbrella of the statute for the first time. This refers to trading in apartments or condominiums in areas outside of Alberta, whether they be in Hawaii, Arizona, or what have you. It boils down to a purchase of an interest in a condominium or apartment, where a person is given a right to possession of the real property for a period in each year through a number of different years. In the future, Mr. Speaker, the sale of such time-sale agreements will have to be by or through a licensed real estate agent, after filing of a prospectus or written authorization with the superintendent-

ent of real estate. This amendment will not come into effect until January 1, 1977, with respect to any prospectus for these properties that now has been approved.

Mr. Speaker, because of the affluence of our citizens, a number of them have been buying properties, or interest in properties, in foreign lands. It was felt by the department that they needed some protection. Mr. Speaker, if this matter were important before, I would think it doubly or triply important tonight, or after tonight, because with all the interesting economic theories that were bandied around here tonight, anyone with money to spend may want to move it out of the province and invest it elsewhere.

Mr. Speaker, another very interesting change in the bill is that of the bonding requirements. Heretofore, both salesmen and agents have been bonded. With the proposed amendment, only the agents will be bonded, and the salesmen will be covered under the bond of the agent. The bonding changes are not specified in the bill itself, Mr. Speaker. They will be in the regulation. The regulations will provide that agents be required to post a bond of between \$10,000 and \$100,000, depending on the number of employees or salesmen they have. This is a very important change, Mr. Speaker. Over the past several years, there has been a tremendous turnover of real estate agents in a given year. I've heard that as many as one-third of the agents come and go in a year. Part of the idea of this change is that the agents will take more responsibility for those who come into the field as salesmen, and perhaps this will reduce the turnover of salesmen.

A further change, Mr. Speaker, has to do with appeals. Previously, if a salesman or agent were disciplined or deprived of his licence, it was done by the superintendent, and an appeal [was laid] to the minister. The minister had authority to appoint an advisory board of two to four people to study the situation and make recommendations to him, but the final decision was by the minister himself. This will be changed now, Mr. Speaker, and the appeal by a decision of the superintendent will go to an appeal board, which will comprise between two and four people. They may adjudicate, remove, or vary any decision of the superintendent. From there, a further appeal will lie to the Supreme Court of Alberta. This is thought to be a very good amendment to the act and will provide a better method of appeal or review of decisions than the previous basis followed.

Another section, Mr. Speaker, Section 18(2), is very important in that in a situation where the licence of an agent has expired, is cancelled, or suspended, the superintendent may, if he considers it is in the public interest so to do, order the holding company, bank, treasury branch, or trust company holding funds of that agent to hold the funds in trust.

Another change, Mr. Speaker, is that deposits or trust funds paid to an agent will be required to be maintained in Alberta. It is my understanding that heretofore

a large amount of these funds has, in fact, been transferred to other jurisdictions and held there until required to meet the obligation of the agent. By the change in the section, they will now be required to be maintained in Alberta, and I think that is important to our banking system.

Another change is that of the guaranteed sale agreement. All members will be familiar with the situation where an agent or salesman guarantees to a purchaser that he will secure him a fixed or predetermined price on the sale of his property. The requirement now in the act will be that the guaranteeing party, be he an agent or a salesman, will be required to place 5 per cent of those funds in trust as security or a guarantee for the selling party.

Another change is that a salesman trading on his own behalf in real estate must disclose to the client that he does in fact have an interest in the sale and is trading on his own behalf. The act further provides for the appointment of a superintendent of real estate, a deputy superintendent of real estate, and inspectors.

Mr. Speaker, these are the main changes to the act. There are a number of other more modest changes. They're all important. I think they should go ahead at this time, and we request the support of the House on the bill.

[Motion carried; Bill 85 read a second time]

Bill 92

The Recreation

Development Amendment Act, 1975

MR. DOWLING: Mr. Speaker, on behalf of the hon. Minister of Recreation, Parks, and Wildlife, I move second reading of Bill 92, The Recreation Development Amendment Act, 1975.

The principle of this bill, Mr. Speaker, would allow a specific right to a municipality to charge the capital costs as well as the operating costs of recreational facilities to the tax base of any particular recreational area as a local improvement. The amendment, Mr. Speaker, clarifies the original intent of the act, and I urge all members to support it.

[Motion carried; Bill 92 read a second time]

MR. HYNDMAN: Mr. Speaker, I move you do now leave the Chair and the Assembly resolve itself into Committee of the Whole to consider certain bills on the Order Paper.

MR. SPEAKER: Having heard the motion by the hon. Government House Leader, do you all agree?

HON. MEMBERS: Agreed.

[Mr. Speaker left the Chair.]

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COMMITTEE OF THE WHOLE

[Dr. McCrimmon in the Chair]

MR. CHAIRMAN: The Committee of the Whole Assembly will now come to order.

Bill 87 The Alberta Income Tax Amendment Act, 1975 (No. 2)

[Title and preamble agreed to]

MR. LEITCH: Mr. Chairman, I move that Bill 87 be reported.

[Motion carried]

Bill 92 The Recreation Development Amendment Act, 1975

MR. CLARK: Mr. Chairman, perhaps I might ask the minister to give us a bit of the background with regard to why the government is bringing the legislation forward at this time. Does it flow from the situation in Calgary and St. Albert? The minister will recall a plebiscite was held in one of the areas of Calgary. It was turned down, but there was some question as to whether they would have been able to levy the mill rate had it been approved. I wonder if the minister could give us a bit of the background.

