

# THE LEGISLATIVE ASSEMBLY OF MANITOBA

Wednesday, April 12, 1978

Time: 2:30 p.m.

**OPENING PRAYER** by Mr. Speaker.

**MR. SPEAKER, Hon. Harry E. Graham (Birtle-Russell):** I should like to direct the attention of the honourable members to the gallery on my left where we have 15 student members of the Rehab. Hospital accompanied by Miss Valerie Arklie. This hospital is located in the constituency of the Honourable Mr. Speaker. —(Interjection)— This is what it says here.

We also have 15 students of the Stay Program accompanied by Mr. Dennis Ditchfield.

On behalf of all the honourable members, we welcome you here today.

We also have 12 students of Westgate Mennonite Collegiate accompanied by the teacher, Mr. Jake Pankratz. We also welcome you here today.

Presenting Petitions . . . Reading and Receiving Petitions . . . Presenting Reports by Standing and Special Committees.

## MINISTERIAL STATEMENTS AND TABLING OF REPORTS

**MR. SPEAKER:** The Honourable Minister of Finance.

**HON. DONALD W. CRAIK (Riel):** Mr. Speaker, I am pleased to announce that the Manitoba Government has agreed to provide a loan guarantee of \$2,800,000 to assist the financially troubled Canadian Co-op Implements Limited of Transcona. Our contribution along with loan guarantees of \$2,625,000 from Saskatchewan and \$1,575,000 from Alberta and a recoverable contribution of \$8,000,000 from Canada will give CCIL the opportunity to try and make itself viable once more.

The company has been operating on a limited scale and will now move aggressively into expanded manufacturing. It is expected that several hundred direct jobs will be created above the present level and that the job level in secondary industries will be expanded because of the high multiplier effect associated with this type of industry.

**MR. SPEAKER:** The Honourable Member for Inkster.

**MR. SIDNEY GREEN:** Mr. Speaker, this side of the House welcomes this announcement. I indicated previously, Mr. Speaker, that there was a request to the previous administration to finance the problems of CCIL on a provincial basis. We indicated that it was not possible for the province to accept sole responsibility for this type of financing. We did, however, indicate that we would explore, as between Saskatchewan, Alberta. At that time the Federal Government was not involved but we indicated that we would explore a system whereby the public generally, not the Province of Manitoba by itself, but that the public generally would participate and make an investment in what seemed to be even a difficult commercial situation which possibly could or could not extricate itself, but we wanted to give them the opportunity of doing so because of the value that this kind of industry has in the Province of Manitoba. In particular, Mr. Speaker, we looked with favour upon this type of arrangement because the plant is in the Province of Manitoba, but I repeat, Mr. Speaker, we did not feel that Manitoba should go it alone.

We welcome the announcement, Mr. Speaker, not only for what it does with regard to maintaining, or attempting to maintain, an important industry in the Province of Manitoba, but because, Mr. Speaker, it represents a retreat comparable to Napoleon's retreat from Moscow on the part of the Conservative administration. Mr. Speaker, if there was anything that I was bedevilled with for the past four years and during the election campaign, it was the statement by Conservatives that the public should not be putting any public money into failing industries, into the area of commercial affairs, into business, and I said on all of those occasions, Mr. Speaker, that every government is going to do it. It has been done throughout this country, it was done in the Province of Manitoba prior to the New Democratic Party taking power, it was done while we were in power, and Mr. Speaker, I said it would be done after we left power, if that happened to be the case.

And lo and behold, Mr. Speaker, within seven months the Conservative government has seen to the extent of \$3.5 million in one year — by the way, that is more of a capital public investment in commercial affairs than was made in the last two years of the New Democratic Party administration, because there was nothing advanced to Flyer in the past two years — Mr. Speaker, lo and behold, \$3.5 million. And what we now find, Mr. Speaker, is that the Conservative party has become just a little bit pregnant, and just a little bit pregnant, Mr. Speaker . . .

**MR. SPEAKER:** Order please. Order please. May I suggest to the member that he keep his remarks confined to the statement that was made, and make your reply as brief as the statement.

**MR. GREEN:** Mr. Speaker, I am glad that you reminded me to do exactly what I was doing and exactly what I intended to do. Mr. Speaker, it's not a small issue, it is \$3.5 million of public money, and Mr. Speaker, it is an indication that in this economy when there are difficulties it is the public that is

relied upon and it is the public that can do it, and that is now admitted by the Conservative administration, and I ask that that be underlined by all members.

**MR. SPEAKER:** Notices of Motion . . . Introduction of Bills.

### ORAL QUESTIONS

**MR. SPEAKER:** The Honourable Member for St. Johns.

**MR. SAUL CHERNIACK:** Thank you, Mr. Speaker. I want to address a non-political question to the Minister of Finance.

In view of the government announcement made by him a number of months ago of a reduction of corporate income tax by 2 percent, has the government yet made a decision as to the effective date of that?

**MR. SPEAKER:** The Honourable Minister of Finance.

**MR. CRAIK:** Mr. Speaker, the Bill will be before the House shortly, and that plus the surtax will also have to be a matter of legislation. As indicated in the Budget Speech, the surtax is being imposed beginning the 1st of January, 1979, as the current surtax expires at that time.

Well, Mr. Speaker, while I am here though, may I attempt to answer a question raised yesterday by the Member for St. Johns, as well, that also is required by way of legislation. Both are going to require legislation.

**A MEMBER:** What date?

**MR. CRAIK:** The 1st of January of this current year . . . 1978. Okay.

**MR. SPEAKER:** The Honourable Member for St. Johns.

**MR. CHERNIACK:** Well, Mr. Speaker, now that the Honourable Minister says that it is effective on January 1st of 1978, will he clarify whether this applies for the end of the fiscal year which ends within 1978 or does the government intend to prorate it for a company whose fiscal year does not end on the calendar year, but which will then not know how it applies? Will the Minister tell us whether government has made a decision yet?

**MR. CRAIK:** Well, Mr. Speaker, I'll take the question as notice and it will also be dealt with in the legislation.

**MR. SPEAKER:** The Honourable Member for St. Johns with another supplementary.

**MR. CHERNIACK:** Mr. Speaker, as I understand it, the Minister wants to make a statement unrelated to my question. I have a further supplementary to the question I asked.

Is the Minister aware that there may be any number of corporations whose fiscal year has already ended in 1978, and have no way of knowing what tax they will be liable to pay when the legislation comes in. Just to explain, if their fiscal year ended on January 31st, 1978, they have no way of knowing whether the reduction applies prorated for one month only, or for the entire year.

**MR. CRAIK:** Well, Mr. Speaker, I'll check for the member and see if there has been any instruction go out from the Department of Finance to the public at large on that question as to whether there is proration or other. He is obviously more plugged-in to the corporate picture than I am on this particular question.

Mr. Speaker, yesterday the Member for St. Johns raised a number of questions regarding the mechanics of the payment of the Federal share of the cost of Manitoba's three point sales tax reduction, and I'd like to take this opportunity to explain the mechanics to the Chamber.

The mechanics of the Federal payment include a special transfer of personal income tax room and cash. The tax transfer is a special temporary abatement of \$100 of Federal tax payable. For taxpayers with less than \$100 of Federal tax payable, the special abatement is the total amount of Federal tax payable.

Complimentary Federal and Provincial legislation will be necessary to authorize the special Federal transfer.

Since the change in provincial tax payable for 1978 will match the federal abatement to the exact cent, and this is the important point and the one where the Member for St. Johns was wondering about the interpretation from the printed revenues, there will be no change in the personal income tax liability facing any Manitoban. These changes will cause no change in the total tax payable on the tax forms in 1979, although there will be a note on the federal tax form indicating what they have done with regard to the different provinces. The federal Minister of Finance confirmed this in his Budget Speech on Monday. Nor, Mr. Speaker, will taxpayers face any added calculation as a result of the transfer. All the necessary adjustments will be made by Revenue Canada.

This special income tax transfer is expected to provide 37 million dollars of the 41 million cost associated with the federal share of the Manitoba sales tax reduction. The remaining 4 million dollars of the federal share is to be received in cash, and as indicated in the Budget Address, the 20.5 million cost of the third point of the sales tax reduction represents a direct revenue loss to the province. I hope this will clean up the question. By way of further information, the federal government will be making advances to the provinces on the twelfth day of each month during the period of application of the sales tax for the six month period.

### POINT OF PRIVILEGE

**MR. SPEAKER:** The Honourable Member for Transcona on a point of privilege.

**MR. PARASIUK:** Yes, Mr. Speaker. On April 3rd the Minister of Consumer Affairs presented to the members in the House, a document which he said was the technical report of the staff of the Rent Stabilization Board. The original report, however, had been leaked to the press some time ago and meers of the press have that report. I have a couple of pages from that original report which indicate that the intent of the entire report has been censored by a political editing job on the technical report. I table for the House the original Foreword, the second paragraph of which has been deleted by the Minister. That second paragraph said, "Our findings indicate that there is no real urgency to remove rent controls since the negative effects of rent controls is not evident and will not happen for several years because of all the other existing housing programs."

Mr. Speaker, I ask why we were misled by the Minister on a technical report which has been edited to either prove a Conservative ideological point or to pay off some backers. I want to know who made the changes in the technical report and I want the Minister to confirm that he will table the correct technical report so members of the House can make judgments based on accurate technical information, not political propaganda.

**MR. SPEAKER:** Order please. It is my opinion that the point of privilege that the member raised is a matter that could more properly be dealt with at some other time. The Honourable Member for Inkster.

**MR. GREEN:** Mr. Speaker, as I understood the point of privilege, and I would ask you to consider it, is that the House was given a document which purported to be a technical report, that the report had been altered by the Minister before it came to the House. I'm not suggesting that that did or did not occur but that is the member's point, and if that indeed did occur that we were given with a document signed by one person which had deletions by the Minister, not indicated by the Minister, I would submit, Mr. Speaker, that affects the privileges of the members of the House and it should be referred to Committee.

**MR. SPEAKER:** The Honourable Minister of Consumer Affairs.

**MR. MCGILL:** Well, Mr. Speaker, first of all to the Member for Transcona. The report which he received was the final report submitted by my department. The report which he compares it with was a report which had not yet been gone over in consultation with those people who had prepared it, and the report which was tabled was the report which was agreed to by the people who prepared the original document and it was presented to the public.

Mr. Speaker, I'm well aware of the individual sentences and so forth that were discussed with the people who prepared the report, the draft report. We agreed that we wanted to make it as objective as possible to eliminate editorializing in the content of the report and to simply present the detail and the research as it was done. Mr. Speaker, this was done in consultation with the people of my staff, and we presented that report to you. The original report was not intended for public distribution until we had had an opportunity to review it with those people who had prepared it.

So, Mr. Speaker, I do not accept the premise of the Member for Transcona that this report was altered. This report was approved and agreed upon and distributed in that form.

**MR. SPEAKER:** The Honourable Member for Transcona on the same point of privilege.

**MR. PARASIUK:** On the same point of privilege, Mr. Speaker. The Minister has confirmed that he tampered with the report, but in the letter of transmittal which I have here of April 3rd he says, "I have received a preliminary report on the impact of rent controls that has been prepared by the Rent Review Agency. The report contains information obtained by the agency in the execution of their responsibilities under the Rent Stabilization Act. This is supplemented by other source material and the views of the authors," Mr. Speaker.

He is now saying that he has asked those authors to change their views and that's not the way in which the report was transmitted to the members of this House by the Minister. That is the point of privilege and that to me is deception.

**MR. SPEAKER:** The Honourable First Minister.



**HON. STERLING R. LYON (Charleswood):** Mr. Speaker, speaking to the alleged point of privilege, I think that a point of privilege arises all right, and the point of privilege is really the incomplete education of the Member for Transcona —(Interjection)— the incomplete education of the Member for Transcona who has already embarked, Mr. Speaker, has already embarked on his own churlish little leadership campaign.

And I merely say, Mr. Speaker, —(Interjection)— Mr. Speaker, I say, for the edification of the Member for Transcona, and I hope he will hear me well, that before he stands up in his place in this House, before he stands up in his place in this House and attempts to demean the character of anyone in this House, whether on that side or this side, he'd better be sure of his facts or he will find out what privilege really means in this House I can assure him of it.

**MR. SPEAKER:** The Honourable Member for Transcona on the same point of privilege.

**MR. PARASIUK:** Mr. Speaker, in civilizations past we used to have little punks going around trying to intimidate people in the Legislature. I have raised this specific point of privilege. It is a proper point of privilege and I will not let the leader of that party on the other side try to bully me into stopping me raising a proper point of privilege because he did not speak on this point of privilege, Mr. Speaker. He tried to go after me personally which is ridiculous on his part. Now listen, I would like to educate the member opposite because it is not me who has said that he is forgetful, it is not me who has said that he is lacking in intelligence. So I do not respect statements coming from the person on the other side of the House attacking my motives when I raised a proper point of privilege in this House.

**MR. SPEAKER:** The Honourable Minister of Consumer Affairs.

**MR. MCGILL:** Mr. Speaker, to the Member for Transcona who alleges tampering with the court. I don't accept that term when I am discussing the report with the members of my staff and I would like, Mr. Speaker, if the members opposite would be interested in the detail as to the precise changes that were made as a result of consultation, I would give them to them now if they would like to have that information.

**MR. SPEAKER:** Order please.

**MR. MCGILL:** Mr. Speaker, I believe I have the floor and I would like to respond to the Member for Transcona.

In the Foreword of the original draft, the original second paragraph was removed because it is conclusive in nature whereas the rest of the foreword is of a general nature. In Item 2 of the Foreword, five lines were taken out because of the conclusive nature as opposed to general. These lines, however, are repeated on Page 19 in the body of the report.

