

THE LEGISLATIVE ASSEMBLY OF MANITOBA  
2:30 o'clock, Friday, May 23, 1975

BILL NO. 18 - MGNEYS FOR CAPITAL PURPOSES

MR. SPEAKER: The Honourable Minister of Health.

MR. DESJARDINS: Mr. Speaker, I can assure you that I won't take very much time on this debate. I was listening with much attention to the remarks of the Leader of the Opposition before lunch, and it was quite interesting. I think that in fact I believed, when he started I believed in his sincerity in giving advice to the government. But then I thought it became . . . it got a little much when he stated that he didn't believe that people should admit that they were wrong and try to rectify what they were doing. Now I think that the Member from Lakeside at one time - I think it was in the House or he made a speech outside the House - but he did say, "Do not as we did" and he was saying very seriously I think that he had noticed, he agreed, he admitted, that they had made mistakes, and he was suggesting that the government shouldn't do the same thing, should profit by the mistakes. And I think that's fair enough. How the heck can you argue with something like that. And anybody that feels that you can be a number of years in this House without making a mistake is . . . well it's quite foolish to say the least.

Now the Leader of the Opposition talked about credibility, talked about the accountability, talked about all kinds of things when we were referring to the Manitoba Development Board. And this is the part that got to me, Mr. Speaker, because this is quite a joke. And I'll try to tell you why it is a joke, that in the early 60s, I think it was that the Manitoba Development Corporation came into being, and at that time we were told that we should not, we would not get a single word of information, nothing at all, nothing at all, and we were not supposed to - and it was the Leader of the Opposition himself who was stating at this time, "Don't you go outside the House and criticize the board because you're undermining that board and the people will not come to Manitoba, establish in Manitoba, and set business in Manitoba, if you are going to pick at them all the time." And he begged the House to cooperate with him and not do these kind of things at all. And then - well he was the Minister responsible - I think it was in 1968, and I have a clipping from the paper of March 19, 1968, there was a big change, change of policy, as far as the Development Board was concerned, and the Leader of the Opposition, who was then the Minister responsible, and I quote from the article now, "Announcing the significant policy change in the Legislature Monday evening Industry Minister Sidney Spivak said it was executed to reassure the public of the MDFs effectiveness and integrity in the face of partisan political attacks." This is then . . . the big change was this, that from now on they would report to the Cabinet, to the Cabinet not to the Members of the House, not to the caucus, not to the public but to the Cabinet. And these are the things that by Order-in-Council they were supposed to do:

(1) Provide specific information to the Cabinet upon a request when a loan has been questioned in the Legislature, only then, and before noon we know what the honourable member said. He was talking then that we didn't give him enough information, we should give all kinds of information to the public, to everybody. Now this information only upon request to the Cabinet provide the Cabinet with a confidential list of names of borrowers and the amounts at six month intervals. And he laughed at the Minister, the House Leader, when he stated that he met with these people a couple of days, at least a couple of days every year to discuss things. There was supposed to be a confidential list of names of borrowers every six months.

(2) Prepare quarterly statements of its assets and liabilities to be published in the Manitoba Gazette without names of firms with loans.

Then we heard an awful lot about CFI. We heard an awful lot about CFI, and then the statement was made by the Leader of the Opposition today that the government was responsible.

He talked about Flyer Industry - mind you he's the one that went to Gimli I think during the election and stated that, "Fine if they were elected they would not close the firm at Gimli."

And what did he say when he was questioned on that, on CFI. This was in 1968. "We have satisfied ourselves and give full confirmation that the MDF has fulfilled the role assigned to it and that investment loans have been ably administered" he said. But he said,

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(MR. DESJARDINS cont'd) . . . . "By statute details of the Funds operation were to be secret from both government and the public".

And then the First Minister of the time, and this is the last quote that I'll make from this article, "Answering these demands last session former Premier Duff Roblin claimed the Fund must operate at arms length from the government. If it were required to make details public," Mr. Roblin said, "it would lose the confidence of borrowers who want their business operation to be confidential."

MR. SPEAKER: The Honourable Member for Morris.

MR. JORGENSEN: Mr. Speaker, this morning you made a ruling which was challenged by this side of the House, and which was upheld by the House, that it was not proper to deal in matters gone by, that we only had to deal with those matters that are current and related to the matter of current supply before the House. I ask you, sir, that if that ruling's going to apply to this side of the House, it applies to that side of the House as well.

MR. SPEAKER: The point is well taken. But as the honourable member knows. . . Order please. Order please. The point is well taken but as the honourable member knows everyone is entitled to a preamble so they can get to their debate, and that includes all members of the House. I think I was fairly wide in my latitude in respect to the Leader of the Opposition this morning, and I'm trying to allow - Order please. I can explain what I'm doing without interruption from anyone - and I think I'm trying to allow the same amount of latitude to everyone else. Now if it gets beyond what I deem, or if the House deems, is not correct then we have to step in and stop it. But I thought I would give the Honourable Minister of Health an introductory time, and if he still persists then we'll have to stop him. The Honourable Minister of Health.

MR. DESJARDINS: Well, Mr. Speaker, I can assure you that I won't argue your ruling; I won't even challenge your ruling. I think that what I was trying to do is discuss the same way as the Leader did today, I was answering the Leader not the Member from Riel, and this is fine. The House Leader of the Conservative Party, I'll remind him of the statement that he made today because I think he's stretching things a little bit. I think that what we are saying now about the intent of secrecy, accountability in general of the Fund, and if he tells me that I'm out of order today I'll remind him of this, and I'll make sure to take his quote from Hansard. --(Interjection)-- Well that's interesting also you know because you've talked about people that are real law and order people, and in the years, the long years, yes, that I've sat on this side of the House, on the other side of the House, I remember you know that you talked about law and order, and you should never question the courts, and if there was an inquiry that was fine. And in those days well you know the judges, and so on, I don't think that there have been too many New Democratic in power, and you didn't see to many of . . . But all of a sudden you know it's a different ball game. The inquiries are wrong, whoever is there are friends, anybody on boards who have been appointed by NDPs they're dishonest. I remember when they appointed the likes of Morris Neaman, and these people. If anything was questioned in the House we were told, "How dare you. You know, you're talking about well respected businessmen who are giving their time."

Well you can't have it both ways and as far as being on this side of the House, as I said, whatever your decision is, Mr. Speaker, I'll go along. I just wanted to make the point that the Leader of the Opposition was saying that we should show accountability, we should give more information to the Cabinet, that the Minister should even go and discuss it with management. And I'm saying - not the Party, I'm not even saying the Party - as stated, some member said, "Well we made mistakes. Don't do the same thing." And in fact I don't know how Autopac came in this morning, but they were talking about Autopac, that the Minister said we made mistakes and that would be fine. But the Leader said this morning, "Well no we don't want this at all, we believe in a certain way." And I'm just saying when did he change, when did he change? Because he was the one that was telling us in those days that you didn't need any accountability - and my friend from Morris also, I remember, had stated it, sitting in that seat somewhere around there, he said at the time, "The Cabinet will accept these responsibilities". And he said, "That's my experience, the government. And I say the government in this matter are the members of the Cabinet." And then when we asked for a report, he said, "I haven't got this information. The Cabinet kept that."

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(MR. DESJARDINS cont'd) . . . . I would suggest that he's honest enough, he's admitting this.

But why then, why the speech of the Leader of the Opposition today? That all of a sudden it's worried about accountability, and then if there's any money that is voted by an NDP government well, you know, it's dangerous. It's dangerous, and that they're in. --(Interjection)-- Yes, it's self-evident. And then they were talking about staff also. They were talking about staff, and you know that this government is playing around with staff. The then leader was talking about, had asked a question of the First Minister: "Is it correct that the Minister has received an offer of resignation from the Deputy Minister of his department"? And that was answered in the affirmative, and Mr. Weir stated, "Are we to assume that it comes as a result of irrational outbursts by the Minister of Industry and Commerce in the House yesterday"? And then he was saying, "Is the First Minister aware that it is also possible to change ministers under circumstances like that and save good civil servants." He was talking about Rex Grose. He was talking about Rex Grose so, you know . . . --(Interjection)-- It's not . . . no it's the Gordie Howe . . .

MR. SPEAKER: Order please.

MR. DESJARDINS: . . . of Civil Service. So you know, yesterday I think it was that the member was referring about the time that I was there, that I changed my mind. I'm ready to be scrutinized. In the 15 years that I spent in this House, I've changed my mind in certain things. Certain things I've . . . many of the things, most of the things, I believe exactly the same. I'll be the first one to admit when I make mistakes, and many of the members of this House, from all sides, have made the same thing. But the Leader of the Opposition, today, this morning, and this is prompted me to just say a few words, does not want to accept that. Does not want to accept that. He lectured us on credibility, on morality, on everything, this morning. And I'm stating that he's the one, and I think that we should remember that he not too long ago announced a big change in the policy of the government because now the board was to report to the Cabinet.