MR. DOWLING: Yes, Mr. Chairman. In 1971, Calgary did apply to establish a recreational area and thus participate in the terms of the act. There was some question by their legal counsel as to whether it could be accommodated, so they withdrew their application. The amendment clarifies the position of the government with regard to recreational areas, and the option of a municipal government to tax all pieces of property in a recreational area for purposes of either building or operating a recreational facility.

MR. CLARK: Mr. Chairman, I would just like to ask the minister if he'd comment on the next problem. Where in principle I certainly agree with this kind of legislation, I think we must recognize there can be a bit of a problem, especially in the two large urban centres of Edmonton and Calgary. This kind of legislation will work very well in the well-to-do areas in Edmonton and Calgary. But if the principle of having recreational facilities becomes contingent upon being approved by the rate-payers in a recreation area in the urban

centre, it doesn't take very much imagination to see what's going to happen in some of the not so well-to-do areas in Edmonton and Calgary, simply because of the economic situation of the people who live in those areas. I would just like the minister, or perhaps the former minister, to comment on this area. Because from discussions we've had with some professional people involved in recreation, there certainly is some indication that's a real concern.

MR. DOWLING: Mr. Chairman, perhaps the cost of operating might be a factor there. I really fail to quite understand the point the hon. member is making, because the principle of the bill was established eight years ago when it was introduced by the former government. The intent was there. It's to clarify this intent that the act is now being amended.

The taxes are levied in accordance with the benefit received by each parcel of land. They can be levied in that manner, or in a particular way with a set standard for all pieces of property in the recreational parcel. But in the first place, the recreational area is established by by-law. I'm not sure whether I clarified the point.

MR. CLARK: Perhaps I'll have another crack at it. The situation I'm alluding to is this. Let's say that, in fact, the likelihood of a recreation area being established in a not very well-to-do part of the city of Edmonton, and of additional recreational facilities developing in that area, is extremely unlikely, as you compare it to one of the new areas in the city. In fact, if our two major cities of Edmonton and Calgary were to embark upon this kind of approach as, frankly, the only means towards recreation development in areas of the city, you would have a situation, in my judgment . . . I'd like to ask the minister if the situation could develop where we'd have really good recreational facilities in the well-to-do parts of the cities. On the other hand, in those areas where the people simply couldn't afford to carry the additional load, they might have a recreation area, but they simply wouldn't be able to pass by-laws because they would be voted down. So you rather end up with two standards of recreational facilities within the urban area.

MR. DOWLING: Mr. Chairman, I understand the situation the hon. member is alluding to. As I've said, the municipality may vary the tax amount on each parcel of land in accordance with the value accrued to that parcel of land as a result of the recreational facility. So it doesn't necessarily mean each parcel will be taxed at the same rate or amount. Section 9(4) provides that a different rate can be established for each parcel. I understand the point the hon. member is making.

MR. CLARK: One more comment, Mr. Chairman. The rate doesn't make much difference if the people in that recreation area can't afford it. You can play with the assessment any way you want to. If this were

carried to an extreme, the end result would be that you'd have areas in the city that simply wouldn't have the kinds of facilities other areas of the city could afford. I can see the reason, as a result of what was tried in Calgary. I think St. Albert was looking at the same possibility.

I just try to point out that if we went in this direction exclusively and this were the only basis for recreation facilities, and if this were to become the base for, especially, capital facilities, before too many years we could have some pretty major inequities.

MR. DOWLING: The by-law has to be passed in the first place. The Local Authorities Board also has some input, Mr. Chairman. I would think the matter will be resolved, and the recreational facilities will develop where those people want them developed.

[Title and preamble agreed to]

MR. DOWLING: Mr. Chairman, I move the bill be reported.

[Motion carried]

Bill 90

The Credit Union Amendment Act, 1975

[Title and preamble agreed to]

MR. GOGO: Mr. Chairman, I move the bill be reported.

[Motion carried]

Bill 85

The Real Estate Agents'
Licensing Amendment Act, 1975

[Title and preamble agreed to]

MR. McCRAE: Mr. Chairman, I move that Bill 85 be reported as amended.

[Motion carried]

MR. HYNDMAN: Mr. Chairman, I move the committee rise, report progress, and beg leave to sit again.

[Motion carried]

[Dr. McCrimmon left the Chair.]

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[Mr. Speaker in the Chair] MR. CHAIFMAN: Mr. Speaker, the Committee of the Whole Assembly has had under consideration Bills No. 87, 92, and 90, and begs to report same. Mr. Speaker, the Committee of the Whole Assembly has had under consideration Bill 85, begs to report same with some amendments, and begs leave to sit again.

MR. SPEAKER: Having heard the report and the request for leave to sit again, do you all agree?

HON. MEMBERS: Agreed.

MR. HYNDMAN: Mr. Speaker, I move the Assembly do now adjourn until tomorrow afternoon at 2:30 o'clock.

MR. SPEAKER: Having heard the motion by the hon. Government House Leader, do you all agree?

HON. MEMBERS: Agreed.

MR. SPEAKER: The Assembly stands adjourned until tomorrow afternoon at 2:30.

[The House rose at 9:50 p.m.]