On Page 2, in the middle of the page, Mr. Speaker, the sentence, "If the problem were this simple one can only wonder why a book of 212 pages is necessary to deal with it." This was removed. This is an editorial type of comment. The book is really a compendium of several authors' work not merely that of Mr. Walker.

On Page 6 of the original draft, the second paragraph regarding MHRC was changed but the change did not indicate or affect the meaning or the intent.

In the third paragraph, Mr. Speaker, the fourth sentence changed because the paragraph deals with the short-run supply and not tenant savings. Also, it is unclear that short-term tenant savings are maintained over the long run and that the board has no data to support or refute the hypothesis.

page 9: the last paragraph has a quotation "from poor to rich." These words were removed from the last sentence because the board argues elsewhere that control is an inefficient means of distribution.

Page 10, in the first paragraph, the sentence says "only by continuing rent control and providing more rental units can one prevent a large and inequitable redistribution from taking place." This was removed because the board argues on Page 16 that control is inefficient in income redistribution.

On Page 14, in the third paragraph, Mr. Speaker, the words "incentives galore notwithstanding," were removed because they editorialize and have no economic content. The meaning and intent of the paragraph has not changed.

On Page 15, in the first paragraph, the last sentence was removed since all it does is repeat the previous sentence.

On Page 36 in the second paragraph, the last sentence says, "This would mean extremely high windfall profits to owners of buildings whose actual costs were much less than those being built today." This was removed. Windfall profits are irrelevant to the discussion of rent levels and their relationship among types of buildings.

On Page 44, Mr. Speaker, —(Interjection)— Mr. Speaker, the members opposite seem unwilling to hear the details of the changes which were made in consultations with the authors and if they would permit me, I would like to continue and give you the full changes that were made in the draft copy.

In the second paragraph, the last two sentences were removed. This problem exists for many in the economy and these sentences are somewhat repetitive.

Page 46 conclusion No. 4, the word "wood" is changed by the word "could", because there is no

proof existing for exactly by how much rents would rise.

Pages 1-3 and 1-5 references to "change of government and MHRC starts since 1976" were changed because they editorialize and this is not a function of board reports.

Pages 2-5 references to NDP editorializes and was removed.

Pages 2-11, the last paragraph, the word "juicy" was substituted with "attractive" because of the former's unacademic nature.

Pages 2-13, third paragraph, the sentence "It is a system benefiting the very rich while providing nothing for the poor," has been removed. The sentence is incorrect since tax benefits to landlords are passed through to tenants in the form of lower rents. This is proven by the impact of the removal of the capital cost allowances in 1972. It is really a question of how the tax benefit is distributed. Either this section was expanded or the statement was removed. The board removed the statement. The choice was theirs, Mr. Speaker.

Pages 2-14, verses III-3 and III-4, third paragraph, removed because it contradicts the argument on pages 3-3 and 3-4 and this, Mr. Speaker, is the sum total of the mechanical and other changes that were made in this document for its public form.

**MR. SPEAKER:** Order please, order please. The matter of privilege will be dealt with by myself in my Chambers and those people that wish to make presentation to me at 5:30 today may do so.

I have the obligation to rule on whether or not it is a point of privilege and I will hear all arguments for or against and I suggest that it be done at 5:30 this afternoon. The Honourable Member for Inkster.

**MR. GREEN:** Mr. Speaker, on a point of order, and I want to concur with the First Minister that when a member makes charges, he should show that he has ability to back them up. I'm certain that that is true. As a matter of fact, everything that the Minister has said would confirm to me that this is the greatest interference with professional integrity of people that I have witnessed in this Legislature. Mr. Speaker, I move, seconded by the Member for St. Johns, that this matter be referred to the Committee on Privileges and Elections where the entire matter can then be dealt with by the Committee.

**MOTION presented.**

**MR. SPEAKER:** Have you a copy of that motion?

**MR. GREEN:** Well, Mr. Speaker, I just made it on my feet which relates to a question of privilege which I am entitled to do and I submit that it should be dealt with.

**QUESTION put, MOTION declared lost.**

**MR. GREEN:** Yeas and Nays, Mr. Speaker.

**MR. SPEAKER:** Call in the members.

**A STANDING VOTE** was taken, the result being as follows:

**YEAS:** Messrs. Adam, Axworthy, Barrow, Bostrom, Boyce, Cherniack, Cowan, Desjardins, Doern, Evans, Fox, Green, Jenkins, McBryde, Malinowski, Miller, Parasiuk, Pawley, Uruski, Walding.

**NAYS:** Messrs. Anderson, Blake, Brown, Cosens, Craik, Domino, Downey, Driedger, Einarson, Ferguson, Galbraith, Gourlay, Johnston, Jorgenson, Kovnats, Lyon, McGill, McGregor, McKenzie, Mercier, Orchard, Mrs. Price, Messrs. Ransom, Steen, Wilson.

**MR. CLERK:** Yeas 20, Nays 25.

**MR. SPEAKER:** I declare the motion lost.  
The Honourable Member for Inkster.

**MR. GREEN:** Mr. Speaker, you indicated that you wanted to rule on this point; we felt it should be referred to the Committee on Privileges and Elections. May I suggest to you, Mr. Speaker, that you said that you wish to rule, you wish to have argument, you wish to have discussion. The House has voted against sending it to Committee; we will not participate in a closed door discussion of this matter in your Chamber, Sir. I suggest to you, Mr. Speaker, if you want to deal with the Point of Privilege, you yourself can refer it to the Committee should you wish to do so.

**MR. SPEAKER:** The matter having been dealt with by the House, the matter is now ended.

### ORAL QUESTIONS (Cont'd)



**MR. SPEAKER:** The Honourable Member for Inkster.

**MR. GREEN:** Mr. Speaker, I would like to direct a question to the First Minister. Mr. Speaker, does the First Minister have any plan or any strategy with respect to dealing with the Federal Government which has adopted a course of action which could in fact, if followed to its conclusion, dictate the entire taxation policy of every province in Canada. The Prime Minister has done this during the period of an election campaign — I sympathize with the government having to go along, but does the First Minister have any strategy as to how to deal with this federal intrusion with regard to taxing powers of provinces?

**MR. SPEAKER:** The Honourable First Minister.

**MR. LYON:** Mr. Speaker, I am happy to hear the comments of the Member for Inkster and to hear that he supports, in a general way at least — I wouldn't try to tie him in to every word that was spoken by the Minister of Finance the other night in the Budget Statement — but in a general way at least, with the expression of opinion that was given by the government the other night in the Budget, that this does represent an unusual, and I believe unwarranted and dangerous intrusion into the constitutional and the taxation authority of all provinces of Canada. We so stated that in the Budget. The Premier of Quebec has been heard as recently as today making very similar comments about the kind of intrusiveness that this represents, and if carried to conclusion such as my honourable friend has mentioned here, what this could mean in terms of national unity.

Because here we are, as my honourable friend is well aware, at a time that is unique and crucial with respect to the maintenance of the Province of Quebec within the confederate scheme of Canada, and the Federal Government, apparently for limited short term purposes, albeit with at least the glaze or the aura of permitting some stimulation to take place to the economy through tax sale reductions across Canada, the Federal Government, in order to achieve that purpose, moving in a way which provides all provinces with only a Hobson's Choice, namely, they can't refuse to accept because if they do, their own taxpayers, in this province in particular, will be losing out. So I share with him the concern, as was expressed by the Minister of Finance the other night, that I'm sure will be expressed by other provincial governments, as the full import of this policy and the lengths to which it could be taken by a Federal Government impinge upon the sensibilities of the people of Canada.

Now, to answer his question shortly: What is the strategy that any government can adopt? Well I suggest one strategy to him, and I would solicit the help of his party in this, and that is the strategy of defeating the Trudeau government at the next election. That is the best strategy.

**MR. GREEN:** Well, Mr. Speaker, I can assure the Honourable Minister that I concur with his last remark. I would like to ask a question to the Minister of Finance. Could the Minister of Finance tell me approximately when he learned that the deficit which his government had projected at 129 million dollars on the operational side by last year's accounting was going to be 50 million dollars less or only 80 million — approximately when that information came to his knowledge?

**MR. SPEAKER:** The Honourable Minister of Finance.

**MR. CRAIK:** Mr. Speaker, the question was taken as notice yesterday, raised by the Leader of the Opposition with regard to this matter, and information will be tabled as soon as we have it available.

Mr. Speaker, in reply to the Member for Inkster's question, I had stated openly and publicly on two or three different occasions over the course of the last couple of months that I expected that the total combined deficit would be less than the 225 million dollars that was stated in the projections last fall. Mr. Speaker, there has been no perhaps direct exchange here, it has been said — I have not hesitated to say externally at least, that in fact there would be some reduction. As to the exact nature of the reduction, the question that has always been central in this matter is the question of the reduced income tax revenues. Mr. Speaker, that has always been the primary question is the matter of the reduction that was announced in October, roughly the 7th, publicly, by the federal government, not by this government as I recall — but at that time it was indicated it was 48.-some million dollars. That has always been the prime question, Mr. Speaker, and that figure has deteriorated somewhat from that. There has not been an improvement in that.

When I was questioned by the First Minister on it the question, Mr. Speaker, it was assumed by me and logically that it still referred to that particular amount. Mr. Speaker, with regard to the reduction in the deficit from the total combined figure of 225 million dollars, it has been said for some time that we expected to be able to reduce it. Mr. Speaker, there has never been any suggestion to the extent that we weren't going to attempt to reduce it, we felt we could reduce it and we did.

**MR. GREEN:** Mr. Speaker, is the honourable member suggesting that the 40 million dollar increase in revenues through share-cost programs given by the federal government, results from the efforts of the Conservative government to reduce the deficit?

**MR. CRAIK:** Mr. Speaker, the net reduction of the deficit is roughly 25 percent, the reduction in expenditures of the government, the rest is primarily a change in shared cost receipts. The most recent of those, Mr. Speaker, I can tell you was on April 6th which was five days ago.

**MR. GREEN:** Mr. Speaker, then do I take it, that that information was available for the most part to the Minister when his colleague filed a Task Force Report which referred to an increased deficit on operational side of from 25 to 125 million dollars, a report which was filed in this House last week with the knowledge that it was false?

**MR. CRAIK:** Mr. Speaker, the Member for Inkster is perfectly entitled to his own opinion, he shall make it known beyond doubt.

**MR. SPEAKER:** The Honourable Member for Brandon East.

**MR. LEONARD S. EVANS:** I wish to address a question to the Minister of Finance, Mr. Speaker, with regard to the \$100 tax assistance announced in the Budget Speech for senior citizens to alleviate education tax. Could the Honourable Minister advise the House, because there is a lot of interest I know in the public, when the forms will be ready and where will they be ready and how might the senior citizens obtain such forms?

**MR. CRAIK:** Mr. Speaker, the intention is to have the forms ready for the time at which the municipal tax bills would be paid which I presume would be roughly May, June, around that time.

**MR. EVANS:** I thank the Honourable Minister, Mr. Speaker, for that information. Can the Minister also advise whether those whose education tax portion of the property tax is already covered by the existing property tax credit system, will those people be eligible for some of that \$100.00? A number of senior citizens are wondering, inquiring whether they might receive any or all of the \$100 assistance if their education tax portion is already covered by the property tax rebate system that is already in effect.

**MR. CRAIK:** Mr. Speaker, in very round terms, roughly 57 percent of the senior citizens had their entire education costs covered by the former rebate. This move will move it to 75. The 57 percent will receive no additional benefit, those between the 57 and 75 will.

**MR. EVANS:** A supplementary then, Mr. Speaker. Can the Honourable Minister advise the House approximately what level of assessment of the property will be the effective level in terms of those receiving this additional assistance because as I understand it, if you'r property tax level is relatively low, this \$100 of course means nothing to you. Is there any estimate that the Minister can provide the House as to the level of assessment of that property at which this \$100 tax credit might become effective.

**MR. CRAIK:** Mr. Speaker, as I am sure the member knows it depends on two things, both the mill rate and the assessment, and since both are variable that can come into the picture, then you'll have to work out specific examples.

**MR. SPEAKER:** The Minister of Labour.

**HON. NORMA L. PRICE(Assiniboia):** Mr. Speaker, I would like to answer the Member for Inkster. He asked me a question relating to the wording of a letter that was sent out to the employees of Victoria General Hospital from the Personnel Director. We have carefully studied the letter, we see no infractions against the legislation or unfair practices by—(Interjection)—

**MR. SPEAKER:** The Honourable Member for Inkster.

**MR. GREEN:** Mr. Speaker, the Honourable Minister says there is no infraction that your department can see from that letter. May I ask the Honourable Minister whether the employees can write a letter to the hospital now saying that they will not work unless they get an increase in wages?

**MRS. PRICE:** Mr. Speaker, the only thing that the letter implied is that they proposed a meeting to come up with some of the suggestions that they have in order to see if they can have some kind of a liaison with them in order not to have more unemployment. There are four unions that are in the General Hospital and I am sure that if there was some infractions that one of them would uave got in contact with me and I haven't heard from any of them.

**MR. GREEN:** Mr. Speaker, do I take it from the Minister of Labour that when a union complains that there is an infraction, she will be satisfied that there is an infraction?

**MR. SPEAKER:** The Honourable Member for Flin Flon.

**MR. THOMAS BARROW:** I would like to direct this question to the same Minister, Mr. Speaker, the Minister of Labour. Has the Minister received a letter of concern dated March 20th, 1978, from the Flin Flon local of International Union of Operating Engineers, expressing concern over the unusual exemption of Hooker Chemical and Simplot Chemical from the Power Engineers Act.?