And we're saying that this is a difficult . . . this government has had a lot of trouble, but because this government has tried to give as much information to the public as possible in this. If we were working under the former rules, Mr. Speaker, what would we have? What would we have? Nobody would know who had loans, and how much loan they've had, and if they've repaid the loan. This is exactly what happened. Even CFI.

So I'm suggesting that, fine there's going to be mistakes, and I'm worried about it. I'll admit that I'm worried about that fund. And I think that we've got to be very very careful and we . . . I don't think that we should be making a position where we're going to lose too much money. I agree with that. And I agreed with the members who have said in the past, well all right, we tried it and it's been difficult, and I think when they've served notice on it, well then we should be responsible enough to look at what they're saying, and at least take the responsibilities, and I wouldn't throw it back at these people. Once they've admitted that this was a mistake there's no point in going back and saying, "Well you did this when." You know, whenever there's a change in government you can get away with that for a couple of years, and it's a lot of fun because it makes the opposition so damn mad, and no matter who the government is, and no matter who the opposition is, but you can't live like that in the past forever. And this is why I don't intend to speak that long on this subject. I think that is our responsibility now. Maybe we had fun with CFI, and so on, and it's time we do less worrying about CFI and we look at our problems, and we have problems.

And my reason for speaking today, Mr. Speaker, is because I think that the sermon that we had from the Leader of the Opposition today wasn't appropriate at all coming from him, because he was the one that suggested repeatedly that we should not give any information, shouldn't even discuss these things in the House, or out of the House, because we'd scare people away from this province.

#### 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 47 students, Grade 5 standing of La Verendrye School. These students are under the direction of Mr. Friesen and Mr. Guiboche. This school is located in the constituency of the Honourable Member for Portage la Prairie.

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

The Honourable Member for Lakeside.

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MR. ENNS: Thank you, Mr. Speaker. Mr. Speaker, I have a few comments to add at this time at Second Reading of our Capital Supply Bill that's currently before us. They have to do essentially with the government's attitude towards the private sector as it pertains particularly to the continuing operations of the Manitoba Development Corporation as well as some other areas that were touched on, admittedly, Mr. Speaker, not in the debate by members dealing with Capital Supply Bill but specifically with the Minister responsible for the Development Corporation somewhat earlier in this session, I think a week ago when we were dealing with the amendments to the Manitoba Development Corporation Bill itself, was a few comments made by the Honourable Minister at that time that particularly attracted my attention and this really, sir, is one of the first occasions that I've had to utilize them. I indicated to him privately and across the Chamber that he had been of significant help to me in the matter and he will have the opportunity of reading it in Hansard just how helpful he was.

But, Mr. Speaker, I believe that we see in this government's attitude with respect to the continuing operation of MDC and its changing attitude as expressed initially in the Throne Speech, as expressed by individual Ministers in this Chamber, the new kind of role, the expanded role, the more aggressive role, that will change the use of capital money - sir, that capital money that's being requested in this bill - the use of capital money to move more aggressively into the private sector, particularly into all realms of business where we should be expressing some concern.

You know, Mr. Speaker, I think some of our difficulties from time to time are when we fail to take the time to properly understand each other in this Chamber, particularly on relatively basic and fundamental points of principle, and that's what I want to deal with today. Because in this continuing debate on the new role of the MDC of the use of capital funds, we have come at least somewhat closer in defining those basic principles, and the Minister of Mines and Natural Resources helped me considerably in that clearer definition.

For instance, Mr. Speaker, and I want to assure you that I will just barely touch on it and then leave it because I'm not going to - as the Minister of Health and Social Development didn't choose to - not in any way encourage, you know, a ruling that you may feel compelled to bring against me for being out of order. But I think I can say this, sir, and still stay in order with you. That it's been said by numerous spokesmen for this government, not all, but certainly from time to time by the First Minister himself, just a few days ago by the Minister responsible for the Manitoba Development Corporation, that, for instance they have not and do not take issue with the foresight, the planning, the concept of the Forestry Complex in northern Manitoba, now known as ManFor or the whole CFI project, where they separate from us and where they are critical of the previous administration, is in the fact that public money was used in the development, exclusively used in the development you might say, and in that instance certainly it should have been from Day One a public enterprise, a public venture.

I think the position that honourable members opposite have stated to us, not always that clear but it's getting clearer, is that they're not particularly, you know, concerned at this time to wipe out the private sector, but they are very fixed and firm on the position that if public money is to be used in any business enterprise undertaken by the Development Corporation, then the public should also be the beneficiary of any hoped for rewards. The fact that up to now the rewards have mostly been punitive, have been borne most heavily on the taxpayers' shoulders, of course, is forgotten. But, sir, I can accept that position. You know, I can understand when they say that if we're going to use tax dollars to do something then the people, through their government, should retain ownership, equity or full ownership, depending on the amount of dollars used. That is a position, that's an arguable position.

Mr. Speaker, I can also advance, very arguable from my point of view, that that is not necessarily the best way of doing it. That is not necessarily the best way of doing it. But that's another argument, another debate for another day. What the Minister of Mines and Natural Resources did for us the other day, he even went one step further in reinforcing this position. He said, for instance, with respect to the Simplot operations in the southwest corner of this province in the Brandon area, at some encouragement from this side, he suggested it didn't matter whether the Simplot operation was paying back all the dollars it originally borrowed from the public, and again substantial, about the major portion of the

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(MR. ENNS cont'd) . . . . dollars involved in that plant came from the public purse either through the provincial loans or grants and federal grants.

MR. USKIW: All of it.

MR. ENNS: All right, the Minister of Agriculture helps me out, says "all of it". What the government has told me - and I don't think the Minister of Agriculture will disagree with his colleague the Minister of Mines and Natural Resources - he said basically, it doesn't matter if Simplot pays back every cent of that loan plus interest, on time, that it still was a mistake in the way it was done by the previous administration . . . that if the money, if all of the money was put up by the public then that plant should be owned by the public. I think probably even the backbenchers can understand that that's what we're getting at.

The only differences that I have trouble with is that why the discrimination, why the inconsistency in that pretty basic philosophy that should be pretty easy. For instance, they think that borrowing Mr. Simplot \$100,000 and letting him work at it and then taking it back that that's wrong. Lending him money . . .

A MEMBER: Not borrowing.

MR. ENNS: Well it's the same thing. Oh, I'm sorry I needed help from Fort Garry here. Borrowing him the money. --(Interjection)-- Mr. Speaker, do you think they understand me? They know what I'm driving at. I want to make this very clear and pretty understandable in layman's language to point out the inconsistency of this government on an issue where they really can't afford to be inconsistent. They believe that if public money goes into an enterprise it should be and remain a public enterprise. They say that not only about such a complex and controversial issue such as the forestry project where there are a lot of other difficulties attached to it, a lot of other areas for critical comment, subjective comments can be made, but they say it and they believe it on a straightforward venture such as the Simplot venture where public money built the plant. The owner of the plant is paying it all back but your position is, your position is that he should not be able to own it because it was it.

A MEMBER: He made \$500,000 . . .

MR. ENNS: That's right, that's right. Now, Mr. Speaker . . .

MR. SPEAKER: Order please.

MR. ENNS: But this same government is prepared to loan Mr. X \$100,000 and then let him pay it back and accrue the benefits. They're prepared to loan Harry Enns \$100,000 so that I can pay that back at a later date so hopefully I can leave my children half a million dollars if I've been a successful farmer-rancher over the years. Where is the rationale for the government putting up 100 percent of the financing in buying the farms in this province, 100 percent of the financing and then saying to those selected few people, but you can have it back, you can have it. You don't say that for Mr. Simplot, you don't say that for CFI, you don't say that for the mining companies. But then of course, Mr. Speaker, we understand why not. After all there is only one Mr. Simplot and he doesn't count for a great deal at the ballot box. And it's fun and games to kick around the mining companies, because there are only three or four major mining companies in this province and they don't count for a great deal at the ballot box. As long as you can get through to the union organizations who are already donating to your political campaigns then you certainly can outweigh the votes of one or two mining executives.

You can literally takeover, as was expressed by my friend the Honourable Member from Riel, by an Act, by regulation, make a major change that changes the direction, expropriates leased lands in the mining companies, you're prepared to do that because you believe, you believe that you're not prepared to carry on as it once was, as the Minister of Mines and Natural Resources said. You believe, you believe that if the government is to put up, if the people should put up 100 percent of the financing for any venture then the public should for all time own it. You believe that. Now can you look at me and express some intellectual honesty and say that the government should pick up 100 percent of the financing in the case of a farm enterprise and that that should then fall back into the private owners hands so that he can work that land and pass it on to his children, his children, his children. You don't believe it.

A MEMBER: It's not done.

