

# THE LEGISLATIVE ASSEMBLY OF MANITOBA

Monday, April 3, 1978

Time: 8:00 p.m.

## COMMITTEE OF THE WHOLE HOUSE — BILL NO. 7

**MR. CHAIRMAN:** The Honourable Member for Burrows.

**MR. BEN HANUSCHAK:** Mr. Chairman, generally speaking, the Interim Supply Bill per se probably doesn't generate all that much debate. As you know, essentially what it is, is the approval, the Legislature's approval to the government to expend funds for its operations for a certain portion of the year, whatever it may be, two, three, or four months, based on the previous fiscal year's level of expenditures. And, I suppose, Mr. Chairman, that in the normal course of events the opposition can pretty well predict what the government is going to spend those funds on, because it has the previous year's estimates to be guided by. I would suspect that even on occasion, on changes of government, that type of prediction isn't all that difficult to make, particularly in the case of a government which, shortly upon taking office, has given a fairly clear indication of the direction in which it wishes to move, what its priorities are, and that gives the opposition some opportunity to know how the funds will be spent.

Well, this year, Mr. Chairman, it's not quite so. We're not quite certain just what it is, if anything, that this government proposes to do until such time as the main estimates are passed by the House and all the other formalities of legislation complied with, because as you know a number of things had happened commencing — I was going to say, October 24, the date of the formal takeover of government, but some of the things had commenced even a bit earlier than that, and I'll come to that in a moment. Well, we've had the Task Force appointed, and we were led to believe that the Task Force is going to review all government programs and then bring back recommendations, and we weren't quite sure at that point in time to whom those recommendations will be made, whether they will be made to the government or to the House. The government no doubt will review those recommendations and on the basis of that, plot its course of action for the future. But in the meantime, shortly after the Task Force was appointed, we saw evidence of other things happening; certain statements made by the First Minister, by some of his Ministers — not all that many, mind you, because most of the members of the Treasury bench were relatively silent for the past five months — but nevertheless there was the odd statement made.

And we saw other things happen, programs cut in a department which I had the privilege of heading for the past number of years; the FOCUS program was the first one to go. Long before even a Task Force was appointed, before anyone even came near it to acquaint themselves with what the program was about, notice was given that, come the end of the fiscal year, the program will be terminated. Certain dismissals occurred, some of which were even prior to government officially taking office. All of which, Mr. Chairman, makes one wonder about the ability of this party to govern when it says that it's going to be guided by, or at least it will firstly examine the recommendations of the Task Force and then plot its course accordingly. And while the Task Force is going about its business doing whatever it's doing and all its various review teams or sub-committees, by whatever name one chooses to call them . . .

I received a letter today from one of the chairmen of one of the review teams. I made reference to him chairing a sub-committee, which he misunderstood, and he played a bit of semantics with me. He said that there were no sub-committees on his review team, that he chaired the review team. Well, that's beside the point.

Anyway, all these things were going on. This afternoon we had the Task Force Report tabled in the House. Mr. Chairman, I suggest to you that that two-volume blue-bound exercise that we have on our desks today is a sham. It is nothing more than a sham.

Mr. Chairman, if you just pause for a moment and think about the position of chairman of the Task Force. Well, there are task forces appointed by governments for a variety of reasons in a variety of ways. I suppose a task force can be appointed consisting of representatives of government, or at least headed by a member of government.

On the other hand, there may be task forces appointed headed by someone from the public at large, outside government as such, perhaps for a very specific reason. If the government is in doubt as to whether it will want to accept the recommendations of a task force, or on the other hand if it wants the review, the study of whatever issue it may be, whatever its terms of reference may be, to be done by someone completely removed from government, at arm's length from government as it were, then it would appoint someone outside of government as chairman.

But here, in the case of this Task Force, Mr. Chairman, we have two Co-Chairmen. We don't have a Chairman and a Vice-Chairman, or an Assistant Chairman, or a Deputy Chairman — although there was one and he since resigned. But the two men, the Honourable Minister without Portfolio and the member from the public, Mr. Riley, were named as Co-Chairmen, indicating, Mr. Chairman, that they are of completely equal status; one is not superior or anything less than the other. Both are of equal status. But as of today the other Co-Chairman has been silent and we haven't heard from him. And upon questioning his Co-Chairman, who is a colleague of ours in this House, whom we have the right to question, the response that we received leads us to believe that we will not have an opportunity to

examine and question the other Co-Chairman, who is of equal status to the Minister without Portfolio sitting in this House, who is chairing the Task Force.

Now, Mr. Chairman, why were two Co-Chairmen appointed? Why did the Task Force not operate only with one? Why was it not chaired only by the Minister without Portfolio and have a Task Force report only to him, and he in turn would report to us?

Well, Mr. Chairman, I would suspect that the government wants to have it both ways depending on how things unravel themselves. It wants to have it both ways, number one. Secondly, Mr. Chairman, this government is afraid to face up to the responsibility of governing, and it wants someone to hide behind. If the recommendation should be one that the government will choose to accept, the Co-Chairman, who sits in this House, he will say, "This is my Committee's recommendation." If there should be a recommendation which this government would decide not to accept, then this Co-Chairman would say, "Well, don't blame me. This must have been something recommended by the other Co-Chairman of equal status who is outside the House." And we don't have an opportunity to question him. That is why there are the two Co-Chairmen, Mr. Chairman.

You know, there is another example — just very recently, last Friday — of that type of behaviour, that type of attitude, that type of posture, that this government takes in facing up to responsibility and accountability for its actions. You may recall, Mr. Chairman, that last Friday there was a meeting at the University of Manitoba. I think it was called a teach-in, dealing with the government's level of support for universities, which was attended by my honourable colleague to my left, the Member from Fort Rouge, the Leader of my party, and the Minister of Education represented the government at that meeting.

**A MEMBER:** Was he there?

**MR. HANUSCHAK:** Yes, I believe he was there. I was surprised, I was surprised that he went. I didn't think that he had nerve enough to go, but he did. He went and the way the report of the meeting reads it appears that toward the end the Minister felt that he had to make some sort of a promise to the students to pacify them somewhat, a promise that perhaps some may interpret to be a commitment, but one that he could easily, you know, wriggle his way out of if he had to.

So apparently the discussion got to the topic of student employment, student summer employment, and concern was expressed by the students about the level of support that there will be for employment of students for the summer. So what did the Minister say? The Minister suddenly remembered, he suddenly remembered that the night before, apparently on Thursday night he had taken a proposal to Cabinet asking for more funds to provide more student jobs for the summer. He did that on Thursday night according to him, but he warned the students that it wasn't approved. But he was quite certain that it will be approved.

Now, Mr. Chairman, there again, if approved by Cabinet then he comes out looking good in the eyes of the students. If not approved by Cabinet he will go back to the students and say, "Well, now look, I tried. I tried. I tried my best, but it is those guys over there in Cabinet, they just couldn't see things my way. They didn't give me the money. I'm sorry, there are no more jobs. But I tried."

But, Mr. Chairman, the fact of the matter is that he won't get more money for student jobs because he can't. He can't get more money for student jobs and save face because he said a few weeks ago that in setting up the job centres for the summer, he said that the government will provide "X" number of jobs and we realize that there will be more students unemployed than what we can hire, but we have faith and confidence in the private sector that the private sector will do their bit, that they will respond to their conscience and provide employment for students for the summer.

But the fact of the matter is, Mr. Chairman, that the private sector is not responding at the present time, and I would ask the Honourable Minister how many student jobs have his buddies across Osborne Street, Great-West Life, how many have they provided, how many are they going to provide for the students for the summer? —(Interjection)— Or Federated Industries, or the Power Corporation, or the Investors Group, or Federal Grain — (Interjection) — oh yes, the boat, how many jobs have they provided?

So you know that is another reason, Mr. Chairman, why I am most reluctant to give quick and ready acceptance to the Interim Estimates of Supply. Then when the Interim Estimates Bill was introduced in this House, the Honourable Minister of Finance would want the public to believe that had it not been for this government that the Estimates would have been what — \$225 million?

**A MEMBER:** \$400 million.

Whichever arithmetic you use, \$400 million — at least \$225 million higher than the Estimates that are brought in.

**A MEMBER:** There's is \$300 million, Task Force \$400 million.

**MR. HANUSCHAK:** Task Force \$400 — Okay, so depending on whose figures you use, but nevertheless, they would have been much higher than ours.