**MR. SPEAKER:** The Honourable Minister of Labour.

**MRS. PRICE:** Yes, Mr. Speaker, I did.

**MR. BARROW:** Will the Minister respond to that letter?

**MRS. PRICE:** Mr. Speaker, I already have.

**MR. SPEAKER:** The Honourable Member for Selkirk.

**MR. HOWARD PAWLEY:** Mr. Speaker, a question for the Minister of Mines. Could the Minister of Mines advise the House as to the reasons behind the timing this week of the opening of the floodway?

**MR. SPEAKER:** The Honourable Minister of Mines.

**HON. BRIAN RANSOM (Souris-Killarney):** Mr. Speaker, I would have to get the technical details on it, but my understanding is that it had to do with the ice, . . . it had to do with the amount of water also, but it had to do with ice and efforts to prevent scouring. If the Honourable Member wants technical details on it, I would be happy to get that for him.

**MR. PAWLEY:** Due to the fact that many have already suffered damage as a result of the opening of the floodway, was there any effort on the part of his department to provide notice to all those in the general vicinity of regions in which damage might be effected?

**MR. RANSOM:** Mr. Speaker, I will investigate the circumstances and report to the House.

**MR. PAWLEY:** Mr. Speaker, does the Minister intend to propose any scheme for compensation to those who have suffered damages directly as a result of the opening of the floodway?

**MR. RANSOM:** Mr. Speaker, that question has not been considered yet.

**MR. SPEAKER:** The Honourable Member for Elmwood.

**MR. RUSSELL DOERN:** Mr. Speaker, I want to direct a question to the Minister of Finance. Given the present system whereby retailers receive a commission of 5 percent on the first \$200 of goods sold and 1 percent thereafter, and since conversion costs must be borne by the retailers and the same basic work now performed for less money, has any consideration been given to increasing the amount that they would be paid for collecting the sales tax?

**MR. SPEAKER:** The Honourable Minister of Finance.

**MR. CRAIK:** Mr. Speaker, I'll take the question as notice.

**MR. DOERN:** Mr. Speaker, I'd also ask the Minister on a second point, if he has received any responses or enquiries from retailers concerning the adjustment that was recently made?

**MR. SPEAKER:** Will the Honourable Member rephrase his question?

**MR. DOERN:** I'll rephrase it if the Minister doesn't understand the point. Given the new system — (Interjection)— Well, Mr. Speaker, does the Minister understand the question or not?

**MR. LYON:** Does the questioner understand the question?

**MR. SPEAKER:** The Honourable Minister of Finance.

**MR. CRAIK:** Mr. Speaker, the Finance offices are flooded with calls.

**MR. DOERN:** May I ask the Minister whether he is aware of any enquiries made by retailers to increase the amount of money they receive for collecting the 2 percent tax. It is the same amount of work as they would receive for collecting 5 percent.

**MR. CRAIK:** Mr. Speaker, I said that I would take that question as notice.

**MR. SPEAKER:** The Honourable Member for St. Vital.

**MR. D. JAMES WALDING:** Thank you, Mr. Speaker. My question is to the Honourable Minister of



**Wednesday, April 12, 1978**

Finance, and arises from his undertaking a week last Monday to table in the House the bids that the government had received for insurance of government buildings. Does the Minister of Finance still intend to table that information and when does he expect to have it?

**MR. CRAIK:** Yes, Mr. Speaker, and soon.

**MR. SPEAKER:** The Honourable Member for Rupertsland.

**MR. HARVEY BOSTROM:** Mr. Speaker, my question is to the Minister of Consumer and Corporate Affairs. I wonder if he can report to the House on a question which I asked him last week which he took as notice regarding the company of Jarmoc J. A. Product Management Ltd., which has signed an agreement with the government and which has apparently been operating illegally using the name Limited in their company name?

**MR. SPEAKER:** The Honourable Minister of Consumer Affairs.

**MR. MCGILL:** Mr. Speaker, the matter of the use of the name Limited in their company name has been brought to the attention of the Companies Branch in my department. They are conducting the kind of investigation that is normally undertaken when it is brought to their attention that those terms are used when they have no record of them having been formally applied for. So that procedure is underway, and I will report to the member when further information is available.

**MR. SPEAKER:** The Honourable Member for The Pas.

**MR. RONALD MCBRYDE:** Mr. Speaker, I would just like to ask the Minister of Education if he has any report yet on the partial reinstatement of Inter-Universities North? He took the question as notice last week and the week before, and I wonder if he has an answer yet?

**MR. SPEAKER:** The Honourable Minister of Education.

**HON. KEITH A. COSENS (Gimli):** Mr. Speaker, I'm sorry I don't have that information with me. I'll bring it into the House tomorrow.

**MR. SPEAKER:** The Honourable Member for Brandon East.

**MR. EVANS:** Thank you, Mr. Speaker. I'd like to address a question to the Minister of Labour. Can the Minister of Labour advise the members of the Legislature whether she's prepared to recommend the placing of the Civil Service under the Labour Relations Act, and to bring in a Bill at this session?

**MR. SPEAKER:** Orders of the Day. The Honourable Member for Brandon East.

**MR. EVANS:** Mr. Speaker, I don't know whether the Honourable Minister was going to answer the question or whether she heard the question. Mr. Speaker, I'd ask the Honourable Minister whether she's prepared to recommend the placing of the Civil Service under the Labour Relations Act as previously requested by the Manitoba Government Employees Association?

Well, can the Minister of Labour advise us whether she's been approached in the last few weeks, or the last few months, by the MGEA regarding this matter of placing the Civil Service under the Labour Relations Act?

**MR. SPEAKER:** The Honourable Minister of Labour.

**MRS. PRICE:** Yes I have, Mr. Speaker.

**MR. EVANS:** Well can she advise the members of the House as to the position of the MGEA? Are they pressing to have a Bill brought in to this session of the Legislature?

**MR. SPEAKER:** The Honourable Member for The Pas.

**MR. MCBRYDE:** Mr. Speaker, I'll address the question to the Minister of Labour. Could she tell the House whether or not the Safety Inspector who was stationed at The Pas and covered the whole northwestern part of the province has been replaced or whether that position is still vacant?

**MRS. PRICE:** There is somebody handling that position, Mr. Speaker.

**MR. MCBRYDE:** Mr. Speaker, I wonder if the Minister could say whether the person stationed at The Pas has been replaced, or whether there is anyone in northern Manitoba handling safety inspection in that part of the Province.

**MRS. PRICE:** The person that is handling that inspection is not living at The Pas, Sir.

Wednesday, April 12, 1978

**MR. McBRYDE:** Mr. Speaker, maybe she could tell where this person operates from, and how often they do travel into Northern Manitoba where the work is located?

**MRS. PRICE:** Mr. Speaker, that will all come up in my Estimates.

**MR. SPEAKER:** The Honourable Member for Elmwood.

**MR. DOERN:** Mr. Speaker, I would like to direct a question to the Minister of Finance. Since he was recently trumpeting the fact that the Tupperware Corporation is going to locate in Manitoba, is he aware of the fact that negotiations to attract that industry began several years ago under our administration?

**HON. WARNER H. JORGENSO (Morris):** Mr. Speaker, that question is so obviously out of order it should not even be entertained.

**MR. SPEAKER:** The Honourable Member for St. George.

**MR. BILLIE URUSKI:** Thank you, Mr. Speaker. I would like to place a question to the Minister of Labour and ask her whether she has had cause to investigate the new trend that is being employed by one of the large food chains in terms of employing and keeping their stores open until midnight?

**MR. SPEAKER:** The Honourable Minister of Labour.

**MRS. PRICE:** Mr. Speaker, that comes under the City of Winnipeg.

**MR. SPEAKER:** The Honourable Member for The Pas.

**MR. McBRYDE:** Yes, Mr. Speaker, I would like to address a question to the Minister responsible for MHRC since he seems to be very anxious to talk this afternoon. Could the Minister inform the House who the new members of the board are of The Pas Housing Authority.

**MR. SPEAKER:** The Honourable Minister responsible for MHRC.

**HON. J. FRANK JOHNSTON (Sturgeon Creek):** Mr. Speaker, I'll have to tell the member that I'm very aware that there have been changes made in The Pas Housing Authority as there have been changes made in many of the housing authorities in Manitoba and I will get him the names and present them to him.

**MR. McBRYDE:** Mr. Speaker, I assumed that the Minister was aware of that so I asked him the question. I wonder if the Minister could inform whether there will be two separate boards operating at The Pas, one for the low rental housing and one for the housing for sale actually which had a separate board at one time.

**MR. JOHNSTON:** Mr. Speaker, the board of the Housing Authority is responsible for the low rental housing and senior citizens' housing. They also, the manager of the Housing Authority, does look after some of the problems involved with the houses for sale. I would hope that somebody looks after those problems because we've got 51 up there that were built by the previous government that we can't sell.

**MR. McBRYDE:** Mr. Speaker, I wonder if the member could inform us whether he gathered this worthwhile information and whether he made the decisions, Mr. Speaker, on the new board for the Housing Authority at The Pas during his intensive investigation at The Pas during The Pas Trappers' Festival.

**MR. JOHNSTON:** Mr. Speaker, my memory is not just quite good enough to know when I made the decision regarding The Pas. There are 105 Housing Authorities and probably 1,000 people involved and I will get him the information.

#### ORDERS OF THE DAY — BUDGET DEBATE

**MR. SPEAKER:** On the proposed motion of the Honourable Mr. Craik, the Honourable Member for Fort Rouge.

**MR. LLOYD AXWORTHY:** Well, Mr. Speaker, let's not waste any time with preliminaries. Let's get down to one of the newer developments that took place in the House today which is the new-found alliance between the reactionaries on the right and the reactionaries on the left when it comes to the question of taxation policy and federal-provincial relations. A reactionary is often defined as one who believes in an outmoded social and political theory and certainly we have had that demonstrated by both the House Leader of the Opposition and the First Minister, that they are really birds of the same

feather, reactionary both in their belief and outmoded social and political theories.

Mr. Speaker, it's interesting to see that we find that the alliances that we have in this House sometimes are confusing to those outside witnesses but they must recognize that one of the problems dealing with economic and social problems in our society is that we are handicapped by that kind of obturate inviolate rigidities, lack of flexibility or approach, or understanding the economic conditions and the role that government may or may not play in coping with them. I think, Mr. Speaker, that it is useful and interesting to see how very quickly those of similar mind come together when faced with a requirement to begin thinking in something of a different way, or a new way, about the respective allocation of roles of the different levels of government.

The issue, of course, deals with the question of how do you begin to stimulate growth and how do you begin to stimulate a higher degree of economic activity in the Canadian economy. It's been suggested, both by the question and answer, that a horrible intrusion into federal-provincial affairs . . . I'm sorry, Mr. Speaker, I forgot the third member of this triangle that was mentioned, that was Mr. Levesque who was well known for his commitment and dedication to the ongoing life and viability of this country. But we now have an interesting, unholy alliance of those three characters of reactionary ilk.

**A MEMBER:** Strange bedfellows.

**MR. AXWORTHY:** Very strange bedfellows, in fact I think not so strange at all, actually. All dedicated to certain outmoded propositions about the way the world should work.

So I think, Mr. Speaker, what we're really talking about is that there is new sets of economic conditions in this country and the conclusion reached by substantial numbers of economic authorities, both outside and inside government, is that you need to provide for a closer integrated co-ordination of federal-provincial fiscal activity in order to make any impact on them. Rather than getting caught up, or hang-wired, on a set of attitudes about the inviolability of provincial jurisdictions, or federal jurisdictions, the real purpose and the real goal should be: how do you try to use government, use the public sector, as a means . . .

**MR. SPEAKER:** Order please. I would like to ask the members if they want to conduct their talks, please do it outside the Chamber. I would like to listen to the Member for Fort Rouge in his presentation.

**MR. AXWORTHY:** Thank you, Mr. Speaker. I'm glad that you're prepared to listen. The point that is at stake is that there is substantially new and different kinds of problems that have to be dealt with that don't fit the outmoded theories of many members of this House. They don't fit the textbook acquisitions that were required 30 years ago when they hit, sort of, freshman political science or second-year economics or read Jack London or whoever their particular source or views happened to be. The fact of the matter is that the world does change and along with it changes the respective role the government and the public sector must play. Therefore, one has to take an approach to this that is based upon some sense of experiment and looking for innovative ways of dealing with the problem. I think that is the question that they have to face.

It's not that anyone is to blame. I know that we love to play the partisan game in politics and that is very much a part of it. But when it comes to the question of how to cope with the world-wide economic turbulence that we're dealing with, no one philosophy or party has the answers. In every single country of the western industrial world the same kind of contradictory economic problems of continuing inflation and high unemployment are in existence. In fact, as it has been pointed out many times, that the condition of Canada itself is better than most of those countries. It doesn't mean to say that we have the answers any better than anyone else other than we should begin looking for those answers.

Certainly one of the answers that has been promoted, has been suggested, has been the need to provide for a greater degree of partnership between federal and provincial activity in ways of capital investment, in the ways of taxation, in the ways of stimulating the economy. It's interesting, Mr. Speaker, that Mr. McKeough, the Treasurer of the Province of Ontario, a province which is taken as the standard oftentimes by the Leader of the Opposition as being an example he used, was one who has welcomed the particular move because it demonstrated, as he said — one of the first major breakthroughs in the last decade of co-operation between the federal-provincial governments in developing stimulants to the economy. That compares with the kind of waspish sort of introversion that was expressed by the Minister of Finance in his opening Address on the Budget and by the comments that were heard today. It stands by comparison and I think to the credit of Mr. McKeough, that he, as a Minister responsible for the finances of that province, was prepared to look at new methods and welcome and understand that those were what was necessary.