MR. ENNS: You don't believe it. Now the Minister is saying it's not done. He is saying of course what we have been suggesting: it's not going to be done. It's not going to be done.

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(MR. ENNS cont'd) . . . . Now we recognize though, and this is where I have quarrel with the honourable members opposite. You know, the suggestion that the Government's land lease program should in any way be treated differently philosophically than their approach to business development or in the Crown's right to take equity into business, the Crown's right, the people's right to own those ventures that they put their dollars into, all of a sudden becomes different, all of a sudden becomes different when it involves a bigger group of people, a group of people where votes do count, where it's more readily identifiable the kind of naked thrust of the socialist intents of this government. Land collectivization, things like that. People can understand that. People get nervous about that. They don't get nervous when you kick Mr. Simplot around this province. They don't get nervous when you want to kick a few mining executives around this province. You know I've been around politics long enough to understand that too. But these people do get a little nervous when you put yourself in a position where I can point out that it is intellectually dishonest for you to suggest to anybody in Manitoba that you do not believe in the total ownership of land in this province and that you aren't pursuing policies in that direction.

Mr. Speaker, let me just suggest to you one further argument for the untenable position that they're in and that they're doing a pretty magnificent job in defending. They're doing a magnificent job with our taxpayers' money. They'll be running full-page ads in every paper about the land lease program, and you can generally tell, it's often said about the private sector you know the more a program has to be advertised obviously there is some difficulty with the program, that program needs some additional selling. If we are to believe the First Minister's remark, that this is a program where the government is prepared to not move in an aggressive way, they're there to buy the land when - not necessarily as a buyer of last resort but certainly the impression that's being left is that the Manitoba government is not out there hustling after every quarter section of land that comes up for sale in this province. Well, Mr. Speaker, I suggest that this is only a series of ads that's been running every week. You can watch it in living colour on your TV screens even for the benefit of the city dwellers who I don't know may all be rushing out I suppose to buy some of that land or lease some of that land. But nonetheless, nonetheless, Mr. Speaker, hardly what you would call a non-aggressive program. Mr. Speaker, my question is "Why?" And it's of course so understandable if they would only be level and honest with me.

Mr. Speaker, thinking as they do, thinking as they like to express themselves when they choose to want to express themselves in this direction, when they wax indignant about how when public money is used it should always be in the public interest. Well then my gosh certainly land, land is our most valuable resource base. It is the renewable resource, it is the permanent resource base that we have in this country. I mean if you can get that excited about maintaining and holding onto the resources for future generations of Manitobans about non-renewable resources, something that we're not going to have 20 years down the road, you know if you're worried about lack of control of the non-renewable resources then surely you must be much more concerned, much more concerned about the control the public and the people should have over that greatest resource of all, that forever renewable resource - land. Mr. Speaker, it would be as ridiculous as if this government would stand up and argue that the Virden oil fields should be made a public utility because of the importance of their energy contribution to this province, and such renewable, ever-flowing resources such as the Nelson and the Hydro - well they could be left in private hands, they could be left in private hands.

You know in proper perspective that's the kind of argument that you're giving me when you're saying that that depleting nickel or ore body in northern Manitoba that you get so indignant about that has to be put into the public hands, you want 50 percent of it now and the Minister gets up without any provocation and says, he'll accept 100 percent of it, in fact he'd like 100 percent of it because he thinks it's that important. And he's prepared by regulation in the mining acts to change. He believes in the Kierans Report, he's enacting the Kierans Report that is bringing back all the lease land out for exploration within 10 years, within 10 years. He stood up in the House and suggested to us that any time public money is being spent, no matter how well it's being looked after, no matter how well the payments are coming back to the Crown with interest, no matter how successful the venture is - and I'm referring again specifically to Simplot - it is there doing most of the things, if not all of the things, that were set out in co-operation with the private sector and the public sector, an effort is made to bring

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(MR. ENNS cont'd) . . . . about a certain advancement in industrialization. It's providing the jobs in an area that requires jobs - the southwestern part of Manitoba; it's providing a very needed agricultural supplement to the agricultural economy of the prairies, namely fertilizer, namely fertilizer. It is paying back, it is paying back, on time, paying back on time, sir, and with full interest, all the money that the public purse initially extended to it. But the position taken - and it is the only position that you can take consistently, gentlemen opposite - I mean, you can't take it . . . I can understand that maybe I can't solicit the kind of, you know, acknowledgment of this argument from members of the front bench who have to defend and who become adept at defending both sides of the fence, but surely there's somebody in the back-bench, somebody there that can understand, you know, the logic of the argument that I am presenting.

Maybe even the Member from Ste. Rose will surely, who has the courtesy of spending, you know, a fair amount of time . . . excellent attendance record in this House in the sense that he listens to a lot of the debates. The Member from Ste. Rose must understand the arguments. He heard the Minister of Mines and Natural Resources, his colleagues say very emphatically, very emphatically yesterday . . .

MR. A. R. (Pete) ADAM (Ste. Rose): Will you accept a question?

MR. ENNS: Certainly.

MR. ADAM: You mentioned that the moneys that MDC had loaned to Simplot had been paid back. Who in effect paid that loan back, the farmers or Simplot himself?

MR. ENNS: Mr. Speaker . . . but seriously again, the gentleman opposite provides me with an interesting aside that was made this morning. You see, when we're dealing with a private sector and reference is made to shareholders, then it alters, you know, a clause that a group of greedy individuals, some with little shares and some with many shares, then shareholders is a terrible thing.

Now, this morning mention was made about who lost what money when it was stated by the Minister of Mines and Natural Resources that Volkswagen had lost \$340 million or \$360 million, and the suggestion was made, well the shareholders lost it. And the remark came back very quickly, no, no, that's not the shareholders then, it's the people, you know, it's the people. Again, you can't have it both ways. Shareholders are either people or they're shareholders.

Mr. Speaker, what I am trying to suggest by the arguments made here, that with the help and the contribution of the Minister of Mines and Natural Resources, I personally, and I would hope the Conservative Opposition, will be in a much better position . . . certainly.

MR. SPEAKER: The Honourable Minister of Agriculture.

MR. USKIW: I wonder if the Member for Lakeside would indicate to us that if Volkswagen wanted to recover its deficit, whether in fact it will recover it by increasing the price of the next car they sell, or whether they will dip into their reserves to recover that deficit.

MR. SPEAKER: The Honourable Member for Lakeside.

MR. ENNS: I suppose they may decide to start making better washing machines. They may decide to make a cheaper automobile with greater efficiencies built in it. They may on the other hand also, God forbid, decide to start making tanks; you know, there are all kinds of options that a private company has to do, has to do, in other words, to recover losses. Certainly raising price is not the least of considerations and probably the most probable, probably the most probable. The only difference of course, Mr. Chairman, is that no one, but no one is compelled to buy a Volkswagen in the first place. Absolutely no. In fact some people are known to buy Toyotas. But, Mr. Speaker, I'm being diverted by these questions. I wanted to simply indicate to the honourable members opposite that it will be considerably easier and I believe more, you know, intellectually honest on my part to campaign the way I will campaign on this issue in the next general election with respect to the land policies of this government.

We were accused, Mr. Speaker, last year, that our advertising, that our approach was misleading, that it was scare tactics, that it was looking for socialists behind every tree. Well, Mr. Speaker, I have put a fair amount of reliance on when the Minister of Mines and Natural Resources takes the time to clearly state his position, that he at least makes an effort of making sure that position is a position that he can defend, that he believes in and that he is prepared to take out on the hustings with him. He's also prepared to not to state his

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(MR. ENNS cont'd) . . . . position on many other things if he thinks otherwise. He's also prepared to not to disclose those things that he doesn't want to disclose. But the Minister of Mines and Natural Resources, the House Leader of this House is not one who, you know, lets too many things slip past him unless he's prepared to let them get past him.

Mr. Speaker, the other day dealing with the Manitoba Development Corporation bill he laid down the principle that, you know, I accept as being the only one that you can correctly assume - certainly one that I would fight for if I was of your political philosophy and association, and it is a very simple one. If public money is to be used to build up an enterprise, then the public should at all time retain ownership of that enterprise so that the benefits derived from this input by public money should at all time flow back to all the people of Manitoba through their government. That's understandable. That's the position that the Minister of Mines and Natural Resources put out. He says where we were so bad, where the terrible mistakes that we made were, that we were prepared to give up - we gave private enterprise public money to build their enterprises and then let them reap some of the profits, let them reap some of the profits.--(Interjection)--No, okay, that's fine, I'm not - we're not - that's another argument, another debate, I'm not arguing - I think we understand that position. I'm having trouble, the Member for Ste. Rose still looks at me with that kind of stoney face, I don't know whether he's with me or not. It's very important, Mr. Speaker, that all members understand this, because I know the members I'm talking to in the front bench understand this. I know the Minister of Agriculture understands this, understands this very well.