Well, I would like the Minister to explain, the Minister of Finance to explain in crystal clear terms to the people of Manitoba just exactly what it is that he is comparing, because I am convinced, Mr. Chairman, that he is comparing apples with oranges. That he is comparing preliminary estimates prepared by government departments with the final estimates approved by government.

Now this point had been made on previous occasions, that it's not unusual to find preliminary

Estimates coming in at a higher level than those at which they are eventually approved. In fact, Mr. Chairman, I would hope that that's the way the Estimates preparation process would always work, because when a government department is asked to prepare Estimates I would expect the Deputy Minister, the Assistant Deputy Ministers and all the Branch Directors to indicate to me the level of funding that they would require to do a first-rate job of the delivery of the programs that they are responsible for delivering. Let them indicate to me the maximum amount of money that they require to do the type of job that the program is designed to do, and then, if there's any prioritizing to be done, if there are any cuts to be made, the decision of what level of expenditure can we live with politically, then let the making of that decision be left to the politicians, let that be made to Cabinet.

Now, Mr. Chairman, if the estimates that this government had received was at some level near that that was tabled in this House, and I suggest to you, Mr. Chairman, that that is an indication of political interference, that the Civil Service was instructed to prioritize the programs and cut them, and so whatever cuts were made, whatever prioritization was made wasn't really made by this Cabinet because probably this Cabinet didn't really know where to cut or how to cut. But they told the Civil Service to do the political thinking for them. This government told them that and then brought in the Estimates at levels which they did.

So this government asked the Civil Service not only to do a Civil Service job in preparing Estimates that reflect the full financial need, but also said, "Okay, when you go through these Estimates, tell us — the politicians — which programs should be reduced and which ones should be scrapped, and so forth, and then bring in your Estimates accordingly."

So really, Mr. Chairman, I would like to know from the Minister of Finance is he comparing apples with oranges?

**MR. ENNS:** Bananas with peaches.

**MR. HANUSCHAK:** Comparing our preliminary Estimates . . .

**MR. ENNS:** We're more concerned with bananas and peaches — not apples and oranges.

**MR. HANUSCHAK:** And I doubt, Mr. Chairman, whether the Minister of Highways would know the difference even between bananas and peaches; I don't think he would know the difference, as he fails to know the difference between many other things.

Then, of course, this government uses the excuse in talking to everybody that it's because of the mismanagement of the previous government that all programs must suffer.

Well, Mr. Chairman, if that is a fact then if this government is such a good manager, then why doesn't it address itself to the areas of mismanagement and correct them? Why must the entire operation suffer? So you correct the areas of mismanagement and you continue, and you're off and running — rather than penalizing everyone.

But the fact of the matter is, Mr. Chairman, that they could not find areas of mismanagement. Because if we did mismanage then when the Minister of Education was at the University of Manitoba on Friday, why didn't he tell the university the areas within which we mismanaged in the level of support that we offered universities all these years? —(Interjection)— Oh, he didn't have enough time. All right, so then I would hope, Mr. Chairman, that the Honourable Minister will tell us tonight to what extent we have mismanaged in our support to the universities during the eight years that we were government. Or tell the universities in what areas they have mismanaged their funds, because they ought to know. So, one or the other.

Mr. Chairman, in view of the fact that the Minister of Education so rarely speaks, I think we would even give him leave to speak even 40 or 50 minutes.

But you know, Mr. Chairman, the whole thing sort of came to a head the other night when the First Minister spoke. He made one point very clear. And he started off with post-secondary education. Post-secondary education, Mr. Chairman, should be a privilege reserved only to the sons and daughters of the members of the Manitoba Club. Those are the only ones who should have access to our post-secondary educational institutions — the sons and daughters of the members of the Manitoba Club. The sons and daughters of the rich — no one else.

Mr. Chairman, I believe that you were here that night and you will well recall that he spoke of a user fee. He makes a distinction between students and taxpayers. I asked the Minister of Education the following day on Questions before Orders of the Day. I reminded him of this statement that his First Minister had made, and I asked him specifically if he would tell me which provincial taxes are they, that students are exempt from paying by reason of being students. I know of no such taxes.

In my opinion, Mr. Chairman, a student is just as much a taxpayer as anyone else. For all I know, Mr. Chairman, there may be honourable members of this House who are not income tax payers; that I don't know either. There may be members, there may be many who are not income tax payers, who may not pay one cent of income tax because they are in a position where they could arrange their financial affairs in such a way that they could take advantage of every provision in the Income Tax Act, by showing sufficient losses buying boats, or whatever, and . . .

**MR. ENNS:** Mr. Chairman, Mr. Chairman.

**MR. CHAIRMAN:** On a point of order?

**MR. ENNS:** No, not a point of order. This is a matter of courtesy. I wonder if the member would permit a question at this time?

**MR. HANUSCHAK:** I will permit a question on the honourable member's time. He will have time when we are in Committee, and I will have an opportunity to get up and answer him in full rather than try to crowd his question and my answer within the few minutes that I have remaining. I wouldn't want to, you know, be discourteous to him.

**MR. ENNS:** Mr. Chairman, I did want to understand the former Minister of Education and Continuing Education properly. He would permit a question at the conclusion of his remarks?

**MR. HANUSCHAK:** Yes, Mr. Chairman, I would gladly. So, Mr. Chairman, there are many people who are not taxpayers, and there are many students who are taxpayers. In fact, a student buys a garment, it's sales taxable; he buys a package of cigarettes, it's sales taxable; he buys a whole host of necessities for himself, they're sales taxable; if he is driving some vehicle to school because of necessity he buys gasoline, it's sales taxable; and really, Mr. Chairman, I know of no tax that the student is exempt from paying.

In fact, Mr. Chairman, it is the student and the parent of the student less able to pay, who are doubly taxed; they are the ones who pay the 87 percent that the First Minister was talking about, that the community at large pays, and then on top of that they pay the 13 percent or whatever it comes to via tuition fees. They are doubly taxed, and they are not some breed exempt from taxes.

So, the First Minister is saying, "Let the poor be taxed. They want to send their children to school, let them be doubly taxed. Let them be doubly taxed and then hopefully, fewer of them will go, and the university will become a preserve for the sons and daughters of the wealthy, for the sons and daughters of owners of condominiums and public parks, of condominiums on our lakes, of whatever other tax shelter that they may create and get government approval to construct, to build, to operate." And those are the ones that will be allowed to go to university, and then the Minister of Education will have to, I suppose he'll have to provide grants to the universities to expand the parking lots, parking lot stalls, to make room for limousines, for convenient parking of limousines, of chauffeur-driven limousines driving university students down to the university, because those will be the only ones left there, those who will be able to afford a chauffeur. And of course the chauffeur waits for whomever he works for, so the car has to sit there all day and the Minister will have to provide parking space for them.

Now, as I've said, Mr. Chairman, at this point in time we are in a period of uncertainty as to what the government's plans or intentions are. The Minister of Education has cast a shadow over the entire education system. You know, he speaks of cutting out frills, he speaks of doing this, of doing that; there was one point he made that I agree with wholeheartedly, when he spoke of getting rid of the sidewalk superintendents. I presume he was meaning the Task Force. So the Task Force has completed its assignment, so his sidewalk superintendents from the Investors Group, from Monarch Life, wherever, they will no longer be peering over his shoulder, so those sidewalk superintendents are gone.

Now it could be, Mr. Chairman, I don't know, that the Honourable Minister, he may have wanted to tell me what his plans are for his department last October. He may have wanted to, perhaps on October 11. But then something happened to change his mind, because I was willing to meet with him, to sit down with him and explain to him what my department was doing, so he'll know where to take over and what to do, and what's going on, but he indicated to me that he didn't want to meet with me. He indicated that to me very clearly, on the Saturday before he was sworn into Cabinet, that he did not wish to meet with me. He indicated that to me by, two days before assuming office, having his First Minister, at that time officially still leader of a political party, but not —(Interjection)— or a private citizen, on the Saturday afternoon, call in a group of senior civil servants and firing them, before he even had the right to do so. So obviously the Minister of Education had no desire to meet with me, because if he saw fit to fire the chief administrative officer of a department who was responsible for the implementation of government programs as directed by Cabinet, then obviously there's no need to meet with me. He had already made up his mind what he wanted to do in the department, so there's nothing more to say, nothing to talk about.