I think it contrasts, Mr. Speaker, to one of the prevalent problems of this new government in that it is basically an isolationist government. It really believes that it is in a world all by itself, that there are no other governments involved, there are no other dependencies, no other people that have to be . . . It is on an island all by itself, a very small little island.<sup>67-68</sup> Hopefully it will solve its problem by pushing those on the island it doesn't like off the island so that they can sink or swim out in the big wide ocean. But that's all there is to it, and that particular attitude comes through time and time again in everything they do. It comes through not only in relation to federal activity — the Minister of Finance displayed a remarkable degree of verbal gymnastics and aerobatics when he on one hand



would lambaste the Federal Government for their expenditures and then say, "And now we're negotiating with that Federal Government to get moneys so we can get our economy going, that we're now negotiating to get money for tourism or we're now negotiating to get more money on guarantees.

So here he was on the one hand saying, "Why don't they stop spending?" And on the other hand he said, "No, I want them to spend more in this province." A curious kind of ambivalence — kind of a split-level approach to the problem — is maybe, I suppose, following that logic too, it's okay to spend in this province but they shouldn't spend anywhere else. Of course what the Minister of Finance neglected to mention in his use of statistics — you know, some people say that there are figures and figures, and lies and lies, and then there are statistics — is that, in fact, in the last two years the percentage of the gross national product spent by the Federal Budget decreased by 1 percent a year — that if there was any government that had got its house in order it was the very government that he was lecturing on how to achieve it. The proportion of expenditures of the Federal Government had, in fact, gone down in relation to GNP, and had gone down on the per capita basis.

Now it's curious that the Minister of Finance, who was so concerned about restraint, refused to recognize that example — refused to recognize that in fact there had been some achievement in those areas. And what he also refused to deal with, Mr. Speaker, is that the solution to the fiscal problems of Manitoba that he dealt with is to transfer the problems to other levels of government. Who is going to bear the biggest burden of the restraint policy of the new Tory Government? It is the local governments of Manitoba. And that flies in the face, I suppose, of traditional Conservative policies. One of the things that, I think, has always been to the merit of the Conservatives is that they did believe strongly in local government — in the autonomy and position of local associations, school boards, local government.

And what has happened, really, Mr. Speaker, is that the backbenchers on the opposite side should know that they have on their front bench people who are no longer in that traditional Conservative position but, in fact, are centralists, and that they believe that the way that they can solve their problems is to transfer the fiscal burden onto the municipalities, on to the school boards, on to local government. That's how this government is solving its fiscal problems; it's transferring it to somebody else.

And that is really one of the most serious defaults in that whole Budget, the fact that they are doing a little bit of ledger . . . They're trying to say that we're going to get our house in order but we're going to do it by using the new phrase, I guess, from the Task Force Report — user fees; one of those nice sort of good bureaucratic economic words — user fees. What it simply means is that they are now insisting the public service agencies, the local government agencies are going to have to bear the burden of their restraint. The reverberations and ramifications of that particular move are ones that are going to have very serious repercussions on the basic economic and community stability throughout the province. And yet, I suppose, the Minister of Finance will be able to say, "I'll get away scott-free. On the one hand we can blame the Feds and on the other hand we can blame local government, on the other hand we can blame the hospitals, on the other hand we can blame the charitable organizations. If the hospitals aren't selling enough apples or pencils to make up their deficit, local government can raise their property taxes so that they can maximize it, the Federal Government can run a deficit to pay us funds that we need, and we're going to be the pristine pure people in the middle.

It may be good politics, Mr. Speaker, but it's very bad government. And the fact of the matter is, Mr. Speaker, that what is really happening here is a real serious case of isolation, and that becomes a matter of real concern, because we cannot afford four years of isolation in this province. We cannot afford a government that thinks it can simply transfer, re-allocate all its problems to other people, that at some point in time the buck is going to begin stopping back there — at some point in time they're going to catch on that this government can't eliminate its problems by handing them over to somebody else, that they're going to have to at some point take responsibility and direction for providing their own policies and their own programs — not simply to put the rusty knife to cut off the limbs and hope someone else will come with the bandaids and the transfusions. And that is really what's going on — is that they are hoping that someone else will bail out all the other people who have the problems that they're beginning to create.

So I would take, Mr. Speaker, as one of the first objections to this particular Budget that basic problem of isolation. And it's interesting to note that in the objectives set forward in the Budget Speech the Minister of Finance did not in any way indicate that one of the objectives or goals that he and his colleagues adopted was the need to work out different sets of inter-governmental relations to work out the basic thorny problem of property tax reform in the Province of Manitoba which every authority says is years overdue, and which is one of the major causes. He wasn't even prepared to admit that, in fact, at the present time, compared to provinces like Ontario and Saskatchewan, the proportion of municipal expenditures — the support for those expenditures received from the provincial government is one of the lowest in the country. I believe the figures are something: Ontario, 52 percent of the expenditures comes from the provincial or federal sources; in Manitoba it's around 40 percent; Saskatchewan it's 47; Alberta, 49. So what we're really saying is that we're starving our local governments, and instead of addressing that problem and saying, "The previous government didn't have many answers to it. We're going to try and find some;" he pretends that they don't exist, and, in fact says that they can reduce — What was the statement made by the Minister without Portfolio on a television program? When asked the question, "What is the recommendation dealing with local government?" he said, "Well, we're going to have to rely upon them being



responsible."

So, Mr. Speaker, that becomes a real problem, and it's interesting that when you look at those objectives that not only did they not appear to be aware that there are involvements and connections with other levels of government, there is also one other critical area of omission for the tax system, or the fiscal system, or the economic system that the Minister was putting forward, and I came down to the social objectives. You can't divorce an economic Budget from questions of justice and fairness and distribution of income, and looking at who has advantages and disadvantages. And yet it's interesting to note, Mr. Speaker, that in the objectives set forward by the Minister of Finance, there is nary a word said about how do we allocate moneys to alleviate some of the more difficult hardships being faced by groups of people in our population? How do we make sure that the tax system is more equitable and fair? How do we make sure that the kinds of economic instruments that we're putting into place will provide for fair distribution of goods and services on the basis of equality? He seemed to ignore that that had anything to do with his Budget or his responsibilities.

Mr. Speaker, going back to the favorite philosopher of this government, Adam Smith — if you read the Wealth of Nations, and he talks about sort of economic system, he said, "The economic system is simply an extension of the social system." What you do economically will determine the kind of society that you have. And yet it seems that the only concern of the Minister of Finance and his colleagues — he said it was rationalization, efficiency, restraint. Well, Mr. Speaker, if we wanted those we could have bought a computer. We could have simply plugged those things in and had it work out. They're very good. We could maybe have even hired an accounting consultant to feed some numbers in, got the computer whirring away, we could have come out, I suppose, with the same answers.

But the reason why you have politics and politicians and government is they're simply not computers — they don't simply work on the basis of — what is the phrase now being used by members opposite — the bottom line. It means that you're dealing in the question of human and social activities, and you must always temper those accounting principles according to some sense of how it's going to affect the human beings involved. And yet there was no recognition whatsoever in the Budget that there is any responsibility in that area whatsoever.

And even in the facts that were used, Mr. Speaker, you can see how the peculiar mind, Sir, of the government works. I was interested in reading the commentary that's been made in the Task Force Report. The Minister said we're going to use this as our source book for future recommendations and changes. And they talk about the kind of extravagances that have been going on in the public service sector — they point to hospitals and universities. Well, I was a little concerned about that so I went back to a Statistics Canada Report and found out that, if you look at university expenditures across Canada, you'll find out that, in terms of the increases, 93 percent of the increases in university spending is due to the increased enrolment — the fact that we're getting more people into higher education — and only 7 percent is in any way due to the per-person expenditure inflationary factor. In other words 93 percent is due to the fact that we are broadening the base of opportunity for higher education, and only 7 percent based upon the fact that the per-pupil expenditures have been rising — that there has been some waste. So it seemed to indicate to me that what the government is saying is not that the expenditures have been to good purpose; they are saying it's wasteful and extravagant. I'm saying, in fact, what they are really talking about is they don't believe in the goal of expanding the opportunities in higher education. They don't really believe — when you get down to the bottom line — as they like to say, that that is an ambition and objective worthy of a government to pursue.

Mr. Speaker, it becomes even more curious that I would say that even if they were using their accounting principles, that even if they were simply plugging in their computer and chewing out the figures that they wanted to receive, that it would have made absolute sense for them to have maintained a proper level of expenditures in the areas of training and manpower and higher education because again, as statistics have shown, that is the best way in which they can improve the productivity and manufacturing output of Manitoba. Because one of the real difficulties faced by the Province of Manitoba, faced over the past seven or eight years, that, compared to almost every other province, our output per worker, our productivity, is way way down.

Let me give you an example: In the manufacturing area the productivity of Manitoba manufacturing is 19 percent below the national average whereas in Ontario it's 9 percent above, in Saskatchewan 8 percent above, Alberta 6 percent above and B.C. 9 percent above. So that in our sister province, Saskatchewan, for whom we are probably in some degree of competition for industry, there is a differential of 27 percent in the productivity of our manpower. In the garment trade it is the same kind of thing.

Now let me give you another set of statistics from the textile and garment trade. Who do we compete with? We compete with the Provinces of Ontario and Quebec in the manufacturing of textiles. I'll give you an example that the dollar output per worker in the Province of Manitoba is \$7500.00. The output in the Province of Quebec per worker is \$10,700, and the output in Ontario is \$12,900.00.

Mr. Speaker, we have a serious productivity lag in this province. That is one of the underlying troubles in our economy. And what do the Bank of Canada, and the Economic Conference Board, and the Economic Council say when they take those figures? They say that the way you get yourself out of that productivity lag is by improving the training and education of your workers — improving the training and education of your manpower. And yet what is happening here is the government is reversing that flow. You know there is a certain thing called cause and effect, and presumably, if



you're going to deal with economic measures, you should go to the real causes of things and direct your economic programs towards reaching those. And so here we had a problem that we can identify the cause of the problem, and the solution prescribed by the government works in direct reversal of what's necessary.

Mr. Speaker, that doesn't seem to make sense. It doesn't make sense in a rational way but I suppose it makes sense in an ideological way, in a reactionary way — that the proposals adopted by the government make sense if you follow their line of reasoning from the point of view of the premise that government should do least, because what it really says is that by taking that across-the-board philosophical premise about how to deal with government, then it does make sense — sure, cut back, restrain, hold back — particularly in those wishy washy areas, you know, education, those sort of things, they can be cut back. Let's do hardware, let's do roads. Well, the problem in Manitoba, Mr. Speaker, is not lack of roads; the problem in Manitoba is a serious lag in productivity. And the one way you get out of it is you expend capital, you improve and educate your manpower to get a higher rate, and you start developing technology and research and development.

And what are the areas that are going to change that? Well, it's interesting, I see some of my friends from rural Manitoba saying, "Well now, he's going to fight roads." I agree with them — transportation is important, but the one area, frankly, where the productivity in Manitoba is at a relatively high rate is in the area of agriculture. And why, because they have had a high degree of machinery, and the transportation factor has improved over 300 percent in the last decade. But they have received a great deal of benefit, oh yes, and as a result agriculture has been one of the few areas where the productivity rates in Manitoba — it's less than it is in Saskatchewan and Alberta but it has improved. But we're dealing in manufacturing, and one of the areas of weakness in the province, is in the area of the fact that we are substantially behind every other province in the ability to create jobs in the manufacturing area of this province. That is where our primary weakness is right now.

And so, Mr. Speaker, we come back to the definition of really what constitutes a reactionary philosophy to the way that you provide for government. So admission number two is, no interest in the social objectives and a pretty faulty sense of where do you put your priorities in investment.

And it comes down I think, Mr. Speaker, to another fallacy, if I may, and it is that somehow they treat the private and public sector as if they were, sort of somehow sacrosanct in separation. I think the Minister in the previous — or perhaps it was the First Minister — used the analogy of a layer cake, sort of saying that it's a nice, clean dividing line between the public and private sector and all we should do is expand the part of the pie that belongs to the private sector and reduce that of the public sector. I would prefer to use the analogy of a marble cake, if you like, that there is no clean division between the two; they are totally interdependent and integrated. They have been from the very history of this country. I suppose members opposite may have read a fellow named Harold Innes at one time, which says the whole Canadian economy from its inception, going back to the fur trade, has been based upon a close, sort of almost mercantile approach, between public and private sectors. You can't make a clean division between the two. But that's not what this philosophy that we have in front of us says. Nor does that sort of have the philosophy of the socialist who says the same thing over on the other side of the road, only he wants to expand the public sector far more at the expense of the private, but still assuming that they are two separate kinds of entities. And yet we know how closely integrated they are.

I would suggest, Mr. Speaker, that if the Minister of Finance is interested in suggestions, that what we really should be doing is seeing that Manitoba is composed of many different kinds of economies, that it's not one big aggregate, gross provincial product, it is composed of a series of sectors of different kinds of economies with different needs and different requirements for government involvement, and that some areas work quite fine without any form of government involvement. If you want to sell hamburgers, and set up a franchise, then the degree of government involvement is to make sure that the meat is relatively clean and proper. But if you are in the construction industry where you are dealing in big development projects, then there has to be a very close partnership, then there has to be a much closer integration of the two. And so there isn't this nice, clean dividing line.

And what I suggest, Mr. Speaker, is that the kind of economic blueprint we should have received from the Minister of Finance is that identification of the different economies that are at work in the province, the different targets of those economies, and say, what is the respective and right role for government to play in each of those economies? There is a substantial difference in the economy of Northern Manitoba than there is to Southern Manitoba. They work on very different premises, they have different kinds of people involved, and different needs, and yet all we have is a total cutback in anything that's going up North, nothing being offered. Let's stop it, period, because we are making a judgment that what is good in southern Manitoba will work in northern Manitoba, and yet they are two different economies at work, and they need two different kinds of responses and solutions. And yet, Mr. Speaker, we didn't receive that.

