

## THE LEGISLATIVE ASSEMBLY OF MANITOBA

2:30 o'clock, Monday, April 28, 1975

Opening Prayer by Mr. Speaker.

INTRODUCTION OF GUESTS

MR. SPEAKER: Before we proceed, I should like to direct the attention of the honourable members to the gallery where we have 60 students of Grade 9 standing of the Isaac Newton School. These students are under the direction of Mr. McLean and Mr. Ferrews. This school is located in the constituency of the Honourable Member for Burrows, the Minister of Colleges and Universities.

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

Presenting Petitions; Reading and Receiving Petitions; Presenting Reports by Standing and Special Committees; Ministerial Statements and Tabling of Reports. The Minister of Industry and Commerce.

TABLING OF REPORTS AND MINISTERIAL STATEMENTS

HON. LEONARD S. EVANS (Minister of Industry and Commerce)(Brandon East): Mr. Speaker, a few weeks ago I tabled the latest annual report for the Manitoba Export Corporation. Due to a printing error, the report of the Provincial Auditor which should have been included was inadvertently omitted. So I would like to take this opportunity. Mr. Speaker, to table, I suppose, what you'd describe as the balance of the annual report of the Manitoba Export Corporation for the year '73-74.

MR. SPEAKER: The Minister of Health.

HON. LAURENT L. DESJARDINS (Minister of Health and Social Development) (St. Boniface): Mr. Speaker, I am pleased to report that as a result of progress made over the weekend between our representative and the MMA's negotiating team, a document has been prepared which, if ratified by the bargaining unit and my colleagues in Cabinet, will bring an end to the dispute of the past several weeks. I'm informed that pending ratification of the draft agreement, doctors are back at work at the Selkirk Mental Health Centre, Brandon Mental Health Centre, the Manitoba School in Portage la Prairie and that the institutions are operating normally. I would like to extend my expression of thanks to the staff and the department and acknowledge a special debt of gratitude to the personnel at the institutions who demonstrated such diligence in maintaining services during this difficult period. Most importantly, I am pleased to report that necessary medical care again is being provided to patients in our mental health and mental retardation facilities and that all other medical services are back to normal. Thank you, sir.

MR. SPEAKER: The Honourable Member for Rhineland.

MR. ARNOLD BROWN (Rhineland): Thank you, Mr. Speaker. I would like to say that members on this side of the House are very pleased that the government has been able to come to terms with the doctors after many weeks of consultation and confrontation. I am sure that the Minister must ask himself many questions as to how he can further prevent confrontations with the doctors. Now surely this can be best achieved by proper consultation with the members of the medical profession and this would certainly be beneficial to all Manitobans.

MR. SPEAKER: Any other Ministerial Statements or Tabling of Reports? Notices of Motion; Introduction of Bills; Questions; Orders of the Day; the Honourable Member for Lakeside.

ORAL QUESTIONS

MR. HARRY J. ENNS (Lakeside): Mr. Speaker, I direct a question to the Honourable Minister of Mines, Natural Resources and Environmental Management in charge of water control. I understand the Portage Diversion went into operation over the weekend. Can the Minister indicate whether or not at this stage he has any information as to the possible deployment of the Winnipeg Floodway as a result of the weekend rains?

MR. SPEAKER: The Honourable Minister of Mines.

HON. SIDNEY GREEN, Q. C. (Minister of Mines, Resources and Environmental Management)(Inkster): Mr. Speaker, I gave the House a flood forecasting report on Friday which will have dealt with all of those issues and I don't believe it indicated the use of the Red River Floodway. But reports will be coming in periodically and I'll undertake to make them available as soon as I've got them, even if it's in the afternoon.

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MR. SPEAKER: The Honourable Member for Lakeside.

MR. ENNS: A supplementary question, Mr. Speaker, to the same Minister. In view of some difficulties experienced on the last operation of the Portage Diversion, the overspill which indeed I concur with the Minister, was planned for, however, is the Minister intending to have any monitoring take place of the operations of the Portage Diversion to perhaps at least forewarn of a possible overspillage?

MR. SPEAKER: The Honourable Minister.

MR. GREEN: Mr. Speaker, the overspillage that occurs when water is going into the diversion at a rate of over 15,000 cubic feet per second - I doubt whether we're going to reach that level but I certainly appreciate the honourable member's question and I'll alert the department to his concern.

MR. SPEAKER: The Honourable Member for Assiniboia.

MR. STEVE PATRICK (Assiniboia): Mr. Speaker, I have a question for the Honourable Minister of Health and Social Development. He was reported to have stated that the government will live up to the agreement to the end of the year. Does that refer to the agreement existing between the MMA and Manitoba Hospital Services Commission?

MR. SPEAKER: The Honourable Minister of Health.

MR. DESJARDINS: Yes, Mr. Speaker, there is no doubt that the Government and the MMA will live up to any agreement that they have.

MR. SPEAKER: The Honourable Member for Assiniboia.

MR. PATRICK: A supplementary. The Minister also was reported to have stated that they will try, or he will set up a committee to try to arrive at the best possible schedule within the MMA, or within the government. Can he elaborate what he meant by setting up a committee to arrive at the best possible schedule?

MR. SPEAKER: The Honourable Minister of Health.

MR. DESJARDINS: Mr. Speaker, I'll be very pleased to discuss this during the estimates but in the meantime, what I am saying, that we will find I think that the time has come where we should have the proper staff to get all the information re wages for doctors, nurses and so on; and this is what I was saying, that this would be done, and that we would try to arrive at a fair schedule of fees in consultation with the MMA and any committees that we could have. But once this is decided it will be the policy, this is what the government will pay, and the doctors, of course, as is their right, will be able to opt in, accept this as full payment or if not, opt out if they are already in, and charge directly to their patients.

MR. SPEAKER: The Honourable Member for Fort Garry.

MR. L.R. (BUD) SHERMAN (Fort Garry): Thank you, Mr. Speaker. My question is to the Honourable Minister of Labour. Can the Minister advise the House of the status of negotiations between the negotiating team for the University of Manitoba and the striking Support Staff Union - did they in fact meet over the weekend and are they meeting today, sir?

MR. SPEAKER: The Honourable Minister of Labour.

HON. RUSSELL PAULLEY (Minister of Labour)(Transcona): Mr. Speaker, I had the opportunity on Friday of meeting with a number of people on the steps of the Legislature dealing with the conflict between the members of the University staff and their representatives and following that meeting I was pleased that the principals of the organization were courteous enough to come into my office whereby an hour discussion took place. I am hopeful that as a result of that discussion, coupled with the discussions which are ongoing with members of the Department of Labour and the conciliation officers, that we will be able to arrive at a far more amicable decision than that which was arrived at with the doctors of the Province of Manitoba.

MR. SPEAKER: The Honourable Member for Fort Garry.

MR. SHERMAN: Mr. Speaker, another question to the - it's another question to the Minister of Labour not a supplementary, sir. Is the Minister still serving on the negotiating team meeting with the Manitoba Government Employees Association?

MR. SPEAKER: The Honourable Minister of Labour.

MR. PAULLEY: I have not as yet, Mr. Speaker, been asked to withdraw as Chairman of that particular committee, so the only answer that I can give to my honourable friend is that I am still continuing with my colleague that particular committee, so the only answer that I can give to my honourable friend is that I am still continuing with my colleague, the Minister of Agriculture and the Minister of Consumer Affairs. How long that will continue, I do not know.

## ORAL QUESTIONS

MR. SHERMAN: A supplementary, Mr. Speaker. Can the Minister advise whether meetings of that committee with negotiating representatives for the MGEA are taking place at the present time, that is are they scheduled for this current week?

MR. PAULLEY: We have had a number of meetings, Mr. Speaker. If I am still involved, I can assure my honourable friend and the Assembly that meetings will continue.

MR. SPEAKER: The Honourable Minister of Public Works.

HON. RUSSELL DOERN (Minister of Public Works)(Elmwood): Mr. Speaker, about the middle of last week, the Leader of the Official Opposition asked some questions concerning the break in at Government House, and I would like to report that I have discussed the matter with the Winnipeg Police and the Lieutenant-Governor. Additional security measures have been implemented and we are also reviewing our present procedure.

MR. SPEAKER: The Honourable Member for Swan River.

MR. JAMES H. BILTON (Swan River): Mr. Speaker, my question is directed to the Minister of Mines and Natural Resources. Does the Minister have an official request of financial assistance to the flood victims in Swan River.

MR. SPEAKER: The Honourable Minister of Mines.

MR. GREEN: Not that I am aware of, Mr. Speaker, but I wouldn't be surprised if we get one. We have requests very often from people who suffer water damage and we do not satisfy them all.

MR. BILTON: Mr. Speaker, I would remind the Minister this is a very unusual case.

MR. SPEAKER: Question please.

MR. BILTON: Can the victims expect assistance?

MR. GREEN: Mr. Speaker, I accept the fact that a Member for Swan River would regard Swan River as a very unusual case, but the Member for Morden regards the Town of Carman as a very unusual case, the Member for The Pas regarded The Pas as a very unusual case, and they were all refused, Mr. Speaker.

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

MR. ENNS: Mr. Speaker, I direct a question to the Honourable the Minister of Agriculture, and ask him whether or not the government has arrived at a firm decision to proceed with the proposed dairy processing firm under Crocus Foods Limited at Selkirk?

MR. SPEAKER: The Honourable Minister of Agriculture.

HON. SAMUEL USKIW (Minister of Agriculture)(Lac du Bonnet): Mr. Speaker, nothing has changed from the last time that question was put.

MR. SPEAKER: The Honourable Member for Fort Rouge.

MR. LLOYD AXWORTHY (Fort Rouge): Mr. Speaker, I have a question for the Minister of Health and Social Development. Can the Minister indicate to this House whether he has had reports that show that two wards in the Health Sciences Centre have been closed over the week-end for use of the public?

MR. SPEAKER: The Honourable Minister of Health.

MR. DESJARDINS: No, Mr. Speaker, the only information that I received was through the news media and this is something that's happening, well every year since I'm a member of this House and that's about 15 years.

MR. AXWORTHY: A supplementary, Mr. Speaker. Could the Minister confirm whether there are plans to close 300 hospital beds in the Health Sciences Centre by this summer and transfer the operation elsewhere?

MR. DESJARDINS: Absolutely not, Mr. Speaker.

ORDERS OF THE DAY - BUDGET DEBATE

MR. SPEAKER: Orders of the Day. Proposed motion of the Honourable First Minister. The Honourable Leader of the Opposition.

MR. SIDNEY SPIVAK, Q.C. (Leader of the Official Opposition)(River Heights): The 1975 Budget Address is a curious and odd concoction. The Premier has: selected paragraphs from previous budget addresses; added a good measure of ideological bombast; included global economic indicators strangely reminiscent of the crude approach; given Mr. Trudeau and the Federals their marching orders on how to fight inflation and recession in the economy; provided a lengthy discourse on energy and the need to substitute other forms of energy for oil; opened the door on provincial-municipal financial arrangement to a return by way of a convoluted tax

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(MR. SPIVAK cont'd) . . . scheme to the tax jungle of the 1930's, and finally has fed the people of Manitoba some selective and uncertain goodies - goodies which upon close examination turn out to be of low nutritional value.

The Budget is significant primarily for increasing taxes, and demonstrating how this Government has profited, through inflation, from unprecedented percentage increases in revenues from income and sales taxes. I intend to demonstrate this afternoon the failure of the Budget.

First, the economic indicators reveal future problems in the areas of employment, capital investment, and productivity. This Budget ignores the warning signals.

Second, the statistics demonstrate the urgent need for restraint in Government spending. This Budget disregards that problem.

Third, the government's new proposal for municipal financing is only part of a policy. The fundamental problem of how education financing is to continue is ignored. That failure precludes a meaningful assessment of what the government has proposed - quite apart from the lack of detail in what the government has proposed.

Fourth, despite the rhetoric, there is no evidence in this Budget that the Government has devised effective and measurable mechanisms or programmes to deal with the continuing problems of the forgotten people of Manitoba.

Economic Indicators: Mr. Speaker, it is amusing to note how reliant N. D. P. provincial treasurers have become on economic indicators which they used to dismiss as meaningless. The economic indicators used by the Premier are incomplete, and misinterpret our present situation.

Employment: Employment within the Province increased during 1974. Manitoba's rate of job creation in 1974 was about one-half of one percent higher than that achieved in Canada as a whole. But the performance of our labour force in the early months of 1975 has not been encouraging, and in no way suggests that our economy has grown more hardy. The current recession afoot in the land has already raised the national unemployment rate to a near record high of 7.2%; but this increase in national unemployment has not been caused so much by a decline in jobs as by a faster rate of increase in the size of the labour force than in total employment. To put it simply, Mr. Speaker, more people are coming on to the job market than the market can absorb. But, in Manitoba, the situation is different, and more dangerous. In this Province, employment itself is declining; regardless of the size or growth of the labour force there were fewer people employed here in March than in January. In January of this year, the seasonally adjusted employment figures showed 417,000 people employed in the province; in March, that figure had dropped to 415,000, still seasonally adjusted. And if that represents a trend, Mr. Speaker, it is indeed ominous.

Action should have come in this Budget to deal with the problems peculiar to this Province, and I note, Mr. Speaker, that such action is conspicuously absent from the current policies of this administration.

Nor may the situation be expected to improve this year. The national employment rate may be expected to reach 9% by the end of this year. Does the Premier think that Manitoba will be immune from this trend, when employment in this Province is already falling? Although a new federal budget is expected soon, whatever job creation measures that it may contain will have their effect too late to affect growing unemployment. Manitobans need measures now to create jobs so that the crunch will not hit so hard here. Where are they in this Budget? Where are the signs of a concerned Premier?

I would concede, Mr. Speaker, that there are some provisions in the budget which may, incidentally, assist the employment situation, but that is not obviously a major concern or priority. The key to the Government's attitude is to be found on page 19 of the printed Budget Address where the Premier effectively says: We don't expect any surplus revenues, indeed we are expecting a deficit in 1975-76, but if we have any spare money lying around later on, we will put it aside, and may decide to use it then to create jobs.