And then, Mr. Chairman, another reason for doubt, when the government speaks of its desire to restore the confidence of the private sector in government. Well, I would like to ask the Minister of Industry and Commerce to what extent he has succeeded in restoring this confidence of the private sector. In fact, I'm rather surprised to see the Minister of Industry and Commerce take his seat in the House day after day for the past week or so. You may recall having read in the paper about a week or so that the Firestone Tire operation closed, or is planning to close in the next couple of months, its Calgary plant. You know, in this province it's supposed to be a tax haven of the world, you know, lowest taxes and so forth. They've closed their Calgary, Alberta plant, and do you know, Mr. Chairman, of those employees who could not be re-employed elsewhere in the province, where the company is transferring them to? To Ontario — to Ontario and to the Province of Quebec, with succession duties — one of the highest taxed provinces — transferring them to Ontario and to Quebec.

Now I would have thought that the Minister of Industry and Commerce would have driven out No. 1

Highway and parked his car somewhere west of Virden and stopped all these people, and, you know, reminded them that there was a change of government in October, on October the 11th, that we've done away with succession duties, with gift tax, lowered the income tax, that this is the place to settle, and that he would do all within his power to bring these high-priced people into our province, you know, to settle over here. And that perhaps he would send a colleague of his to the Calgary airport, you know to make sure that he catches those that'll fly over the province on the way to Ontario and Quebec and remind them, you know, of the Province of Manitoba — to buy their ticket to Winnipeg and not to wherever they'd be landing in Ontario, in Toronto, or Montreal in the Province of Quebec.

Well, Mr. Chairman, the only reason I'm making that point is I want to remind the Honourable Minister that what he is going, what this government is doing, if he hopes to attract industry, if he hopes to somehow boost and develop the economy of the province by what he has done, what his government has done in the area of gift tax, succession duties and so forth — it may please some of their close supporters, but that will not solve the economic problems that he claims to be concerned about. That per se will not solve them.

So, Mr. Chairman, in the minute or half minute remaining, what concerns me about approving the Interim Estimates of Supply is that the approval of those Estimates will allow the government to continue remaining at a standstill as it has been for the past five months. In fact, not only remaining at a standstill and being generous to some that's true, to a few friends of theirs, but not only remaining at a standstill, but for every day that it continues in its position of motionlessness it sets all government programs back, every day sets government programs back by a week, by a month, which will take that much longer at some time in the future, and hopefully it will be the near future. In fact, I would welcome an opportunity for the people of Manitoba to make that decision in the very near future as to whether it wishes to continue with the style of government, the style of government in many instances bordering on dictatorship, and that we could talk about at another time or go back to a system where there will be a people's government for the people.

**MR. CHAIRMAN:** The Honourable Minister of Highways.

**MR. ENNS:** Thank you, Mr. Chairman. If I am permitted and if the member's agreeable I should now like to ask my question. Thank you.

Well, Mr. Chairman, my question to the honourable member is prompted by his concern that this government is about to embark on a course of providing university education simply for the rich. Mr. Chairman, I am not a historian, but I think most members in this House will concede the fact that for perhaps the last thirty or maybe even thirty-five years in the Province of Saskatchewan it has been under the reign of the Honourable Mr. Douglas, Tommy Douglas, CCF or NDP government, interrupted only for a few years by a Liberal government, the Member for Fort Rouge's persuasion, and has since again returned to the NDP government fold. Will the member in this House confirm tonight that the university students attending universities in Saskatchewan pay more for tuition — even with the projected or anticipated tuition rise that may take place, may take place I say, in this province — than now, and will the honourable member, the former Minister of Education, have enough integrity to tell some of the students that I understand will be assembling in front of this Legislature on Thursday next in their demonstration against this calloused regime, that for thirty years of socialist government in Saskatchewan the students in Saskatchewan are paying more today for university tuition than they will ever pay in Manitoba? — (Interjection) —

Yes, Mr. Chairman, I will be very glad to present a complete and accurate comparison of tuition fees charged by universities in both provinces and along with that I will also be most happy to present the comparison of a whole host of other social benefits which students in Saskatchewan had enjoyed during the days of a CCF government, and presently under an NDP government, which the people of Manitoba have been denied and deprived of until 1969.

**MR. CHAIRMAN:** The Honourable Minister of Highways.

**MR. ENNS:** Well, Mr. Chairman, I am then prompted to make a two minute speech because the simple fact of the matter is that the students over the last number of years, not just in Saskatchewan but in Ontario and in virtually all other provinces of Canada, have had to pay more for tuition than they do in Manitoba, and in anticipation of a somewhat increase in tuition fees, that Manitoba students still enjoy and will continue to enjoy a very favourable position vis-a-vis other students.

Now I am using the comparison that is so dear to the heart of the former First Minister, the Premier, when he likes to compare our position vis-a-vis Civil Service numbers, vis-a-vis deficit position. Mr. Chairman, I am simply asking the former Minister of Education to acknowledge and, you know, there has been a little bit of talk of integrity, there has been a little bit of talk of technicality in this House in the last little while. That Member for Burrows is weaseling out right now from the fact that university students in Manitoba enjoy the lowest rates in Canada, the lowest rates in Canada, and I want him to have enough guts to tell those students when they come here to acquaint them with that fact. —(Interjection)— Okay, that's fine.

Mr. Chairman, I am good to my word. I keep my speeches very brief in this Chamber.

**MR. CHAIRMAN:** The Honourable Member from Winnipeg Centre.

**MR. BOYCE:** I'm sorry the member didn't continue because he was giving an excellent talk, but

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once again it is coming through that your philosophy is that they should be higher and this is but a first step perhaps. This is the way it will get through to the public of the Province of Manitoba, that's just exactly what the philosophy of the Conservative Party is.

But nevertheless, Mr. Chairman, before the supper hour I, for one, was prolonging this debate because of a shock in another area, but with the understanding that the answers to the questions that were raised are forthcoming, I would suggest that we report the bill, Mr. Chairman.

**MR. CHAIRMAN:** (The remainder of Bill No. 7 was read and passed.) Bill be reported.  
The Honourable Member from St. Vital.

**MR. WALDING:** It is not my intent to hold up this part of the proceedings unduly. I wondered if I might ask the Minister of Finance just a question or two. I wanted to know from the Minister if the Estimates had been prepared according to the principle or the technique of zero base budgeting which had been mentioned in this House before, I believe by the Minister?

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

**MR. CRAIK:** No, not specifically, Mr. Chairman.

**MR. WALDING:** Can I ask the Minister then if any of the departmental Estimates were prepared along the lines of zero base budgeting?

**MR. CRAIK:** Well, I think, Mr. Chairman, that any new government intuitively, if not to the letter of the word, look at a department from a zero base budgeting point of view whether you put the formality of zero base budgeting as it has emerged in the last few years or not, and particularly under the popularity given to it by the Carter administration and his efforts in the State of Georgia to develop that technique. I would say that any new government, to repeat any new Minister in a department, looks upon his department from a zero base budgeting point of view in that he starts at square one and builds up. So, Mr. Chairman, from that point of view, I presume that in specific departments that sort of procedure did occur. But as far as a dictate from the finance point of view is concerned, we didn't follow a formal rigorous program of zero base budgeting.

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

**MR. WALDING:** Well, Mr. Chairman, the Minister now has me confused. The answer to the first question was, no, they hadn't followed this system of zero based budgeting and the answer to the second one, well, they had sort of followed the technique. Now, I wonder if the Minister would be prepared to clarify the matter for us' just whether he has, you know, given instructions to the Ministers or recommendations to the Ministers that they in fact adopt this technique which I believe he and his Leader at the past session spoke in such glowing terms of and that many Conservative candidates mentioned at the time of the last election, that this was to be part of their technique of unearthing this waste and mismanagement that was so rampant within the government and that when they brought in this famous technique — which they really hadn't described all that clearly — that this would be the technique of saving so much money.

Now, what I am trying to find out from the Minister is, was this technique in fact put into effect and these so-called savings that we have seen announced, have they been the result of zero base budgeting or is the Minister telling us now, despite all of their talk, that they really didn't adopt this technique and in fact they did things exactly the same way as the previous government?

**MR. CRAIK:** Mr. Chairman, number one, the Ministers were all circularized with information with regard to zero base budgeting for their own examination and use if they so desired. The Ministers, quite differently, I believe, from the former government, were charged with the responsibility of going over their departments very thoroughly and less emphasis was put on the centralized review of their departments than was on the individualized review of the departments. To that extent, I suppose zero base budgeting may have been achieved more closely but there was no requirement on the departments individually to follow it. They had the information available; if they chose to use it as a vehicle for their own assistance, they were able to do so but it was in their hands.