There should be an identification that in this province of Manitoba, that there are very different economic needs in terms of the city of Winnipeg than there is in rural Manitoba — they need different kinds of supports, and in some cases it means different kinds of government involvement; that the unemployment problem in Manitoba is largely centered in the city of Winnipeg. It is largely centered in the central part of the city of Winnipeg; it is largely centered there because many of those who are dispossessed in the province eventually end up in the central part of Winnipeg. It is a provincial problem, not a city problem. It becomes the centre of those problems and therefore it requires a different kind of provincial commitment, and Mr. Speaker, we didn't receive any notion that the kind of conditions being faced in central Winnipeg is of any concern or any interest to this government



whatsoever.

And yet we know, when you look at the unemployment figures, that it's around 20 percent, largely centered in native people who are migrating from throughout Manitoba — (Interjection) — 27 percent — pardon me, 27 percent, Mr. Speaker. I thank the Member for Winnipeg Centre for the correction. Centered in that part of the city, and centered for good reasons, these are people who need different kinds of responses, and yet the whole answer, the whole direction of this government is, we'll let the private sector solve the problem.

Mr. Speaker, the private sector is not going to solve that problem because first, in order to solve that problem, needs a very high degree of partnership and cooperation with the public sector. You are not going to solve that problem by suggesting that maybe — I don't know, the T. Eaton Company or Great-West Life should hire more people — because if you look at the personnel policies of those companies, they will only hire you if you have got a high-school diploma, and yet the average attainment of many of those people who are unemployed in central Winnipeg is Grade 7 or 8; they don't even get past the first door. So, Mr. Speaker, to rely upon the private sector is simply an admission that they are not interested in the problem. And yet, that is one of the most costly drains upon our economy that we face.

If the Minister of Finance is true to his word and says, "I really want to cut back government expenditures," then he should look at cutting back the expenditure of the \$30,000 a year it takes to keep somebody in Headingley Jail for a year; he should look at cutting back the kinds of increased expenditures for police services; he should look at cutting back the kind of expenditures that we require on unemployment insurance and welfare payments. And why do those problems exist? Those are the fastest areas of expenditures, the fields of alcoholism and health services, they are centered largely because we have a dispossessed population, where the ones who have no recourse but to get into trouble, and do.

Now, if he really wants to be a good economist, if he really wants to be a good manager, should he not be addressing himself to solving the cause of those problems rather than simply dealing with the symptoms? Well, I don't like spending money on building new jails and providing new prison guards and all the rest of it, and yet that's what we are going to be faced to do at very heavy expenditures to the provincial government, simply because we are allowing an increasing sort of social problem to begin to magnify and become more complex when we should be dealing with it now. And that would be a saving in expenditure, also a great saving in the kinds of trouble, the kinds of difficulties that the whole society is going to have to face.

You know, the Minister of Highways, a few days ago, had some fun about what to do about this provincial garage. He said that he didn't find much purpose for it, and I tend to agree with his remarks — I didn't think it was such a good idea when it was discussed and I guess I was one of its bitterest critics as it was being built. But it's built right now, so why don't we see, why doesn't the Minister of Highways say, "I've got a building . . ." What is it, a \$3 million building, \$7 million building? ". . . empty, what am I going to do with it?"

Well, I would suggest, for example, that one of the things that is desperately lacking in central Winnipeg is any form of economic development. There are not many businesses being started in that area because for those who would like to start their own businesses, many of them native people, they don't have the start-up capital to get going. No bank will lend them any money, they don't have any little sort of nest-egg to get started with. So I would suggest that if the Minister of Highways really wants the use of that building why don't we turn it into a downtown trade mart? It's happened in other cities. Why don't we offer one or two floors of that new building just to provide industrial space for people to start their own businesses in that area, to start small manufacturing, small commercial centres. Why don't we take the space and say, let's provide some common facilities — he's putting the heat in there anyway. One of the problems that we need in that area is to help people get started in their own economic activity. Why don't we offer that space to do it, rather than having a \$4 million or \$3 million building sitting there vacant now? Why don't we do something with it? Why don't we use some imagination and put some creative ability to work? We've got a big, empty building; we need some jobs, we need some businesses — there's a place where they can get started. And let's sit down with city of Winnipeg and some of the agencies and say, "Look, we know we are going to be having a constant outpouring of money without any point, let's see what we can do to turn this thing around and make some useful sort of creative purposes out of it."

And Mr. Speaker, you say, well, doesn't that sound like a crazy idea, and yet the fact of the matter is, a few years back there was a proposal in front of the Provincial Government called the Neeginan Village, where the native people themselves put forward a proposal that they would like the Provincial, Federal, City governments to provide for a new building or buildings in which they could start businesses and stores and restaurants, and that what they needed was the initial capital start-up to get it going. And the province, I don't know the exact reasons, they sat on it for a while, it never went through. Well, here's a chance to revive such an idea. Give them a chance. Let's spread it out, let's open it up for opportunities. Let's get all those community agencies that this government doesn't think do much good, get them involved in getting those kinds of things started. Now that is the kind of involvement that would make sense for this government to get into, rather than simply having an across the board, do nothing, think nothing, say nothing restraint.

And yet, Mr. Speaker, it would be, I would guarantee, it would guarantee a cost saving. And I'll give them an example. These are supposed to be hard-nosed businessmen, I'll give them an example, just a rough one that goes back a few years. A project called the Winnipeg Home Improvement Project which was started, not by government, started up by private people, later supported by government through work training funds, that now is training upwards of 200 people in a variety of



skills for repair and rehabilitation of older buildings, making of furniture, other kinds of useful activities — many of them are now going out into the job market with proper training — working out of an old building in downtown Winnipeg which is supplied to them. And the cost factor of having that kind of program take place as opposed to having those 200 people on the rolls, getting involved in minor crimes and felonies, sitting in Headingley for six months a year, I would say, works out to good value for money spent. That's what I call cost saving, that's what I call good management. And I would say, though, that that is just one example when many hundreds are needed to deal with that particular problem.

So, Mr. Speaker, let's not get trapped in our restraint policies. Let me come to two other issues in the five minutes left to me. I just wish, Mr. Speaker, that we had more time, because there's a lot more that needs to be said. Let me just talk for a minute about the question of the Civil Service. The Minister of Finance announced across the board 4 percent cut, so that's it, folks, that's what it's going to be. That's really what you call good labour relations, isn't it? You know, that really makes a lot of sense for these economic managers, to tell the workers that that's going to be a 4 percent hike, you've got nothing to say about it. And yet, every single piece of evidence I guess that has been generated by the unions themselves, by the labour relations people who study it, by a variety of government reports, says that the only way to deal with the problem of public service employees is to work out targets, get proper information, compared your salaries to the private sector, work out targets, do it in consultation and partnership, come to some arrangement, look at incentives for productivity, make improvements in the public service — all kinds of means that could be used to induce cooperation on those, instead of developing confrontation attitudes, know nothing, say nothing kind of government. You could get an awful lot more out of your Civil Service if you sat down and said, "Now look, it may be that there should only be 4 percent for the upper management," maybe they're paying — I don't know, maybe they're paying Assistant Deputy Ministers far too much, but maybe they're not paying a guy who works in the provincial garage enough. To say an across the board 4 percent cut is a silly, stupid way to go about doing it makes no sense from any kind of standard of labour relations.

And so I would simply say, Mr. Speaker, when we come back to who are good managers, these aren't good managers. That's not the way to undertake proper labour relations. It simply doesn't make any sense, and mark my words, you are going to get into big trouble over it, and you should because you're going about it the wrong way. And I don't want to see the trouble, because as we move out of the controls period there is going to be a very delicate and sort of finely-tuned period where we have to work in very close cooperation with the unions and other people. And that's not much leadership. If you're asking the private sector to follow your lead, then that's an awful kind of bad example to have set. And I just wish that we had a Minister of Labour and a Minister of Finance and a Treasury Committee that had some sensitivity and some feeling about how to deal with labour problems and labour relations with their own employees.

And finally, Mr. Speaker, let me just say one word about the housing problems. You know, we were told by the previous government during the election campaign that they had a whole new approach to housing, that they were going to get away from massive, big public housing projects, they were going to — and they had a pretty interesting paper that was presented. Well, we have been waiting and waiting and waiting and all we have received is that (a) they are not going to build any more public housing. The Capital Supply Estimates that were tabled in this House the night of the Budget didn't have one single cent under Manitoba Housing and Renewal Corporation to build housing. Now do you know what that means, Mr. Speaker? Do you know what that means in terms of the supply of housing, not just for low income people, but the basic supply problem, means that considering that only some 2,400 units of apartments were built in this province last year — 800 were supplied by direct government construction, another 1,000 through the Assisted Rental Program, which the Federal Government says it's going to get out of — it means that if we rely solely upon the private sector for housing next year and they follow those same practices that they did last year, we'll have 200 units of apartments built this coming year. Because out of the 2,400 of multiple density units built last year 2,200 were in some way supported by the public purse. So, that's something to really look forward to, 200 units of housing being built next year, to solve all the housing problems.

At the same time this government is going to take off rent control which is basically a supply problem. The reason why you need rent controls and continue to need them is that since 1973 we have had a shortfall of housing in that rental field, and here comes a time when they are going to take it off and what are they going to build? Nothing, as far as we can see. No programs, no announcements, no commitments, no money, they are simply going to let that big private sector take care of it and the only reason the private sector is in any way involved in the rental market right now, is because they receive a tax shelter from the Federal government and they receive the Assisted Rental Program. If we didn't have those there would be virtually no construction at all, there would be 200 units being built. The Federal government has said that they want to put more money to the low income field but they can't put money in the low income field because this government is not going to pick that money up. They are going to turn back 40 or 50 million dollars this year of low income housing money, so it is not going to circulate through the economy, it's not going to create new jobs.

Now that again, that's called good management? That's called good stewardship? This is a hard-nosed practical government? Mr. Speaker, they are piling up the potential sort of storm clouds over this province that are going to break with a thunderclap, and then they are going to say it is someone else's fault, it's the Federal fault, it's the municipal fault, someone else's fault, we didn't know. So I would simply say in conclusion, Mr. Speaker, as much as I would like to have sort of perhaps double time because there are many other things to talk about, is that what concerns me is that this Budget



debate has very little to do with economics and far too much to do with ideology, and it's time we got back to some basic economic questions looking for new and innovative answers and not simply relying upon sort of ideological commitments made by the First Minister to his great-grandfather Rufus, the reactionary, and then we would be much better off.

**MR. SPEAKER:** The Honourable Member for Minnedosa.

**MR. DAVID BLAKE:** Thank you, Mr. Speaker, I just wanted to enter into the Budget Debate at this time and make a few comments. It has been, or will be an interesting debate, I am sure. We'll get some wide-ranging philosophy as the Member for Winnipeg Centre says and we'll likely have some divergent views on how the economy is going to be managed over the next little while. I would say we listened to the Leader of the Opposition last night for a full two hours and I think it probably could have been condensed into a much shorter time span than that, however, that is his prerogative to speak a full two hours so we accept that, Mr. Speaker.

The Leader of the Opposition, really I don't think was at his best, I don't think he has really fitted into his new role as yet and I suppose he may not be willing to really plunge into it with all the exuberance and enthusiasm that it may demand because of the movements that may be afoot to replace him next fall when their leadership campaign rolls around. You can, I think, watch the manoeuvring on the other side and there is some evidence of those that may have aitions in that direction. We note that the former Minister of Finance has been moved down to the front row now between the Member for Selkirk and the Leader of the Opposition and this may be just to separate them a little so as it is not too evident who the Leader may be putting his hand on. The Member for Transcona is jumping at speaking engagements in the rural area which would indicate he will be wishing to build up rural support to offset the advantage that the former Minister of Municipal Affairs may have with his rapport with the rural electorate in Manitoba.

So it's interesting to see just when some of the others may make their move, the Member for Inkster, possibly the Member for St. George or Ste. Rose will pile in there to give it that agricultural flavor. It would appear the Member for Lac du Bonnet has had so many problems that he has maybe slipped from grace somewhat and may be out of the running when the leadership race rolls around and I give the party more credit than electing the Member for Elmwood, Mr. Speaker.

Mr. Speaker, the continuous lament that we hear from the other side of the House now, would indicate to us that they really aren't very happy on that side of the House but I think in the next four years, because that's the period that they're there for, and the four after that, and the four after that, they'll be well suited to their role in Opposition where they function reasonably well. Mr. Speaker, the continuous lament that we're hearing is just not going to wash. You know, during the election campaign we had them going around the country telling about the big lie, we still hear it every time a statement is made on this side, and Mr. Speaker, that just didn't wash with the voters of Manitoba and they came back loud and clear with a pretty resounding mandate on October 11th. But all of a sudden now, six months in office, and all of a sudden all of these problems are cropping up and it's all the fault of the Conservative Party. Now I would just like to know how all of these problems suddenly appeared in a short period of six months.

The Member for The Pas has been asking questions of the Minister in connection with jobs being lost in the telephone office up there due to electronic equipment being installed and upgrading and bring better service to that particular area. We're concerned with loss of jobs also. There is a rumour of a loss of jobs in Minnedosa, Boissevain is in danger of losing jobs in their old telephone operator office there due to electronic equipment being installed in Brandon. But, Mr. Speaker, that program was started approximately three years ago and at least two years ago was put into place and accepted, and I just can't see why all of a sudden now. . .

**MR. CHERNIACK:** The Minister took credit for what happened.

**MR. BLAKE:** . . . we're being blamed for the loss of jobs.

**MR. CHERNIACK:** How come your Minister took credit for the announcement?

**MR. BLAKE:** He didn't take any credit for that new telephone equipment. But it happens to be in place, Mr. Speaker, and it was in place long ago and it is absolutely ludicrous for them to try and blame us for losing those particular jobs. Certainly we're concerned about them, but you can't have it both ways, you either are going to update the equipment or leave it as it was. So, Mr. Speaker, the comments from the Opposition sometimes just leave me a little wondrous of if they are grasping for something to nail the Conservative Party with or if they haven't got anything better to hit us with than that I think probably we're in pretty good shape.

