

THE LEGISLATIVE ASSEMBLY OF MANITOBA

Tuesday, April 11, 1978

Time: 8:00 p.m.

BUDGET DEBATE

MR. CHAIRMAN: The Honourable Leader of the Opposition.

MR. SCHREYER: Well, Mr. Speaker, it is customary, I think one could say, for the Leader of the Opposition or the finance critic on this side of the House, in recent years to stand the Debate for one or two or three days in replying to the Budget imposed by the government of the day. I have asked only that it be stood for half a day in order to give me an opportunity to read the entire document a second time. But I don't need any more time, Sir, because this is indeed a transparent document. The philosophy of the government is showing only too clearly, and it is not a profound Budget in terms of its goals, objectives and the realisticness of how; it sets about to achieve these goals.

The Minister of Finance last evening pointed to the fact that Canada has a sluggish and faltering economy, and that to a very large extent that is evident here in Manitoba as well. That is perhaps an accurate enough statement for this point in time but it wouldn't be the first time that the country or a given region of the country or province has had periods of economic sluggishness. The questions is: How long does it take to pull up and pull out of economic recession? And I am afraid that what we were presented last night certainly will have an effect far below the expectations that are being voiced by Conservative politicians, including the Minister of Finance, here and in other parts of our country?

Yes, the economy of Canada may be sluggish and faltering but is the remedy to proceed and reduce taxation of a corporate nature and at upper income echelons in terms of personal income, when we are advised in fact, Sir, that one of the peculiar phenomena of the current Canadian economic situation is that in spite of rather important tax cuts by the Federal Government a year ago, that investment intentions in our country have not improved. So we witnessed the spectacle of federal tax cuts having been given effect to, followed by an increase in corporate profits of 27-½ percent in the past twelve-month period and yet no improvement in private sector investment intentions.

Insofar as consumer spending is concerned it was hoped that the \$750 million in individual income tax reductions in our country would do something rather immediate and dramatic to improve consumer spending and in that way provide the kind of purchasing power that would pull down Canadian inventory. We find instead that the individual tax cuts have resulted in a sharp increase in savings with no proportionate increase in spending.

So the Government of Canada in recent days took the decision to try yet another time to provide a "quick fix," particularly since it is close to election, by introducing a rather peculiar, and one must admit that "peculiar" is the only word to describe a Federal Government paying provinces to compensate for any loss of revenue if they reduce the provincial sales tax.

For the moment I choose not to be critical about that but certainly we all have a right to note the fact that it is unprecedented in Canadian history and very strange in the context of a Canadian constitution. But if it has the desired effect, then at least insofar as 1978 is concerned, perhaps we needn't complain.

It was rather peculiar last night to notice the Minister of Finance, after having acknowledged that Ottawa's rather peculiar action will result in about \$40 million plus of a bonus or gift to the Province of Manitoba for reducing its own tax, that he saw fit to look the gift horse in the mouth. I was told by one of my colleagues that perhaps the Minister of Finance found out that a gift horse has other parts of its anatomy as well as a mouth.

The Minister of Finance made allusion to the fact, and it is a fact — I acknowledge it — that in the last election the Conservative Party received a mandate by way of popular vote larger than any other government in recent history and that certainly includes three previous Conservative governments.

I might as well point out as well for the record and for the sake of symmetry, and it is also a fact, that we on this side received the largest support of any party going into opposition, or sitting in opposition, also in recent history.

And so the die is cast and in the course of the next four years we shall see whether Conservative philosophy and the kind of pre-Keynesian peculiar quaint ideas that they have about the modern economic system will in fact work to the general welfare and prosperity of our people as our prayer to the Lord says and hopes and invokes every day.

Well, let's start at the beginning. The Minister of Finance says that "in the five and a half short months that we have been in office we have reduced income taxes." He could have added "corporate taxes" as well; I think he is too modest. I acknowledge that they have sacrificed some revenue of a corporate and individual income tax nature, a reduction in tax that is meaningful for some and not meaningful for others, probably not meaningful for the greater number of Manitobans, probably meaningful for those in excess of \$30,000 a year — and as I think one CBC commentator pointed out, meaningful to the extent of about one package of radishes a week for many if not most Manitobans, fifty cents a week.