Cost of Living: In the smug litany of statistics the Premier recited to us, I noted a certain selectivity in the figures he was using - a selectivity which was invariably in the government's favour. The statements which I find the most unfortunate were those remarks on inflation. The inflation rate in Manitoba, the Premier said on page 3, "remained lower than the national average". And on page 5 we are told "the consumer price index for Winnipeg

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(MR. SPIVAK cont'd) . . . increased somewhat less quickly than the national index in 1974". The verb tenses of those statements were chosen very carefully, for the Premier's remarks are not accurate in light of the latest available statistics,

On April 22nd of this year, Statistics Canada showed that the prices paid by consumers in Winnipeg had increased 13% in the twelve months ending in March, the highest annual rate of increase of any of the regions surveyed. Over the same period, the national rate increased 11.3% as measured by Statistics Canada. Thus, the Premier's pride over the Province's performance is false pride.

Moreover, not only is it more important to know what is happening in the last twelve months than in a twelve-month period ending in December 1974, but even the figures for the last 12 months understate the extent of the inflation rate in the province. Winnipeg is a large part of Manitoba, but it is not the whole of Manitoba, and I would suggest in particular that either set of figures significantly underestimates the inflation rate in Northern Manitoba where the cost of living was high to begin with, and has risen very sharply in the last sixteen months.

Personal Income: The Premier pointed out that total personal income rose about 18% over the past year, and then deflated this increase to present it in constant dollar increase of 6.5%. What he neglected to mention was that during the same year, personal income tax revenues rose about 22%. Now if the Premier really wants to be accurate in the presentation of his statistics, perhaps he could tell the Honourable Members what the constant dollar percentage increase in after-tax personal disposable income was in the Province last year. I submit that the figure would be neither so dramatic nor so heartening as the Premier would have us believe. A major factor in the rise of personal incomes in this Province relates to the continued buoyancy of the agricultural sector. That buoyancy is something for which this government can take no credit whatever; indeed it exists despite the policies of the Minister of Agriculture.

Investment: On page four of the speech, we are subjected to some further self-congratulation on the rate of private sector investment. We are told that in 1974, private sector investment had almost doubled the amount of 1968-69. Since in the Premier's text the reference to "almost doubling" is underlined, I gather we are supposed to be impressed. But is there any reason to be Mr. Speaker? How much has the money supply increased since 1969? How much has government spending increased in the same period? How much has government investment increased? And most significantly, what has the inflation rate been since 1969? I suggest, Mr. Speaker, that, in fact, the rate of growth of private investment is probably at or below most of these other rates of increase.

I want to emphasize the importance of capital investment to the national and provincial economy. Capital investment forms about 23% of the gross national expenditures in this country, thus it is near in importance to Canadian exports. In Manitoba, the proportion of capital investment with the province to gross provincial product is somewhat higher than the Canadian average, roughly 30%. It should be clear then, that changes in capital investment levels are very important to economic activity here, just as they are in Canada as a whole. More capital investment means more jobs, higher real incomes, and a broader and more stable economy. In the current economic situation in Canada - and it applies here as well - capital investment is of even greater importance. One of the principal elements in Finance Minister Turner's anti-inflation strategy is an increase in supply, so that the economy will not run up against capacity constraints when it recovers, and sets off another round of demand-pull inflation. Increased capital spending is also a weapon against recession; as our exports fall, and consumer spending levels off, capital spending is required to take up the slack and to keep people employed. At the current time, Mr. Turner is pinning many of his hopes for an economic recovery on a resurgence of capital spending.

Now Mr. Speaker, our Premier spent much time in his Budget presentation in telling us how well the Manitoba economy is doing. Well if it's doing that well, then significant amounts of new capital investment would be attracted to the province. People would see how well Manitoba is doing and want to jump on the bandwagon of Manitoba provincial growth. If, as the Premier has stated, Manitoba is doing better than most other provinces, one would therefore expect that our province would attract higher proportions of the total capital investment in the country. But, in 1975, this will not be the case. Although capital investment is

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(MR. SPIVAK cont'd) . . . expected to grow by 10% in 1975, this growth will not be sufficient to maintain, let alone enlarge, the share Manitoba receives of the total capital investment in Canada. After some years of slow growth in the proportion of investment going to Manitoba, in 1975 we will receive 4.2% of total investment, down from last year of 4.4%. And if anyone should say that a drop of two-tenths of one percent in our investment share is not a significant amount, I would remind them that it involves a loss of over \$60 million in investment capital that could have come into the province. I would suggest to honourable members that the reason for the decline in Manitoba's proportion of investment take is that business does not share the same blind faith as the Premier in the health of the Manitoba economy, and they are reducing their investment interests in this province as a result of the hostile climate for business created by the Premier and his colleagues.

And if the Premier is complacent about Manitoba's reduced share of investment, then let him contemplate whether that investment that is planned will be adequate to Manitoba's needs. And it should be apparent to him that this amount will not be adequate. Investment will increase by 10% in 1975 it is true, but what does this amount mean when one extracts the cost price escalation due to inflation? If one applies the econometric projections of the Conference Board, for the movements of implicit price indices of residential construction and machinery and equipment on a weighted basis, to the 1975 investment intention figures, in other words, bringing it, Mr. Speaker, down to constant dollars, we will find that for Manitoba there will be zero growth in capital investment. In fact the real growth of investment in Manitoba will be some three full percentage points behind that of Canada as a whole.

What does this really mean? Looking at all the provinces - New Brunswick, Quebec, Ontario, Saskatchewan, Alberta, and British Columbia, will see real gains in capital investment. Newfoundland, Prince Edward Island and Nova Scotia will see a decrease and Manitoba will see no growth. And nothing in this Budget is likely to change the situation for the better.

Mr. Speaker, this situation alarms me - not just because of what it implies for the employment picture in Manitoba during 1975, but what it implies in the long-term future of investment in this province.

I conclude from all of this that the indicators the government has used provide no comfort and no reassurance for the people of Manitoba, and we are left to face the major problems without clear policy or direction. One change that is urgently required is the removal of the sales tax from all production machinery. Another Mr. Speaker, is the removal of the sales tax on building materials.

Inflation and the money supply: On the subject of inflation, it's important to understand where responsibility lies the Federal Government is to blame, and the Provincial Governments are to blame, but where the federal failure is most clear is with respect to control over the money supply.

Most honourable members will understand that there is no clear relationship between the supply of currency, its velocity of circulation, real growth, and the general price level. But one thing is clear: since the 1600's when statistics on money and prices were first kept, it can be shown that there has never been an inflation in history that has not preceded and been accompanied by a disproportionate increase in the supply of money; nor has there ever been a stabilization of the price level without a prior and accompanying stabilization of the money supply. In the last twenty-two years, the supply of currency and demand deposits in Canada - the narrowest measure of money in the system - has increased by 259% while real gross national product has increased by 174%.

In the last five years alone, money supply has increased by some 71% and in 1974 some 12%. And if the rate, Mr. Speaker, of the first three months of this year is continued, the money supply will have been expanded by 33% in 1975 alone. And yet the Federal Government persists in denying any responsibility for inflation in Canada. That image is that of a murderer caught standing over a bleeding body with a bloody knife in his hand, while insisting that the victim was struck by lightning.

The Premier and Wage and Price Controls: Money supply, however, provides no one-answer explanation to inflation. Inflation is also a product of policy, and the policies of the government, including the provincial governments must bear their share of responsibility.

The position that this government has taken on cost-price inflation requires careful examination. The Premier has taken at least two stands on the issue in recent months. In

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(MR. SPIVAK cont'd) . . . the first instance he issued a call - indeed, a demand - for a 12-month national temporary freeze on prices, wages, profits, and dividends. More recently, however, the Premier has come face to face with his personal moment of truth. Would he hold the line on pending increases in wages and salaries in both the private and public sectors in Manitoba? And if so, how? And what action would he propose to implement his advocacy of controls or restraints, or of some type of freeze?

In the light of the Premier's commitment, and the commitment of the Minister of Labour to free and unfettered collective bargaining, the Premier faced a dilemma which was brought home to him with painful clarity and sharpness, when the Premier was called on the carpet at a Labour Centre luncheon on Tuesday, April 8th of 1975. Until he switched gears, somewhere between the Labour Centre luncheon and the Federal-Provincial Conference, the Premier was taking the stand, as I have said, that what was required was a period of freeze, and he was critical of Ottawa for not providing leadership. Well, Ottawa is always a good target, Mr. Speaker.

But what we have in Manitoba is galloping inflation and a galloping public sector and I suggest - as I have done on many other occasions - that it is the public sector, it is the government, which is a major contributor to, and the major beneficiary of the inflation we are now experiencing. It is in this context that we must judge the Premier as an advocate of restraints or controls, because as he talks, the scourge of inflation and recession continues in all its severity.

But for the Government of Manitoba, Ottawa and international forces have made convenient whipping boys while allowing the Premier to do a great deal of posturing on the lunacy that is abroad in the land. I say Mr. Speaker that external forces are being used as whipping boys by this Government, because while they are largely powerless to affect those outside forces, it leaves the government free to talk a good line, to talk, as I have said, about controls. And when the Premier talks about controls, my response to him is 'physician heal thyself'. He should be preaching that gospel, not merely in press interviews, but he should be preaching it, and insisting upon it, in this House, in his own Cabinet, and in Management Committee. Where the expenditures of his Government are concerned, where are those controls? Show us? Give us the evidence that the brave words have been translated into action on the home front.

Mr. Speaker, one knows what the answer will be, because we've heard it all before. We will be told that the Government is unable to control their spending. That excuse and I say 'excuse', is not an argument, it just isn't good enough.

Government Spending: I think most people in Manitoba are not impressed by being told that though provincial spending may be up, so is Ottawa's. The fact is that you cannot expect Ottawa to moderate spending unless you are prepared to do the same on your home ground. The coming year, the Federal Finance Minister advises, should be one of restraint on the part of business, government and labour. Federal Government budgetary expenditures are expected to increase by 15.7% between fiscal 75 and 76. The Premier supports Mr. Turner's call for restraint - he says it is not enough. But in the same breath he decides to go Mr. Turner one better in spending. Manitoba's current expenditures will increase by 21% over the same period. Federal Government 15.7, Manitoba 21%. Mr. Speaker, so much for the Premier's commitment to restraint.

If you look over the spending history of this administration, from fiscal 1969 to 75, you will find that they have out-distanced in spending the very federal people they criticize for contributing to inflation. Federal Government expenditures, from fiscal 69 to 76, which is the period of the NDP Government in Manitoba, will have increased an astronomical 167% and that's a startling figure. But this NDP administration, obsessed by the idea of bettering the Canadian average, has thrown all moderation, all caution, all sanity to the wind in beating Ottawa hands down by raising government expenditures a truly incredible 188.6% over the same fiscal period. I say, to the Premier again, so much for restraint.

MR. SPEAKER: Order please, order please.

MR. SPIVAK: Mr. Speaker, Federal Government expenditures, including its transfer payment to the provinces, including all the things that the Premier would like to suggest he's doing to the people and municipalities - 167%; NDP Government in Manitoba, the same period of time, 188.6%, and the facts speak for themselves.

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(MR. SPIVAK cont'd)

And, Mr. Speaker, it says something about the approach of this government in the spending of public money. There are only two groups, Mr. Speaker, in the public sector that can generate the spending of public money - politicians and the bureaucrats. And only one group who can stop or control it, and that group is or ought to be the politicians.

I recognize that in the last 25 years, all politicians in all parties share some responsibility for increases in public spending. In the past that has reflected changing values and attitudes and a recognition of certain social responsibilities of government. But the phenomenon goes much, much further than that, because politicians have also acquired a vested interest in telling the people that the government can be Mr. Fix-It; that there is no problem, social, economic, and in many cases, moral, that cannot be rectified by a dose of government intervention. And in that development, they - we, as politicians - have abdicated our responsibility to decide and control, abdicated our responsibility to choose, to evaluate, and where necessary to say no.

The Civil Service and the Cost of Government: The politicians in this process have had willing handmaidens in the senior civil service - and that is especially true under this government. For many of this government's bureaucrats, there is a vested interest in increasing spending. In some cases this arises out of an ideological conviction and compulsion to see the government involved in more and more. In other cases it arises out of the empire building instincts that are endemic to the upper levels of most bureaucracies.

The empire building instinct is not new, but it must be met with countervailing forces. Bureaucracies grow because nobody is prepared to stop them; and at a time when we are searching for means of controlling government spending, this unchecked growth in the civil service presents an obvious and serious problem. The pressure from senior bureaucrats to add new programs and enlarge old ones, and the pressure to add new staff, is apparently unrelenting. And yet no one opposite has established meaningful cost-effective accounting for programs already in existence. The government is apparently incapable either of anticipating costs or of undertaking meaningful evaluations of existing programs. And if that is true of existing programs, it is even more true of new programs. No one in the government ever figures out accurately in advance the cost of new programs. Where "guesstimates" are provided, they invariably under-estimate the real cost. Indeed I think it is impossible to cite an any program, federal or provincial, from Unemployment Insurance to Hydro, to Autopac, that has not ended up costing millions and ultimately hundreds of millions more than was originally suggested by the so-called experts.

Why has this happened? Why have the politicians - particularly the present bunch - allowed this uncontrolled raid on the public purse to go on unchecked? I think there are two reasons. The general one is the Ministers are all too frequently snowed by their officials, blinded by science - the science of statistics, flow charts, reports, studies, diagrams, and all the rest. In the face of this it is all too easy - indeed, Mr. Speaker, it is the path of least resistance, to say "yes this program is needed and we can afford it." In fact however, it should be the Minister's responsibility to say to his Deputy and his officials and his consultants "all very well, but where are your priorities? If we are to do this, which other program are you prepared to cut out?" Priorities are in fact the key, and it is or should be the responsibility of a Minister to make abundantly clear that not everything his officials want to be done can be done; and it must be made clear to senior civil servants, particularly those who operate in policy making areas, that they must have priorities like everyone else, and must operate within the budgetary constraints like everyone else.

And of course, Mr. Speaker, this applies equally to the Cabinet as a whole. While I shall have some specific suggestions to make in a few moments, there is one thing, Mr. Speaker, that I wish to say most emphatically to the government; don't come back with all those superscilious questions as to where we would cut expenditures and then assume by your questions that you have settled the matter. It is not up to us to tell you what your priorities must be. You are the Government. You, according to the Minister of Education, have the mandate to spend - however aimlessly - and you must choose. But I do say this. The public treasury is not a bottomless pit; you cannot have everything at once, and spend everything at once.