Now, Mr. Speaker, I believe that I will have no difficulty in explaining to most Manitobans that that is the philosophical basis on which this government, and any socialist government operates under; namely that if the public puts up the risk capital, if the public puts up the dollars, then the public is sure as heck are going to get the benefit. Mr. Speaker, there really cannot be any argument with that position, except that you have to certainly extend it to all their ventures. If the public puts up the money to buy the farm, then the public's going to keep on owning those farms. Let's not have any political expediency get in the way, let's not have any politicking, let's not have any bending of principles, you know, prior to election time. Let's not have a greater and greater series of ads running across this country to convince people and farmers otherwise.

Mr. Speaker, that's certainly something that the discussions on the Development Corporation have shown us to be the case, and certainly one that we can now go out of this Chamber in the near future, 18 months from now or two years from now and make that argument in a more convincing fashion.--(Interjection)--Well, I read it, I read it, what does it say? "Consider land lease if you need more acres for more viable farms." In other words, okay. Mr. Simplot, he wants to get more business, he'd like to get into a bigger business. You're telling me that if the government loans him money to do that, he has no right to get that larger viable plant. You're saying that even if you put up all the dollars for it, that new plant extension should belong to the people.--(Interjection)--All right, what risk, what risk are you asking the farmer to take when Mr. Hofford and the Manitoba Agricultural Credit Corporation goes out, buys that land, takes all the risk, 100 percent, 100 percent, and then gives somebody like Mr. Simplot a chance to live on that farm, mine it, work it, draw the resources out of it . . . --(Interjection)--Well, what risk is there?

Come on, let's, you know . . . Here's a two section grain land which can if properly operated under current grain prices can produce incomes ranging anywhere from \$80,000 to \$100,000 for an individual. You have no quarrel intellectually with yourself that says that you can choose 5,000 people in the Province of Manitoba who should receive upwards to 100, 150, 200 thousand dollars from the public purse so they can have a chance at a farm income, at no risk to themselves, at no risk to themselves. They don't have to enter in, as it says - you want the kids to take over, you need the cash, but you don't want them saddled with a massive mortgage. No, you want to saddle the people of Manitoba with a massive mortgage, you want to saddle the people of Manitoba with a massive mortgage. But that's the way to get started into farming. Well, that's also the way to get started into business, except that with business it's a different venture.

No, Mr. Speaker, enough of that. I just want to indicate, I just want to indicate to the honourable member, Mr. Speaker, to the Minister and to the government, that their new direction, their new direction that they hope - and I believe that the new direction will manifest itself in actual fact - the development that they want the development corporation to take

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(MR. ENNS cont'd) . . . . with the capital funds that we from time to time, such as we are now providing for them through this capital bill, they have spelt out fairly clearly how they intend to use them. Not simply as a lender of last resort, not simply to be used as a social policy to help out specific areas of need, but to move aggressively into the business community, with the clear understanding that to the extent public money is used, to that extent, public equity will be asked for and demanded by that enterprise.

Mr. Speaker, it's an understandable position, certainly an understandable position if I were a socialist. I ask my friends opposite to be a little more consistent in their approaches and in their applications of socialism, that they should at least be fair with me, you know, I mean don't be a socialist just part of the time; if you're going to be a socialist be a socialist all of the time. Then I can debate with you more properly or more correctly the virtues, the virtues, sir, and the defects of socialism versus the more freer laissez faire approach that we sometimes espouse on this side of the House.--(Interjections)--No, no just sometimes. See, I haven't got that kind of a tied-down doctrine to defend. I don't believe, you know, to the extent that you fellows believe in laid down principles and philosophy.

Mr. Speaker, the other matter that I just want to touch on very briefly is of course the serious question that I've raised from time to time, and it stays in front of us by virtue of the kind of positions that the government finds itself in. I feel that the government has already shown us, if you take any examination of past capital bills of this nature, that they are prepared to include among capital items, increasing amounts for what they call General Purposes. I don't have the listings of previous years capital bills with me, but I know that if you checked years like '66, '67, '68, you would find zilch, no appropriation, no amount asked under that heading, General Purposes. General Purposes as a major item in the capital bills of this province only started appearing with the advent of this government. And of course, Mr. Speaker, I have indicated to the Honourable Ministers opposite, and particularly the Minister of Mines opposite, that these amounts are going to have to get increasingly larger. In fact, Mr. Speaker, I just want them specified and not left in General Purposes.

Mr. Speaker, if we are not prepared to throw in that exploration money, that risk capital, that the private sector is slowly withdrawing out of the province. I can't recall, Mr. Speaker, I can give you some of the ball park figures, but surely earlier on in the year it was well reported in the media, that the major mining companies were withdrawing or cancelling some fundamental and basic exploration programs - \$2 million I believe the Sherritt Gordon group; 18 or 20 million dollar expansion exploration by the Hudson's Bay Mining and Smelting group; and I don't know, you know, I shouldn't use figures unless I know them. But, sir, you know, it's easy for the Minister of Mines and Natural Resources to stand up in the House and say, well fine, if the private sector doesn't want to play ball with me, if they don't want to do the work, if they don't want to come in on the terms that I am setting down for them, then we'll do it. But I don't see it, Mr. Speaker, I don't see it. There ought to be another \$30 million in here for mining exploration that's been pulled back this year on the Province of Manitoba.

Mr. Speaker, the other caution that I would like to express to honourable members opposite, if it's not here, you know, in relatively good and buoyant times, what happens, for instance, when the economy of a province or the country gets into serious difficulties. Do you mean to say that the Minister of Health and Social Development is going to allow the Minister of Mines to close down a hospital or two because he needs to sink holes in the north country looking for ore? Of course not. Do you mean to say that the Minister of Education is going to reduce or close down schools or pull back educational services because the Minister of Mines needs risk capital in the hope to bump up the economy of our province? Of course not.

Mr. Speaker, what happens of course, and what has been demonstrated over and over again in different jurisdictions in this country - it happened in Saskatchewan - is that the demand, the priority for money, the pressures on any government for money and for services are such that they just cannot dedicate, they cannot take those necessary millions of dollars that the private sector heretofore puts up as risk capital, and surely expect some reward for it.

Mr. Speaker, I'm not prepared to suggest that this honourable group of gentlemen opposite, you know, are about to change this into a totalitarian government, but they have to if they want to do it that way. In a totalitarian government there is not that problem of being responsible to the electorate from time to time. In a totalitarian government, you know, the planners can make that decision, that in order to proceed with our mineral development, in order to

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(MR. ENNS cont'd) . . . . proceed with our oil development, in order to proceed with this, they allocate certain of the resources, certain percentage of the resources of that country or of that jurisdiction as they will.

But, Mr. Speaker, the Minister of Mines and Natural Resources is talking through his hat and is talking utter garbage and nonsense. If he suggests that he can, at will, find the necessary capital dollars in future bills such as we're passing today, he is either talking garbage or he's extremely confident that he can override and overrule that whole Cabinet at will, which is possible I suppose. But, sir, I know that the demands on this government, the demands on future governments in its jurisdictions with respect to social services, with respect to the whole ambit of government services is such that they will find it tremendously difficult to so simply replace the risk capital that the private sector has provided in the exploration and development work particularly in Northern Manitoba heretofore. That, Mr. Speaker, you know, is worthwhile drawing to their attention when they so glibly and with such ease dismiss this valuable source of development capital that up to now has been available to our economy. I predict, sir, that the future bills of this nature if they are at all to be taken seriously in this regard will have to be of considerable greater size particularly in the area of risk capital. And you can imagine, sir, the kinds of debates that will then take place in this Chamber when a Minister has to report to the House and say that he has lost our 18 million bucks that we voted him last year, but he's getting very close. He just needs another 25 this year. And you can imagine the fun that the then opposition can have when we realize that maybe that \$25 million could go elsewhere. That of course is part of the thrust and if it isn't that surely has to be and should be part of the thrust that we in the opposition make with respect to the moneys that are now being squandered in certain of the industrial enterprises of this government.

It's not, sir, that we don't wish this government well and success at Saunders. It's not, sir, that we don't wish this government well and success with Flyer's. But, sir, it's a question that, you know, we better start asking and have to ask in a louder and clear voice, have some concern about the 30 millions of dollars that have gone into some of these enterprises, some concern whether that \$30 million so applied can ever, can ever match the kind of benefits that perhaps those same millions of dollars applied elsewhere could provide. Those are the questions and those are the answers that we seek when we attack these kind of programs.

Mr. Speaker, I notice my time is up. I just wanted to indicate that the honourable members opposite, particularly the Minister of Agriculture, is going to find it increasingly difficult in lieu of this government's position, which becomes clearer and clearer with respect to industrial development. This is a position that I can understand, but it's going to become all that more evident that it's wrong, the credibility really can't stand up when they choose to modify this position at their will. In other words, they don't really mean it all the time when the public puts in money that the public should get the benefit. They don't really mean that all the time, they just want to reserve for themselves the right to when they mean it and when they don't mean it. Well that, sir, is not going to work with the general population of Manitoba, and certainly part of my responsibilities as I see them as an opposition member, will be to so inform the public. Thank you.