They have abolished the succession duty and gift tax, he said. Yes, I don't quarrel with fact; that is a fact and we shall come back to note that fact for his memory as the months progress.

"We have repealed the mineral acreage tax." Yes, that is correct. The main beneficiaries, is there any doubt of it, are the Canadian Pacific Railways and the Hudson's Bay Company, by far and away the greatest beneficiaries. No beneficiaries to speak of living in agricultural Manitoba north of the Transcona Highway for reason of the old Torrens Title system dating back to 1900.

We have introduced Expenditure Estimates with the lowest growth rate in Canada this year, yes, and at what cost in terms of human services?

I shall read on the record this afternoon, since my colleague the Member for Inkster was not given an opportunity, a letter which is only one example and symptomatic, and that is from Victoria General Hospital to indicate that this is part of the pattern of the price that is paid for trying to achieve this rather questionable record.

A MEMBER: They are happy. They want lockouts all over Manitoba. Everybody should do it.

MR. SCHREYER: The Minister for Finance is at least optimistic and I join with him in that sense that Manitoba is a province which, to use his own words, "that has a geography that is unmatched in its pride of appeal, summer, fall, winter and spring". I am not so sure about winter, but the other three seasons I would concur, and with a human environment, optimum in scale and challenge in a mixed economy — yes, it is a mixed economy. We would like to try and keep it that way, balanced, not imbalanced as between one sector or the other and generally not subject to wide fluctuations between either bullishness or sluggishness in a province blessed with natural resources who in the long term will provide stability and security but not necessarily the same vast wealth of some of our neighbours. To be more precise, Sir, not to the same vast wealth of two of our neighbours, but I should think that with respect to the other provinces of Canada, we are pretty well in much the same economic context and our record in this province of government budgets, size, scope, per capita size and scope, spending, revenue, accumulated deficit, yes, in all those respects, with the exception of these two provinces that I have just mentioned — Alberta and Saskatchewan — we were and we continue to be in a very comparable context.

The Minister of Finance went on to say that a Budget should not be a political manifesto and then he proceeded to assail our ears with a concoction of words and statements that were highly political, in the partisan sense political, and filled with worn out theories — talk about being filled with worn out theories, every theory I hear them mouth is old, nothing new about them and they were worn out many long years ago — misleading statistics, meaningless comparisons and promises which cannot be fulfilled. Well I know something about listening to promises that cannot be fulfilled, including promises having to do with support for local government, municipalities, school divisions, universities, hospitals, about the retention of some of the more humane and desirable services and service programs. Comparisons, yes, I have heard a great deal of meaningless comparisons as well, such as, setting out the size of this province's debt out of context or ignoring the historical context of this province, ignoring the debt position of this province in relation to its gross provincial product or output of wealth, 10 years ago, 15 years ago, 20 years ago, in relation to the performance in our sister provinces. All of this is studiously avoided and we shall come back to that in a few minutes to indeed talk about comparisons.

Well, let's listen to this bit of political manifesto and rhetoric, and I quote the Minister: "The costly lessons of the last eight years" — I would ask, "Why not say the last 12 years, or the last 18" — indeed I would say, "since 1966". Why 1966? Because of banner headlines in our local Winnipeg newspapers in 1966, about six months prior to the election, two of them: one, I remember it still, "\$100 million Forest Complex for The Pas" and the other, "Manitoba to go to the Northern Nelson River." In both cases — and this is very interesting, mark you, Mr. Speaker — there was \$100 million involved in the one and in the order of \$500 million involved in the other. And if you take that in the context of 1966 dollars, taking it in terms of cost in dollars, that would be tantamount to banner headlines today up in the order of \$1.1 or \$1.2 billion of undertaking by the province.