The ultimate responsibility here must rest with the Premier, and that is



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(MR. SPIVAK cont'd) . . . especially true when so many Ministers lack the strength to control their own Departments. The Premier must be prepared to say, even to the most stubborn Minister, "Here is what you have to spend, determine your priorities; and if, having determined that your budget won't cover everything you will know that the items on the bottom of the list will have to go, or be delayed." Mr. Speaker, I see no evidence that either the Premier or his Ministers have had the fortitude to take this approach and without that, I again say, so much about your talk about restraints.

The government wants to be an activist government. Consistent with its promotion of class struggle it serves its purposes to argue that there are hundreds of problems left unsolved by previous governments, hundreds of windmills to tilt at, hundreds of things for the government to do that the state has previously had little or no role in. The result is that the drift to more public spending that is generated by the bureaucracy is not checked by the politicians, but quite the reverse. And is only when the bills begin to come in, that we begin to get from the Premier and his Cabinet posturing about restraint and rhetoric about controls.

So Mr. Speaker, the growth of the Civil Service goes unchecked. I suggest, Mr. Speaker, that what is required at this moment is a freeze on civil service hiring. Mr. Speaker, I do not believe that this is unreasonable. In 1974 we are informed that the Civil Service added more than 560 full-time employees; how many others were hired part-time and on contract is not yet completely clear. And yet, on April 17, 1975, the Civil Service Commission notice boards in this building carried advertisements for 120 positions. The minimum salaries of these 120 positions varied from \$5,868 to \$20,868. I have no way of knowing how many of these 120 places, or positions, represented new positions and how many represented vacancies, but no matter: If the average salary for these positions was \$10,000 per annum, that represented a cost of \$1.2 million to the province, exclusive of staff benefits, support services and office accommodation. And again, I say to the Premier, so much for his words of restraint.

The point is worth emphasizing, Mr. Speaker, that the growth in the Civil Service involves more than just the cost of salaries. All sorts of other things follow though they are often obscured by the way in which the Public Accounts are presented. In 1973-74, for example, the last year for which we have Public Accounts, an examination of the spending of line departments reveals some interesting figures on the costs of servicing government. In that year, the line departments together spent \$7.4 million on automobiles - 7 and 1/2 million on automobiles they spent \$3.8 million on travel; \$3.5 million on professional fees; \$10.5 million on fees other than professional; they spend \$3.4 million - approximately 3-1/2 million, on furniture; \$15.5 million on other equipment; and \$7 million on printing and stationery. That I may add, represents only a selection of items for one year in line departments, and does not include things like the Crown Corporations, of Hydro and Telephones, Autopac, Manitoba Development Corporation, Agriculture Corporation, Manitoba Health Services Commission, the universities and the like.

I would further propose that limits be imposed on the amount that would be made available for travelling expenses, especially out-of-province travelling expenses - that level be pegged at one lower than now prevailing. I cannot believe that there are not considerable savings to be made in this area, especially if one considers the so-called benefit of much of this travel.

In this case, as in the others, I am conscious of the fact that common sense may require departures even from the more rigidly enforced freeze. But I think those exceptions, where necessary, should be made by and on the responsibility of the Minister concerned. And I don't believe, Mr. Speaker, that this is an unreasonable burden to place on the Ministers. It has become very clear from the discussion of the estimates that many Ministers have little or no part in determining policy, and have no part in administration. Therefore, by putting the lid on spending, and taking responsibility for exceptions, a number of Ministers opposite might make, Mr. Speaker, some small contribution to earning the salaries they draw as Members of the Cabinet.

I would hope that these interim measures of control would lead to a permanent tightening up of government operations with a view to achieving improvement in administration, and efficiency. In addition, such steps might provide some tangible evidence for the public that the government itself is prepared to show restraint with respect to its own operations.

It, therefore, Mr. Speaker must be a matter of continuing concern that the people of Manitoba face a grinding burden of taxation when taxes from all levels of government are taken

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(MR. SPIVAK cont'd) . . . together. This burden is now to be added to by new taxes on motive fuel and aviation fuel. There is no question whatsoever that those additional costs will be passed on to the consumer. Now, Mr. Speaker, an interesting sidelight in the Budget Address. The Premier says on page 8 of the Budget that aviation fuel is one of those whose prices we should avoid increasing, and on page 24 he imposes a tax on it and tells us it will bring the Treasury \$400,000 in revenue. So much Mr. Speaker for the consistency of the Premier.

The burden will be further added to now by a three cent tax on gasoline.

MR. SPEAKER: Order please.

MR. SPIVAK: Mr. Speaker, it really has nothing to do with Tory policy or whatever policy the Premier would want to refer to. It just seems, you know, along with his words on restraint, the inconsistency of his position is demonstrated by his own words in the Budget, where at one point he says one thing and then he does exactly the opposite. And that, Mr. Speaker, has been our problem in listening to the Premier as he postures throughout this country about restraint and the lunacy of inflation and then in the handling of his own personal affairs within this province shows no restraint and demonstrates the same contradictory position that was expressed in the Budget with respect to motive fuel.

Now, Mr. Speaker, I have indicated that the burden of taxation in this province will be added to by a three cent tax on gasoline. For those who have become conditioned to think of petroleum products in cost per barrel, that is in the present context, that means an increase of \$1.00 in the cost of a barrel of gasoline. We are told that two cents will be going to bail out Autopac, though less than two weeks ago the Minister responsible for Autopac indicated that a two cent tax would not be enough. In saying that, he has confirmed the prediction that I and others made two months ago, because the plain fact is that for something like Autopac no tax will ever be enough, because nothing in the system under which Autopac works provides any mechanism to keep costs under control. It does not face competition; it does not have to go to a Rate Review Board; it doesn't even have to present Estimates to this House. It operates in short, Mr. Speaker, in a world apart, free from scrutiny and control, free to propagandize at public expense; subject to one restraint only - and that being the political calculations of the present Cabinet as to what it can get away with. And with a secure government majority, and an election two years away, Autopac apparently has a mandate to do what it likes.

In taking that approach, Mr. Speaker, the Government has reneged on every commitment it made in 1970 in this Legislature, and on none so much as the commitment that Autopac would pay its own way, and would not be financed other than through premiums. Here we are faced with a classic case of government intrusion, here we are faced, Mr. Speaker, with a classic case of government intrusion into business, government monopoly, government mismanagement, and government miscalculation and inefficiency. And it is characteristic of the NDP Government that it turns again to the taxpayers of this province to bail the Government out of another hapless venture. In this case, one can say not only so much for restraint, so much for honesty.

Tax Credit Programs: The government returns to the well again and again, and when it is rightly criticized for inequitable, regressive and excessive taxation it responds with a mixture of statistical sleight of hand and tax manipulation.

The devices of the NDP's tax credit plans are simply gimmicks intended to fool the unwary. Governments do not have money of their own, and tax rebate plans prove only that governments have taxed too much to begin with. Most taxpayers in calculating their property tax credit and their cost of living tax credit are well aware, Mr. Speaker, that they are being conned. The burden of provincial and municipal taxes is there and continues to mount, and no amount of manipulative gimmickry, no tax claim form can conceal the fact that the Provincial Treasury has a hardy appetite and that it is the taxpayer who is called upon to feed the beast. And I may say further, that whatever the taxpayer may pay now in taxes, his rebates in a year will be smaller than his tax increases, and those rebated dollars will be worth even less next year because of inflation. Mr. Speaker, in Hollywood they call this "The Sting"; in Manitoba it's called "Social Democracy."

This month, individual taxpayers all over Manitoba will be completing and filing their 1974 returns. They do so in the knowledge that in almost every major municipality a further tax increase lies ahead. And when the taxpayer reads on the present tax form these words, "Manitoba's Tax Credit Plans are financed entirely by the Manitoba Government . . ." those

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(MR. SPIVAK cont'd) . . . are the words, Mr. Speaker, "Manitoba's Tax Credit plans are financed entirely by the Manitoba Government" . . . the taxpayer knows well that they are not financed by the Government at all, but out of his own pocket and he also knows full well that they are a subterfuge to conceal the fact that the Government's talk of revenue sharing with the municipalities is just so much hot air.

In devising his budget, Mr. Speaker, the Premier, for purely ideological reasons has taken a circuitous route to tax relief. Not for him the direct route of direct cuts in personal and corporate tax rates. Instead of a simple, straightforward action, we have indirect and selective measures, devised in complicated terms. The Minister claims that he is providing more tax relief through the cost-of-living credits and the property tax rebates, and that he is relieving municipal tax burdens, particularly through his devious tax abatement proposals.

But, Mr. Speaker, the taxpayer, concerned with the overall burden of taxes levied by all governments knows only too well that it is they who pay the tax bills, and no amount of juggling and passing over of provincial income tax points in abatement to municipal will ease their overall tax burden. What the province gives up, the municipalities will take and Manitoba taxpayers will continue to pay, in one form or another, the highest personal income tax rate of any province.

Mr. Speaker, we are not opposed to increased relief and assistance for those in need, but the gimmickry, the administrative costs, the failure to apply immediate and direct relief, minimize any real or positive results of this program. A substantial number who will receive a cost-of-living credit next year, will, for all practical purposes, have long since paid out more in sales tax than they will have received. To a large extent, Mr. Speaker, what the government is doing is indexing poverty, not alleviating it.

What about the government's new proposal to cities and municipalities?

First and foremost, will the new arrangement really work, will it really achieve the objectives? And then, Mr. Speaker, one has to ask, what really are the objectives? Are they intended just to get additional monies into the hands of the municipalities, or are they intended just to add another layer of confusion? Mr. Speaker, I'm not so sure that the new proposals will work, and know they will not possibly work for substantive and mechanical reasons.

To begin with, Mr. Speaker, the Premier's proposal is one-half of a policy. It deals with the cost of services to property, but says nothing of the cost of services to people.

Surely it would make a great deal more sense for the province to assume directly the health and welfare costs presently borne by the City of Winnipeg and other municipalities. And surely it would also make more sense to see education costs taken off real property and put on to the general revenues of the province. After all, if the government really means that those who should spend should also tax, then the present arrangement is anomalous because it is the school boards which spend while it is the municipal councils that must raise the taxes. In the City of Winnipeg, for example, the mill rate will increase 7.3 percent for municipal services, and 10 mills, Mr. Speaker, for education.

On the purely mechanical side, Mr. Speaker, the Premier's proposal bristles with problems. On Page 15 of the printed Budget Address, we are told "that starting in 1976, and until further notice - and this brings an uncertain note into what the Premier is saying - the government will be "prepared to consider" (that's another uncertain note)" entering into arrangements with municipal governments under which the province would act as agent to collect special municipal growth taxes throughout Manitoba, if requested to do so" (which is another uncertain note) "by a major number of municipalities" - a phrase which is vague, undefined, and perhaps ungrammatical as well, and it does not add up, Mr. Speaker, to a clear proposal.

Surely, Mr. Speaker, a matter which will affect the arrangements for 1976-77 should not have been introduced in this Budget, and surely it should have been dealt with by way of a policy statement clearly setting out objectives, and presented after extensive consultation with the municipalities. It now appears that the consultation will take place after the fact. What we really need is a comprehensive policy to grapple with the education, health and welfare costs of the municipalities.

But meanwhile, Mr. Speaker, every Municipal and City Councillor, every Reeve and every Mayor faces the distressing necessity of increasing taxes for 1975-76, in which the education tax forms the largest part.

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(MR. SPIVAK cont'd)

And finally I say to the First Minister and to the Minister of Mines and Natural Resources who seems to be smiling throughout this portion of the presentation, I ask what are the implications of the Premier's proposal for the whole structure of federal-provincial financial relations will be as a result of this proposal to the municipalities and the city. How is the Premier and how is the NDP Government going to react when the Federal Government makes the same offer to the provinces? And when they say to the provinces, "That's it." --(Interjection)-- Yes, I wonder if the Premier's going to be prepared to accept an abatement and you pay the whole cost of medicare and hospitalization. Is the Premier prepared to now say to the Federal Government, we are the authority who service, we are the authority who are prepared to tax, we want a certain abatement, mind you, we would like a figure that would be very large, if you give us a figure smaller, it will be our problem, but we are now going to be prepared to tax. --(Interjection)-- Yes, Mr. Speaker. You know, it's easy to browbeat the municipalities and the cities in this respect but in the whole gamut of federal-provincial relations in which a great deal of funding comes from the Federal Government for cost-sharing and conditional and unconditional transfers of money, the Premier is in this position now, Mr. Speaker, because, you know, they can't have it both ways. If the Federal Government provides this offer to the province, they're going to have to accept it and the implications for a million people in Manitoba who are going to have to pay the full shot of many of the costs of government services, instead of having it applied to the whole tax base of this country is so dramatic that one has to question the sanity of the Premier and the Ministers involved in the kind of proposals they have made, because the implications for dominion-provincial relations are so serious as to be disastrous for the implications for the increase in taxes in this province.

Mr. Speaker, I want to deal now with the forgotten . . . Mr. Speaker, I want to now deal with the forgotten people of Manitoba. The taxpayers of this province have reason to be suspicious of the noble and inflated rhetoric which is the chief characteristic of this Budget. The Premier and his Government would assert that his Budget will guarantee a more equitable distribution of the benefits of our economic wealth in the future and even further progress toward real social and economic equality. This is a brave and bold assertion and is one which appeals to high ideals and to some of the most decent sentiments of all fair-minded people in this province. But will it stand the test? Can it be measured? Can it be demonstrated? Certainly not with the dubious claims made by this Budget.

The high-minded and self-righteous rhetoric are intended, clearly to allow the Premier to paint a self-portrait of the noble humanitarian. But the portrait is rather like Oscar Wilde's portrait of Dorian Grey; the portrait itself is handsome; the reality much less so, and it becomes much uglier the closer one examines it, and the more time goes by.

The fact is, Mr. Speaker, that the government has been in power for six years and the concern for greater equality of the human condition is not manifest in its latest Budget. Along with a growing number of Manitobans we are of the view that the equality of the human condition: rhetoric, is beginning to wear thin. After six years of being in power, the government has no legitimate excuses, and above all it cannot plead inexperience in administering the affairs of this province. There is nothing in this Budget that would support the First Minister's high-sounding claims.

There is not a sign that a redistribution of wealth has taken place or is planned to take place. There is not a single sign that the lower income groups are relatively better off compared to the higher income brackets. As far as we know and as far as we can see from traveling throughout the province, there may be as many as 100,000 Manitobans who are of age, but who are not attached to the labour market in any meaningful way. A great many of them live in or originate from rural communities and locations which have neither an agricultural base nor an industrial service, or trade-oriented one. They are members of effectively forgotten social, cultural and ethnic groups who continue to subsist in these locations completely devoid of economic opportunity and a chance to develop in-course training skills.