MR. SPEAKER: The Honourable Member for Birtle-Russell.

MR. HARRY E. GRAHAM (Birtle-Russell): Thank you, Mr. Speaker. Mr. Speaker, I listened with great interest to the remarks of the Member for Lakeside, and while he got fairly well involved in some particular aspects of the government program, in the very end he was starting to touch on some of the subjects which I feel are probably more important and deserve more consideration by this Legislature than has ever been given to it heretofore. And I refer in particular, Mr. Speaker, to the general overall picture of what is happening in the Province of Manitoba. We've had the former Minister of Finance telling us in very glowing terms on various occasions that the affairs of Manitoba are in good hands, indeed they have never been better, and, sir, those statements have not really been seriously challenged until now.

At the present time, Mr. Speaker, we are now finding that even our Provincial Auditor is becoming somewhat concerned about some of the financial procedures that are occurring in the Province of Manitoba. And I refer you, sir, to Exhibit 1 on Page 32 of the Provincial Auditor's Report, and it's his report on Public Accounts which so far has not had any scrutiny from the Legislature so far in our Public Accounts examinations. Of the two meetings we've had, we haven't got as far as this yet. But at the same time dealing with public debt and the

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(MR. GRAHAM cont'd) . . . . capital expenditures of this province, I think it's worthwhile to examine this exhibit of the Provincial Auditor, where he lists 1, 2, 3, 4, 5, 6, 7, 8, 9, about 13 different areas where he is somewhat concerned about the financial manipulations that have occurred in this province.

The first one he mentions is the Manitoba Development Corporation, and that has been well kicked around today, so I won't say any more about that.

The second one deals with the Communities Economic Development Fund, and that again has had considerable examination.

The third one he mentions is the Manitoba Mineral Resources Limited, where for the period ending March 31, 1974 deferred expenditures of \$1,292,910, a total of a million and a quarter there, of which \$290,655 pertain to projects already abandoned. Now I think when they refer to deferred expenditures in this way - like really all they're trying to do is slough off the day of reckoning - if a project is abandoned, it's far better to stand up and admit that it was money that was poured down a hole or wherever they want to pour it, and it is lost. But to defer it on a financial statement is just delaying the day of reckoning, and I would hope, and I'm sure the Provincial Auditor in bringing it to our attention has indicated that something has to be done about this sloughing around of figures in financial statements.

The next one deals with the Financial Administration Act and then the next one is with the Special Municipal Loan and the General Emergency Fund - a 28 million dollar transfer there. Mr. Speaker, I think it was a couple of years ago when I was speaking in the Legislature, I indicated at that time that there was a great danger that the Special Municipal Loans and General Emergency Fund could become nothing more than a revolving door, and a slush fund more or less, because government could shuffle money in and out at will, and the statements that we have to date now indicate that that is so.

We go on to the Financial Administration Act and several others. But the whole thing basically, Mr. Speaker, boils down to the fact there is concern expressed by the Provincial Auditor. And we have had the ex Minister of Finance at Public Accounts making glorious statements about the economy of the province and turning to the Deputy Minister for confirmation of those statements, and we got them. But, Mr. Speaker, pray tell me what could the Deputy Minister do? Could he say no? The Minister has already made the statement and turns to him and asks him for confirmation, and if he doesn't confirm it, then the Minister has no alternative but to resign. But the interesting thing is those statements did not come from the Deputy Minister of his own free will, they were--(Interjection)--They are not statements that the Deputy Minister has given--(Interjection)--Yes, I'll submit to a question.

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

MR. WALLY JOHANNSON (St. Matthews): Yes, I would like to ask the honourable member if he's implying that the Deputy Minister of Finance was lying to the committee when he made the statements to the committee that he did?

MR. GRAHAM: If the Member for St. Matthews thinks that the Deputy Minister was lying, those are his statements, not mine. All I am saying, all I am saying is that the Minister of Finance made the statement and then turned to the Deputy Minister for confirmation. The statement did not come from the Deputy Minister himself.

Well, Mr. Speaker, we have in the past gone to many money markets for the borrowing of funds for this province. In fact since this government has come into office, they have not been content to live within their budget, in fact they have spent approximately 50 percent more than they have budgeted for in the last five or six years. Since this government has taken office there has been approximately \$2.6 billion spent over and above what the estimates, the main estimates in this House have called for, and that has been mainly in borrowing money under Capital Supply. And we've had the explanations that this is self-liquidating debt and that is self-liquidating debt, and to a large extent I will agree. But, Mr. Speaker, does it really matter whether it is self-liquidating or not? It is still a debt and it is still a debt that has to be paid.

Sir, I don't object to the borrowing of money in an expanding economy in an expanding province. But, sir, the population growth in this province is relatively static, and yet our provincial debt is growing. The economic growth of this province is expanding very slowly, but if you extract from the total picture the government involvement and the inflation factor which is caused by government, you find that the economic growth, the real economic growth is very minimal; the pace of borrowing in this province far outstrips the economic growth in

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(MR. GRAHAM cont'd) . . . . this province, with a static population, a depleting non-renewable resource. We have an expanding field in renewable resources but, sir, maybe in that field we are even travelling too far.

We now find in hydro that 42 cents out of every dollar is going just for interest charges. Sir, I believe that is a dangerously high level, and we're not stopping, we're continuing, in fact we might be even continuing at a faster pace. And yet when we look at our main estimates which were tabled quite some time ago, we find on Page 22 under the Department of Finance, there's a total of \$2.1 billion set aside for debt redemption in this--(Interjection)--\$2.1 billion.

We also have about \$12 million in a sinking fund but, sir, our repayment schedules are nowhere close to keeping up with our borrowing practices, nowhere near it. And yet this province has a relatively static population. This government has continued - and I will venture to predict, sir, that next year, this government will again want to spend 50 percent more than it is willing to collect in taxation. That seems to be a figure that they are using and that, sir, is a debt that future generations will have to pay - our sons and daughters, our grandchildren. We have had the Deputy Minister tell us in Public Accounts that roughly 23 years is an amortization on public debts and about 40 years on the utilities. Sir, at the present rate, we are paying - what is it - \$61,429,000 in public debts in this province. And when this government took office the total budget was \$350 million; \$61 million just in public debts, and next year, sir, it will be higher, and the year after it will be higher, just the interest without paying back the principle.

Now, sir, I don't intend to talk too long on this but I want to bring it to the attention of the House that our spending habits at the present time are far exceeding our ability to pay. And if this is a government that operates on a principle of ability to pay, then I think they should start to practice what they preach. We have heard the Minister of Finance tell us that the borrowing on various markets is a fluctuating figure, some of it 9-1/4, 9-1/2, 9-3/8 - I believe we did have one that ran over 10. And yet if you check with other jurisdictions, and in the Financial Post it was reported not too long ago that the City of New York refused a 50 million bond issue at 7.92 percent because the rate of interest was excessive. Now, sir, there is a big difference between 7.92 and 9-1/2 or 10. And the difference, sir, in my opinion, reflects on the international money market, the relative stability and security of those government jurisdictions which are applying for those funds. And the better your position, the lower your interest rate is going to be. So when the ex Minister of Finance tells us that the Province of Manitoba has never been better, sir, I think those statements bear a little investigation.

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

MR. SAUL CHERNIACK, Q.C. (St. Johns): Mr. Speaker, it was only the speech of the Member for Birtle-Russell that prompts me to respond in some way. I felt that there had been a repetitive, redundant debate for most of the day, and it's the only colossal nerve of the Member for Birtle-Russell that prompted me to get on my feet.--(Interjection)--Oh, I'm told that he is the finance critic for the Conservative Party. And if he is . . . Oh, the Member for Sturgeon Creek quickly rises to say, don't listen to the Member for St. Matthews, and that to me is a rejection of the suggestion by the Member for St. Matthews that the financial critic is the Member for Birtle-Russell.