And also remark on this, Mr. Speaker, that in both cases both these dramatic headline-blazoned announcements really involved a heavy dependency if not an exclusive one. I would say exclusive. It's open to some quibbling. A very heavy, if not completely exclusive dependency on the public sector to help make that announcement a reality.

MR. GREEN: But they wouldn't admit it.

MR. URUSKI: All of it.

MR. SCHREYER: Because, Mr. Speaker, the facts and records show of course, the hydro utility being a provincial public sector utility, that all that investment spending was public sector investment; that the Atomic Energy of Canada Limited investment of \$200 million plus is really also a public sector investment, admittedly from another level of government; and the investment of \$100 million in The Pas Forestry Complex, announced at that time, involved provincial loan guarantees and loans and Federal DREE funds to a total of approximately 86 plus 12, say 98 indeed, \$100 million as the headlines said. But the impetus for it, right down to the last penny practically, was public sector initiative or public sector capability behind it.

MR. GREEN: That's right.

MR. SCHREYER: Now, apparently in the 1960s that would be justifiable. Indeed it was justified and proceeded with. But today in the latter half of the 1970s we are told that all this is anathema; that it is economic heresy, that we must reverse everything and go to a heavy, if not exclusive, dependency on the private sector in terms of generating new investment activity.

And we know, Sir, that in the last 12 months, to repeat for the sake of emphasis, that despite the \$1-½ billion dollar tax cuts granted to the private corporate sector in Canada last year, and a 27 percent increase in corporate profits partly as a result of that tax cut, that private sector investment intentions are not 27 percent or 20 or 15 or 10, but something even less than that. Now, the pattern in Manitoba will not be much different since Manitoba doesn't deviate with respect to most major indicators that much from the national main indices.

Well, perhaps the realities of the responsibility of office will cause this government to leave some of its worn-out old theories and rhetoric and adopt more pragmatic measures such as I believe will be demonstrated in a few days or a week when they join with one or two other governments — at least two I would think — to participate via the public sector in guarantees to Co-operative Implements Limited, without which involvement and utilization of the public sector as an instrument of social and economic good, this rather desirable prairie enterprise would probably be in heavy difficulty indeed.

The Minister of Finance would have us believe that something disproportionate has happened in Manitoba with respect to budgetary deficits and with respect to accumulated gross funded debt. I must say, and this may be a little rhetorical so I apologize in advance, was it responsible in Manitoba when our gross provincial wealth or GPP, gross provincial product, was one-third of what it is today, was it responsible to have accumulated \$154 million in seven successive unbroken years of deficit? And if \$155 million was responsible in the context of a province with a GPP of \$2-½ billion, what is responsible in the context of a province with \$8-½ billion GPP, or are we to somehow ignore these realities of changing times and the dynamics of public fiscal policy?

But of course the popular thing these days, we are told, is that the swing of the pendulum has politicians who mouth the dangers about excessive public sector involvement that they have the ear of many, and I suppose that is true. They try even to invoke Jimmy Carter although I rather suspect that they will find it difficult to get him to agree to some of these semi-lunacy policies that they would have Canadians follow here. At the same time as they would invoke the words of Jimmy Carter, I must announce to my honourable friends in case they aren't aware of it yet, that the Federal Government of the United States of America — since they are quoting Jimmy Carter I will as well — has seen fit in the past two months to proceed to increase funding for urban renewal, inner-city renewal, and funding for municipal government, and these characters here are doing the opposite. At the same time, the Federal Government of the United States has seen fit, despite their quoting of Jimmy Carter, to announce two or three weeks ago the hiring by the Federal Government of the United States or by way of federal financing of state and local government in the United States, the hiring of some 415,000 additional young people to the public service in that country. So that squares — or does it square — with what they have been doing here.

But of course their imagination runs to not both sides of the ledger, only one. They talk about a mixed economy. They talk about a partnership between the two sectors but they announce a program of employment for youth which is exclusively having to do with the private sector. I daresay that they wouldn't even have the 2,000 jobs created for youth employment in the public sector were it not for the fact that that has become a traditional program here, after several years. So out of respect to Conservative desire not to change things too much they have left that part in. Anyway, I don't dwell on it.