**MR. WALDING:** Thank you, Mr. Chairman. I believe I understood the Minister to say that the different departments were circularized with some information regarding zero base budgeting. I wonder if the Minister would be prepared to table a copy of that document for our interest and information?

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

**MR. GREEN:** Mr. Chairman, perhaps just one follow-up question. Would the honourable member say that if there was a change that whereby we started from approximately \$1,100,000,000 and we got to \$1,250,000,000, an increase let us say of \$150 million, where you started with zero, you got to

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\$1,600,000,000, an increase of \$1,600,000,000.00.

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

**MR. CRAIK:** Mr. Chairman, I must admit I followed the member's arithmetic, but not his rationale.

**MR. CHAIRMAN:** Committee rise. Call in the Speaker.

*The Chairman reported upon the Committee's deliberations to Mr. Speaker and requested leave to sit again.*

### **IN SESSION**

**MR. KOVNATS:** Mr. Speaker, I beg to move, seconded by the Honourable Member for Portage la Prairie, that the report of the Committee be received.

**MOTION presented and carried.**

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

### **THIRD READING**

**BILL 7** was read a third time and passed.

**MR. SPEAKER:** Can the Honourable Government House Leader give me some indication of where you plan on going next?

**MR. JORGENSON:** Mr. Speaker, we are waiting for His Honour to give Royal Assent to the bill that has just been passed. If members will bear with us for just a moment, he is on his way over now.

Mr. Speaker, it appears as though there will be some delay in getting His Honour here so I wonder if I could move, seconded by the Minister of Education that Mr. Speaker do now leave the Chair and the House resolve itself into a Committee to consider of the Supply to be granted to Her Majesty.

**MOTION presented and carried** and the House resolved itself into a Committee of Supply, with the Honourable Member for Radisson in the Chair.

### **COMMITTEE OF SUPPLY**

#### **DEPARTMENT OF INDUSTRY AND COMMERCE**

**MR. CHAIRMAN:** I would direct you to Page 49 of the Estimates, Department of Industry and Commerce, Resolution No. 74. The Minister of Industry and Commerce.

**MR. BANMAN:** Thank you, Mr. Chairman. In introducing the Estimates for the Department of Industry and Commerce, I would just like to very briefly outline some of the strategy that we feel we would like to put forward for this particular department, and very briefly give an opening introductory statement.

Mr. Chairman, certain economists have been negative about the economic performance and the prospects for 1978 and while one should be realistic about the impact of the national and international economy, I see no need for doom and gloom. It is not my nature, Mr. Chairman, to be pessimistic and in fact, I am rather optimistic that the people of Manitoba have the energy and enthusiasm to overcome some of our present difficulties. Starting a few months ago we have worked diligently to provide the necessary leadership and support; our goal in the long term is to provide the necessary encouragement so that enough permanent jobs will be available for the people of this Province, especially those coming out of our education institutions every year.

For the record, Mr. Chairman, I would like to outline some of the more important characteristics of Manitoba's industrial strategy. Let me say that the development of an environment for business that is competitive in the North American market is number one; the environment of all concerned in the planning and decision-making process regarding the development of the economy is number two. Number three — the minimizing of government interference, disruptive regulations, and unnecessary cost burdens on the economic progress; number four — the focus of public and private energies, especially on those sectors most likely to operate at a comparative advantage and able to create the kind of employment opportunities needed for Manitoba's increasingly skilled and capable work force. And number five — the gaining of federal government support to decentralize strategy and industrial development activities in the Province.

In line with our strategy, Mr. Chairman, we have undertaken a number of steps to date. We have already been active in improving the business environment by reducing the personal income tax,

reducing corporate tax on small business, and eliminating succession duties. We have also embarked on a specific and continuous program of consulting individuals, corporations and associations in the process of planning ways in which government can be most supportive to them.

We have desized tue departmental Estimates to a level which we believe is adequate and with a minimum of disruption on programming and staff.

We have in consultation with the federal government, Mr. Chairman, identified several priority sectors with high potential for growth in the Province, and these include the food and beverage sector, the aircraft Aerospace Electronics, health care products, light machinery, transportation equipment. We recognize especially the needs of the small enterprise in the Province, Mr. Chairman, and we are focusing some of our attention on those particular firms.

I have met on several occasions in the last few months with the federal counterpart, the Minister of Industry, Trade and Commerce, and also met with Mr. Lessard, the Minister in charge of Regional Economic Expansion, and have asked them both, with regard to different programs that they will be implementing that they will go ahead and take into consideration what we have been doing in the Province and not duplicate certain of these projects. In other words, try and develop a good working relationship with the department and try and avoid overlap.

Mr. Chairman, I believe Manitoba has a good industrial base — I believe that we have potential to maintain our position of being one of the most diverse and innovative manufacturing centres in western Canada. I personally feel that it is clear that the majority of the people believe in Manitoba and that Manitobans have the skill and the capacity to do their job. I guess I would ask that the members in the Chamber share my optimism for the future of this Province and meet the government's clear statement of intent and support with certain vigorous activities in this coming year to try and stimulate our economic growth.

**MR. CHAIRMAN:** Item 1(b)(1). The Honourable Member for Brandon East.

**MR. LEONARD S. EVANS:** Thank you, Mr. Chairman. I enjoyed listening to the remarks of the Minister of Industry and Commerce, brief as they were. It sounds as though he has the same speech writer that I've had for a number of years and he spoke like a true Minister of Industry and Commerce, full of enthusiasm and full of optimism and full of suggestions where we might be able to industrialize the province, the sectors that have the potential and so on. And indeed, it sounds as though he is listening to the same advisers that some of us on this side listened to for a number of years when we were in the government.

I think the Minister will find, very quickly if he hasn't done so already, that being Minister of Industry and Commerce, the Minister responsible in many ways for economic development in the province, is a very challenging portfolio indeed, perhaps too challenging, perhaps overwhelming and certainly it has many frustrations. Frustrations, inasmuch as we do have in Manitoba unfortunately, many many handicaps that we must overcome in order to bring about an optimum or potential . . . — (Interjection)— Well, the interjection from the seat, the Member for Minnedosa said the biggest obstacle was overcome on October 11th. Well, that's something, Mr. Chairman, we're going to have to see.

We've heard from the Minister of Industry and we've heard from other members of the Treasury Bench saying that our policies, the policies of this government, of restraint, the policies of cutting income taxes slightly, removal of succession duties, reduction in the presence of government, all these things are going to create confidence in the business sector and all of a sudden — maybe not so all of a sudden, but pretty soon, in a matter of months — we'll start to see business improving in the province of Manitoba. Well, I'd like to have us all wait and see. It's still a bit early and I'd like us to wait and see.

I would suggest, Mr. Chairman, that this coming year is indeed going to be a very poor year for the province of Manitoba, new government or no new government, taxation cuts or no taxation cuts. As a matter of fact, there have been a number of forecasts already done' and these forecasts have been done in the last couple of months, as to what is going to happen to Manitoba in the next year, in the year 1978.

Reading from a report entitled *The Canadian Economy in 1978 and Beyond, Current Trends and Issues*, this is put out by a group of management consultants by the name of Currie, Coopers and Lybrand Limited, it states on Page 17 that in contrast with Alberta, Manitoba is likely to experience a more sluggish economy than Canada as a whole. And I'll just pick out parts of this, "Real domestic product is expected to rise by 3.1 percent in 1978, but nevertheless this is below the expectations for Canada as a whole. Mining will be the most depressed sector and agriculture as well as manufacturing will grow only moderately", and so forth. "Following these unfavourable trends, employment in 1978 will grow only marginally, a reflection of the unexpected softness in labour intensive industries. As a consequence, unemployment is expected to remain almost unchanged." And that is from more or less current levels or from late 1977 which is about a little over 6 percent. It's expected to average about 6.2 percent for the year 1978.

I'll just quote one other sentence, "The slow pace of the economy will also be reflected on wages and salaries which will increase less than for the country as a whole." So as I say, Mr. Chairman, October 11th or no, try as the Minister of Industry and Commerce may try, along with his staff, I say you have a fantastic challenge, almost an overwhelming challenge, and I'd suggest that the Manitoba



economy, when the figures are in for 1978 will show a very very weak performance in spite of the so-called new thrust of the present government, in spite of a government which professes to be the friend of the businessman, in spite of a government which professes to be very concerned about the development of the private sector.