But I would want to expect that whoever was the financial critic for the Conservative Party, that he would have more knowledge and more consideration for people than does the Member for Birtle-Russell. And the reason I rose, is the slur cast by the Member for Birtle-Russell against a person who is not only my friend but who has commanded my respect increasingly year by year as I have known him, and I've known him for quite awhile. And I believe he has commanded the respect of every person in this House, I believe that. And to have the Member for Birtle-Russell indicate that the Deputy Minister of Finance would bow and accede to a suggestion made by his former Minister is shameful and disgraceful. And I use those words advisedly. A man who has given of his service to this province for all the many years, and who made it a point when he did answer a question - and I did not spoon feed him the points that he made - when he was asked, and I think it was the Member for Riel who asked the question, as to the credit standing of the province, he then referred to his service under a Liberal government, a Conservative government and then a New Democratic government, and without being political in any way, he stated that our credit standing was good and increasingly good. But the Member for Birtle-Russell is prepared to slur the name of a public servant who's

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(MR. CHERNIACK cont'd) . . . . awfully close to retirement and to do it in such a way - and of course, the public servant can't answer, he can't answer. He can't get up in this House and make a speech, nor would he lower himself to answer the Member for Birtle-Russell outside. And had I not been present to hear him make the insinuations that he did, I too wouldn't stoop to deal with it. But I was here, I heard it, so did other members present. And I am terribly disappointed that the Member for Birtle-Russell in attempting to make a point and to run down this government, is prepared to take the name in vain of a person who commands respect wherever he is known. And, Mr. Speaker, much of the ability that this government has had to borrow at favourable rates is attributable, not only to the ability of the Deputy Minister of Finance but also the respect that he commands in all the financial circles of the world. If that wasn't known to members opposite, I make it known now. And I think that year by year I've always given credit to Stuart Anderson as being one of the outstanding Deputy Ministers of Finance in this country.

Now of course the Member for Birtle-Russell showed his character in what he did, but he also showed his ignorance on some of the other statements he made. Mr. Speaker, it was not more than a few weeks ago that I read in the newspaper - and the Member for Birtle-Russell has proven that he can read, not necessarily understand - I read it in the newspaper, that the City of New York was in terrible trouble because no one would lend to the City of New York. And the mayor there was very distressed and he went to the Governor of New York with the problem that the City of New York's finances were in a terrible state, they couldn't get on the market, they were rejected by the market. And he uses the City of New York to show that they have rejected a rate of interest lower than that of the Province of Manitoba. He doesn't apparently know the standing of the City of New York's finances. He probably also does not know that municipal lending in United States is tax free. At a rate of 7.92 percent, which is the rate he quoted, under those circumstances is a very high rate. Would he realize that? Could he learn something? And you see, Mr. Speaker, he is still saying that they rejected 7.92 percent. They would have rejected, if they had a decent credit standing, they would have rejected less than 7 percent, because the people who are the buyers of municipal bonds in the United States don't pay income taxes on those bonds, and therefore the market is a much lower cost to borrowers of municipal securities in United - he didn't know that but he didn't have to know that, because when he got up to speak, he didn't have to speak with any knowledge because apparently he is not the person who is the financial critic for the party and therefore he doesn't have to know whereof he speaks. But I assure him that makes one big difference. And the Member for Birtle-Russell I believe is probably wealthy enough to pay income taxes and probably pays income taxes at a rate which is higher than the average citizen in Manitoba. And therefore he should well know that if he is able to get income from investments and not pay taxes, then he would be prepared to accept a much lesser interest rate than if he had to pay taxes on it. Maybe he doesn't understand that, but I tell him - and I don't ask him to believe me, and I will never ever ask him to believe Stuart Anderson, nor would Stuart Anderson stoop to ask him to believe him. But let him find out from others what the difference is. The fact is, as was stated and as has been proven to anyone who has the intelligence to look at the market and the fluctuations of the market and the interest rates payable by Manitoba as well as by other provinces and other institutions, that Manitoba's credit standing is good. And, Mr. Speaker, I would like to think that members opposite would be proud of the fact that the Manitoba economy is such that we are able to borrow advantageously anywhere on the market in the world. They should be proud of the fact that the people of Manitoba who stand behind the borrowing, are good for their pledge regardless of what government is in power. But, of course, the Member for Birtle-Russell, like his leader, is prepared to run down assets of the people of the Province of Manitoba for their own political advantage. And I must say that the majority of the members opposite have not done that and therefore I do not accuse the Opposition as such of running down the province and its profile and its image in the world economy.

Mr. Speaker, the member continues to show his ignorance by making no distinction in his mind between self-liquidating and non self-liquidating debts. But I must recall to those members who were present when Duff Roblin was the Premier and sat as Minister of Finance, and they may recall that every year during this very debate there would be a very interesting, and to me difficult to understand, debate that went on between the former Premier Doug Campbell and the then Premier Duff Roblin about what was self-liquidating and what was not self-liquidating

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(MR. CHERNIACK cont'd) . . . . And the reason apparently is, that when Duff Roblin was in Opposition, he made some sort of a statement that a dollar owed is a dollar owed regardless of whether it has backing of a utility that was self-liquidating or not. And Duff Roblin lived to rue the day when he made that statement in Opposition because Doug Campbell read it back to him year after year while I was sitting in the Opposition reminding Duff Roblin that he said just what the Member for Birtle-Russell said today. And Duff Roblin year by year, as I recall it - and I'm not going to take the trouble to give--(Interjection)--was visually trying to explain away what he had said earlier, because it's just obvious that with the hydro electric system which has very low rates compared to any other energy producing system on this continent, is able to invest substantial sums of money in harnessing the flow of water that otherwise went unharnessed, and is able to convert that to energy and sell that energy both to its own people and outside of the province, that it is able to pay back the debt and is able to pay it back and still maintain good rates.--(Interjection)--

Oh, of course, the Member for Swan River said we started it. He's right. I remember so vividly when, I guess it was just before an election that Duff Roblin started to talk about harnessing the north, when he started talking about the phases of development of the hydro electric system in the north - and I don't recall anybody in Opposition, Liberal or NDP who said, don't do it. The Member for Swan River is right, he said we started it. Yes, of course, actually one could give credit to - I guess it is the same Doug Campbell who really started it. Because you will recall that Hydro power was being produced by private enterprise in Manitoba along with the public enterprise, and it was Doug Campbell who had the foresight to buy out the Winnipeg Electric Company and to start setting up a Manitoba Hydro system. And may I remind members opposite that it was a Conservative Premier that got the Manitoba Telephone System out of private hands and into public hands, let's not forget that either. The NDP did not come in afresh with brand new ideas saying, boy, we're going to start getting involved with public funds in public enterprise. I think it was around 1911 or in the early part of this century that the Telephone System was set up - 1908 I'm told - by a Conservative Premier, Sir Rodmond Roblin, Rodmond P. Roblin. He also motivated the construction of this beautiful building that we are benefiting from. And it is this kind of an enterprise for which I give full credit to the Member for Swan River and his colleagues and his predecessor who set up an institution which is able to borrow very cheaply - and let me tell the Member for Birtle-Russell that Hydro borrows a little more cheaply because the Manitoba Government guarantees its debts, than it would otherwise. And let him know that. And let him know that it is the ultimate responsibility of the people of Manitoba in a guarantee of the Hydro borrowing that makes Hydro borrowing a little less costlier than it would be otherwise. And let him know that.

So it makes a difference and, you know, let's not hide from the fact that we are borrowing on dead weight projects as well. That is, if you consider a school as dead weight or if you consider a hospital as dead weight, because those have to be paid for out of tax moneys. And if you consider that investing in the people - and I heard my colleague, the Member for Churchill call out several times today when the Member for Lakeside said our real resource is the land, and the Member for Churchill kept saying it's the people. And I believe it's the people. And I am happy that we are involved in building the economy. We are building schools to educate our biggest and best natural resource. And we are building hospitals to keep healthy, our biggest and best natural resource, and there are some people who call it dead weight debt, and I think it's more of a living investment than any other. And then we have members like the Member for Sturgeon Creek who are always up in the air and who are not down on the ground at all, and who are speaking about airplanes at all times. And if he were able to relate that effort and that investment in the economy, whether it fails or succeeds, and the Member for Sturgeon Creek will be amongst the first to hope that it fails . . .

MR. F. JOHNSTON: No.

MR. CHERNIACK: No? I'm glad to hear that. I think his leader would take some pleasure out of it. But besides that, there's an investment, you relate the percentage investment in that kind of an endeavour to the total investment that is involved in the Capital Supply over the years, you will find that it is very small.

By the way, I do remember Duff Roblin coming up - was it before an election? - where he said that we are embarked on a project in The Pas area which will eventually mean \$100 million of investment in the harvesting of the forest reserves of The Pas.

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A MEMBER: And 800 jobs.

MR. CHERNIACK: And 800 jobs. And I think now there are more than 800 jobs.

--(Interjection)--Oh well, the Member for Swan River is justifying the Provincial Government - I wonder if he knew at the time that it was people's money that was being invested - I don't know if he did. I guess he didn't, because he would have said he did if he did because the Member for Swan River, if anything, is honest. And if he knew, he would tell us. And I don't know whether he knows whether or not members of the Cabinet knew that it was Manitoba money that was being invested in that \$100 million operation. But it was nevertheless, the great pride of Duff Roblin that there was money being invested in the forestry, and we know that at that time he knew where the money was coming from. I believe that at that time he also thought that part of it was coming from Switzerland; I believe he did know that, I have no reason to think otherwise. And when we criticized that deal, we didn't criticize it as being Manitoba money because we weren't told or knew that it was Manitoba money, we just said that Manitoba resources were being used so cheaply, half stumpage fees, tremendous investments by the province at the time.