Was it a case of implying lack of responsibility that they should have accumulated \$154 million in deficit in seven successive unbroken years of budgetary deficit from 1960 to 1967, when the GPP was roughly one-third of what it is today? Or was it irresponsibility, as he implies was the case here between 1970 and 1977, when in those same years — 1970 to 1977 — that in our sister province of Ontario that they should have accumulated something in the order of \$6 billion? In fact, Sir, is it an exaggeration for me to say that in the past 18 years in Ontario — 18 years — there have been 17 deficits and one surplus, if measured on the same kind of bookkeeping that they use opposite here?

Well now, in 17 years of unbroken deficits it should surprise no one that it has accumulated to \$6 billion, approximately. Now the Minister of Finance says, "But, you know, the Leader of the Opposition is so uncaredful in not recognizing the fact that Ontario's population is eight times that of Manitoba's."

Mr. Speaker, I always mentioned that in the full context. Ontario's population is eight and a half times that of Manitoba. Gross Provincial Product is about nine times that of Manitoba, and the accumulated deficit in the 1970s is 16 times that of Manitoba. That's the full context. That's the full context — current and capital combined, total national accounts, cash flow, principles of fiscal accountability.

That somehow, however, is not recognized or described as being irresponsible. Sixteen times, or a ratio doubled in relation to population and GPP, the debt is disproportionately doubled in the last eight years — the accumulated deficit from 1970 to 1977. But somehow, I am sure that that would not be described as fiscal irresponsibility. No one is suggesting that Ontario is on the verge of bankruptcy but Manitoba is.

But indeed one has to ask the question whether all this is not deliberate. Because I have here the record of what was said by the Minister of Finance last November when referring to revisions received from Ottawa, which are received quarterly, in terms of estimations of revenue. And those of you with a good memory — indeed even with an average memory — cannot help but remember the

Minister projecting \$125 to \$130 million deficit. Indeed, he tried even as late as last night to say \$129 million.

MR. GREEN: Five times.

MR. SCHREYER: Yes, five times. Now, I have here Hansard of two weeks ago, Page 258, when I asked the Minister of Finance, and I think, Mr. Speaker, that you will want to reflect on this exchange between the two of us and ponder it. Because I asked the Minister of Finance two weeks ago whether he could indicate to the House the estimates of revenue which we receive as a province from time to time from Canada, whether those estimates of revenue have been revised again, once or twice, since last autumn.

Take note, Sir, I said estimates of revenue. I didn't ask about estimates of corporate income tax, or estimates of personal income tax; I asked about estimates of revenue in total that are received from Canada.

The answer to the question would be, "No, not substantially."

Now I take Page 18 of the Minister's speech of last night and I read this rather interesting admission. Not the best, not even the worst . . . Just a moment. "Although the figures are not yet final, it is now clear that the measures" of restraint" and I put that in parentheses (of restraint)" did have a significant, positive impact. On the old current account basis, it appears likely that the 1977-78 deficit will be " — well, you would think \$125 or \$129 million — "approximately \$80 million, some \$50 million less than the projection issued in November."

Now, did this \$50 million improvement come about as a result of these measures of restraint, or did it come about as a result in revisions of estimates of revenue forthcoming from Ottawa?

Well, let's read further. "Approximately one-quarter of the reduction" — Well, I've done my calculations, Sir, and that's one of the fewer, lesser misleading statements because it's not quite a quarter; it's probably closer to one-fifth. But let's say it is a quarter — "That one-quarter of the reduction in the deficit results from decreased spending, while the remainder represents primarily an improvement in federal cost-shared payments."

Well now, if the Minister was trying to pretend that receipts from Ottawa on cost-shared programs are not revenue Estimates then I look in what is entitled "Estimates of Revenue" and I find that cost-shared programs are certainly a major part of the revenue estimates.