Grand phrases, Mr. Speaker, such as wanting to achieve "greater equality of opportunity" and greater "equality of the human condition" have little meaning for these people and they represent, Mr. Speaker, approximately one-seventh of the total adult population in Manitoba. Public-spirited citizens of this province would have liked to have heard in this Budget Address

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(MR. SPIVAK cont'd) . . . . about the institutional changes, of the institutional mechanism which would have involved the participation of this group in the mainstream of the social and economic life of Manitoba. There are no mechanisms, there are no programs, there are no concrete steps of any sort. And before any one opposite bobs up like a trained seal to say that I am now advocating new expenditures of the kind I earlier criticized, let me make clear I am not. I'm suggesting that these are the areas that a government with priorities would be tackling first; and especially a government which talks constantly of equality of the human condition. The fact, Mr. Speaker, is that the rhetoric is in one place and the policy and the resources are assigned to others.

Instead of genuine reform, we have the nepotism that comes with a politicized civil service, we have mismanagement and general ineffectiveness, and the government has become a prisoner of its own past. Having committed resources in many other areas, it now finds it difficult, Mr. Speaker, to make a new start.

Last year we have had severe shortages of labour in this province and in Western Canada, for that matter. We have had inflationary pressures as a result of these shortages. What we did not get last year, however, and what we do not get in this Budget now, is a sensible manpower policy which is carefully conceived to accommodate minority groups. We do not have a manpower policy that addresses itself to disadvantaged groups to help those groups to acquire high-wage skills for high-wage jobs such as construction jobs, for example, where skills will be very much in demand in the foreseeable future.

Yet, the First Minister will tell us in the Budget that there is growing confidence among Manitobans, because of that greater equality, that their aspirations can and will be fulfilled, regardless of family background or wealth. Let me suggest, Mr. Speaker, that these words have a hollow ring to the tens of thousands of forgotten people on the fringe of economic life in this province, whose talents remain undeveloped, and whose potential remains largely uncultivated.

If the First Minister is indeed serious about his government's ideals then perhaps he will tell us whether his government intends to put his administration's social development efforts on a more solidly organized administrative basis. Perhaps the Premier will also tell us how he will account for social development costs. Perhaps he will tell us whether the Co-operative Development Department, the Department of Northern Affairs, the Manpower Corps programs will develop into responsible institutions, into agents of social change for the benefit of the poor and all other Manitobans.

Mr. Speaker, the irresponsible and heartless political exploitation of the poor by the NDP government must stop. The hypocrisy and image building must give way to the harsh realities. Poverty is real and poverty exists in this province. Mr. Speaker, it is not enough to go on repeating fine words in the belief that they eventually, they will transform the facts. In my first speech in reply to the Throne Speech, I suggested that this government had given hope to those who had none, and then betrayed them. There is not, Mr. Speaker, one proposal of any consequence in the present Budget, that would cause me to revise my earlier assessment. The government continues to believe implicitly in the power of words as a substitute for measurable performance.

It is fair to ask, Mr. Speaker, of any Budget that its goals and targets be clear, and that the fiscal measures proposed be ones that hold out some hope of realizing those targets. Now, I ask, Mr. Speaker, what might reasonably have been the themes, what might reasonably have been the targets, and what might reasonably have been the solutions offered in a Manitoba Budget in 1975? Well in terms of themes, inflation and the fear of recession are obviously paramount. But while this Budget talks about both, it fails to confront either.

In terms of targets, the expansion of home ownership and the housing supply is urgently required. Of these the Budget offers little.

Measures to strengthen the position of the small businessman and the farmer could also have been expected. They are conspicuously absent.

Steps to increase purchasing power through tax reductions were urgently required. They were passed over.

Evidence of restraint in government spending would have been most welcome. There is none.

A determined attempt to deal with Municipal and Educational financing was urgently

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(MR. SPIVAK cont'd) . . . needed. On the one, we got jiggery-pokery; and on the other, silence.

Incentives to increase both investment and productivity are also urgent. Instead of incentives we received an incomplete analysis of both the present situation and future expectations. Of concrete proposals, nothing.

Mr. Speaker, it would be praising this Budget simply to say that it was innocuous, for that might be to imply that it did little or changed little, but that such an approach was at least appropriate to the times. This Budget does little and changes little - and what it does change is by no means clearly positive - but these are not the times that warrant such an approach. The present economic conditions cried out for action and changes of substance. This Budget is worse than innocuous; it is not merely a dud, it represents, Mr. Speaker, a substantial failure to tackle serious problems.

And so, Mr. Speaker, I move, seconded by the Honourable Member for Brandon West, that the motion be amended by striking out all the words after the word "that" in Line 1, and substituting the following:

THAT this House regrets that this Government:

1. Has failed to provide tax relief to expand consumer income and purchasing power.
2. Has failed to show restraint in its over-spending.
3. Has failed to provide measures to deal with the developing problems in the areas of employment, capital investment and productivity.
4. In proposing new taxes on gasoline is in fact reinforcing inflationary pressures.
5. In its proposals on provincial and municipal taxation has not addressed itself to the problems of education, health and welfare in the municipal field.
6. Has in fact been content to index poverty and has thereby failed to institute the kind of measures that would assure large numbers of disadvantaged and forgotten Manitobans their rightful place in the economic and social life of the province.
7. Has demonstrated a continuing inability to manage the affairs of this province, as indicated by failures in the Department of Co-operative Development, the Manitoba Development Corporation, and the Communities Economic Development Fund.

MOTION presented.

MR. SPEAKER: The Honourable Minister of Public Works.

MR. DOERN: Mr. Speaker, I would like to deal later in my remarks with some of the comments just made by the Leader of the Official Opposition, but I would like to primarily deal with the extensive section in the Budget Address that dealt with the financial and fiscal arrangements between the municipal governments and the provincial government, and, to be more precise, to observe some of the activities in the city-provincial negotiations which culminated in the 1975 provincial budget.

I've been privileged to be a member of the provincial Urban Committee since November 1970, and have been a participant in negotiations with the City of Winnipeg since the inception of Unicity. I suppose on the other side there are only a few members who have had that privilege, perhaps the only one being the Honourable Member for St. James. My honourable friend the Member for Sturgeon Creek, he argues that if a person has no municipal experience I suppose they have no right to make comments on relations with the municipal government, but I suppose it might equally apply that if a backbencher has no Cabinet experience, then he has no right to comment on these negotiations as well.

Mr. Speaker, in the early stages of our negotiations with the City of Winnipeg, I believe that the members of the City's official delegation pursued an unrealistic course of action. A number of proposals were made to the City and they were asked to react to them and, in almost every instance, either from Day One or on a number of occasions from the beginning of negotiations, their answer was no. For example, they said from the beginning, although they modified their position at the end, but they certainly said at the beginning that they were unable to make any Budget cuts. They said that they were unable to enter any new tax fields. They said that they were unable to increase existing taxes and, even more surprisingly, they said by their very actions to certain developers that they would be unable to approve those developments which would in themselves lead to additional tax revenues which could in fact provide some form of relief to the Winnipeg taxpayer. So they, in effect, came to the Provincial Government, adopted a posture, and demanded that we hand over millions of dollars

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(MR. DOERN cont'd) . . . . to them so that they could in effect balance their budget. Then they attempted to hold the province responsible for those expenditures, based on their priorities.

Mr. Speaker, I believe that that in effect is an abdication of responsibility. The fundamental deficiency of City Council - and I think this has been exemplified again and again and more particularly in the current round of negotiations - is that there is a leadership vacuum. The governing party in the City of Winnipeg, the ICEC, which is some kind of loose coalition of Liberals and Conservatives, does not exemplify any discipline. They do in fact, I think, have a serious problem in regard to coherence, to developing a coherent program, and then to applying . . . Whatever way, shape or form this is done in political parties, for example, in this House, they seem to be unable to develop a coherent program and a coherent form of behaviour. They seem to be unable to mobilize their people into positions which they can then put forward or set forward before the general public. So that in this vacuum and into this breach, the Mayor of Winnipeg has stepped, and they have turned to him because of the deficiency in their own ranks and in effect asked the Mayor to come forward and to provide the leadership which they themselves should be able to provide.

Mr. Speaker, I think it is well-known that the Mayor, who has entertained the people of Winnipeg for some 20 years, has an endless number of gimmicks and an endless number of tricks in a bag that he can provide when called upon to do so. So what did he come up with this time? Well, first of all, Mr. Speaker, there was a suggestion of ads, an advertising campaign in the two Winnipeg dailies. I don't know whether this campaign extended into the weekly papers throughout the Province of Manitoba, but the first attempt was a full-page ad that went into the dailies, entitled: "You can help reduce your property tax for this year. Let the Provincial Government know you think the present tax sharing in Manitoba is unfair to you." And then there was a coupon that said all you have to do is complete this coupon and mail it and your voice will be heard. And then you were told to phone your MLA at any time, at home or in the House, and make your views known.

Well, Mr. Speaker, I suggest that if the aim of the advertisement was to rally public support, that it was a colossal failure, because there's no doubt in my mind that, had the results been substantial, had there been tens of thousands of replies pouring in, that we would have heard about it, but my information has it that there were less than 5,000, and I think it's very easy in any kind of an advertising campaign to generate several thousand responses. So, as far as I'm concerned, that kind of a response is no response at all, and not a word has been said since. There hasn't been any more talk about the popular support that grew out of that particular campaign.

The other attempt was a municipal conference, which I think made more sense, and I suppose that we're going to see more of this. And I myself don't fear this kind of activity. I think that it may be very useful to the municipalities to discuss their position. I'm sure that my senior colleague, the Minister of Urban Affairs, would welcome discussions with the City in the future and with representatives of other municipal governments.

So the conference had, as one goal, an attempt to mobilize behind the City of Winnipeg in their demand for ten percent of so-called provincial growth taxes, and I suppose from that particular viewpoint it was a success, namely that there was a large attendance and there were resolutions passed. Well, Mr. Speaker, I think that that in effect was a first impression, but as one read the report and discussed the matter with people who were at the conference, etc., I think it's clear that there was less unanimity than at first appeared, and that there were in fact some substantial differences of opinion which did not come out at the meeting. The meeting was well handled and carefully staged so that, for instance, motions were only put later in the day because apparently the first thing that happened was one delegate got up and put a motion in effect supporting this kind of ten percent position, which would have in effect made the rest of the conference redundant or repetitive, and as a result he was discouraged and told to bring in his resolution later on. So, as I say, although I think superficially this was a success, I think that there were wide differences of opinion. As one delegate said, one prominent delegate, he didn't want to sort of spoil the party; he didn't want to be the spoil sport who ruined the birthday party.

I notice that the Leader of the Official Opposition said - I didn't hear him really stress this in his speech today, but he said that he supported this growth tax plea. He said that he was in general agreement. Just like the Leader of the Liberal Party, he said that he was sort

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(MR. DOERN cont'd) . . . . of for it too. It's very vague exactly what both of them stood for other than I think they saw a group who obviously were attacking the government and they thought, well, we better get in line here because there's obviously some flak flying so we'll get in there and throw some in ourselves. This must be the right side because it couldn't be the other side because that's where the enemy is, so we'll go with the anti-government position.

But then the Leader of the Opposition was very careful to point out that he wasn't for any increases in taxes; he was arguing that it would be very bad to increase other forms of taxes. Well, Mr. Speaker, I'd like to know where the money will come from in terms of . . . if growth tax revenues are turned over to the City government, where will that money come from? It strikes me that it can only come in a variety of ways: One is by adding to the existing forms of taxation; the other way would be to have the province give up revenues, which in effect means the province would give up various programs and various priorities, abdicate them, and in effect adopt the City of Winnipeg's priorities and place certain municipal priorities ahead of provincial priorities. Well, if the Leader of the Opposition intends to do that, that's fine, but I think he should specify just which programs he's willing to erase, which ones he's prepared to reduce, and to in effect clarify his particular position.

I'm also not surprised, Mr. Speaker, that people attended this particular conference. Letters were sent, which were certainly most attractive, to each municipality, and I've seen a copy of one or two which said in effect, "You know, you are now getting so many hundred thousand dollars in terms of revenues from the Provincial Government. If you swing with us, you'll get two or three times as much in terms of provincial revenues." Secondly, of course, you'd get a free lunch and a reception and a cocktail party, etc. And I think there was considerable pressure on people to attend. There was certainly a carrot in the sense of a financial incentive to attend, a possibility of increasing revenues for your municipal government. And then of course there was a stick: namely, how dare you not attend, if you didn't attend? Did that mean that you really weren't serious or sincere about getting more money for your municipality out of the Provincial Government? Well, I think that was a pretty successful concept in the sense that it sounded good, but, as I said, I think there were some considerable flaws in the outcome.

And then of course, as my honourable friend the Member for St. Vital says, then there was finally the ultimate weapon, the threat by the Mayor that he would stand or fall on that issue. People were of course horrified at the prospect of a resignation. The Mayor said he was very serious about this. He said, "I say this from the bottom of my heart. I have no axe to grind. The showdown is here. I'll stand or fall." Well, I don't know whether the press reported that correctly or not. They obviously didn't hear it right, and probably what he did say was, "I will stand and fall on this particular issue," because there's no doubt that he fell flat on his face in terms of the reaction of the Provincial Government to the so-called ten percent share of growth taxes asked for by the City government.

Mr. Speaker, I think it should be made clear as well that what has been asked for was a share of a whole variety of taxes, but a growing one. Some people forget that as early as 1972 . . . I have one document dated late 1972, I think was the first time that the city put this proposal to the Provincial Government. It wasn't a case of 10 percent as a flat figure but it was a case of first of all a 5 percent figure in the first year then growing to a 10 percent figure in the second year, then 15 percent, 20 percent and finally 25 percent of a significant portion of provincial revenues. Well, that's the concept that was put forward and that's the concept that was not accepted by the province.

Mr. Speaker, I outline four points in terms of what was said to us by the official delegation when they came to negotiate, and as I say the first thing that they said in effect was that they couldn't cut their budget, that they had in effect done all that they could and that there was nothing more that they could do, that this was a sort of bare bones budget. Well, I think, it has been demonstrated in the last month that there was some fat in the budget and that there was some that was trimmed from it. "Fatty bone" as my honourable colleague suggests.