But that's money that is capital moneys that the Member for Birtle-Russell spoke about, so let's make sure that we do understand that we're involved in helping this province grow and it will grow under any government that the people of Manitoba choose to elect. And the conclusion to the speech by the Member for Lakeside was intimating that before we know it the government will be operating all businesses, nationalizing all businesses because the people who with free enterprise capital will not invest it here. Mr. Speaker, we've heard that since before June of 1969, and we heard it year after year. Do you remember, Mr. Speaker, in 1969, in the fall, in 1970 at budget time, in 1971 at budget time, the Leader of the Opposition, the Member for River Heights, the then Leader of the Liberal Party, the then Member for Wolseley was saying that we had deliberately cooked the books in our estimates to show that we would be getting more revenue than we said we would, and we would be spending - I mean, less revenue than we said we would, and we'd be spending much more money than we said we would, and that really we were going to run ourselves tremendously into debt on concurrent, instead of showing a more or less balanced budget. They both said it and both were proven to be wrong. And the fact is that we have had surpluses all along, but they have forgotten that.

But let me just draw to the attention of honourable members - in the Budget Address, this latest Budget Address . . . On Page 67, a chart entitled Federal and Provincial Spending Intentions 1975-76, with a percentage change. And it shows Manitoba's percentage change from last year to this year was 21 percent. And let me just quickly give you the percentage changes in the other provinces: The Federal Government 28.2 percent, Newfoundland 23 percent, Nova Scotia 13 percent - lower than Manitoba's - New Brunswick 21.1 percent, Quebec - yes, Quebec 25.7 percent, Ontario 22.2 percent, Saskatchewan 26.9 percent, Alberta 27.4 percent, British Columbia 48.4 percent. In the listing here - and Prince Edward Island was left out because it had apparently not yet announced its intention - in the listing here, only one province, Nova Scotia, had a lower percentage change than Manitoba has for this coming year.

Let me also talk about debt charges. And on Page 69 there is a chart which gives debt charges as a percentage of expenditures. And let me just point out that in 1969-70 debt charges of Manitoba as a percentage of gross provincial product were .4 percent. In the following year 1970-71 they were also .4 percent. And from 1971 right through until the present it dropped to .2 percent. That is, that the debt charges of this province as a percentage of gross provincial product dropped from the last Conservative year of .4 percent to .2 percent now. And I mention that, Mr. Speaker, because of course everything is relative. I mention that, because the Member for Birtle-Russell said we are not expanding our population, we are not a growing province. Mr. Speaker, we have surpassed the expectations of gross provincial product year by year by year, after there has been an adjustment on the basis of the inflating dollar. And that's something that we should be proud of and I would guess that most Manitobans are proud of it, and I would guess that the vast majority of the members of this House - and when I say vast majority, I'm thinking in terms of many more than 31 members of this House - are proud of the fact that Manitoba is showing a good return. And I believe they're proud of the fact that Manitoba's unemployment rate is well below what it used to be and well below the national average; and I think that they would be proud of the fact that after tax income of our people, is higher than it was before. And they would be right to say this

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(MR. CHERNIACK cont'd) . . . . government is not entitled to all the credit, and many would not like to say that this government is entitled to some of the credit. But, Mr. Speaker, few, I believe, on the opposite side would endorse the kind of a speech to which we were subjected by the Member from Birtle-Russell.

A MEMBER: Right on.

MR. CHERNIACK: And I conclude by saying again, that I would not have responded to what he said had he not taken the occasion to slam right into a person who deserves nothing - and has received in the past - nothing but respect and credit from all members of the House and all who have known him.

I conclude further by pointing out that the honourable member - and I use that word honourable because that's in the rules - Member for Birtle-Russell was present at the time that this terrible thing took place - where I made a statement and the Deputy Minister of Finance supported that statement - and he didn't have the guts or the nerve, or maybe he had the shame to think what he thought without saying it right on the spot at a time when there could have been an answer made by the person affected. Instead of that he sat and brooded on his suspicions until today. And for that I think he has nothing but to leave very soon for home with his tail between his legs where it ought to be. (applause)

. . . . continued on next page

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MR. SPEAKER: The Honourable Member for Fort Garry.

MR. SHERMAN: Mr. Speaker, much of the bill that we have before us deals with universities established by or under the authority of an Act of this Legislature and the procedures for borrowing by a university and for providing for loans to a university. And I'm deeply concerned, sir, that here we are dealing with a bill calling on this Legislature to authorize the expenditure of more than a half a billion dollars by this province for capital purposes in the fiscal year upon which we're now embarked, and the appropriation for universities is not only relatively insignificant, relatively paltry, \$3.9 million out of a total of 544 millions, but it's down substantially from last year, sir. It's down substantially from last year; it's down 33-1/3 percent or fractionally a little more than that, probably closer to 35 percent. And this at a time when virtually everybody in the province, and certainly the members on the government benches opposite surely know that our premier university in this province, the University of Manitoba - at least among our universities - is in extreme financial and funding difficulty, is in extreme physical difficulty, is in extreme stress in terms of the physical plan in which it operates and with respect to the needs that that plan is being called upon to meet. I daresay that others of our universities and institutions of higher learning are equally suffering their own difficulties in those areas, but it's the University of Manitoba basically that I'm concerned with because that is where the difficulties obviously and very vividly have been publicized and have been scrutinized and have been made known to members of this Legislature in recent months.

We have \$3.9 million here in this bill, Mr. Speaker, being provided for universities, capital purposes in the coming and current fiscal year, and last year the appropriation was \$6 million. We're down from 6 million last year to 3.9 million this year, so that's a decrease of at least 33-1/3 percent - I didn't work out the precise fraction - but as I've suggested, it may actually be verging on 35 percent. Now if this government were to be able to say to me that they were cutting back spending programs, that they were cutting back budgets by 33-1/3 or 35 percent or even 10 percent all across the line, then I would not be on my feet at this present time complaining about the manner in which the universities and particularly the University of Manitoba is being exploited and is being compromised in this situation. But the fact is the government is not embarked on savings programs, except in those areas where it thinks it can get away with savings practices, savings techniques that are not going to cause it difficulty and are not going to hamstring the kind of favorite philosophical pursuits in their industrial dream world and world of illusions that they're embarked upon. They're looking for areas where they can make savings, and it seems to me that what has happened here is that the universities' area has presented itself to them as one such where they can get away with it without too much difficulty, without too much criticism from those persons in their van and in their train who are their supporters in the kinds of experimentation and tinkering with the economy and with society that is their normal day to day practice.

The fact of course is that I among others on this side have called on the government time and time again in recent years to try to bring a rationalization to their spending programs, to try to reduce budgets, particularly in those areas where spending can be proven to be impractical and questionable at the present time. And I assure you, sir, that I would be one of the first, if there were a general trend in that direction, to salute them for taking that step, even though the university appropriations themselves might be among those being reduced. But when we find the ironical situation that confronts us here, then all I can do is register my strongest unhappiness and my strongest possible protest, because as I've pointed out all across the board, spending is up in almost every department in the budget generally. I know the bill before us dealing with the capital borrowing authority represents a total decrease in that area from the appropriation that we passed in this House last year, but the overall program by this government, the overall department by department budgeting program is up substantially across the board. And we have pointed that out in numerous previous debates during this Session, and I'm not going into that again, but I just want to make reference to the fact that that is the general trend and the general picture. And yet we come here to the university appropriation in the midst of a situation in which no one could be insensitive to the truth, and we find that we've got a cutback of 35 percent from \$6 million to \$4 million or less - \$3.9 million - in the universities' capital borrowing appropriation for this fiscal year. And I ask this government to justify that to the Opposition and to the voters of Manitoba, if they can, Mr. Speaker,

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(MR. SHERMAN cont'd) . . . and I seriously doubt that they can. At least they can't justify it in meaningful and in reasonable terms. They may be able to justify it by the application of some kind of philosophical argument which obscures and ignores the role and the service that our universities, and particularly the University of Manitoba, play in this province. But they certainly can't justify it in practical argument, in practical terms, because the figures in front of us and in front of all Manitobans are very powerful in their clarity. And when we can look at the kinds of spending indulged in across the board, and look at the difficulties that have been given public exposure on the University of Manitoba campus at the present time and then see that cutback and that paltry acknowledgement of university capital needs, the message comes through loud and clear to any reasonable man or woman. And that's why I say they will not be able to justify whatever kind of argument they try to apply.

Mr. Speaker, we're all aware here of the difficulties in labour management relations, labour administration relations on the campus at the University of Manitoba that have . . .

MR. SPEAKER: Order please. I've been listening to the member very carefully, and we're on Capital Borrowing for the university which is listed, we're not involved with wage disputes at the University of Manitoba. Would the honourable member please stick to the bill that's under discussion at the time. The Honourable Member for Fort Garry.