So8 on the basis of that, I have to say so that the record will record it very, very clearly it is a fact that there was a \$50 million masking — a \$50 million hiding — until last night of the converse of what they projected last November. Certain items went down by \$50 million, but some came up by \$50 million, in terms of the vagaries from month to month and quarter to quarter of federal forecasting. And that is something which affects all provinces. We're not unique. But at least why not indicate that minus 50 is offset by plus forty, or plus fifty. There may be another minus 20 offset by a plus 20 in the future. Because in fact the books, in terms of the flow of funds in a fiscal year — any given fiscal year — as far as Ottawa is concerned the books are not really closed until two or three years later.

And so it is the most classic of deceptions. It is the most blatant of misleading statements to talk about the negative side of the ledger while not acknowledging the fact, when given a golden opportunity by way of question before Orders of the Day, as to whether there was any change in the estimates of revenue and to have him say, "No, not substantially." Well, \$50 million, Sir, is substantial. \$40 million is substantial. And there was his opportunity to indicate that the over-estimate in terms of personal and corporate income tax was offset or almost, if not completely, almost completely offset by a bonus or an improvement on the other side of the ledger in terms of revenue receipts from Ottawa.

But you know it didn't serve their purpose, because their purpose was to try to create a climate of fear and intimidation in this province so that they could proceed to dismantle, by degree at least, some of the more desirable of programs that do mean something to many of our fellow citizens of different age groups, so that they could proceed to cut spending and that they could also proceed to sacrifice \$25 million of revenue, which is what they've done. Strange, in the middle of a so-called crisis, which crisis by the way is proportionately less than that in Ontario, that they somehow in the face of this crisis so-called sacrificed revenues. And then on top of that increase spending on highways and pavement, from \$119 million they propose to increase it to \$160 million, an increase of \$40 to \$41 million at a time of so-called crisis and belt-tightening.

Well, I know that if there is a genuine crisis that leaders, whether it be provincial or federal, do have not only a right but an obligation to call on their fellow citizens to exercise restraint and to make sacrifices in the overall general public interest. But, Mr. Speaker, who are they asking to sacrifice? Who are they asking to make sacrifices? Because as I witnessed the nature of the tax cuts that were made federally many months ago and the nature of the tax cuts that the Minister again announced in his — it's his announcement, not mine — that they cut corporate and personal income tax, the inheritance tax, that somehow those who are in receipt of inherited wealth in excess of a quarter million dollars . . .

MR. GREEN: They don't make sacrifices.

MR. SCHREYER: . . . Not only do they not somehow apparently have to make sacrifices but they

are given unsacrifices. And then we are to believe that they really feel that people will respond.

Now the Minister of Finance also made quite a bit of to-do with respect to the anti-inflation program coming to a close, and I'll come back to that in a moment. —(Interjection)—

Yes, we have three years to watch and wait and see.

MR. LYON: It took the P.C.s three years to clean up the mess . . .

MR. SCHREYER: Well, you see, that's one thing about the First Minister, he keeps repeating the same statement as though he is wilfully hoping to wish away the fact that if there is some kind of mess, then that mess is compounded by a factor of two in the sister province of Ontario, governed by a Conservative administration for the past 18 years and more. — Interjection)—

So I suppose one is to conclude that we have two kinds of Conservatives in this country, Sir, one is the Conservative that has had some years of responsibility in office and has a rather more balanced view of our country and the needs of our society and those who come in on the crest of the swing of the pendulum with rather peculiar strange, almost idiotic, ideas about getting ourselves out of a sluggish economic situation. —(Interjection)— I know that the First Minister has rather a fondness for making reference to socialists and to Marxist ideology and you know, I find that rather interesting that he should be so preoccupied with those ideologies. I just simply say to him that in my opinion that Marxism is about as relevant in the modern world, in the late 1970s, that Marxism is about as relevant as the Herbert Hoover-R.B. Bennett type of Conservative philosophy that he espouses. They're both equally for the birds. Both equally for the birds.