Mr. Speaker, I submit that if the Provincial Government had not been firm in its negotiations, that the original budget would have been passed and the result would have been that the taxpayers would have probably paid an additional four or five mills over and above what they are paying now, just in terms of the potentials of budget cutting. I want to single out a couple of examples of expenditures, proposed and included, that were slightly reduced. There



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(MR. DOERN cont'd) . . . . was in the original proposals as we saw them, staff man-year increases of the order of 269 additional positions that were proposed. Later on there of course were adjustments made. There was a Hydro surplus from the year before of I think a million or a million and a half dollars it decided to include, which was kind of held back or held aside. Later on there was \$65,000 for a public relations department which apparently was needed and then reconsidered and then finally ejected. And there are other expenditures like the costs of the conference, probably some \$5,000, \$2,500 for ads etc.

One of the more surprising, I think, budgets put forward by the City was their capital budget that at this particular point in time is two and a half times what it was a year ago and this is at a time when the province has put forward a smaller capital budget that the City is significantly expanding theirs. This is a time when I think the City representatives could consider shelving certain projects and planning certain projects that would possibly be brought forward at a more preferable time, perhaps when unemployment is starting to rise significantly or perhaps when interest rates are falling. So we did not get a picture in our negotiations of the City coming forward with a very sort of tight budget. We got a picture that there was in fact areas where adjustments could have been made and should have been made.

Mr. Speaker, it's never easy to cut a budget. It's always a very painful experience for all the participants and I don't think that any of us can be very impressed with the fact that an original budget proposal gets reduced in the process. I think this is normal. That the administration often comes forward with fairly significant proposed increases, these are looked at usually a number of times and there are usually a number of cuts and a number of exercises to get that budget down, and I know that all of us in the Provincial Government feel the sting of the axe when the Premier wields an axe and chops millions and thousands and hundreds of dollars out of the various departments.

Mr. Speaker, a second point that I want to deal with was the suggestions, which I really think were aids or helpful suggestions, namely things that could be considered that were put forward and came out of the Provincial Government from the Department of Urban Affairs. Now I think the point wasn't that the province said these were the kind of taxes that the City should levy, I think that the Provincial Government did some research and said, here are some areas that you could consider. If you want to implement them, proceed, if you don't fine. But this is simply a helpful list which we provide for your consideration with no strings attached and so on. And much has been made of this secret report and so on which has been leaked or appeared in the press on a number of occasions and there was a section called new "revenue sources for the City." If the City needed more money over and above the property tax, well here is where they could obtain it from. Such things as the possibility of a hotel-motel rental tax; possibility of a tax on liquor purchases; possibility of a tax on restaurant meals; certain fees that could be levied in terms of motor vehicles; possibility of a payroll tax or additional land tax and so on. That was simply put on the record as possibilities and the reaction was I think, in general, on a number of occasions "No", "No" to all of them.

Well, although the people in the official delegation rejected it, those proposals, some of the councillors did not and there was some debate on City Council. I think that the people who expressed their views have to be given some credit for at least being willing to consider and to look for new sources of revenue. For example, Councillor Steen just the other night put a motion that the liquor tax in the City of Winnipeg be increased. I think by a fairly close vote that particular proposal was rejected. Councillor Wankling at one time said that he thought that the City should consider a special sales tax levy. Councillor Corrin suggested that a hotel tax might be considered in relation to the significant expenditures and stimulation coming out of the Convention Centre. And Councillor Skowron suggested a land enhancement tax or a tax I suppose on - that would apply in the case of re-zoning and windfall profits therefrom.

My friend the Member for Fort Rouge, if I'm quoting him correctly, I believe in one speech was quoted in the paper saying that he thought there was some validity to a hotel tax or possibly some other forms of taxation that the City could consider and I have to characterize him as a reasonable man and therefore one who is willing to at least consider these forms of taxation.

Mr. Speaker, when it came to increasing existing taxes, the City, in many cases, rejected that as an alternative. There was some modifications made on permits and other taxes, but in terms of Hydro rates there was really quite a difference of opinion. There was first of

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(MR. DOERN cont'd) . . . . all a debate, then a suggestion that this was going to go before the Public Utilities Board, that even though the City of Winnipeg Act said that Hydro rates had to be equalized the City's reaction was that they weren't going to do this, and only under, I suppose, some pressure and some sort of reason eventually reigning, did they agree that this had to be a necessary procedure.

Much of the debate centres around the concept of growth taxes and, Mr. Speaker, I've listened to this now for a number of years and I've read everything in the papers and listened to the radio and television and so on. I have to conclude that this really ultimately is a semantic debate; that by growth taxes, people who use that expression mean provincial taxes. That's what growth taxes is. Provincial taxes are growth taxes; City taxes are not growth taxes. I think that can be certainly challenged, that there is annually increasing assessments in the City of Winnipeg; there was a \$55 million increase between last year and this year in terms of assessment, and that there is always increasing amounts of construction, and I might point out as an example that the Province is going to pour considerable amounts of money into the inner core area which will provide moneys for the City of Winnipeg.

I also find it rather peculiar that at the very time that our negotiations were being conducted that the City said no to one of the largest commercial developments ever proposed in the City of Winnipeg. At the same time they were saying, "We're short of money; we need money," they were saying no to the proposed CN-Great West development down Broadway and Main; a potential \$150 million development with a potential \$10 million in annual tax revenues was being turned down at the very time when they were coming to us and asking for additional millions of dollars. And I think it's very hard to comprehend how money can be turned down at the same time that it's being asked for from another level of government.

So, at the bargaining table it was no budget cuts possible, no new taxes possible, no increased taxes possible, and no to some multi-million dollar developments. And away from the bargaining table there was really an attempt to make an end run by putting pressure on the province through fancy advertising campaigns and the holding of conferences.

Well, Mr. Speaker, what are the facts of provincial-municipal financial arrangements? The province oversees some 202 municipal governments, including R. M. 's, cities, towns, villages and LGDs, and what basically happens is that the billion dollars in tax revenues that are levied from the citizens of Manitoba by the province, and the moneys that are obtained from Ottawa, which are of course also obtained from citizens of this province, that those tax revenues are distributed to the municipalities and through the municipalities to the citizens of Manitoba. The money flows back through various education programs, health programs, welfare programs, and so on. In 1974 some \$424 million out of \$849 million, which was our budget at that time, about 50 percent of our total budget was spent for the benefit of Winnipeggers. In direct payments we provided to the citizens of Winnipeg for part of their municipal and school budget some 45 percent of the total municipal and school budgets for the City of Winnipeg, 120 million out of 160 million.

And you know there's no doubt, Mr. Speaker, when it comes to cost sharing that the City is very fast on the draw. I think the City has asked us to cost-share practically everything that they do; the requests are never-ending. Mr. Speaker, every time the Mayor buys an ice-cream cone he comes to the Provincial Government for a grant. I have sat through these meetings; I have listened to proposals being put to us, and there's very few times, very few times that I think the City has been turned down when it comes to cost-sharing for studies and all sorts of programs. I've seen endless requests, and I've seen endless agreements, so I think in that area we are fairly generous. However, if the City moves too quickly in the area of cost-sharing with the senior levels of government, or asks the province to take over more and more of their responsibility, there's also a danger they might do themselves out of a job.

At various times we have listened to City spokesmen who have said that they want to get out of welfare programs, they want out of public housing, land banking, recreation, and many other programs. And if they want a measure of control they must pay a portion of the costs. It's obvious that they must tax then for a portion of the cost. So this can only be accomplished by strict budget controls, increasing taxes, entering new tax fields, encouraging development, and continuing new areas of cost-sharing with senior governments. If those are not followed then they must reduce their level of services, or they must abdicate the responsibility for these programs and they will then be taken over by the senior government.

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(MR. DOERN cont'd)

Mr. Speaker, I believe I have about five minutes to go: is that correct? Six, thank you.

Mr. Speaker, the basic philosophy of the CCF and the NDP I think still holds, as it has for a long time, that services to property should be a municipal responsibility and services to people should be a provincial responsibility. I would now like to turn briefly to the proposals, some of the newer programs perhaps that have come out of the 1975 budget which was presented to us late last week by the Premier.

The New Democratic administration has increased its financial assistance to the citizens of Winnipeg through the Manitoba Property Tax Credit and the Cost of Living Tax Credit Plans, and I would like to read into the record again one paragraph which I think deals with the difference in approach between the Provincial Government and the City Government, and the Provincial Government and the Leader of the Official Opposition. An alternative has been suggested for the province to . . . well this is the suggestion: Some have argued - I'm now quoting from Page 14 at the top - some have argued that what could be accomplished by having the province cut some of its own programming; what could be accomplished by eliminating the Property Tax Credit Plan and by transferring that entire amount directly to municipal governments. Our government has rejected this suggestion because it would mean an end to property tax relief based on the ability-to-pay principle. In addition it would mean that tenants who pay property taxes through their rents would no longer receive direct benefits, and it would also mean that a substantial portion of funds which are now used to relieve farm and residential property taxes would be diverted to reduce property taxes on revenue bearing commercial property.

Mr. Speaker, we represent on this side of the House about 80 percent of the ridings in the City of Winnipeg and therefore that percentage of the population, and our desire to implement useful programs and good government for the benefit of the citizens of Winnipeg is second to none. At the same time, Mr. Speaker, that we will be providing greater financial assistance, as we have, first of all, to the citizens, we are also going to provide greater financial assistance to the city administration.

My colleague the Minister of Urban Affairs outlined an additional \$1.8 million in revenues that were going to the City of Winnipeg for unconditional grants, libraries, transit, public health units, etc., and we have also announced that we are adopting the new program whereby two points on personal income tax and one point on corporation taxes will be dedicated to municipal governments, with the possibility of increasing those percentage points if there is some agreement among municipalities.

Let me make this one point clear, however, that the financial assistance provided to Winnipeg was in spite of the actions of the city's official delegation, not because of them.

Mr. Speaker, more direct aid might have been provided if there were, I think, signs made of a sincere effort to pare the budget and strive for new sources of revenue, but these were not forthcoming. Nevertheless, so as not to restrict the existing council, the province generously provided greater financial assistance to them.

So, in conclusion, I would simply say that the 1975 Provincial Budget means more financing and more potential tax room for the City of Winnipeg Council, and additional tax relief for the citizens of Winnipeg through our Property Tax Credit Plan and our Cost of Living Tax Credit Plan.

. . . . . continued on next page

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MR. SPEAKER: The Honourable Member for Fort Rouge.

MR. AXWORTHY: Mr. Speaker, I rise to enter a few words on the record in this Budget Debate and perhaps start by making, if I might be permitted, an observation that perhaps might be shared by the Honourable Member from Morris who, I suppose, had experienced in his own day many observations about the development of Budget Night in Ottawa which, if I recall my own experiences in that city, was considered to be one of the high festival days of that particular democratic process, when there was a great deal of excitement and vitality in the air, and both sides were charged with a sense of impending excitement about the prospects that the new budget would bring about. And I must confess, Mr. Speaker, when I compare that experience with the particular kind of festivities we have initiated beginning last Thursday, it reminds me very much of a party in Manitoba that no one really wanted to come to. It seems to be particularly a desultory and somewhat sort of pedestrian performance on all sides so far, and perhaps it may be that the Minister of Public Works is right. It just may be a sign of the increasing jadedness of our community, of which I am certainly a part, that we really have a disbelief now in really what in fact the budgets are all about, that there has just been such a velocity and frequency of financial manipulations and double talk and exaggerations and "new think" and all the other kinds of clichés that have appeared, that no one really believes any more that it makes much difference - and maybe in fact it doesn't. And even though we go through the same kind of minuet, where the First Minister arrives with a dyed boutonniere in his lapel, followed closely on the heels by the Leader of the Opposition with a boutonniere also dyed, I would hate to point out, Mr. Speaker, to the members of the House, that only those of us who are in poor, hard-working but honest parties aren't able to afford such ornamental extravagances in our presentation, but I suppose it's a sign of the times that when one is temporarily reduced in numbers, one must sort of get down to the bare bone of facts and not acquire certain kinds of totally irrelevant additions to the procedure.

But even though, Mr. Speaker, we seem to be copying the form and routine of the budget high festival, the end result really reminds me of kind of an academic sherry party where someone is being very polite and there are certain kinds of traditions and conveniences and conventions honoured, but that in fact really all that occurs is the same talk and the same clichés and the same kind of discussion that occurred the year before and the year before. So, on the one hand, we have the First Minister presenting us with the basic proposition that all is right in "Fat City" and that everything is up-to-date, and on the other side we have the Leader of the Opposition pretending that we are teetering on the verge of purgatory, about to fall in and be banned for our eternal sins simply because this province happened to make a mistake of electing the wrong government six years ago. And I must confess that while that . . . All that that really has, Mr. Speaker, reminds me, if I may revert for a moment to a certain theatrical allusion of the kind of routines that one sees in the Comedie de l'art, where someone is wearing the joker's hat and someone is wearing the fool's hat, and they keep saying the same things, and all you get is a slight variation of characterization each time but the format and the routine is identically the same, and I suppose that any member of this House could, if he was like Rip Van Winkle sort of projected 20 years backwards or 20 years forward into a budget speech, wake up and not really feel he's been out of place at all.

So I suggest, Mr. Speaker, that perhaps the one contribution that our particular group might make today is that, as I say, having been temporarily reduced in numbers, we perhaps are able therefore to approach the perspective of a budget in a somewhat rigorous and routine way because we have the opportunity of looking at it in a somewhat more dispassionate and perhaps even more objective light, as to what really can a provincial budget do; what really is it out to accomplish; and I think try to cut away a lot of the hyperbole and a great deal of the exaggeration, and certainly I hope, for the sake of the record in Hansard, cut at least by 75 percent the cliché-ridden words that almost seem to be part and parcel of any kind of a budget presentation. So I would simply suggest, Mr. Speaker, that we approach our contribution - and I speak on behalf of our group - hopefully in that light. I can't guarantee that I will end up being true to my intentions but I will certainly make every effort.

I'd like to begin, Mr. Speaker, by suggesting that the real question I suppose we should face in what everyone concedes to be very troubled economic times, is to ask the question in fairly realistic terms as to what is it that a Provincial Government, with its fiscal armaments, is able to accomplish? What really is within the range and orbit of provincial sort of effect?