The fact is, Mr. Chairman, the private sector has never led an economy out of a recession or a depression. We are, right now experiencing a very serious recession. I'm afraid it's going to get worse before it's going to get better, but the evidence is very clear that the way we get out of a recession or depression is by stimulation on the government side. It's by stimulation by government, Federal and Provincial, or Federal and State if you're talking about the United States of America. But the fact is, the private sector by itself does not achieve a magical recovery, or a magical comeback.

The fact is that we are now experiencing in Manitoba and in many other parts of Canada — but it's getting even worse in Manitoba — a deficiency of aggregate demand, a deficiency for the output of our factories, a deficiency in demand for the services of our manpower. This deficiency of demand is even made worse by the cutbacks in government activity that have been announced and that we're witnessing at the present time. These cutbacks in government spending are probably the worst thing that could happen to the business sector in Manitoba right now, and there are many businessmen who are complaining that their contracts are being cut out, that the demand for their services is being reduced because of the policies of the present government. The fact is therefore, Mr. Chairman, that the policy of the government which seems to be to reduce deficits to zero, in fact to perhaps not have a deficit but to have a surplus, if this is supposed to be some great God given goal that governments should attempt to achieve, the fact is that deficits aren't necessarily a bad thing, and deficits aren't necessarily something that should be avoided. In fact, probably the greatest technique or the greatest method that this government could use to stimulate the economy, is to have a greater deficit than it has.

Many people don't realize this, but you can attempt to calculate what the balance of budget would be. What would be the balance of your accounts if you had a full employment situation, and the Government of Ontario, back in 1971 actually did calculate what a budget would be like if you had full employment levels. I daresay that if we had estimated the so-called full employment budget level of the Province of Manitoba, that is assuming that we had full employment, whatever you want to make that level to be, whatever you assume full employment to be, whether it be 2 percent, 3 percent of the labour force or what have you, and you make that assumption, you do your calculation of tax returns based on that level of economic activity, I daresay we would show a very healthy surplus on our accounts today. I say this is nothing that I've dreamt up, the Government of Ontario began this type of estimation a few years ago, and they're continuing this. It's something I'd like to talk upon again on another occasion and in some greater depth.

The fact is, whenever you have a recession, deficits appear, no matter what government level you're talking about, because the fact is when you have a recession, your tax revenues do diminish whether you like it or not. If retail sales are down, or if incomes are down, your tax revenues go down and unless you cut back programs, you're automatically going to have a deficit. So we have this deficit situation, and other governments have this particular deficit situation. What I'm suggesting is you can also have a discretionary deficit where you use the fiscal power of the government to create employment, and I say that's probably going to do far more for economic stimulation in this province than anything that the Department of Industry could possibly attempt to do. In spite of the efforts, in spite of the qualified staff that the department has, in spite of the good intentions of the Minister, the industrial development will not occur, and I'm saying that this government is making industrial development in the Province of Manitoba a much more difficult challenge at this time because you are cutting back on the demand for the goods and services that the private sector supplies.

And this is felt all over the place. A few weeks ago, I asked the question of the Minister of Finance, to what extent does he think or does the staff estimate that the reduction in government spending or the restraint exercise is having a negative multiplier effect on the private sector, and about all I got was some laughs and a few other groans from my friend's opposite. But the fact is, that your cutbacks, your restraint effort, is having a negative impact on the private sector. And whether you like it or not, that is a fact, that is a fact.

Well, it's said, temporarily. And again I say, "We'll wait and see," because I really do not believe that the great miracle will happen, given the policies that this government has espoused. — (Interjection)— Everything is temporary, that is true. And in the long run, you know what happens in the long run, in the long run we will all be dead. And that's a quote from Keynes.

So, as an aside, I said, Mr. Chairman, that in terms of what is referred to as a full-employment budget, Manitoba probably has a healthy surplus right now, and as I said, the Ontario government — the Conservative government of Ontario has gone through this exercise, and it is an exercise that this government should go through, and they'll find that at a full-employment level in Manitoba, they're at a surplus level. But the fact is, there is such criticism made of a deficit, as though that is something bad and evil and should be avoided at all cost. Well, Mr. Chairman, that is a myth, and the sooner we get that myth out of our heads, the better. And unfortunately, because the government of the day, the Conservative government of Manitoba, is operating under a myth that a deficit is a bad thing and should be avoided at all costs, we are actually seeing this government creating more unemployment in the Province of Manitoba than it would have otherwise.

So the growth rate in Manitoba — the forecasters, they know the government's changed, you've been in power now for nearly six months — and the forecasters are saying that Manitoba's economic performance, in totality, is going to be much poorer than the Canadian average. And that's very sad,

Mr. Chairman, because we have had some very good years in the Seventies, and we've out-paced the National economic performance.

The estimated GNP for Canada as a whole is expected to be somewhere between 4 and 5 percent. In real terms Manitoba is expected to be about 3 percent in real terms.

The Minister made some reference to his concerns and his objectives. It would be good if he could elaborate to the House on just how he expects to bring about more regional economic balance in the Province of Manitoba. I think that is something both sides of this House should be agreeable to, and that is that it is good for this province to have balanced regional economic growth. Exactly how does the Minister propose in his ministry to bring about a strengthening of regional centres, a more balanced industrialization within the Province of Manitoba? Has he any ideas of what industries have the greatest growth potential? I know he made reference to some, one of which was the aerospace industry, and Mr. Chairman, we have had lots of experience with the aerospace industry. And really the aerospace industry operates as a function generally speaking, of government spending. You look at the United States, you look at European countries, and you look at this country, and as government decisions go, so does the aerospace industry.

Many people of this country of ours do not realize that the Federal Government has virtually nationalized the two largest aircraft manufacturers in the country, namely De Havilland in Toronto and Canada Air in Montreal. This happened, I guess a couple of years ago, after many, many years of tens upon tens of millions of dollars worth of subsidies to those private companies — they ended up in buying them out. Yes, we have a socialized commercial aircraft industry in Canada. It's owned by the Federal Government, and indeed when you look at most countries of the world, the aerospace industry is either directly controlled and owned by the governments, or if it isn't, it is very much dependent upon government contracts.

So when you tell this House you are going after the aerospace industry, you have to tell us that you are going to approach the Federal Government and somehow or other persuade the Federal Government that it should be spending money in Manitoba — that it should be paying attention to Manitoba, which I'm afraid it hasn't been doing to the extent that it should have over the past number of years.

In the case of Saunders, the Federal Government had an opportunity to integrate that into the Canadian commercial aircraft industry. In fact, yes I agree with my colleague from St. George, it had an obligation to do that, and I am not going into all that detail because we've discussed it in the past. — (Interjection) — Oh, I didn't say that, I just said . . . The honourable member lectured us the other day that anybody who has questions to ask of him should wait until he is finished speaking, and I remember that.

**MR. MINAKER:** May I ask a question?

**MR. EVANS:** No, you're talking from your seat. That's even worse.

With regard to agriculture-related industries, this sounds like like a natural, but again we've got great problems in food processing in this province, and if anything we see a deterioration taking place. Only a few days ago, it was announced that the Burns Packing Plant in Brandon was laying off a large number of personnel. I don't know how long or how extensive that layoff is or will be, but that is not good. And we know the meat packing industry generally has not had the most buoyant times in this province. And we see the movement out of other industries in the food-processing field, the baking industry in particular.

We see other industries that have left. Greb Shoes left recently — this is in the footwear industry. We have a lot of industries in Manitoba that are labour intensive, such as the clothing industry, but it is interesting to note that in spite of the reduction in income taxes, small as they were, but in spite of that reduction and in spite of the elimination of succession duties, and in spite of the professing of the Conservative administration, Greb Shoes closed up shop in Manitoba. And they closed up shop for a very good reason, and I'm suggesting, Mr. Chairman, that those reasons are far more valid than anything my friends opposite have done or profess to do. And the fact is, business will expand in this province if there are markets for business, or if there is a natural resource base for that business to operate — then you will see business expansion. You will not see business expansion in this province simply by reducing or eliminating succession duties, or by eliminating income taxes.