MR. LYON: Why do you practise it then?

MR. SCHREYER: I don't practise it. Well, you know, Mr. Speaker, that could become rather an . . . because it's really not a very enlightening discussion. I could ask my honourable friend, the First Minister, whether he believes that we would rather like to practise Marxism, when he knows full well that we do believe heart and soul in the mixed economy but one that is genuinely in balance, in balance as between the two sectors. Marxism which would want to go to an almost exclusive, if not exclusive dependency on the public sector and this kind of antediluvian conservatism that would go more and more to exclusively dependent on the private sector, are just not relevant in our day and age. And it's about as simple as that.

We have here on Page 9 of the Minister's Budget Address last night a number of pious platitudes which I would like to be equally pious and plitudinous about. After all if he can, why can't I? He says, "In our view the major developments that came about at the First Ministers' conference in Ottawa in recent weeks, is first of all the agreement by all senior governments to keep their rates of expenditure growth below the rates of growth of G.N. or GPP."

All right. All right. This implies that somehow and the fact that he would mention it here, that somehow Manitoba is equally guilty with all the rest in that regard. And I have to say to him again, if he will only take the time to check with the Canadian Tax Foundation publications and Stats Canada, he will find that insofar as Manitoba is concerned that this so-called wild spending, wild public sector spending he refers to, indeed was and remains today among the lowest in terms of per capita government spending in all of Canada. So he should acquaint himself with the facts before merely engaging in pious broad generalities.

He goes on to say, "That the consensus at the First Ministers' conference that the level of total compensation paid to public employees should not leave the private sector." Here, I may shock my honourable friend, the Minister of Finance, by agreeing with him and indeed agreeing wholeheartedly that the levels of compensation paid to public employees should not lead the private sector.

But I must ask the question, did Manitoba ever lead the inflation parade, whether it be in the Sixties or in the Seventies, did Manitoba ever lead the inflation parade with respect to public sector public employee wage settlements?

If there was inflationary pressure brought about in this country as a result of some unusual leading-of-private-sectortype of wage settlements in the public sector, it certainly came about in provinces other than this and I don't know if I should be that diplomatic as to avoid mentioning the names of those provinces. They're obviously B.C., Alberta and Ontario. There's where the inflation hot spots and the inflation generators of our country have been, certainly in the 1970s, and it is simply meaningless to make this kind of pious observation without identifying where the source of the inflationary pressure was coming from, and it wasn't coming from this province, not historically in the 1960s, nor currently in the 1970s.

Also, apparently at the First Ministers' Conference, they decided to undertake a Joint Federal-Provincial Study aimed at rationalizing resource taxation to help revitalize the mining industry. Well that also is a pious platitude because there have been studies of mining taxation, including a component of the Carter Royal Commission on Taxation more than ten years ago. And you know, it is a result of some of that refinement and rationalization on taxation in the mining industry that a decision was taken by the Federal Government of that day to allow mining companies to deduct from tax payable in Canada, their investments made in overseas mining ventures, using profits generated in Canadian operations, subtracting their investment made in overseas incipient operations, subtracting that from their Canadian profit tax payable. As a result, today we are reaping the harvest of that kind of policy. Much of the competition and downward pressure in world metal and mineral prices is because of the opening up of new mines and large-scale mining operations in parts of the Third World.

Which poses another dilemma for humanity, because according to the United Nations, according to every country that adheres to the United Nations, certainly there is a consensus that if not by way of mineral development and the mining extraction industry, how are these countries of the Third World ever to raise themselves by their boot straps? That is the message that they are told. That is the message that the U.N. carries. That is indeed the whole reason for existence of the World Bank, to provide venture capital to supplement mining corporation capital taken from a developed country's mining ventures for investment into Third World countries. It is an agonizing cruel dilemma and no pious platitudinous study about some kind of rationalizing of resource taxation will change that fundamental fact.