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(MR. AXWORTHY cont'd) . . . . We have heard, and I simply repeat, many times that all the causes of our economic ills are spawned by foreign shores or find their source in Ottawa, and certainly in reading the First Minister's speech one would feel that, and I think properly so - that he addressed himself in part to some of the responsibilities of the Federal Government, because there's no question that if there is any level of government whose budgetary activities may affect certain economic trends and patterns, that it is on the federal level. And I would say that I don't condemn or criticize the First Minister for providing us with a certain lecture on what federal Liberals should be doing in their budget, and I, for one, will be certainly happy to pass it on, with of course some amended notes and sort of footnotes.

But the real question which I don't think the Premier faced, which we found very disappointing, was he didn't really come clean and say, "Look. This is the kind of budget that I'm presenting because this is what I think a provincial budget can do." He didn't set properly, to my mind, the limits and the restraints as well as the opportunities for deciding very clearly the kind of initiative that's within the jurisdiction and responsibility, and in fact obligation of a provincial government. And so, Mr. Speaker, we would like to present to the House really a test, or three basic tests, by which one could measure the provincial budget. The first test would be: Does it really accurately portray the economic realities of the province? Does it give a picture of both the good and the bad? Does it really set for citizens of this province a clear assessment of the kind of conditions they must face?

The second test that we would like to put forward for measurement would be: Will the measures proposed have the impact upon economic conditions that is intended? In other words try to determine, at least at this stage, whether the measure . . . and there were not many of them but there were a few, will they really do what they say they will do?

And thirdly, and perhaps most importantly, Mr. Speaker; is there a clear blueprint of policies within that budget to guide the future economic performance in the province? And that particular test we say is most important, because if there is any one responsibility that a leader of a political party of whichever persuasion has, is to set forward some degree of inspiration, if you like, some degree of guidelines, some degree of, I guess what used to be called, I suppose, in the Kennedy years, some forecast of future possibility. And it is that test in many cases which is the most important responsibility of the politician, because he is the one person who supposedly is able to synthesize the concerns of people, to put them into a language and a form which would represent clearly what is feasible and possible within the area of his jurisdiction.

Now, if we put those three tests up against the present budget, Mr. Speaker, we would have to say that the performance of the Honourable First Minister and his budget is not very impressive, and this conclusion is based upon the following kind of analysis. To begin with - and I think the Leader of the Opposition has covered some of this area - that while the First Minister produced statistics to show that in relative terms the province fairs no poorer than other provinces, he did not address himself to very key and important segments of the economy which we feel should have been looked at in much greater detail.

The first major question is the fact of unemployment. We have suggested several times in this House since the session opened that the capacity of this government to affect unemployment is central; that the introduction of manpower policy is an area where the province has a real role to play. And we are very pleased to see, for example, that the Leader of the Opposition has now picked up that particular refrain, and we are very glad that we have at least got one convert to that message and we welcome him to the fold in endorsing it. We are very pleased to see it in his budget speech. He adopted - or perhaps we may use the word "borrowed" - some of the proposals that we've been putting forward in the area of manpower policy. But the reason for it, Mr. Speaker, is that at the present stage, while you can present aggregate statistics on unemployment which says we have 4.6 and therefore we are 1.2 percentage points below the national average, that is really a gross misstatement of some of the realities in the province.

For example, one reality which I think is most desperate, is the fact that while the average rate of unemployment over the past several months in Manitoba has been hovering between four and five percent, the average unemployment for a young male and female in a work force between the ages of 14 or 24, below 25, is double that; is close to 10 and 12 percent. Now, that is a much more important statistic than the ones produced by the First Minister,

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(MR. AXWORTHY cont'd) . . . . because they tell you an awful lot more, as we have tried to say in this House repeatedly, about the sources of social problems, because there's an awful lot more about the reasons why young people are leaving the province. It tells you an awful lot more about the failure of all the many kinds of programs that have been produced by this government to try to deal with the problem. The fact of the matter is that there is a hard core structural unemployment in the Province of Manitoba which has not so far been susceptible to any of the efforts produced thus far by this government, and that doubling of the unemployment rate for that group of people in the population is still there; and what is even more serious, Mr. Speaker, is that as we begin to face some of the problems of recession, that that group of people in the population will experience even greater rates of unemployment. And as people come into the work force, out of schools, without the skills or experience to recommend themselves to new employers, they will increasingly from a larger and larger concentration of dissatisfied and disadvantaged people in this community. Now that is an economic reality of the Province of Manitoba, one which was not touched upon at all, in any way, by the First Minister.

The second reality, and I think that I only need mention it because it has been mentioned previously, is the fact of the problems of the Consumer Price Index in Winnipeg being one of the highest in Canada. And I don't think that we're trying to say that Winnipeg is worse than others, we're simply saying it's there. And again, because it is there, because it is a reality, it does mean that this Provincial Government should address itself to that fact. It shouldn't simply say, well, we're not much different from anybody else and that, relatively speaking, we'll get by. That's not good enough. Because what it really means to say is that we must begin analyzing much more carefully the target areas which cause the kind of inflationary factors in our own community. And in this case, Mr. Speaker, I think we would take a position quite different from those that I've heard from the Leader of the Opposition or the First Minister, in terms of one which would go about approaching that, but I'll come to that later.

A third point that we would say in our analysis is the serious drop in housing starts in Manitoba. I would have to suggest, Mr. Speaker, that the First Minister can be charged very honestly with duplicity in this fact; that he very quickly skimmed over and said, "Well, we had more completions this last year than we've had before." I simply want to put on the record this, Mr. Speaker, that the rate of housing starts in 1974 in Manitoba was at their lowest peak since 1968. Now that is six years ago, and in the meantime our population has gone up by at least 100,000 and the demand for housing starts has increased even more multifold because much of that population involved has been caused by new families, young people coming to the school system, that post-war baby boom. And so when the First Minister stands up and complacently says, "We're all right, Jack," I would say to him that he is either sort of blinded in one eye or has his sort of analytical finger in his ear, because he certainly is not recognizing what is a real fact of life in Manitoba, and that is that we are seriously short of housing and that that particular problem will not be answered by the often repeated, in fact too often repeated response and refrain from the other side, that "we've got a public housing policy." Well, we have a public housing policy but it's not working in the City of Winnipeg, because we're not building any public housing. So if you have a policy that's not doing anything, it's not a policy. It's a bankrupt policy. It's a policy that is not working, but the fact is it's not a policy any more because it's just simply not doing anything. And the Premier simply did not address himself to that reality, and neither has this government addressed itself to that reality.

We would also like to point, Mr. Speaker, again to an area which has been repeated time and again in this House, and that is the worsening of industrial relations in this province. We are part and parcel of a general condition of labour dispute across Canada, but we also have our own peculiar and particular conditions that I don't think we have faced. We have attempted to point out in debates in this House that there were specific kinds of results and consequences after the government brought in the whole question of public service bargaining. And while this party supported that principle, we were also suggesting, and suggest now, that it does bring to bear a different set of relationships, a different set of organizing principles on the whole collective bargaining arrangements, and that that required government to take a response to it, required it to look much more carefully at what is involved in public service collective bargaining.

Well, it wasn't done, Mr. Speaker, and we are now paying for that omission. We are

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(MR. AXWORTHY cont'd) . . . . now paying for the fact that we in public service agency after agency - that's hospitals or schools or universities or civil employees - we are now paying the price of not having developed a comprehensive approach to public service industrial relations. Now the First Minister said very little about that.

In company with that, Mr. Speaker, the First Minister didn't really talk about what is probably the most serious question in many cases faced by provincial governments, and that is the burgeoning problem of escalating and ex-potential increases in health care costs and education costs. Again, this province is not alone in that problem, but it certainly hasn't indicated how it hopes to deal with the problems. We get a number of ad hoc responses, we get sort of putting out fires, we get running negotiations, we get sort of posturing and positioning, but we don't really have an honest statement by anybody, including the First Minister, to say, "Look! The federal and provincial governments a few years back decided, in their wisdom and by the wisdom I guess of most parties, that we feel it's a public responsibility to support certain major goods and services in the public sector. We're creating a public household in effect. But what we didn't do is we didn't properly estimate those costs, and all of a sudden the cost of health care and hospital beds and doctors' salaries and the technology of medicine is ballooning. We've got to come to grips with that problem." And how do we come to grips with it? Well we don't know, because we haven't heard anything. There's been no leadership shown.

So, Mr. Speaker, these are all areas where we would expect some very straight talk and direct action. Instead, the Budget Address contained really a somewhat pious lecture on what the Federal Government should do, and a restatement of an increasingly confused formula of wage and price restraints. Now I think, to be fair to the First Minister - and I think we should try to be fair because I think we should be fair to any person who has responsibility for fiscal management these days - we should at least ask him for some benefit of the doubt, and that is, without taking any more shots at him, to come forward with a clear statement on what does he mean on wage and price restraints as it applies to Manitoba. Now we know his position at the federal level and we know his job only in other jurisdictions. We simply want to know, what does that mean within the province? What can one do within this jurisdiction to provide some restraint? There are areas of the provincial economy which we suggest are especially in the areas of jobs and manpower and housing, which are directly susceptible to provincial initiatives. But, as we have pointed out, these were ignored, and the province will suffer as a result.

Furthermore, while talking about restraints, the Premier hasn't yet told us how they will be applied in Manitoba, and we haven't really heard from anybody on this side of the House, or from that side of the House, what should be done in terms of the impending construction of labour disputes; what should be done in the public service areas. Just some guidelines, just some examination of saying: Here's the economic facts of life. Here's what the province can afford. Here's what it can't afford. Here's what we should be doing. Here's what we shouldn't be doing. Just give us some dialogue, if you like. The First Minister introduced his speech by quoting from Franklin Roosevelt. Well I would suggest that perhaps he adopt some of Roosevelt's own techniques and give us some fireside chats with the public. Let him tell us what's on his mind. So far he's been involved in some kind of Olympian dialogue in abstract terms with himself and some creature out in space as to what it all means. So we simply say, let him talk straight to people. Let us know what's going. What does he see in terms of restraints, in terms of wages and prices and profits and so on, in the Province of Manitoba, so that we can then respond, as we should, and say, "Yes, but how will that solve the problem?" That there are serious bottlenecks in manpower supply; that if you start putting a squeeze on profits you're going to put even more of a squeeze on capital investment, and therefore impede the growth of more jobs and more development to deal with economic recession. Because restraints is a two-sided coin, Mr. Speaker. In some cases it can slow down cost increases but at the same time they can build up bottlenecks which, if they build up too high, will simply put a tremendous sort of grip on the economy and at some point it's going to explode.

Even in the area of federal-provincial relations, there was nothing really in the way of policy issues. The First Minister gave us, admitted in fact, that several critical renegotiations were approaching. But there was absolutely no indication of what Manitoba intended to do in these negotiations. It was a bald statement of fact which said we're going to be talking

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(MR. AXWORTHY cont'd) . . . . about health care and higher education and all the rest of it. But unless some reorganizing takes place in the funding of higher education from the federal purse, of health services, of manpower policies, then this province will be very shortly forced to cut back on those services or impose a very considerable or intolerable tax burden on the people of this province. But the Budget Address really offered no proposals in this area.

Mr. Speaker, we are simply suggesting that the Budget should be an honest document, set out the bad as well as the good and, more importantly, outline ways and means that the government intends to apply its economic policies to meet real issues. And all we can simply say is that Mr. Schreyer is guilty of some very serious omissions and a lack of candor, and perhaps even courage, in facing up to Manitoba's situation in what are very obviously troubled times.

Secondly, Mr. Speaker, while we say that the economic reality hasn't been faced, we'd also like to put to the First Minister the measure of how effective are his new proposals going to be, and in this area we would only suggest that the Budget contains a high degree of ambiguity. It's very difficult to determine what the impact or the outflow of his measures or proposals will ultimately be in this province. We would suggest that the additions to the Property Tax Credit Plan were designed to soften the effects of inflation, that they will provide only limited relief for only a small proportion of people in this province. For the person in the middle income range, it offered no relief at all. The extra \$25.00 property rebate will certainly be consumed in increased gasoline prices.

It's important to point out, Mr. Speaker, that at this stage in our tax situation, the taxpayer who makes between approximately \$9,000 and \$19,000 or \$20,000, the middle income taxpayer as he now lives in this province, who represents about, oh, 35 percent of the taxpayers, is paying over close to 45 or 50 percent of the tax burden in the province, and that there really has been no change since this government came into effect. So when we're talking about equity and talking about distribution and talking about balancing the costs and the benefits out, we'd simply say there has been a large group of people who have been frozen in, or locked into the position where they're carrying the load. And if one had a look at how one would diagram the tax-paying burden of the Province of Manitoba, it no longer is a pyramid, which members on the other side would like to suggest, it's more like a diamond, with a broad band in the middle of that range. And, Mr. Speaker, these are not sort of the plutocrats and all the rest of the elites that members opposite often refer to, because if you look at who is making, you know, upwards of \$9,000, it's the carpenter, it's the miner, it's the white collar worker - these are the people who are paying the burden. It's not sort of the Manitoba Club inhabitants who are doing it, it's the broad band of Manitobans who are doing it and they receive virtually no feeling that somehow or other, at some point, their tax burden will be decreased. Even those in low income, we would suggest, would have benefitted far more if we had attacked directly the causes of inflation rather than simply trying to cushion them against the increasing costs; that while an extra \$75.00 may be a good thing to have, it doesn't help very much when your rent has gone up \$400.00, which is what's happening presently in the City of Winnipeg. In other words, if we had a serious attempt to deal with the housing crisis, it would be far more beneficial and positive than simply again providing a cushion.

Because what's happened, Mr. Speaker, that cushion is getting worn out. It's getting thinner and thinner, and the bumps are getting harder and harder. And we're simply saying that that simply shows that the kind of Pavlovian response of saying, "Boy, we had a good idea a couple of years ago called the Property Tax Credit. Let's just keep sort of adding to it," simply won't work. The times call for different responses than that. --(Interjection)--No, we're simply saying that it's not enough. I think that the Minister of Public Works, he unfortunately is possessed by that kind of Manichean economy that is part of an old kind of religious movement which sees everything in black and white; if it isn't one thing it's got to be the other thing; it isn't possible to see that there are alternative ways and multiple ways of dealing with problems. It's either got to be my way or the highways, I'm sure he's used to saying to certain people. And I think that there are other ways than his way or the highway, that there are multiple ways of solving problems.