This will not be the magical panacea, because if there was a panacea it would have been done, I submit to you, Mr. Chairman, long ago. But is it wasn't a panacea in the days of Duff Roblin, because in the days of Duff Roblin what did we have created? Because there wasn't sufficient industrial investment in the Province of Manitoba; because there was insufficient private investment, we had the creation of the Manitoba Development Fund. And everything that it has done over the years, the record stands to be examined, although I must say, Mr. Chairman, it was shrouded in secrecy until we became the government and opened the books for all to see, and to require the chairman to come before a legislative committee of this House and to discuss the portfolio of the Manitoba Development Corporation. But prior to that, I would remind the members of the House, the Manitoba Development operations were shrouded in secrecy so no one could know that really, what was happening up at The Pas, this big private \$100 million investment that was supposed to be taking place with Swiss money up at the The Pas, CFI, was really government investment being disguised.

And even Simplot, in Brandon, a very good plant, and all that, but let's face it, it was public money that built Simplot in Brandon. Let's make no mistake about that, it was public money that built Simplot in Brandon, and the fact is —(Interjections)— It's paid off now, and I'll tell you —

(Interjections)— Mr. Chairman, that company's been very fortunate because the world — (Interjections)— Well, Mr. Chairman, I'm sure the honourable members opposite are going to get up subsequently and participate in the debate, and that's fine, but the fact is, Simplot was very fortunate, because of our misfortune. Because our misfortune is very serious limitations on the supply of natural gas in the world and in North America, and natural gas is extremely short in the United States. And Simplot is very fortunate because it does have long-term contracts through the local utility and through Trans-Canada Pipeline, and so on, to assure it of a good supply for many years to come so that it can produce fertilizer, based on that natural gas. But I submit to you that our misfortune is Simplot's good fortune.

But surely the jobs are there, and that's fine, but don't kid us that it was going to come magically simply because that company had confidence in the Roblin administration. It came because the Roblin administration was ready to put millions of dollars, I think close to \$20 million, and on top of that for Simplot to receive whatever it was — \$4 million, \$5 million — in Federal industrial incentive grants, at that time. That was before DREE.

Well, there you go. At any rate, the future role of the MDC is in question, but I would remind members opposite that the creation of the Manitoba Development Fund — which is now called the Manitoba Development Corporation — the creation of it was in response to the failure of the private sector in Manitoba in the days of the Roblin administration, and a good Conservative government. The business community should have had tremendous confidence in it, but the business community at that time was not investing in Manitoba, so Mr. Roblin and the government of the day in their wisdom set up a governmental investment agency because of the failure of the private capital market to supply and because of other failures of the private sector.

And I suspect, Mr. Chairman, in spite of pronouncements currently by members opposite, that we are going to see this government in the future, maybe not today, maybe not next month, but in the future we are going to see this government again engaged in subsidization and handouts to the private sector, and giveaways to the private sector in order to make something happen, because it is not going to happen just on sheer faith, on sheer confidence.

Obviously, what happens in Manitoba to a large extent depends upon Federal policy, and the Minister has touched upon that in his opening remarks. The relations with Ottawa is very important, so much depends on Federal policy, and I've said this over the years but I'll say it again. And therefore, it deserves attention by the present Minister of Industry and Commerce. And that is the whole question of railway freight rates, a very very important area of concern as a Minister involved in the process of stimulating and encouraging economic development. The stories are many of how freight rates, as we know them in Canada, affect the industrialization potential of Manitoba in a very adverse way indeed, and that's a story unto itself — that's a complete chapter unto itself.

The whole area of commercial tariffs, the Federal tariff is another area that is very critical to what happens to industrialization in Manitoba and, indeed, the country.

The policies of DREE, the purchasing program of the Federal Government. We tried, I think as much as anyone could possibly try, given our resources, to persuade the Federal Government to increase the purchases of made in Manitoba goods and services. We had Operation Access, we had the Minister of Supply and Services here, and it was a fantastic effort by the staff and we had hoped that something would come of it. I guess nothing ventured, nothing gained, but I'm not sure how much we gained, but we certainly tried. And even Industry Trade and Commerce programs. Obviously, these all have a great deal of bearing on what happens to the province.

So I say again, Mr. Chairman, it is not a matter of rhetoric, of building confidence in the private sector by doing whatever is being done by the present government; it's not a matter of restraint — this is not what is going to create economic development in Manitoba, because we have heard so much rhetoric that the way to get on is to reduce government spending, restrain, restrain, restrain — cut back, cut back, cut back, avoid deficits like the plague and a miracle is going to happen — the private sector is going to blossom forth. The Premier of this Province himself said that the private sector's on trial. As my colleague from Inkster said he was never so unkind to the private sector because we never put them on trial when we were in government. But this government, the Conservative Government of today, is putting the private sector on trial. They are on trial. They are on trial. We will see to what extent the private sector is going to blossom forth and create jobs in this province.

This government was elected and one of the slogans it was elected on was that we'll free Manitoba. Well, there are about 38,000 free Manitobans right now. They don't know where they're going to get their next meal from. There are at least 38,000 and it's going to be more than that before the year is out. They know what freedom is, freedom to starve, freedom to leave the province, I guess, and try to get a job elsewhere, but certainly we don't see the job creation occurring here to the extent that this job creation should be occurring.

So I repeat, in spite of the valiant efforts that the Minister and his department may make, in spite of their theories which are wrong, in spite of their rhetoric, in spite of their enthusiasm — I guess you'd give them 'A' for enthusiasm — but they've got the wrong ideology, and as I've remarked, perhaps not in this forum but in other forums, unfortunately we have a government today who's more ideologically hide-bound that any government that has been in power in Manitoba for decades — ideologically hide-bound — private enterprise and nothing but private enterprise. — (Interjection)— And it just doesn't work — just doesn't work. I mean if it did work, fine, but I'm saying you're operating under a myth, a myth. And it's time to look at the truth. I say that if you want to help the Minister of

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Industry create jobs you should be expanding government spending in certain areas. I'm not advocating useless spending, I'm not advocating wasteful spending, I'm not advocating unnecessary expenditures, I'm advocating positive government spending that can stimulate the economy.

And you know, we've heard so much about waste — waste in the public sector so-called — that I'm afraid when the Task Force looked at it and the government of the day looked at it you really don't find that much fat and that much waste, and then when you find that you're cutting back, you're not only cutting back on jobs but you're cutting back on programs and then you begin to hurt people. You begin to hurt people, you begin to hurt the aged, you begin to hurt the under-privileged, the disadvantaged, you begin to hurt the mentally ill, you begin to hurt the people who have problems with alcoholism, you begin to hurt the children even with the dental care program that you're freezing. And I know the Premier of this province, the present Premier of this province would dearly love to cut back and reduce some other social development programs, but he knows that the people of Manitoba are already aroused and that he dare not move too fast much further, but at any rate I suggest that the people, the electorate of this province were misled in the last election. They were hoodwinked. They were told all those good NDP programs would be maintained. "We would just manage them more efficiently".

Well, what we are seeing is a process of destruction, a process of erosion, a process of elimination in some cases of some very good programs. And then you turn around at the private sector and if you want to see waste, if you want to see waste you can see it all around you in the private sector which is all prevalent in our economy. Certainly the private sector is much bigger than the public, but don't tell me that there's no waste in the private sector because the waste in the private sector would put any government in Canada into insignificance in terms of dimension.

When you have, I think Canada has more bank branches per thousand people, or what have you, than any other country in the world. We've got bank branches, I'm saying this for the benefit of my honourable fellow member. . . .

**MR. CHAIRMAN:** The Honourable Member has three minutes.

**MR. EVANS:** Thank you, Mr. Chairman. Well, I'll conclude, I'm just saying that excessive bank branches, excessive retail outlets, excessive advertising, you know, four service stations on one corner, on one intersection — talk about a waste of resources, and all. . . . —(Interjection)— beautiful country. It was beautiful country. I'm not sure what the honourable member is getting at but the fact is that there's plenty of waste in the private sector.

So in conclusion, Mr. Chairman, I'm saying that, try as that Minister may try, and try as his staff may wish to try, and will try — I know they will — they've got an insuperable challenge, and the general economic policies of this government is going to make his job and his staff's job even that more impossible than it already is.

**MR. CHAIRMAN:** The Honourable Member for Fort Rouge.

**MR. AXWORTHY:** Thank you, Mr. Chairman. I thought you were going to say Saint Rouge which might be getting closer to the mark. —(Interjection)— That's right. That's all that's left to me. In coming to this department I'm reminded, Mr. Chairman, that while we are deliberating this evening on the Estimates for this Minister, in Hollywood many miles away they're also providing rewards, and I think it's most appropriate that the newest leading man of the Tory Benches should inaugurate this particular Estimates Session, although after listening to his presentation I think that his award would not be for the best actor but probably for the best fictional writing. It was a much more appropriate kind of award for the kind of declaration of wild-eyed optimism that the Minister tried to pass off as being an accurate portrayal of the economic and industrial climate of Manitoba.