I go on to perhaps take note of the most pious and platitudinous of all four of these platitudes: "There was unanimous endorsement by all First Ministers of a suggestion put forward by the Premier of our province for a high priority review to reduce the economic cost of government regulations and red tape." Well, I would welcome seeing what comes of this and how Manitoba stacks up. I would submit to you, Sir, and to all who care to research and analyze for themselves, that the cost of general government, which can be ascertained from Statistics Canada data, the cost of general government and general administration in our province in relation to population also compares very favourably with the average in our country and with all our sister provinces.

Then he expresses the platitudinous hope that "the provinces be given a formal input into monetary policy decisions." They want now to help determine policy that the Central Bank of Canada should follow. And I shudder to think what might come of ten squabbling war lords trying to agree on what Central Bank policy should be. And that "they will make a better exchange of borrowing information among senior governments as they go to the international money markets." Well, you know, Mr. Speaker, that for sure is not a new idea. That was solemnly suggested several years ago, solemnly agreed to and then the provinces proceeded to not only inform each other but rather go to at least some little length to hide information from each other as to their borrowing intentions because of the fear that if they didn't, they would go to the market just at the wrong timing, and timing in going to the capital and money markets is almost a phobia with those involved.

I don't think it merits my taking more time on it, but these, Sir, are pious platitudes and really will have no direct bearing on the tangible results of the future government of our province.

The Minister complains about the Canadian dollar being at a post-depression low. Well, I shall take only two minutes on this to observe, Sir, that the Canadian dollar being at its present low, is most emphatically a disadvantage in some respects but it is, for a province that wants to stimulate improved and increased manufacturing opportunities and to stimulate exports, that both manufacturing and food-producing industries in our province benefit from the existence of a low dollar on the international market. And it certainly doesn't hurt tourism. So I wonder why the Honourable Minister takes time to make reference to the Canadian dollar being at a low. It happens, Sir, that it is only 3 percent lower than Alvin Hamilton's 91-cent dollar in 1961. I mention that just so my honourable friends don't get the idea that the Canadian dollar has somehow never been low before.

I would invite my honourable friends opposite to take a 20-year look at our province, not a look out of context, but a 20-year look at our province to see how the performance of growth of Manitoba's economy has been in the 1960s and in the 1970s. And when they talk about investment by the private sector being unimpressive and inadequate during the previous administration, then I have to ask them, which has the better weighted average of annual improvement, annual increase in private investment and in total gross provincial product in this province, 1970 to 1977, or 1960 to 1967? And they will realize very quickly that if they weren't satisfied with the performance of our economy in the last eight years, that there was certainly more reason to be dissatisfied in the 1960s. And indeed we will watch closely to see just what the actual results are, not the rhetoric but the actual results in terms of private sector investment in Manitoba this year and next year, the year after.

My honourable friends, when I talk about the "flight of capital," how many of you remember the now Minister of Industry and Commerce talking about a billion-dollar flight of capital? Well, we will look at the actual performance of private sector investment in 1978 and in 1979 and it will be equally valid for us to conclude that to the extent that the actual rate of investment does not exceed the performance of the past seven years, that therefore there must be a flight of capital. Or otherwise, where is it going, what is happening? It's not being invested, it must be flying. So it is very critical, Sir, that we look today and 12 months from now to see the extent to which the private sector investment in this province has increased in both real dollars and in nominal current dollars. I repeat that I will certainly be satisfied — curious, but satisfied — to look at 1974, '75, '76, '77 in terms of investment, private sector, public sector, total investment, and compare with what happens in 1978, '79, '80.

We have been told so many times by the Conservatives that Manitoba's economy was sluggish last year, that the level of investment was insufficient, inadequate. Now we have the Minister of Finance saying on page 13 that the forecast at the present time looks for an increase of six and one-half percent in the level of investment in this province, private investments, and I say if that is what it is, six and one-half percent in the face of eight and one-half percent inflation, that that is no better than last year, and as much as three and four and five percent below, percentage points below what it was in 1976, 1975, and 1974, in terms of year-to-year increase.