Now, Mr. Speaker, I'd like to spend a moment talking about the idea of the tax sharing. This is the other major measure. The Property Tax Credit Plan is acceptable but getting a little worn out, and perhaps, as we simply say, a fairly limited and very thin kind of response



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(MR. AXWORTHY cont'd) . . . . to the problem of inflation. A much more creative approach would have been to deal with the problems directly at their source rather than simply trying to cushion them over.

But the other proposal which was contained in that area was the whole question of the tax sharing, which was described as innerveiled. I think the word we would use is "tricky". I think it's an interesting approach. I think it's one that deserves honest examination. And I think that certainly we fully agree with the idea presented by the First Minister that it is one way of producing accountability on the part of City government. There is no argument with that principle at all.

But there are many unanswered questions that go along with that particular question of tax sharing. To begin with, this whole question of who is going to decide what the new tax points will be. There is that interesting phrase in the Budget Speech called "a majority of municipalities," which assumes that somehow the City of Winnipeg and Crystal City are going to have to find a consensus as to what their tax requirements are going to be. Well, Mr. Speaker, that's kind of like asking sort of a chicken and an elephant to get harnessed together in a common approach. In fact, the Minister of Public Works described a more effective argument than I can when he described the kind of show place that went on at City Hall two or three weeks ago. And of course to try to get the City of Winnipeg, which has a very different tax base and requirements than smaller rural municipalities, to work out common agreements as to what they want in tax sharing, I think may be - and I'm simply suggesting it - may be an interesting way for the Provincial Government to get off the hook, because they know that that agreement is very unlikely to be produced. And if it is, then it's simply throwing sort of the onus back on to those sort of range and variety of municipalities, saying, "You work out the problem and come back to us, and then we'll decide if we want to go along with you or not."

Well, Mr. Speaker, that gets to be a very awkward case and begins to look . . . You know, it reminds me, in fact, of sort of suggesting that we're going to solve the Middle East crisis to the Geneva Conference. There's just too many parties with too many different interests with too many vested kinds of positions, to really assume that some solution would be forthcoming.

Secondly, Mr. Speaker, in terms of unanswered questions in this tax sharing thing is, is really . . . --(Interjection)--Sure.

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

MR. SAUL CHERNIACK, Q.C. (St. Johns): Would he agree that the Budget Speech states, in reference to what he said earlier about a majority of municipalities, that that is not quite the same meaning as the phrase, "if requested to do so by a major number of municipalities"? Would he agree that's not a majority, or not necessarily a majority?

MR. AXWORTHY: Well, Mr. Speaker, if the ex-Minister of Finance, or the Member from St. Johns, would like us to go through a kind of analysis of words, then I would say, even if he is attempting to suggest that a major number of municipalities are required, that once you get past Winnipeg and Brandon in terms of large populations, you're back into groups which are below 10,000 range. And a municipality of 10,000 people with a very limited industrial base is very different from one that has a half a million in it. They are, as I said, they are elephants and chickens trying to get harnessed together. So whether he thinks that we have to get them all harnessed together or we're simply going to try to get a few of them, a majority or a major number, I think is simply quibbling. And I suppose that that is a matter of habit for the ex-Minister of Finance.

Another question, Mr. Speaker, that we feel should have been answered or put forward as part of the Budget presentation, is some direction as to whether there should be the division of . . . between property taxes and the income and corporate taxes. Is there going to be also any basic reform in the implementation of property tax? And, Mr. Speaker, this is an area of great importance in the economic and fiscal base of Manitoba, and the idea of tax sharing is all right, but it does nothing with the obsolescent, awkward and oftentimes counter-productive impact of the present arrangement of property taxes. We have talked about it, in fact the Minister of Municipal Affairs is going to present a land use program and, I think anyone who looks into the whole question of land use knows that perhaps one of the most important determinants of land use is a tax policy, and yet we have a property tax system in this province which tends to encourage speculation, which tends to provide for a sprawl and a wasteful

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(MR. AXWORTHY cont'd) . . . . use of land, which it has sort of a limited use in terms of trying to control urban growth. And yet there is no discussion of that. There is no discussion of how, in company or in concert with tax sharing, we should be looking at a more comprehensive reform of the whole property tax system. We don't have a concept in this discussion that the First Minister produced, of how and whether the tax-sharing agreements will bring Winnipeg finally into line with other cities in Canada.

I would simply like to find out, Mr. Speaker, that the figures as of last year, the best that we could get from Statistics Canada, shows that of every dollar spent in revenue by the government of the City of Winnipeg, they receive less in senior government transfers than most other major cities in this country. So we're simply into a . . . proposition. I think, to recall the figures offhand, I believe that of the dollars raised, about 39 cents comes from senior levels of government in Winnipeg and 45 cents in the City of Edmonton, which simply means that Winnipeg has always been behind in any of that, in terms of that direct transfer. So in fact what he's simply saying is tax sharing will simply bring Winnipeg almost up to the position of every other city. Now that is, I think, a question that should have been raised, but we didn't hear any real discussion from the First Minister in that respect. In other words, Mr. Speaker, this whole question of tax sharing is an innovation in isolation. It doesn't address itself to the number of integrated and interdependent questions of public finance as they apply to the local level.--(Interjection)--Mr. Speaker, I think because my time is short, if I have time at the end I'll accommodate the Minister.

So, Mr. Speaker, that's why we make a call for a very clear statement, a comprehensive statement on local government aid. And there isn't a policy, Mr. Speaker, for that. The same lack of policy is in their other proposals. They talk about aid for libraries but they don't talk about a regional library policy. Again, it's putting money out without any policy around it. They talk about - and I think the First Minister sort of got off base when he started talking about "we're going to provide assistance for electric urban transit," without ever having an urban transit policy. All of a sudden, he's saying, "I'm going to support trolley cars," when we don't really have any kind of system worked out as to what the urban transit needs of Winnipeg are. In other words, again he's taking shots in the dark without really having a policy to attach it to, and that's a very serious abuse of a budget position. Actually, Mr. Speaker, we're simply saying that the Minister is setting a course without really saying where he wants to go, and, as I like to point out, that got the captain of the Titanic into a lot of trouble.

Finally, Mr. Speaker, we would like to say that the biggest disappointment in the entire Budget really was its lack of leadership, and I suggest that if politicians have a purpose, it should be leadership. It should be the setting of direction; it should be the inspiring of commitments; it should be a way of stimulating private . . . action and using scarce resources in an effective way, and finding new ways of using those resources. The Budget Address lacked all these qualities and appeared actually as someone's, you know, neighborhood busybody's call to a hot line show, a series of sort of crank sort of responses to sort of immediate kinds of difficulties. So as an offering of alternatives, Mr. Speaker, we suggest some measures which we'd like to call really a policy of economic renewal for this province.

The first one is the establishment of a Wage, Prices and Productivity Board, which would basically serve as an inflation fighter. It would look into inflation causing blockages in the provincial economic system, such as housing and agriculture, to find out where is the stoppage in supply, where is the lack of productivity, where are the price restraints occurring; to provide the investigation that we require in university disputes to find out where has the funding gone wrong; to look into some of the industrial management problems and to find out what is a proper kind of economic guideline in the construction industry and elsewhere. It would examine ways of improving productivity in the public service institutions that we have, and it would investigate a number of conditions that affect our kind of economic situation. What we really need to do, Mr. Speaker, is disclose the economic conditions of the province, bring them to light so both management and labour, government and the private sector, know what the facts are and then are able to bargain and negotiate on a clear presentation of those. And that, I think, is really the first step in trying to fight, within the range of provincial areas, activities that we can properly undertake.

Secondly, we'd propose a major investment of the housing capital at a market rate of between 8 and 9 percent, using capital acquired from the Canada Pension Plan Fund, to

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(MR. AXWORTHY cont'd) . . . . provide for a . . . of apartment building and new rental units. Such a program would take effect this spring to affect this season's building program before the shortage becomes intolerable. And in exchange for those interest rates, we would expect the builders to reserve a percentage of their units for low income or senior citizen housing units. And accompanied with that, we would propose, Mr. Speaker, a \$1,000 home owner grant to be added to the AHOP program of the Federal Government.

Thirdly, Mr. Speaker, we would propose major tax incentives to private business in the following areas:

1. A research and development to develop new public services and goods based upon Manitoba resources. This is an important way of helping small business and of creating jobs. If we look through the estimates and the budget, we find, Mr. Speaker, that in almost all cases the R and D budgets are cut back, and yet time and time it's shown that in small jurisdictions, such as provinces and states, the best kind of incentive that can be given is to develop new products and new services and develop them so that they become the creation of small business jobs. That has been the source of development in this province, and rather than fooling around with the big kind of gargantuan, silly sort of proposals that MDC has got into, we should be encouraging that kind of development by giving that kind of incentive.

2. We propose a tax incentive for manpower and work study programs for unskilled workers or for new activities that will hire new workers during a start-up period.

3. We would like to see the same kind of incentives offered for developing second career programs in training or job conversion for older workers or those presently forced into retirement. And, Mr. Speaker, because I'm running out of time I don't have a full discussion. I expect one of my colleagues will deal more extensively with it, but one of the other blockages in our manpower program is that many of our older people are forced out of the job market by forced retirement plans, or by early retirement, and have no opportunity to get back in the work force. We feel again that those kind of problems can be overcome by enlisting and recruiting private industry as a support.

4. We'd like to see the funding and really this is a consolidation of the research grants of the Provincial Government into a research and development agency to stimulate R and D programs in industrial service areas including the public service.

5. We would like to see the elimination of the Manitoba Development Corporation. It is a capital-consuming luxury we can no longer afford. It just chews up too much of our scarce capital. It should be replaced by an incentive system for companies that are prepared to invest or locate according to regional economic development guidelines. We would like to see a plan that would encourage companies to put up . . . capital for expansion or creation of small or medium-sized industries, because such companies have been responsible for creating close to 75 percent of jobs in Manitoba up to this point, and we would offer through tax reductions the kind of incentive that is required.

6. We propose, Mr. Speaker, the examination through a Royal Commission on local financing so that we can bring all these questions, all these unanswered questions together, and find some answer to the problem, because the answers aren't coming. We get a few shots in the dark, some from the Leader of the Opposition, some from the First Minister, some from the Minister of Public Works, and yet we don't have a comprehensive approach to the problem of it, and we can see the need for new taxes such as hotel taxes, the need for looking into the division of taxation between provincial and local authorities, and the forms of implementation and administration of the tax system which is badly overworked and badly out of date.

Finally, Mr. Speaker, in terms of proposals, we'd like to see a major review of government programs in health, education, the arts and recreation, to establish clear-cut policy objectives and performance criteria and ratings and estimates of expected costs and benefits, and particularly the division of responsibility between levels of government and between the public sector and the private user. We don't believe that any of these questions have been asked in terms of who should be carrying the load for health, the arts, culture and recreation, because we simply incrementally keep adding a little bit more on each year without having a direction of where we want to go, who should be paying for these kinds of necessary requirements in our economy.

Those, Mr. Speaker, are the proposals that we'd like to put forward in this budget today, and I'd simply like to say, in closing, that I think the government of this province should have

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(MR. AXWORTHY cont'd) . . . . taken one further step, and that is to put the government fiscal house in order, because until we set out clear guidelines of reform for business activity in this province, we are going to be in serious shape. We have allowed too many of our leading institutions in the province - municipalities and Crown corporations and service agencies, business corporations - to really go unexamined in terms of the role they should be playing. We think that reform of our economic sector is central to any meaningful effort to restore our society and to make it more responsive to today's needs and demands, and we believe there must be a frontal assault on practices that lead to waste and indifference, to unethical practices, and to self-centredness. And we need to look at new rules of disclosure both for government and business, and new ways to allocate paths between the public and private sector, and directions on where responsibilities for today's operation should be.

There was little of this in the present budget, Mr. Speaker, and therefore I would like to move, seconded by the Member for Assiniboia, that the motion be further amended by adding thereto the following:

"AND THAT this House further regrets that

(8) this government has failed to provide cities and municipalities the assistance they needed to stop huge increases in real property taxation, thus causing higher rental rates, high property tax rates, and thus causing a hardship to home owners and home renters; and

(9) after six years in office has failed to offer any rational economic growth plan which takes into account the incentives and the encouragement needed by the small business operators, who are the backbone of the Manitoba economy."

MR. SPEAKER: Seconded by whom?

MR. AXWORTHY: The Member for Assiniboia.

MOTION presented.

MR. SPEAKER: The Honourable Minister of Consumer and Corporate Affairs.

HON. IAN TURNBULL (Minister of Consumer, Corporate and Internal Services)

(Osborne): Mr. Speaker, I had wanted to enter the debate on the budget because when the budget was presented on Thursday night I thought they would have a discussion of the differences in philosophy between the government and the members of the Opposition party. I regret to say that the presentations I have heard today from the Member for River Heights, the Leader of the Conservative Party, and the Member for Fort Rouge, the spokesman for the Liberal group, that there is, it appears, very little difference in philosophy between these two budgets. What seems to be proposed by both Opposition groups is a variety of alterations, changes at the margins of the budget, which they feel would achieve what I'm sure all members of the House would like to see achieved, namely, a greater and more prosperous province. It is with some degree of interest that I listened to the Member for Fort Rouge suggest that there be a variety of schemes, an increase in amount for the AHOP program for home ownership, incentives to business, incentives to change what he terms structural unemployment, a guideline for reform of business or business practices in the province, and a variety of other schemes, Mr. Speaker, which to me hardly struck home as being essential to the kind of economy that could be developed in the province. What these proposals seemed to me to be was tinkering - these changes at the margin. And I thought, as I listened to the proposals rattled out by the Member for Fort Rouge, that it must be an enjoyable luxury to be a member of such a small group and be able to make proposals designed to gain whatever support can be gained from the populace at large, but without paying any attention, any regard at all, to the cost of those programs.

Mr. Speaker, I think that it is noteworthy that the Leader, or rather the spokesman for the Liberal Party, did omit any summation of the costs of the various programs he proposed. They were, I think, an indication of that expensive luxury that Opposition members often are able to enjoy. However, he did allude to one area of concern that I think might strike home to every Manitoban who is aware of the economic situation in the province, and that has to do with housing and housing starts in the province. I cannot agree that the program of the Provincial Government is one that has not led to more housing for Manitobans. On the contrary, there has been a significant increase in the number of housing starts within the province, and the current budget does provide for \$46 million more in Capital Supply for the Manitoba Housing and Renewal Corporation. Now the Member for Fort Rouge may not think that that is adequate, and I would be one to say that perhaps the public housing program should have more than 46 million.