The Leader of the Opposition claimed that the Minister of Finance has used deception and Member for Inkster will be belaboring that and I don't think, Mr. Speaker, when all the cards are in that that claim is going to hold water whatsoever. It is not going to be accepted by the public in the manner that they would like to have it accepted because there will be stories told on both sides of the House, and we know full well, Mr. Speaker, that when this government took over on October 24th and found the situation that they had inherited, programs that were completely out of control, that something



had to be done and they had to take off a trial balance sheet so to speak, and naturally some of the figures were estimates and naturally had to be adjusted.

But I will tell you one of the facts, Mr. Speaker, that was bandied around during the election campaign and is still questioned by the members opposite, is the provincial debt being the second highest in Canada and those are facts. One of the facts, Mr. Speaker, is that it's second only to Newfoundland, that poor depressed downtrodden province. . .

**MR. CHERNIACK:** Tell it to the Royal Bank.

**MR. BLAKE:** . . . and that is not a very good second to be, to Newfoundland, one of the poorest provinces in the country. On the other side of the ledger we go to B.C. who have brought in a balanced budget this year and we all know what they inherited after only three years of NDP administration. God knows what would have happened if that renegade out there had been in power for eight years. The province had to receive some pretty healthy shock treatment when the Bennett government took over out there and after a very very short time of good and prudent hard-nosed business management of that government they brought in a balanced budget after three years. And I am sure, Mr. Speaker, that that will be the case in Manitoba and the members will just have to sit by and watch it happen.

Mr. Speaker, it's not an easy task to try and reverse the trend that has developed over the past number of years and it hasn't only developed in Manitoba, it's developed across the country in almost all areas, and that is a trend that is going to have to be reversed and it's not going to be easy. There's no question about it, there's not an easy solution, it's going to take a lot of hard work and a lot of planning and a lot of fiscal management that probably we haven't been accustomed to over the past few years especially in Manitoba. Because when we see some of the programs that were completely out of control and just running by themselves it's no wonder that this government was spending money like drunken sailors, as the saying goes.

Mr. Speaker, I mentioned that the development programs that have started in the north naturally were started under the NDP administration and I find it very difficult to reason their questioning us on the jobs that may be lost in upgrading some of their services. The Member of the Liberal Party, the lone voice in the wilderness, has mentioned sitting and watching the reactionaries on the left and the reactionaries on the right in reference to the sales tax proposition brought down by the Federal government. And I suppose that that would be the reaction from someone in his particular party who is trying to be all things to all people at the same time. I think, Mr. Speaker, the reactionary term is a little off base when he refers it to the particular reaction of the Member for Inkster and our Finance Minister because it's just good common sense thinking on their part and it is not that reactionary when you analyze their reasons for feeling as they do about the intrusion of the Federal government on the provincial tax sharing scene.

The Member for Fort Rouge mentioned also the university fee increase and what a terrible thing it was. Well I don't think, Mr. Speaker, that he will receive too much public sympathy along those lines. I think the fee is a justifiable one in view of the fees charged elsewhere and I don't think, certainly the people in my particular area, are going to get very upset with the increase that's been there because if \$90 is going to stop a person from gaining a university education, I am afraid they don't want that university education very much.

There is a productivity lag he mentioned in Manitoba and there is no doubt about that, Mr. Speaker, that has been known to us for a considerable length of time. He also mentioned that that wasn't really particularly true in agriculture and we are very aware of that too, but what he failed to mention, Mr. Speaker, that those involved in agriculture, the farm people in our community, do not punch a clock and they do not work an eight hour day for five or six or seven dollars an hour. They work as long as they have to work to get the job done and that's why they have been productive and probably that is why in many instances their costs have outreached some of their incomes. But I will mention something about that maybe a little later, Mr. Speaker, because I want to say something about the particular area in my constituency.

The election promises, Mr. Speaker, and we haven't touched on those really because during the short, short session there was a great number on this side who didn't speak out but I think there was a good campaign ran. The big lie, as I mentioned earlier, was used time and time again but it just didn't wash and since the election, Mr. Speaker, we have acted on election promises, we have reduced income taxes and we have abolished succession duties and gift taxes, repealed the Mineral Acreage Tax Act, and we've introduced expenditures this year in this particular Budget, Mr. Speaker, that are among the lowest in Canada. I know when you look at a 2.9 percent increase, a great number of people will feel that that is after inflation, but that is a 2.9 percent increase. Inflation has been taken into consideration and I think if we continue to spend and spend using inflation as an add-in, inflation is going to stay with us and we'll continually have inflation forever and ever and ever.

This is what amazes me when I read some of the statements, Mr. Speaker, made by the Leader of the Liberal Party. I should correct that, I suppose, because there is no Leader of the Liberal Party at the present time and I don't know what the prospects may be. There's rumours in the hall that Mr. Jackson, the president of the MGEA, may seek the leadership because he has promised to bring down the government and that would certainly be a good place for him to start. I suppose he might not have to stand in line too long to get the job.

But, Mr. Speaker, the criticisms that came from Mr. Huband, the Leader of the Liberal Party, when he was leader, were really unbelievable. When we reduced some of the civil servants, he came out and

said we were only going to save \$15 million and it was a mere drop in the bucket and it wasn't worthwhile. Well' if \$15 million is a mere drop in the bucket, Mr. Speaker, I think we can do with a few more drops in the bucket.

Mr. Speaker, I want to say a word about the constituency of Minnedosa seeing as we're in Budget Debate and it is wide-ranging enough for me to mention that. The former premier, the Leader of the Opposition, in his remarks last night, hit on the expenditure of Highways on several occasions. He said we're spending another \$40 million on highways. If he were to take a good look at the Estimates, Mr. Speaker, they haven't really increased by 37 percent, I think is the figure he used, but there has been an increase there which we are indeed thankful for because, in my particular area — and I hope that I get a good chunk of increase — because, in my particular area, rail line abandonment is hitting the area very hard. It's hitting all the rural areas hard. It's hitting my area particularly hard because the Holboro-Buelah line which runs 60 or 70 miles right through the heart of my constituency and is one of the finest and heaviest grain growing areas of Manitoba, if that line goes out, it's going to be absolutely essential that Highway 250, particularly, be upgraded as well as the other municipal roads because the tandem trucks are going to hit there and start hauling 1,000 bushels instead of 300 and 400 bushels that they're hauling now and the roads simply aren't going to stand it. I know our Highways Minister is diligently and actively trying to impress on the federal people that we have to have some cost-sharing and I think every member in rural Manitoba is concerned about that and the federal members can't bring it home hard enough to the federal people how important it is to have additional funds for roads if they're going to carry out their projects as far as the rail line abandonments that we've seen to date are concerned. Because there is no question about it, Mr. Speaker, of how important agriculture is to my particular area and to Manitoba in general. There's absolutely no doubt in anyone's mind that when the farm economy is in a slack position or in a down position that it is very very quickly felt throughout Manitoba and right throughout the rest of Canada. It doesn't take long for those results to filter down through.

I think we have to do a great deal more in developing markets for our agricultural products and the primary processing of our products is indeed important. The McCain's plant will probably be of considerable benefit to the people in our area and a fairly large area surrounding the Portage district in contract crops and cash vegetable crops. I don't think that plant would have been attracted here had not, some years ago, Campbell Soup plant located in that particular area with a very successful operation. I'm sure that that has been of considerable benefit to the other plant to gain information and expertise on farm conditions and vegetable growing in that particular area.

Mr. Speaker, I should mention at this time, there were some questions earlier in the day and the Member for Inkster was going on at great lengths about the government becoming involved in funding CCIL. That particular announcement — I see the announcement here, Mr. Speaker, and it's a guarantee. The taxpayers aren't putting up any money yet.

**A MEMBER:** Oh, how naive can you be? How naive can you be? Everybody owes something.

**MR. BLAKE:** Just relax, just relax. Mr. Speaker, the members are getting a little exercised on the other side. There's far reaching reasons for bailing that particular company out. I don't particularly agree with them I don't particularly agree with them. That plant has been in operation. There are millions and millions and millions of dollars worth of . . .

**MR. SPEAKER:** Order please. The Honourable Member for Minnedosa.

**MR. BLAKE:** Thank you, Mr. Speaker. When the debate ceases over there, I'll carry on. There's millions and millions of dollars worth of machinery, farm machinery, produced by that plant throughout Western Canada. It's important to those particular people to be guaranteed a supply of parts, renewals of the machinery, but, Mr. Speaker, the original plan, that government over there, when they were in power, were prepared to throw about \$20 million into that particular plant, not \$2.6 million shared by the other three provinces.

**SOME MEMBERS:** That's false; that's false.

**MR. BLAKE:** And they would have had an equity position probably and been proud owners of a farm machinery company.

**MR. SPEAKER:** The Honourable Member for Inkster.

**MR. GREEN:** Mr. Speaker, the honourable member said that the government was prepared to put \$20 million into that plant. Can the honourable member tell me when this was suggested? When, where and under what conditions?

**MR. BLAKE:** Well, Mr. Speaker, I don't have an exact figure on \$20 million. The figure could be somewhat less than that and if it is something less than that, I stand to be corrected, but they were quite prepared to do something other than what we are prepared to do.

The three provinces have joined in this particular venture with \$8 million thrown in by the Federal Government who appear to be so anxious to put money in there, they don't really care whether they get it back or whether they don't but when we put that kind of an investment out, Mr. Speaker, if we

were investing actual cash, we'd like to have some reasonable chance of getting it back to protect the taxpayers of Manitoba in some way. But when you get involved in operations like this, Mr. Speaker, just where do you stop? We have a perfectly good farm machinery plant in Minnedosa called Terra Implements who are operating on their own, who are presently down to about 12 or 15 employees — they have had 150 to 200 there. That's on account of slack markets; they experienced exactly the same problems, maybe not on as great a degree as CCIL have experienced. Who's going to bail them out? They're toughing the rough weather on their own. They're getting what orders they can get; they're hiring people as the employment picks up.

**MR. GREEN:** What about the MDC?

**MR. BLAKE:** Nobody is going to bail them out.

**MR. GREEN:** Are you sure? Are you sure?

**MR. BLAKE:** And I maintain, Mr. Speaker, that with the problems that this particular company has experienced . . .

**MR. URUSKI:** Just wait; just wait.

**MR. BLAKE:** . . . there are going to be a great number of farmers in Western Canada that may be a little reluctant to buy one of these machines and I'm not too sure . . .

**MR. URUSKI:** You'll bail them out.

**MR. BLAKE:** . . . that sales are going to be stimulated to the point that they have to be stimulated in order to see this plant thrive and enjoy the sales that are going to be necessary to carry the kind of debt load.

**MR. GREEN:** Right.

**MR. BLAKE:** The people involved in financing it are apparently agreed, according to the press release, that they'll purchase \$8.75 million worth of preferred shares to provide the necessary equity base. That may be most helpful to the company in getting on a sound financial basis again and with good prudent, hard-nosed management, it just might be that they can weather the storm and come out of it and I hope they do. But I'm just a little afraid with the problems that they've got into in the past, Mr. Speaker, that they may find that they're weathering those problems before.

I can recall, Mr. Speaker, many years ago in the middle-fifties when the J.I. Case Company was virtually bankrupt, was on the edge of going into receivership and they were a pretty large organization even at that time. That was so bad that the financial institutions came to the rescue, not altogether without a shared risk. I must say there were largely American banks involved but they pooled their expertise and pooled their loans and told the company what they felt had to be done in order to provide the management necessary to save that company from virtual extinction but there was no government jumped in to bail them out.

So that's just another case, Mr. Speaker, where I wanted to mention the feelings of the people in my particular area when they see the government bailing out a large implement company like this, they wonder why there is not some help forthcoming for their industry that employs, as I say, 100 to 200 people which is pretty important to Minnedosa.

**MR. GREEN:** That's a distillery with public funds.

**MR. BLAKE:** Mr. Speaker, the freeze program has affected my particular constituency as well as all others and we certainly hope that it's not necessary to maintain it too much longer. We have care homes in Hamiota, Rivers, and the people in Erickson were starting to propose one; we have a good one at Sandy Lake and they would like to have an addition built. These particular care homes are no doubt necessary and we want to see them built as quickly as possible because we know of the need in the rural areas but there is only so much that can be done, Mr. Speaker. We don't like layoffs any more than the members opposite like them. It's not a very pleasant thing when you have to tell people that there are cutbacks or that there is no more work for them but it's a job that has to be done, Mr. Speaker.

**MR. BARROW:** You love it.

I notice in one of the . . . We don't love it all as the Member for Flin Flon has said, Mr. Speaker, we don't love it at all. It hurts us as much as it hurts them over there to see people without work and the Member for Flin Flon well knows that. He knows us well enough.

**MR. BARROW:** Frank Johnston hasn't stopped smiling.

**MR. BLAKE:** The Minister mentioned in the Budget Speech that a 4 percent — I think he said a 4 percent — he would like to see a 4 percent boost in wages be the limit that the workers might try to



work within. Well, Mr. Speaker, there may be some that might have to work in a smaller wage frame than that if the jobs just aren't there and if the work isn't there to employ them.

But, Mr. Speaker, the people in my constituency are industrious and enterprising and hard working and I am sure that they will weather the particular problems that we are having at this time and re-elect a Conservative member for many many more terms.