MR. SHERMAN: Well, Mr. Speaker, nor am I concerned with it. Now I'm sorry that I didn't get a chance to finish that particular sentence, because what I was in the midst of saying was, we're all aware of the labour management difficulties that have existed on that campus in recent months, but equally - equally, I think we're aware of the space difficulties that are confronting the faculty and the administration and the student body on that campus, and this is precisely what the kind of appropriation involved in this bill deals with. This is precisely what's involved in the appropriation for universities in the bill before us, Mr. Speaker. So I recognize your admonition, and if I appear to be straying from the point, I accept your correction, sir. But I was intending to pursue the argument as I've just suggested and I didn't mean to get onto the labour problems of the campus at this time.

But I do think there has been equal study and equal exposure given to the capital and physical and plant problems at the University of Manitoba. And how are they going to be administered and solved and untangled with a declining appropriation? Now, I know that the capital spending and capital building program for the University of Manitoba was frozen early this year - frozen early this year by the Universities' Grants Commission and, in other words, by the Government of the Province of Manitoba. And the underlining and underscoring of that action is made doubly evident by the appropriation within this bill. And I raise the question as to how the difficulties facing that institution of higher learning, facing that plant, are going to be resolved and untangled when as stringent an approach to financing in the capital area is taken as that which is demonstrated here.

There are 17,000 to 18,000 students, full-time and part-time, on that campus, Mr. Speaker, and there are in excess of 2,000 members of the administration and the faculty. There are also support workers numbering in excess of 1,000. So we're dealing there with a major community; we're dealing there with a community in the Province of Manitoba that numbers in total population something in excess of 21,000. We're dealing with one of the biggest industries, in fact, in the Province of Manitoba when we're looking at the University of Manitoba. And there are there very severe difficulties and problems now confronting those 21,000 citizens of that community in terms of accommodation for the work that has to be done - not necessarily living accommodation for students who were there in residence, although that is a component of the problem too, but I'm talking about accommodation simply for the job that has to be done in running the university, in teaching at the university, in carrying out the research programs in which the university is involved, and in studying and learning as a student at the university.

There have been numerous reports done by, not only the members of the news media in this community, but by the University of Manitoba Alumni Association and by others with an interest in the university's present and future, which have delivered the message over and over again to us and to Manitobans generally, sir, that cramped quarters, lack of space, is seriously impeding the things that have to be done on that campus. And the freeze into which the university is now locked in terms of capital building projects, can only serve to worsen that situation, to weaken the calibre and the standard and the capacity of the university in the months ahead. And

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(MR. SHERMAN cont'd) . . . as it's been pointed out in other debates verging on the subject of universities generally, once that trend of decline, once that trend of downgrading sets in, gets under way, it is an extremely difficult thing to check and to reverse, sir, because it's the kind of trend that makes itself felt first in the loss of top flight faculty, top flight teaching personnel, top flight research personnel, and the academic and research community of this continent and indeed of the world, being what it is, there are always comparative discussions taking place amongst academics and researchers from various parts of the globe, and when a reputation for a university is high, that reputation almost by definition necessarily reinforces itself, just through the communication of academics and researchers themselves. And when the university's accommodations for people and the university's capacity to do work declines, when it weakens, when it isn't so good, that reputation unfortunately spreads just as quickly and just as effectively, sir, and it is a very difficult thing to try to reverse that trend once it sets in. And for members opposite to suggest, if they do, that the kinds of stringencies that are being imposed on the university at the present time are only temporary, they're not permanent, they're not going to hamstring the University of Manitoba in any kind of continuing way, for them to delude themselves with that kind of thinking, Mr. Speaker, is a dire mistake indeed for all of us, because that's all that type of thinking is. It is a total delusion.

There may not be immediate evidence to members opposite, to Manitobans generally, that the University of Manitoba is in difficulty in maintaining its standard of excellence today - May 23, 1975 - but the problem is, as I have suggested, that when the capacity to do the job starts to be handicapped, and that those handicaps have been placed upon it, the effectiveness and the standards and the excellence of the institution subtly but inexorably start to decline, and they will make themselves known and make themselves felt and make themselves visible down the line. At that point down the line, you've got an institution that no longer enjoys the level of excellence that it once did, and at that point down the line you're stuck with a reputation that hurts you in trying to attract the people and do the job that you want to attract and that you want to do. And that's where the tragedy of the situation makes itself known in a real and compelling way. You've had a decline that has almost imperceptibly overtaken your institution in preceding months, and you wind up suddenly with a second-grade institution rather than a first-grade one. And it's that conclusion, that ultimate position down the road, that I'm warning the members of this government and the members of this Legislature against right now, sir.

It's not good enough to say that we have to cut back for now but we'll do something about it later on. We can't afford to cut back on the University of Manitoba, or any university in this province, in terms of its excellence if we want that institution to maintain that excellence. That cut-back, although appearing to be only temporary, is, as I've suggested, deceptive and extremely destructive in its ultimate results. If we want that institution to be what it has been built to be in the past nearly 100 years, then we have to meet the expense and meet the cost of maintaining it at that level, and I think the Government of Manitoba has to make the choice, really. They've got to determine what their priorities are. They've got to decide whether they want a first-class provincial university, like the University of Manitoba always has been, or whether they are going to put their emphases and their priorities somewhere else and allow it by default to slip to something less than first-class ranking. And I'm asking them to put that priority where it always has been under previous administrations in this province - high, very high on their list, sir. I want them to cut back on government spending programs that can be proven to be unnecessary and impractical and unrealistic at the present time, but why should the universities, and particularly the University of Manitoba, be the whipping boy, in any kind of "save a dollar" program? Why doesn't everybody have to share in that? It seems to me, as I scan the general program for government spending, that it's only in particular areas like this where they feel that they can effect some savings and thus go through the motions of presenting the public and the taxpayers with some budgetary cutbacks and some budgetary tightening up, without either the political difficulties that they would produce in other areas, or indeed without the difficulties that would assail their, you know, their philosophic programs in the areas of industry and social planning.

Sir, the space crisis has to be met at the University of Manitoba. I know there are some measures that can be taken to remedy it in an ad hoc way. I know that there are Special Project appropriations that can be affected by a process of application coming from the Board of

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(MR. SHERMAN cont'd) . . . Governors to the Universities Grants Commission, and so immediate and specific and localized problems on certain spots of the campus can be sort of dealt with in a patchwork way. But that isn't what's necessary to maintain the University of Manitoba at the front rank of academic institutions on this continent. What's necessary is a recommitment to the excellence of that university, to its importance as an industry in this province, and to its role in ensuring that Manitobans derive the best that is possible for us to achieve through the education system. And I think that only that kind of recommitment and re-examination of priorities is going to prevent the very difficult and very unfortunate day, which I suggest lies down the road if the present course is continued.

So I would register, as I've suggested, my very strenuous dissatisfaction and unhappiness with a Capital Supply Bill that soars beyond the half billion dollar mark in total authorization, and reserves a meagre \$ 3.9 million for universities generally - including the other universities of the province, not just the University of Manitoba - and I wonder how this government is going to answer to their own children and the children of other Manitobans coming up to make use of and avail themselves of the facilities of that great university, when they put it into a straitjacket such as they're doing under this fiscal program, and almost doom it to a reduced status and a reduced stature in a few months' time. And I would ask them to re-examine the arrangements they have for funding the University of Manitoba and universities generally, to restore the university's ability to do the job that it has always been able to do up to now.

I know that grants to universities and grants to education generally, during this government's period in office, have represented improvement over previous budgetary commitments. I know that the funding and the grants program administered by the Minister of Education and Colleges and Universities generally is sharpening up over last year, but that is for current operating expenditures and requirements; that is not the capital program. And what the University of Manitoba needs at the present time is a capital program, capital building program, a project program that can relieve the intense pressures that are now restraining it and constraining it from doing the job it should be able to do. And so as long as the Minister and his colleagues point to the general increases in the current budget for universities and tell me that they're doing great things for education, I say that they are leading us down the garden path and deluding us, because they haven't measured up to the basic problem, and that is the need for more physical plans, and that can only be met with greater capital funding from this government to that university and its sister universities in the province.

MR. SPEAKER: The Honourable Member for Portage la Prairie. There only being 30 seconds, I'll call it 4:30 and we'll go into Private Members' Hour.

MR. G. JOHNSTON: Do you want me to move the adjournment?

MR. SPEAKER: If the honourable member wishes.

MR. G. JOHNSTON: I move, seconded by the Member for Souris-Killarney, that debate be adjourned.

MOTION presented and carried.

MR. SPEAKER: The Honourable House Leader.

MR. GREEN: Mr. Speaker, I move, seconded by the Honourable the Member for Lakeside, that the House do now adjourn.

MOTION presented and carried, and the House adjourned until 2:30 Monday afternoon.