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(MR. TURNBULL cont'd)

But the Member for Fort Rouge made one rather interesting point. He said that the public housing program was not working, and he singled out the City of Winnipeg as being the area where it was not working. I agree. In Winnipeg the MHRC, as I understand the statistics that I have seen, has not been successful in getting housing starts, particularly for family housing in the City of Winnipeg. And I suggest that rather than the tinkering that the Leader - I keep calling him the leader and perhaps he is in spirit - the Member for Fort Rouge suggested, that the housing program be assisted by a variety of schemes, I suggest to him that rather than these programs which tinker at the margins of the budget, that what he should call for perhaps is that the Manitoba Government remove from the City of Winnipeg Act the control that the City now has over zoning, because it's through that zoning mechanism and other mechanisms provided in the City of Winnipeg Act that the City is able to strangle the housing program of the Provincial Government, and that strangulation does lead in fact to the problems with housing supply that the Member for Fort Rouge alluded to. And there's no question that housing starts are down. I think the budget statistics have indicated that. I can't question that the number of starts are down. They are, without doubt, down in other provinces, and the Member for Fort Rouge being somewhat concerned with urban affairs, should realize that housing starts are cyclical, that the ups and downs of the building cycle in Manitoba is not uncommon, and that presumably the private industry will begin investing more and will begin presumably constructing more housing for Manitobans in the near future. Certainly, I would not be one who would advocate that the Manitoba Housing Renewal Corporation alone, through a public housing program, could solve the housing shortage in Manitoba. Perhaps this is not a realistic proposal, but certainly a combined public housing program, removed from the strangulation that is placed upon it by the City of Winnipeg now, plus further investment of private capital in housing, could lessen the housing shortage for Manitobans that can be expected in the near future.

Mr. Speaker, the members opposite also referred to the need for some change in the employment programs in this province. They referred to structural unemployment, which is a term most of us, I suppose, are familiar with. I should like to be able to propose specific suggestions that would alleviate structural unemployment, but I didn't hear any mentioned by the Leader of the Conservative Party nor any proposals mentioned by the Member for Fort Rouge which would in fact reduce or eliminate structural unemployment. But I can refer to the Budget, which does indicate that participation rates in the labour force are higher in 1974 than they have been in any year since 1968. In 1974, the participation rate for Manitoba was 68.6 and in 1968 it was 66.4. I think that participation rates have to be some indication to members of the relative success of a variety of demand stimulus programs that the Provincial Government has introduced, which in turn have contributed to increasing participation in the labour force. Indeed, Mr. Speaker, I believe that the Budget that we have before us is one which has encouraged participation in the labour force, has encouraged the aggregate demand in the economy, and consequently has resulted in a rather buoyant economy for the province.

Now I don't think members opposite are going to argue, at the present day anyway, with the fact that the Manitoba economy tends to be, or is, it appears, relatively buoyant. --(Interjection)--The Member for Souris-Killarney mentions farming, and indeed I noticed the table in the budget indicating that farm income for 1974, I believe was 1.2 billion, which is almost double what it had been in the year previous. And there is no question that the farm sector of the economy for a variety of reasons has contributed to a buoyant economy, and indeed the budget itself of a provincial government is not going to make the difference between a boom or a bust economy. What it can do, though, is offset the depressants in the economy. It can lift up the dips and it can hold down the peaks in order to have a more stable economic growth over a period of time.

What this budget does, Mr. Speaker, is redistribute income to the people of Manitoba. It is a clear, underlined policy of the budget and the government that income in Manitoba should be redistributed, particularly to those groups in our society that are not capable of coping with inflationary pressure. That is what the budget does, and I think that redistribution is one principle that does tend to separate the two sides of this House. The members opposite feel that they should know how much is redistribution. --(Interjection)--Well, if the Member for Assiniboia would read the budget, he would see that there are tables setting out what the increase in the two tax credits will be. And, Mr. Speaker, I can't help but think that those

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(MR. TURNBULL cont'd) . . . people who will be in greatest need will benefit most from the tax credits that have been set out in the budget. I don't wish to labour the point but, seeing as he has asked, if he will refer to Table 1 in Appendix E(?) Paper 1 of the Budget, he will see that the total savings to a married taxpayer with two dependants under age 16, with a gross income of, say, \$6,000, would be \$149. That is the increase in this Budget.

Now, Mr. Speaker, members opposite can say \$149 and approximately \$150, and it goes up over \$150, is not enough; that it should be more. Mr. Speaker, I wouldn't argue that it should not be more, but I am saying to members opposite that this is why I am saying there is no difference in philosophy between those on that side of the House and those on this side of the House when it comes to a budget which redistributes income. There is no difference. They seem to think that redistribution of income is a good thing. They haven't questioned it. They've accepted it now, after an election, and consequently there is no reason why the tax credit perhaps could not be increased, but the revenues of the government, it would seem, will not accept much more of an increase in the rebate than we now have.

The Member for River Heights, when he was speaking, asked if this budget of 1975 will stand the test; will stand the test of . . . Well, I can't recall what he did say, if he did say what test it was supposed to stand. The Member for River Heights is very good at labelling budgets, at labelling what this government does, and even though he makes a replay of his record every time we present a budget, it always turns out that the people of Manitoba, it seems, do accept this kind of budget which redistributes income.

Mr. Speaker, I want to recall for you and members of the House the incredible presentation of the Member for River Heights, the Leader of the Conservative Party, in 1972. In that year, the Member for River Heights, so good at labelling things and labelling them inaccurately, called the 1972 budget a hoax. Do you remember that, Mr. Speaker? He called it, in 1972, a hoax. Mr. Speaker, we went from that budget in 1972 to one in '73 which, with variations, increased the redistributive efforts of the government, and what happened in 1973 was that we were re-elected. The government was re-elected in '73 despite the inaccurate labelling of the Member for River Heights. Mr. Speaker, I have become accustomed, sitting in this House for six years now, to hearing members opposite stand up, label inaccurately the budgets of this government, label inaccurately programs of this government, and seeing the people of Manitoba substantiate, support, what the government is doing.

Mr. Speaker, the Leader of the Conservative Party is good at citing in his replies to the budget, vagaries, vague statements. He is good at mentioning innuendos, he is good at making allegations, he is good at making misstatements, he is good at slandering, he is good at making falsehoods in his budget presentations. And, Mr. Speaker, the best proof of that, I suppose, was in 1972, when he stood in the House and said, "Well, you know, what I'm saying here in response to the 1972 budget is wrong. You know, I think my figures are in error, my own figures that I have calculated are in error. I admit they're in error but I'm going to say this budget you've presented to us is a hoax anyway." Mr. Speaker, that is irresponsible leadership. And the problem with the Conservative Party is irresponsible leadership. What they need is not a leader who stands and makes these kinds of inaccurate allegations. What they need is a man who knows where he's going, a man who will go to the left where his caucus will not follow him, or to the right where his party will not follow him, but they need somebody, someone in leadership who can make up their mind which way they're going to go - to the left or to the right. The Member for River Heights can't make up his mind. And it would seem, it would seem, Mr. Speaker, that if they could get together a leader who is able to lead them one way or the other in criticizing this budget and say, as they did in years gone by, that tax redistribution systems are not acceptable, and vote against them and stick to that line, they might get somewhere. But with their present leadership, they aren't going to get anywhere at all.

Mr. Speaker, it is remarkable to me that in this year of 1975 the Conservative Party seems to have discovered some element in our society. They have discovered the poor. They have finally come to the conclusion that what members on this side of the House have been saying for years is true, that there are people in our society, there are people in our society who do not have adequate housing, who do not have adequate money to buy sufficiently nutritious food, and they feel, the Conservative Party now feel that perhaps those people should be recognized, that somehow they, the Conservative Party, must make an appeal to them. So, as I say, they have

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(MR. TURNBULL cont'd) . . . discovered poverty in our society after ten years of Tory rule. Ten years to put the province into the place it was in 1969, and they finally discovered, they finally discovered that there are people in the society that need this kind of budget, that need a redistribution of income carried out by the government in order to survive in an inflationary economy.

Mr. Speaker, I could accept, I could accept their concern if they could make up their minds which way they wanted to go. If they could say, on the one hand we stand for one element in our society and we want a general across-the-board tax reduction so that everybody will benefit but the rich will benefit more than the poor, then I could say that is a valid position; let them maintain it. That has been a traditional Conservative position. If, on the other hand, they want to say there are poor in the society and we have to do something about that so we must have a redistribution of income, then I say let them say it, let them say it without equivocation, let them say it without any doubt in their minds as to where that takes them, and, Mr. Speaker, then I think we on this side would at least be able to recognize them for what they are. As it is, when the Leader of the Conservative Party speaks, I frankly find it difficult to know which side of the fence he's on, what position he is maintaining, who it is that he wants to benefit in society, if anybody, and, Mr. Speaker, it's really quite difficult to follow the Leader of the Conservative Party - and, of course, no one knows that more than the members on his back benches who have to follow him in this House and into election after election.

Mr. Speaker, again I have to recite the labour participation figures. When the Leader of the Conservative Party mentioned the forgotten people, the forgotten people of the province, he was talking about those individuals presumably who are in the labour force and those individuals who are on the margins of the labour force. And again, I have to go back to the labour participation figures and see the increase in the participation rate in Manitoba. Mr. Speaker, these aggregate figures do not prove everything. They do not show that there is no suffering in Manitoba. All they show is that there is a marginal improvement, and I agree that a marginal improvement is not Utopia, it is not perfect, but what the members opposite are suggesting will do no more, indeed I think will do less for these people that the Conservative Leader called the forgotten people. Much less indeed.

The Leader of the Conservative Party also referred to recession in the country, and he wanted to see some vindication of what the budget could do to offset a recession. And I have to say to him that when he talks about recession in the country, he has to recognize that new capital investment in Manitoba has been growing apace in the years 1974 compared to 1973. Again, Mr. Speaker, I have to refer to the Budget and cite the specific detail that's given there, taken not from the Manitoba Bureau of Statistics but from Statistics Canada, and point out to him, under the table headed "New Capital Investment in Manitoba 1973 and 1974" that in primary industries and construction industry, the percent change 1974 to 1973 was 38 percent. In manufacturing the percent change was 32 percent. In utilities the percent change was 25 percent. And on down, Mr. Speaker, till we get to institutional services in government departments which was 4 percent.

Mr. Speaker, that kind of capital investment is not something that will lead to recession. Quite the contrary, Mr. Speaker, it will lead to a healthy and a vibrant economy. And while I recognize, as members opposite do, that perhaps today inflation may not be for much longer the main problem of our economy, that the recession at the moment appears to be in the east, it may, as I think the First Minister indicated, be moving so to speak from east to west, but at the moment the level of capital investment, over the years up to 1974 anyway, has been sufficiently high to ensure aggregate demand and ensure a buoyant economy.

And this brings me again to the point made by the Member for Fort Rouge when he spoke of structural unemployment, people permanently unemployed. Mr. Speaker, the statistics, as I said earlier, cannot be used to prove that there is no individual suffering, that there is no suffering in the province. It cannot be used to show that there is no structural unemployment because structural unemployment is always with us. But if you talk to the businessmen in the field, what you find is not that there is structural unemployment. Quite the reverse. They will tell you that they are unable to get people to do the work that they have for them to do.

Now, Mr. Speaker, I don't know where the Member for Fort Rouge would like to rest his case, whether he would like to rest his case on structural unemployment, which has always been with us and which, although I would like to see remedies found to solve that particular

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(MR. TURNBULL cont'd) . . . . problem once and for all, I with him I think must despair of ever finding the perfect solution, or whether he wants to rest his case with the practical common sense response that you get from businessmen when you talk to them, when they say in fact that there is virtually no unemployment in the province because, from their point of view, they can't get the labour that they require. Mr. Speaker, I confess to the Member for Fort Rouge, who understands statistics, I'm sure, that there seems to be some problem here between what the statistics show and what businessmen in the field seem to be experiencing in their day to day business.

Mr. Speaker, the concern of the Leader of the Conservative Party was to see the Budget deal with inflation and recession, to address those two particular problems. Mr. Speaker, I think that the fact that we have a small deficit, a small deficit, is an indication that the Provincial Government is, through its budgetary measures, its fiscal policies, attempting to deal with the problem of inflation. That, surely, is the fundamental basic point about a deficit budget. The Leader for the Conservative Party seemed to overlook that particular point. When he was asking that the Budget deal with recession, he was ignoring some rather interesting statistics in the Budget which I've already cited, namely the rate of new capital investment and formation in the Province of Manitoba.

Mr. Speaker, one of the things that has concerned me with the address of the Leader of the Conservative Party was his continual referral to the percent increase in the Consumer Price Index and the percent increase in spending in Manitoba as compared to Canada as a whole, as a government. And I have to say, Mr. Speaker, that the Leader of the Conservative Party tends to have a rather selective mind, a way of selecting certain facts and omitting other very fundamental and basic facts. What he continues to do is he cites the percent increase, the rate of increase of, say, the CPI, but he omits to compare the base on which that percent is calculated.

Mr. Speaker, again, if you look at the budget table which gives the quarterly Consumer Price Index in a comparison between Winnipeg and Canada, you will see that through 1974, for example, in Winnipeg, in the first quarter the CPI was 149.2, and in Canada in the same year was 159.2. And if you work through each quarter, you see that in each quarter in this table the CPI in Winnipeg is lower than the CPI in Canada as a whole. Now to me that might indicate that the Consumer Price Index here, being on a lower base to begin with, might increase more rapidly than in Canada as a whole. The percent increase may be larger because you start from a smaller base.

The Leader of the Conservative Party omits to mention the base every time he talks about the CPI, and he seems to think that a greater percent increase in the CPI means that things are more expensive in Winnipeg. Mr. Speaker, he is wrong on that point. And I have to, in summation, sir - I do have a couple of minutes - have to again point out that when he talks about spending, he again disregards the base. He did say that spending in Manitoba was 15 percent, had increased - sorry, had increased 21 percent in Manitoba and 15 percent in Canada. Again, that disregards a vastly different base, and if you would just take the spending of the Federal Government and the spending of the Provincial Government and see what the difference in those percentage points increase mean, I'm sure that he will recognize that he, Mr. Speaker, is wrong.

MR. SPEAKER: The Honourable Member for Birtle-Russell will have an opportunity when I return from the supper recess. I am now leaving the Chair, to return at 8:00 p.m.