Mr. Speaker, when we're on the Budget Debate it wouldn't be fair, I suppose, to say something about the economy and we'll hear statistics and figures versus figures bouncing back from various sides of the House until we're bamboozled by them or we are completely baffled by them so I'm not going to go into statistics. There are so many floating around on gross national products and regional growth that it becomes pretty cluttered and I don't think it's going to serve any purpose to belabour them for 15 minutes to use up the necessary time that I have allotted.

But, Mr. Speaker, in general terms, we know that the Canadian economy has been in trouble and we only have to look at the Canadian dollar to find that out. We've borrowed now, I don't know, a billion-and-a-half I suppose, to prop up the Canadian dollar and when you're doing that, Mr. Speaker, I think in simple terms, you're sort of second-mortgaging the house and I don't think that's a good idea. I would like to think there are far greater financial minds than mine that are working on this problem and I don't know whether the answer is to peg the dollar, to let it float or to continually prop it up such as we have been doing. But it indicates that we have a great deal of trouble in the country, and hopefully that we can weather the storm.

There is one bright spot, Mr. Speaker; in Tuesday's Free Press the President of the Investment Dealers of Canada was speaking in Winnipeg, and he mentions that we note statistics showing more than a million Canadians unemployed, and we tend to ignore the statistics showing the growth of employment. We have been employing people at a faster rate than ever before in our history, and there is a boom in employable people as a result of the baby-boom of the 50s coming on stream. And he mentions that the bulge in 19 to 25 year old workers entering the labour market has been of particular concern and caused an awful lot of our problems, and I think that is very awful very easy to understand for those on this side of the House as well as those on the other side of the House, when they take a real good look at it. The problems really haven't been created in the last six months by this government.

The same gentleman, Mr. Speaker, speaking on said, "We are more optimistic now with governments on a path of fiscal responsibility and monetary restraint. There is an apparent shift to the right in provincial governments, small 'c' conservatism, that is bringing confidence to consumer spending and investment." And he goes on, Mr. Speaker, further down to say that it's a good sign, when he sees Canadians in a conservative mood, with a renewal of the work ethic, a broadly based understanding that you really can't get something for nothing, and that there is a change in the attitude in this trend to improve productivity that comes with job competition.

Now the Member for Fort Rouge has mentioned a productivity in his remarks and I must agree with him on that particular case because that is very very true.

Mr. Speaker, there is no doubt that investment capital in Canada has been going to the United States and elsewhere, and that is something that we have had arguments in this House on before, that it's very difficult to put a figure on. We talked about the outflow of capital from Manitoba with the removal or the imposition of the Succession Duties Tax. That's very difficult to put a figure on, Mr. Speaker, because I don't think you can really prove the figures, you come up with figures but I don't think you can really prove them. And that is true of Canadian investment that has gone to the United States and abroad, but there is no question about it, Mr. Speaker, that it's been significant. There's no question about that at all, and I think one of the — not the easiest ones to put a figure on but one of the most significant one has been the outflow of capital from the Province of Quebec with the election of the Parti Quebecois in that province. And again, I doubt if anyone can put a figure in millions and millions of dollars on it, but when that happens and you find that the borrowing demands on the foreign markets increase, by all levels of government — all levels of government are going to the foreign markets — and when you find that and find the economy in the shape that it's in this country, it is pretty obvious that some fairly drastic measures are necessary, Mr. Speaker, and I think we are taking one small step and doing our particular share of trying to reverse the trend that has been with us for all too many years now. I think the free ride is over, Mr. Speaker, and we've got to be prepared to tighten our belts and go out and hustle. We've got to go out and not only sell our products, but we've got to sell our country and we've got all the wherewithall to do that.

Mr. Speaker, before I close I'd like to make one or two quotes from an address that was delivered by a Dr. John Godfrey at the MAST convention in Winnipeg a few weeks ago, and he mentions in his remarks that we're in the midst of a historical change, which maybe is more important to this country than the depression. And I think possibly he's right because he said, "The economic history of the country is divided into two parts, and that is from Confederation to 1940, where the average growth rate was about 3 percent, and from 1940 to the present time, when the average growth-rate is closer to 6 percent." And I think that is very significant, Mr. Speaker, because after World War II we were in a kind of a golden era where the entire wealth of the world, I suppose, almost doubled, and we had greater productivity through technology. But because he mentions too, Mr. Speaker, and I'm quoting, "Because of our confidence in the future, we were more prepared to borrow money. This had a stimulating effect on the economy. In 1973, however, the tables turned, everything that was working for us started working against us." And back then probably we should have been showing some of the monetary restraint and fiscal responsibility that we are endeavouring on this side of the House, Mr. Speaker, to bring to Manitoba now.

But the same Dr. Godfrey says, "I also think that we have to restore a sense of competition within the school system. If we go around inculcating in our children a totally false belief that the world is non-competitive and soft, then we are cheating them." And we are concerned with that unemployed group, Mr. Speaker, again in the 18 to 24 age group, and this probably applies to them very well, because he emphasized that we have to restore two qualities in this country which are going to be essential in getting us through this difficult time. It is in our interest to prepare the next class of leaders and we have to promote both excellence and leadership in the school system if this country is going to survive economically, politically, culturally and morally. I think we have to challenge our students to work an awful lot harder, and I think we can work an awful lot harder if we try. Right now our students are not being challenged, and I think, Mr. Speaker, those are some of the comments that have been made by our Minister of Education in one or two of his remarks and I agree with him wholeheartedly.

In closing his address, Mr. Speaker, he said, "It is time to bring an end to what has been called 'value-free education'." We have a kind of value system which he labelled, "A sloppy code of individual self-dependence." "But in tough economic times," he emphasized, "I don't think we can afford to delude ourselves with this kind of thinking any longer. I think that the values we have to recover are just older ones. I think we have to recover the notion of hard work, thrift, enterprise, honesty and a sense of reverence for the land and for nature. Also, the sense of service for other people. We have to recover morally and every other way some older values like faith, hope and charity. We must realize our interdependence and not our isolation." And he stressed that we are all part of the problem and we are all part of the solution, and we've heard that cliché before, but I think it's so true, Mr. Speaker, that working together and working for the common good we can accomplish much.

But he concludes his remarks with, "The party of the post-war economic boom is over. The binge of twenty-five years is no more, so it is time for us to sober up, pick up the pieces and go home again to a more traditional way of educating our children, and indeed living our lives together."

Mr. Speaker, I think those remarks at this particular time are extremely timely, and those members on both sides of the House who are raising families and experiencing all the problems of economic woes that go with that heavy responsibility, are well aware that we have been on a bit of a roller-coaster — things have been good, wages have been going up — and we've come to feel that we are entitled to a wage raise every year, and I think that time is over and that particular thinking has to change, Mr. Speaker, because I don't think the economy and the Nation can afford to continually increase wages year after year after year without, as the Member for Fort Rouge mentioned, an increase in productivity. I don't think there is any guarantee, in spite of inflation which devils us, that we can expect a percentage each year. I think the time has come when maybe we might have to sit tight for a year and not take any increase at all, and I think that is happening to the members in the Legislature in this particular session.

But I think outside of that, I know it's a very very harsh measure and very difficult but there are many members over there as there are members here that well remember the hard times when they didn't get a raise every year. That was expected — if there was a good year, if the company made progress and had a reasonably good year, then there was a raise in store for them, and as things gradually progressed and we worked out of that tough era, the wages did continually increase. And nobody likes to see us return to those times, but economically, I'm afraid we're in pretty serious times right now and it's time for us, as I said earlier, to tighten our belts and buckle down and go to work and pull this province back together and put it back on the rails again.

Thank you, Mr. Speaker.

**MR. SPEAKER:** The Honourable Member for Inkster.

**MR. GREEN:** Mr. Speaker, I'd like to thank the Honourable the Member for Minnedosa for his remarks. I want to clear up several points for him immediately.

The Manitoba Development Corporation was approached by CCIL for funds and they refused — they outright refused. The CCIL then approached the Manitoba government for funds, and the Manitoba government indicated, as I said earlier today, that we would not be able to save that company on the basis of the information that they had presented. The Manitoba government then said that it would be willing to explore with Alberta and Saskatchewan whether there was a way in which all three provinces could deal with the question, and that is where it was left. So if the honourable member has information that the Government of Manitoba was going to advance them \$20 million, then I tell him that it is false information, probably given to him by Conservatives, who are generally disposed to giving false information. And if he wishes, Mr. Speaker, he doesn't have to rely on me, the records are in their hands and he can produce the record which indicated that the Government of Manitoba was going to advance CCIL \$20 million, or anything like that sum. But his remarks, Mr. Speaker, are significant because the Member for Minnedosa is true to his position. He is annoyed with this loan, and has said so. . . .

**MR. BLAKE:** No I'm not.

**MR. GREEN:** He is annoyed, Mr. Speaker. He said, "Who's going to help out the company in



Minnedosa that has a problem?" And that's what I meant, Mr. Speaker, earlier in the day when I said, "A little bit pregnant," because he has a terrific argument. When that firm in Minnedosa has problems, they are going to come to the Government of Manitoba and they are going to say, "If you helped CCIL, why don't you help us?" And the member is nodding his head and, Mr. Speaker, we are back at square one where I said we would be, that all of those Conservatives who run around saying that the government should stay out of business, the government should not bail out problem companies. The government should make no such advances, and I indicated, and I've heard it now — they shouldn't have — that is their true position. But they are doomed, Mr. Speaker, they have stepped into the quicksand and they will not be able to extricate themselves, because we are not talking about public moneys to the extent of \$2.8 million, we are talking about public moneys in one year to one company to the extent of \$15 million. The people of Manitoba \$2.8 million. The people of Manitoba as Canadians \$8 million, given to one company having problems — which I don't object to — but which those people over there vowed, was a result of doctrinaire socialist ideology that the governments went and helped companies that were sinking. It is not doctrinaire socialist ideology, it is pure capitalism. It is pure capitalism for governments to help private enterprise which they don't own. That is the definition of it, and that is what you are doing. And what we said we would do, we said, "Yes, there may be a need for that, but we are now," and the Manitoba Development Corporation Board of Directors were instructed to and did adopt guidelines which said that they would only go into commercially viable operations, and that anything else would be left to the government and the government would, from time to time, have to assess those things.

But you are now giving CCIL in public moneys, the total of the losses of Flyer Industries Ltd. Flyer Industries Ltd. had an accumulated deficit up to this year of \$16 million. They made money last year, and therefore the total public commitment, or public loss — and by the way if they sold their assets that would probably be reduced — was \$15 to \$16 million. That's what CCIL is now getting. So all of those purists, those holier than thou people who said that we would not do those things, you have just, Mr. Speaker, you have not only broken your virginity but you have conceived, and the Member for Minnedosa has indicated where it cannot stop, because he has said, "My little company in Minnedosa is going to say, if they can get the money, why couldn't we?" And by the way, Minnedosa is not free from blemishes in this area — Minnedosa Distilleries was a publicly financed company by the previous Conservative administration. That was one of theirs in Minnedosa, and the Premier happened to come from that area as well.

Mr. Speaker, I'm going to go a little longer because the member is a banker, and you know, my banker has always told me that a guarantee is just as good as a loan; if you come in and you are heavily guaranteed, we are not going to loan you moneys. And the Provincial Auditor demanded that we put aside moneys when there was a guarantee for them, and if you intend to pay then the guarantee is the same as the loan — the member is nodding his head — if you don't intend to pay, then of course, you run away and avoid your guarantee. Is that what you're going to do with CCIL? I mean, are we joking with one another? So don't let's pretend that a guarantee is not the advance of moneys. The guarantee is the commitment of moneys and it is no different to the advance of the loan.

The honourable member who is also a banker, talked about the public debt. Now, Mr. Speaker, I'm talking now to a financial man. Would you say that I was better off if I had \$100,000 and no debts, or \$1 million and a debt of \$200,000? Which would you give more money to, you as a banker, the man with \$100,000 and no debts or the man with \$1 million and a \$200,000 debt? It seems to me, Mr. Speaker, I would — (Interjection) — well, you know, I am not a Conservative but I like money, and I would be quite willing to be the man with the million and the \$200,000 debt rather than the man with \$100,000 and no debt. And Mr. Speaker, if the honourable member says that the debt is a problem I will tell you how to eliminate your debt. You Tories, who have great problems and don't know what to do, I can eliminate your debt: sell the Hydro, sell the Telephone System. There will be no debt. We will eliminate debt. We will be in big trouble — (Interjection) — no, look, I can get for the Hydro and the Telephone enough to eliminate the debt, I don't have to sell anything else. Mr. Speaker, I am willing to get together a syndicate of financiers to buy your Hydro and your Telephone System for \$3,000,600,000 and I will then charge the people of Manitoba all of the money that is necessary to pay me back that \$3,000,600,000.00.

So if you're really worried about your debt, and the Member for Minnedosa knows it, that is not the problem. If this government kept a balance sheet, which is the same as every businessman does and had revenue and expenses, and then assets and liabilities, you will see that you run into greater problems financially by giving away land than incurring expenses. Because your land is on your balance sheet and to the extent that you give it away, your assets go down and your net worth is reduced, unless you sell it and get money for it. So you are much more concerned, and we were concerned, with reducing assets, and the banker over there knows that Manitoba would not have a better credit rating, it would have a worse one if we sold the Hydro and the Telephone and went to our bondholders with no debt they would say, "Yes." But these people who own your Telephone System and your Hydro system are able to extricate from your economy millions of dollars a year by virtue of their position, which makes you poorer, not wealthier. And if you want to check with a banker, ask the Member for Minnedosa.