I think it's unfortunate in fact, frankly, Mr. Chairman, that in initiating his Estimates the Minister didn't see fit to be a little bit more realistic and a little bit more honest in his appraisal of the situation in Manitoba. I don't think anyone would have accused him of doom and gloom if he had simply tried to be a little bit more honest in stating the facts of the situation and, with all the generosity and charity that members of the opposition are well-known for, we have certainly, we would have been prepared to allow that he would not have had full time yet to respond to those conditions. But to attempt to gloss over them and pretend that somehow in the last four months the millennium has already been reached, and that nothing really need be more done now that private enterprise is in the saddle, no one needs to drive the horse and that all's right with the world, and that's mixing metaphors, I realize. The fact of the matter is that that is not really the kind of performance we would expect from a Minister of Industry and Commerce in a time such as we now face, because there are some disturbing features about the economy of Manitoba.

I think one simply was reported today by the Department of Manpower and Immigration which indicated that there is an 8 percent unemployment rate in the City of Winnipeg, close to 24,000 people out of work in the city alone, and that somehow the Minister says, "I've got nothing to worry about". I would have hoped, Mr. Chairman, that he might have expressed some more concern about those 24,000 unemployed in the City of Winnipeg. He might have shown a higher degree of worry about the situation that they face and whether, in fact, the kind of policy directions, which is what we're supposed to be debating, that his government is enunciating through him primarily — he is one of the chief architects — is really adequate to meeting that particular problem of that very large sort of mass, and growing mass, of unemployed in the city, and I'm not disregarding the rest of the

problems, I'm just saying there because in this case there are some peculiar and special kinds of problems of unemployment that may have nothing to do with the kind of nostrums that the Minister and his colleagues pass out as being solutions; that the kind of unemployment we're facing in the City of Winnipeg is what economists would call — my friend from Brandon West is a professional economist — would call structural unemployment — people who are unemployed primarily because of their incapacity to get into the job market for reasons of lack of education, or lack of skills, lack of background, whatever the reason may be.

But that is the hardest lump of unemployment that we face, and those are the very people that private industry will have nothing to do with hiring unless, unless there is some real effort made to develop particular kinds of strategies, probably working jointly with government, to attack that particular kind of problem, and yet I was waiting with some expectation, Mr. Chairman. I thought, well, we've had eight years of the other guys, now we've got a brand new fresh Minister with a new sort of enthusiasm. He loves selling things, and maybe he would work up a whole new marketing strategy to deal with this problem of unemployment, but no, we got simply a repeat of the old speeches with a lot of things taken out and a few small things added in. But he was simply that really kind of implacable faith that somehow if you only do nothing at all that solutions will be found.

It really goes back to the, I think they used to call it in the political science classes, the Franco style of government. You have two boxes on your desk. On one box it says, you have problems that time will take care of, and the other box says problems that time has taken care of. And that seems to be the only two boxes the Minister's got on his desk. On one box it says "Problems that time will take care of", and the other one "Problems that time has taken care of". And in between you don't have to do anything else other than, I guess, attend a lot of meetings and make a lot of speeches and sell things off to your friends, work out ways of turning boats into sort of floating hostelrys or some kind of activity.

**MR. ENNS:** And then there are some that just float away.

**MR. AXWORTHY:** So I have to express, Mr. Chairman, in these opening volleys my disappointment that the Minister first, didn't show the concern he might have, and secondly, in not showing the concern, because he didn't ask the right questions, obviously wasn't going to come up with any answers other than that kind of nice piece of rhetoric, and I think, frankly, Mr. Chairman, I think the time for that kind of nonsense is over. I wish that we would be able to for a moment at least forget that the election campaigns of September and October are finished with — we no longer have to go around sort of flapping the party pamphlets about all this rhetoric — it's about time we got serious about these problems, we started doing something worthwhile about them. And the fact of the matter is that the conditions that this Minister must contend with in the next year are very serious indeed, and those unemployment figures are just symptomatic. Let me give a few others which, I think, may be more telling because they would relate to the actual causes going on.

One thing that probably is most disturbing is the report by the Department of Regional Economic Expansion when it did its regional survey, which just came out, I guess, last month, which indicated (a) that there can be very little expectation for any growth at all in the areas of agriculture, which in fact the actual cash volume went down last year and is expected to go down even further this year because of prices, so we can't expect any kind of bump coming from the agricultural field. Secondly, the expectation in the mining field, which is one of the other major sort of economic stimulants in the province, again because of world price conditions and other drawbacks we can expect nothing in that field. When we look at the manufacturing field, the third cornerstone in the foundation, we in fact find that the position in Manitoba is falling behind the rest of Canada. I think only second to Newfoundland do we have a worst record of productivity and exporting of manufacturing goods. But the volume of manufactured goods coming out of the Province of Manitoba, I think we are now about ninth or tenth in the whole country and furthermore, we are dropping, not improving.

The condition of the actual export, which is how we sell our goods to make money, to provide jobs out of province — in fact is dropping and has been dropping for the last year or two. And I hear nothing in the Minister's remarks, in his new policy directions, which was really a non-direction, to indicate that he was: (a) cognizant of that fact; and secondly, if he was cognizant, that he had anything to try to turn it around.

Other symptomatic problems in terms of the economic picture would be the rate of disposable income. I think in the last year, Winnipeg as a city has dropped from about number 71 amongst Canadian communities — I think we are somewhere around, you know, Chicoutimi, in between that standard — we have dropped from 71 to 77 in terms of the disposable income available to households in the City of Winnipeg.

Now, that means again that without that kind of disposable income, we are not going to be providing goods and the downward cycle is very much in place. Well, I didn't hear the Minister talk much about that. Surely to goodness he might have been able to express some acknowledgement that those particular conditions were in place.

But perhaps, Mr. Chairman, the most singular point of concern that that particular report of the Department of Regional Economic Expansion pointed out, it said that the final major asset that has always worked to the benefit of this province has been the competitive advantage that the pool of skilled labour, manpower and professional resources of the City of Winnipeg offered in terms of

providing fiscal management resources for western Canada, and the conclusion of that DREE report is that we are now losing that competitive edge rapidly to the cities of Calgary and Edmonton, that we are being drained dry by that kind of particular movement and, as a result, the ability to create economic stimulants is one that should be acknowledged — trying to build. . . — (Interjection) — I am in the position, as the Minister of Finance said, I may have been in opposition too long, and I have the position perhaps of providing a certain kind of pox on both your Houses, because I don't think — (Interjection) — I see the Minister of Highways is now prepared to relinquish his role as government; he wants to turn it around — he doesn't want to handle those problems, he simply wants to hand it back to the other guys.

**MR. ENNS:** I just want to help you to identify your problems. You know, the position of the Liberal Party in Manitoba today, that's all I am trying to do.

**MR. AXWORTHY:** It's so nice to have the company of the Minister of Highways. It's nice that the winter season is now coming to an end because he is coming out of his dormant period and is now beginning to find a little flicker of life in those bones. I thought that he had become just like the Member for Wolseley, become traumatized with his new experience of government, and now he's finally back in his old role again of simply providing extraneous superfluous comment from his seat, which is probably the best place it could come from seeing as that's the origin for most of the thought.

Mr. Chairman, getting back to the position of the Minister of Industry and Commerce, I would simply say that whose fault it may be, or whose stewardship it may have occurred under, he is now the Minister of Industry and Commerce, he is the gentleman to whom these problems must be addressed, he is the gentleman who must — in his first sort of inauguration as the Minister of this department — provide for us some estimate of what he intends to do. How is he going to use his departmental Estimates to try to come to grips with those particular problems? The fact that he wasn't even prepared to talk about them first worries me because I begin to think that maybe he doesn't know about them, which is perhaps the worst thing you can say, but if he does know about them, he seems to assume that the rest of us don't know about them so he doesn't have to talk about them and maybe by not pretending they're there the problems won't exist. It is a kind of curious sort of metaphysical approach that only a Tory philosopher would be able to derive — that somehow if you pretend they're not there the problems won't exist.

And so I would suggest, Mr. Chairman, that frankly, those are the kinds of conditions I would have expected an honest realistic Minister to have come forward and said, "What better time, Mr. Chairman." I mean, sure, he's only been around five months, he could have done like his other colleagues have done, laid the trial on those other guys, he could have said, "Not my fault, not my fault," but he didn't even do that. So my point, Mr. Chairman, is that in the first step that this Minister has taken, he at least owed us the right to describe accurately the kinds of conditions that this Province is facing. And then we would have been able to make some proper judgment as to whether his methods and means were appropriate to those problems.

We have heard a great deal of blathering today from the Minister without Portfolio, soon to be the minister without a job, that the problem is one of accountability. The first rule of accountability is to define your goals and objectives — that is how you start doing proper evaluation, define what you want to achieve. All we received from the Minister was a lot of prose that could have appeared on anyone's election pamphlet. Let's find out really, if we can dig any further than this because as I said, the erosion of a competitive edge that this particular Province and this city has enjoyed is now being taken away from us.

It would have seemed therefore, obvious, that the first major step of the Minister of Industry and Commerce of the Province of Manitoba would be to say, "Look, we must restore or recapture some of that action that is taking place in western Canada." Surely to goodness, our responsibility would have been to start working towards the elaboration of industrial strategy that would have incorporated our interest, used our assets, made sure that those big investments going into pipelines and tar sands, and all that western resource development, that we would have got our fair share of it. After all, it is federal money going in. But I will suggest, Mr. Chairman, one reason why they are not prepared to do that — because the First Minister of this Province and his colleagues have become under the beguiling weave and trance of the premier of Alberta. His argument is, "Let's not deal on federal issues, let's decentralize, let's eliminate all those things — it's every province for himself, fellas, and if God happened to give us a pool of gas and oil, that's our luck, the rest of you can take the hindmost."

Now what the premier of Alberta is prepared to do is to give us high interest loans to put us perpetually in his debt, but by that very stance that this government has taken, sort of going lock and step, sort of dogtrotting after the premier of Alberta, accepting his constitutional position, assuming that his approach to federalism is right, they have automatically locked themselves out from the ability to provide some bargaining for developing a proper industrial economic strategy for the prairies that would ensure that we could develop a joint comprehensive ability to get our fair share of those investments — to make sure that we would begin arguing to say that there should be some sharing of resources, some sharing of revenues, and some sharing of jobs and occupations coming out of those.

Mr. Chairman, my point is that this is a government that was elected to go to Ottawa and say those things, but they didn't go and say it. Oh no, what they did is that they went down there at those Economic meetings, I read the Ministers' speeches — the First Minister was very clear. He was simply

being Peter Lougheed's lapdog in this case; he was simply reciting *ad nauseam* that peculiar particular view of federals in which it says, "Every province for itself; everybody does their own thing — let's not have any of this sharing or this common responsibility." That's what the premier of this Province was saying, so you can't expect the federal government when they hear the premier of Manitoba saying, "I'm prepared to go it alone, I'm accepting the Lougheed philosophy." Where was the direction coming from here saying, "No, that's not the way we should be going, that the Province of Manitoba is not sharing in those kind of natural grounds of wealth that the Province of Alberta has. We have to provide for some basis of partnership in that sort of thing." Well, if you have a First Minister taking away your bargaining position, then you have nothing to bargain with. He's just an awfully poor poker player because he got himself so tied in, I guess maybe he's got family relationships, I don't know, maybe they grew up together, went to the same school, same Party, I suppose — it's nice to have those loyalties. But the fact of the matter is that he is also selling the farm. He really is sort of surrendering in large part the kind of direction and industrial strategy that should have been adopted by a government representing the Province of Manitoba which doesn't enjoy those same kinds of natural favors that are occupied in the Province of Alberta.

Mr. Chairman, I was hoping that the Minister of Industry and Commerce might have made some attempt to recapture some of that ground, to have established something more of a deliberate attempt as to how he was going to deal with these problems, but that was not there and I suppose that it will not be there simply because the position has already been pre-empted by the very foolish position taken by the First Minister and the Minister of Finance at the Economic summit meeting or Federal-Provincial Conference.

You can see some of the other results in this case, Mr. Chairman. The Minister of Industry and Commerce in his self-characterized role as the wild-eyed optimist again ignores some other even more, sort of drastic symptoms of . . . what does he intend to do? Let me put some questions to him that he may be prepared to answer.

What does he intend to do about the number of architectural and engineering firms which are presently laying off six, seven or eight professionals on their staff. Not one or two firms, but several of these firms. Does he not know that that's happening? Is he not aware that that is taking place, that we in fact are losing a large part of the high calibre professional capacity that existed within this province? Does he not care about that? Is he not prepared to deal with that problem, because it's happening right now. They're making those decisions at this very moment, thanks to the Minister responsible for Housing and the Minister for Public Works and all the other Ministers. Architectural firms are literally laying off well-trained, highly experienced professionals who are leaving the province because they have no choice.

If they don't know that's happening, then this government is being blind and obdurate, because it is happening. All they have to do is answer their telephone calls, when they call up saying, "Where do I get my next piece of work from"? In fact if it wasn't for the capital investment presently taking place in this province through the Federal Government through the Tax Data Centre, there would be literally no capital investment of any kind going on.

**MR. CHAIRMAN:** Order please. His Honour is expected at ten minutes to ten to give Royal Assent to Bill No. 7. I would advise the Honourable Member for Fort Rouge that he has three minutes and another ten minutes at our next sitting of this committee.

**MR. AXWORTHY:** Thank you, Mr. Chairman. I'm sure I can span it out another three till His Honour arrives. It will be my pleasure to. —(Interjection)— Just as a favour to the Minister I'll continue for the next three minutes.

In that respect, Mr. Chairman, there is another sign of the kind of economics or erosions beginning to take place, and those are resources that you can never recapture. Once they are lost, they are gone for good. Once you begin losing those kind of people with those kinds of skills, then it simply means that we're going to revert increasingly back to being, you know, hewers of wood and drawers of water, and if our natural resources won't sell and our agricultural products can't sell, then we will simply end up in a disadvantaged position without any of the kind of ability to get ourselves into those high levels of technology. Again, no plan of action at all being shown by the Minister in this area.

What is even more surprising, Mr. Chairman, and perhaps with the two minutes I would just give you a preview of my next ten minutes remarks. It would be simply to say that the opportunities being missed by the Minister in his first outing in terms of looking at how they could begin to assert and exploit the advantages of some of our particular assets in the province, again surprise me a great deal. That there are still some grounds of strength, some sinews in the economy that could have been toughened up in terms of the kind of technical capacities that we have, the kind of research and development capacity we may have had, but when I start looking at the Estimates book — and I want to look at it closer and I will have a further look — but one of the areas again which this government is withdrawing from, taking its support back from, is in the areas of research and development.

One of the few areas where we may have been able to provide some extra stimulus, to provide some incentive, we again are pulling back. I know it's a frill, that's the way it's often conceived, but this would be an area where I think that the government had an opportunity, among others.

Mr. Chairman, I take as note that His Honour is approving. Civil servants want to get paid, I will look forward to our next meeting.

**MR. CHAIRMAN:** Committee rise. Call in the Speaker.

**Monday, April 3, 1978**

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*The Chairman reported upon the Committee's deliberations to Mr. Speaker and requested leave to sit again..*

**IN SESSION**

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

**MR. KOVNATS:** Mr. Speaker, I move, seconded by the Honourable Member for Springfield, that the report of the Committee be received.

**MOTION presented and carried.**

**ROYAL ASSENT**

**DEPUTY SERGEANT-AT-ARMS(Mr. J. Mayson):** His Honour, the Lieutenant-Governor.

**MR. SPEAKER:** We, Her Majesty's most dutiful and faithful subjects, the Legislative Assembly of Manitoba in session assembled, approach Your Honour with sentiments of unfeigned devotion and loyalty to Her Majesty's person and Government, and beg for Your Honour the acceptance of this Bill:

No. 7 — An Act for Granting to Her Majesty Certain Sums of Money for the Public Service of the Province for the Fiscal Year Ending the 31st day of March, 1979.

**MR. CLERK:** His Honour the Lieutenant-Governor doth thank Her Majesty's dutiful and loyal subjects, accepts their benevolence and assents to this Bill in Her Majesty's name.

*His Honour the Lieutenant-Governor was pleased to retire.*

**MR. JORGENSEN:** Mr. Speaker, I move, seconded by the Honourable the Attorney-General, that the House do now adjourn.

**MOTION presented and carried** and the House adjourned until 2:30 p.m. Tuesday.