Mr. Speaker, I am happy to see so many of my opposition friends in the House, because it has been a problem that I have noticed during this particular debate, that there have been very few people in the House, and perhaps there has been — the Member for Lakeside, the Minister of Highways maybe gave me a clue as to why this is so, because during the last session it was, "Speak no evil," it was the first monkey, and nobody said anything. The Member for Lakeside, after a speech that I made the



other day, said that "I am worried that my members are starting to believe what the Member for Inkster said," so there's new instructions: "Hear no evil." And in the next session I expect him to come in blindfolded, Mr. Speaker, because that has been —(Interjection)— I only know of three, I only know of three. Well, Mr. Speaker, I'm really being unfair to my honourable friends, who at least are giving me the courtesy to hear me out, and I merely make that observation that I do find that there has been less listening at this Budget Debate, and I say to you, listen, it won't hurt you, and even if the Member for Lakeside is right, even if you get an idea from the other side which disturbs something that you already believe, I want to let you in on a secret, sometimes that even happens to me — not frequently, but sometimes.

Well, what are we dealing with, Mr. Speaker? We're dealing with a document which I told my colleagues that I wanted to speak on early, quickly, so that the anger which I had when I heard it would not subside, because I have probably never been more annoyed and chagrined, and that doesn't really mean anything to you people, and I'm not asking that it be a factor. But I do want you to know that that particular document, and you probably saw it from my own reaction to it, was probably more annoying to me in terms of what I considered to be an insulting opposition position than anything that I have heard in all of the years that I've been either in opposition or in government. Because, Mr. Speaker, this was not a Budget Debate, this was not a Budget Address, this was a fudget address, and it started off by being a fudget 1dress, Mr. Speaker, with its opening comments which do no credit to the Minister. He said that a Budget Address should not be a political document.

Now Mr. Speaker, I have the greatest respect for politics. I consider myself to be in a political arena, and I don't think any member of the other side or any member of the media or any constituent of mine would hear me say that something was done, or criticize something on the basis, Mr. Speaker, that it was a political thing, because I consider politics to be a very noble profession, to be the art of being able to be responsive to the citizens, to commend one's self to the citizens, and I see nothing wrong in that. But the Honourable Minister then went on to deal with his address in a way which could only be the antithesis of his description of it, because he said it was not to be a political document. Well, Mr. Speaker, that's why I asked the First Minister yesterday, when will we hear the Budget Address? Because we have not heard the address which was described by the Minister of Finance. What we heard was, and I repeat, a fudget address.

I'm going to list, Mr. Speaker, the main points of that address which I consider represents the Achilles heel of the Conservative party as it has demonstrated itself to the public in the last two sessions. Mr. Speaker, I believe that honourable members opposite, and certainly my own colleagues, will say that I have been more than fair to the Conservative position in terms of their election to office. When they were elected, and during the debates in this House, I have said, "Look, I disagree with them." I am in stern and violent disagreement with their position, but what I do respect is that they have a position, they are pursuing that position, and I used to say, Mr. Speaker, that by and large, they have the courage of their convictions. What I say now, Mr. Speaker, after what has occurred yesterday and in the last week, and the admission that I make to my own colleagues, is that the greatest sin that I charge this government with is cowardice — cowardice, Mr. Speaker, because they pretend that the positions that they are taking are not positions that they believe in, but positions that they are forced to take because of a financial problem which has been left to them by the previous New Democratic Party administration. What they are saying, Mr. Speaker, is that they wouldn't be reducing spending, they wouldn't be laying off civil servants, they wouldn't be going in the directions that they are going, they wouldn't be going into a restraint program, if it were not for what? The legacy that they were left with, the horror stories that they found. Now, I don't believe them. I believe that what has happened to these people is that they have lost conviction about what they are doing, they no longer believe that they can sell Conservatism to the people of this province, so what they have decided to do is go into the pulp paper dying horror story business. And Mr. Speaker, it was no more — I am trying, with the injunction of my wife, to remain somewhat calm. I am not succeeding, but I am trying.

Mr. Speaker, the other day, I have been standing in this House saying that your only problem, and I've taken it at its worst — the only unexpected problem that you were faced with, if everything you say is true, was that you had a \$100 million deficit on operations which you didn't expect; the deficit on capital was always there, the deficit on previous years' capital was always there — but you found, when you came into government, you said, a projected \$100 million deficit on operations which you didn't know about. And the other day I indicated, well, that is a problem, but how much of a problem is it? It's a problem, and I got this from your Auditor — and I say that advisedly, your Auditor. He was always your Auditor, in my view, and I don't have any difficulty in saying that at all, he was always your Auditor — but it's \$12 million a year on a budget of \$1.5 billion, is what it takes to deal with a deficit of \$100 million. Well, Mr. Speaker, I was virtually floored when I was told that that was not the case. Your problem is not \$100 million; your problem unexpected, was the difference between roughly \$30 million and \$80 million, which is \$50 million. And \$50 million worth of deficit financing, Mr. Speaker, is not \$12 million a year, it's \$6 million a year. And \$6 million a year is less than the increase in taxes which you immediately levied by taking it out of Autopac and putting it into Provincial Revenues. So, if that was the horror story, that horror story was eliminated immediately that the two cents went into General Revenues.

Now Mr. Speaker, there will be people on your side who will say, "Well, the \$50 million wasn't totally a mistake; we reduced the Budget by \$10 million, and why are you taking credit for that, because your restraint program cut off \$10 million. And if you take the restraint program into account, the amount that you will have cost us is 60. Well, for a while, Mr. Speaker, because of my

sense of fairness, I was going to take off that 10 million, but no, Mr. Speaker. In 1976, without the Task Force, without the help of Great-West Life, without the hoo-hah, without laying off 375 — or purporting to lay off 375 people, because I don't believe it, Mr. Speaker, I have found — we will see what the figures are on Civil Service in the long run. I say that the Conservative party was desperate for some dramatic move and they, not regretfully, but I can just see them sitting around that Cabinet room and saying, "Just look at the announcement that we will make. The biggest layoff, 375 people." They did it with glee and practically drooling, but they walked into the House, Mr. Speaker, with crocodile tears and regrets. \$10 million, Mr. Speaker, \$10 million — no, the Minister of Labour says, "Sidney . . ." and shakes her head — well, then, what you are telling me, Mr. Speaker, then what you are telling me, if this was done with regret, that really those people you wanted to keep employed and they were doing good things. Now, I don't believe you believe that and you said so prior to the election. The Member for Roblin said that you've got all of these civil servants running around doing nothing. And he's nodding his head. Therefore, he, at least, will admit that he did it gleefully, almost drooling and wanting to announce it to the public.

**MR. J. WALLY McKENZIE (Roblin):** And they're still there too.

**MR. GREEN:** Well, I agree with you, Mr. Speaker. The Member for Roblin is right, they are still there, they are not laid off and we will be finding them slipping back in, in one form or another, back onto the rolls of the public because they are people who are generally needed to do the jobs that they are doing.

But, Mr. Speaker, the fact is that without the task force, without the hoo-haw, without the announcements of restraint, when we found that we were overrunning our budget in the fall of 1976, we went into a restraint program unassisted by the incompetence from the Great-West Life Assurance Company, the directors of my company, and we reduced it by \$20 million, Mr. Speaker, \$20 million of restraint in 1976. So I'm not going to give you the credit for saying that you only have shown us \$40 million, you have not shown us \$50 million. As a matter of fact, if our restraint equalled its previous years, we would have cut \$20 million not \$10 million. Therefore, you owe us \$10 million in terms of legacies and horror stories.

Now, Mr. Speaker, I'm going to go through a list of what I consider to be the transgressions of this government and then, if I have time, I will deal with each item on the list more explicitly.

One, Mr. Speaker, I say that the government has conceded that it cannot make its program acceptable to the people of Manitoba and has therefore invented fictional horror stories concerning the previous administration in an attempt to credit itself by discrediting its opposition.

Secondly, the government restraint program has been a total failure in that it has reduced expenditures by \$10 million after an alleged termination of employment of 375 civil servants whereas a restraint program in 1976 — I say 1977, that should be 1976 — reduced expenditures by almost \$20 million with less reduction in staff.

Thirdly, the government in a display of spineless cowardice misrepresented the financial situation of the province and blamed the preceding administration for its unacceptable conduct when the total financial problem which it faced unexpectedly is more than offset by the moneys which it will receive from the imposition of a 2 percent gasoline tax.

Mr. Speaker, we talk about Tory blue; we talk about the Liberal red and the New Democratic Party green — different colors. The document that was filed in the House, that Budget Address produced by the Minister of Finance, would be appropriately bound in yellow because it is a yellow document. It is a cowardly document; it is a spineless document and it is one which represents the Achilles heel — with due apologies to my friend from Elmwood — the document upon which they will go down because they lack conviction of their position and are not prepared to put it forward except by suggesting that their policies are dictated, not by the conviction that they believe in, but dictated by conditions which they found themselves in in 1977 when they were elected.

**MR. DOERN:** The cowardly lion.

**MR. GREEN:** Fourthly, Mr. Speaker, the government in an attempt to substantiate its inventions of financial difficulty, deliberately avoided bringing in a virtually balanced budget by reducing taxes when it claimed it needed revenues and by increasing expenditures on highways by \$34 million, thereby aggravating its financial position by \$64 million. That Budget could be \$64 million, without lifting a finger, better than it is.

How, Mr. Speaker? They gave up \$30 million in revenue — is that not true? You were proud of it. You gave up the estate tax, you gave up the income tax to the extent of \$15 million, you picked up \$7 million in gas taxes and they spent \$34 million extra on highways — \$34 million in an era of restraint.

So they have a deficit of \$114 million. That deficit could be cut in half by the stroke of a pen to roughly \$50 million, Mr. Speaker, and most of that could be put into capital expenditures which would be paid for over the years which is a sensible way of doing it. Bringing in thereby, Mr. Speaker, a virtually balanced budget but a balanced budget would not suit those people. A balanced budget would confirm that they came to a province which was financially sound and which had had a sound fiscal management for the past eight years and that did not suit their purposes. Therefore, Mr. Speaker, they avoided bringing in what could have been a balanced budget.

Not that I'm saying I would have brought one in. I am saying, Mr. Speaker, that in periods like this, government spending does more than tax reductions but I am saying that by their standards and by



everything that they have said up until now, they believe in balanced budgets. For the most part, I believe in them too but I will stretch out the number of years. But they could have had one but they didn't want one, Mr. Speaker. They didn't want one because it didn't suit the sequence of Chapters I, II, III, IV and V of the horror story. And, therefore, they deliberately avoided bringing it in.

I say, Mr. Speaker, that the government has co-operated with a federal election gimmick designed for an election campaign whereby the Federal Government has misused provincial fiscal powers for its own purposes so that it can claim responsibility for forcing all provinces to reduce their sales tax.

Now, the Member for Fort Rouge described me as some kind of reactionary for saying that. The reactionaries on the right; the reactionaries on the left; and the person in no man's land in the middle.

You know, Frank Underhill had the best description I have ever heard of the Liberal Party. He said, and it was an entirely new concept for me, "Mackenzie King has succeeded in making the Liberal Party the party of the extreme centre." Up until that moment, Mr. Speaker, I had never realized that the centre was an extreme. But it is an extreme; it is definitely an extreme. The honourable member thinks that he is not an extremist because he happens to try to walk on both sides of a picket fence and you know what happens, Mr. Speaker. We saw what happened to the Liberal Party. Mr. Speaker, I have been at federal-provincial conferences and I can tell you — often with the premier, often with others — I am known as the one who stands most for the authority of the Federal Government to institute national programs. All of the provinces have argued against it, or different people from different provinces, I have always said that these are not constitutional problems. I believe that the Federal Government has a right to institute a national program and if you don't like it, you argue it politically, you do not argue it constitutionally.

I never in my wildest imagination, dreamed that the Federal Government would use its authority not to institute a national program but to try to institute a national system of taxation by using its financial push to tell other provinces what to tax. Because that's not a national program; that implies the reverse of a national program. By forcing provinces to reduce taxes, the Federal Government prevents national programs, it doesn't institute national programs. So, Mr. Speaker, I have no hesitation at all in agreeing, not with the words of the Minister of Finance or even the words of the First Minister, but in agreeing that the Federal Government of Pierre Elliott Trudeau has to, for the good of Canada, be removed from office. I agree with that 100 percent and I will do everything I can to defeat that administration, Mr. Speaker. Everything that I can.

Now, Mr. Speaker, the fullest contribution that I can make will be to try to get the New Democratic Party elected. You know, when people smile at that, I want to tell them that they smiled on that when I entered provincial politics in 1962. There was a whole thesis around at that time that we have to support the better of the two evils and the Liberals are worse than the Conservatives so let's smash the Liberals. And I said, "We are better than the government and we have a right to govern." And we did eventually become the government and, therefore, Mr. Speaker, it's not because I love the Conservatives more or the Liberals more, it's because I believe that the party that I stand for is the one that should be supported and which is the one that should defeat Liberals. I don't know how it will work out in any individual campaign but, in the long run, if I'm right about my position, if I have conviction about it, if enough people see it that way, then I will be elected. If I am wrong, I will be defeated. To me it doesn't make any difference whether the Conservatives govern or the Liberals govern because they're both exactly the same and it makes not the whit of difference as to which one. But, at the present time, the government in power, the Liberals, are the ones that have to be defeated and who I want to get votes at their expense. —(Interjection)— Here, absolutely. They are the enemy. D. L. Campbell saw me at a function for Steve Patrick. Some of the members here maybe were there. And he said, "What are you doing these days?" and I said, "I am plotting the overthrow of the government." Mr. Campbell is a very bright man. You cannot sell him short. He said, "Seems to me, Sid, that except for eight years of your life, that's what you've always been doing."

Well, Mr. Speaker, the hour of 5:30 has arrived. I believe that I have a few minutes more in which I will sum up the balance of my remarks tomorrow.

**MR. SPEAKER:** The honourable member will have seven minutes left to him when we next get to that item on the Order Paper.

The hour of 5:30 having arrived, I am adjourning the House until 2:30 tomorrow. (Thursday)