Yes, I come now to the part where the Minister is referring to the Anti-Inflation Program. He says, "Although we felt that the Program was necessary at the time it was introduced, we now believe that controls should be removed." Well, I guess that another sentence, and so far it is only the second

sentence in the entire speech so far that I can agree with, that we too felt that the program was necessary at the time that it was introduced. We also now feel that controls should be removed for reasons of all that has gone before in the past two years, two and one-half years. And like him, and I join him, in expressing the hope that when they are removed that there will not be an explosion in expectation and demand.

But I think this is significant, Sir, he says that, "We are asking that all those involved in public sector negotiations recognize that provincial revenues and thus our ability to pay for increased costs, including wage settlements, will only grow by about four percent this year." Four percent — well, that's not very encouraging, but even four percent is something different than the two percent that has been offered to some of our hospital institutions, some of our post-secondary institutions. It is certainly reason to ask if they admit that it is four percent, on what basis do they justify figures of two percent of increase to support to certain hospitals and universities and the like.

Maybe there were some things, Sir, in which we allowed the level of expenditure to exceed that which was absolutely, utterly necessary. What comes to mind is the fact that between 1969 and 1977 that we increased public support, financial support for the care and accommodation of the mentally retarded in this province from somewhere in the order of \$5 million per annum up to \$20 million per annum eight years later. That came about as a result of both improvements in staffing and staff numbers and reduction in resident or patient crowding in our mental retardation centres. But, we know, Sir, that the Conservatives put on public record last fall, last early fall, that this was not good enough, and left the general public with the impression that they would do even better and even more.

Now we find that rather than be contemplating other improvements, other generosity of financing in that order of magnitude, that it is probably in the order of three or four percent, if that. It might not even be that. So there is a great deal of reconciliation that has to take place between what they were preaching a year ago — they talk about excessive spending, but is it not a fact that our Minister of Health at that time was accused and told on many occasions that our level of support, financial and otherwise, to our hospitals and other health care institutions, was parsimonious and inadequate. Isn't that right? A survey of Hansard of last year will bear that out I am sure.

I come back now, but I don't want to put on the record a second time this evening, page 18, which in my 20 years in public life and 20 years in this Chamber and in the parliament in Ottawa, page 18 of this Budget Address shall always stand out in my mind as the embodiment of deception by a practicing politician. Page 18 of this Budget Address is a 20 year record in deception and a misleading statement by a practicing politician. There is \$50 million loss offset by a \$15 million improvement in revenues. They shout to the world about one and hide the other. And hide it right up until Budget night itself. In the meantime, three months, four months of propaganda have given Manitobans to believe that we had a \$125 million deficit on current account, \$225 million on combined current and capital, when in fact it is some \$50 million less. And isn't that right?

They talk about fiscal crisis in this province while ignoring to explain to their fellow citizens that the amount of accumulated deficit in our province in the 1970s under a New Democratic government is one-sixteenth of a sister province with eight times the population. In other words, a factor of prudence at least twice as good, two to one, as that of our sister province of Ontario in terms of fiscal policy.

They talked about expenditure overruns as though they were horrendous. Unfortunately time this evening may not allow me to go into detail on expenditure overruns alleged, but I believe that certainly a number of my colleagues here who will be speaking very soon in this Debate will be able to indicate the extent to which it was a case of expenditure overruns and the extent to which it was a case of revisions by Canada of revenue estimates on income tax and corporate tax, offset however by increase in revenues upward, forecasts revised upwards, in other revenue sources from Ottawa coming to Manitoba.

Page 18, I think I will frame as the living embodiment of deception in 20 years.

He talks about having a better monitoring system. Well he might have a better monitoring system, because, you see I can see how the Minister monitors. He monitors selectively. In early November he monitored and was able to detect a \$50 million reduction in revenues coming from Ottawa. And then all this monitoring, he monitored and monitored and it is only last night that he admitted to this House and to the public that there was a \$40 to \$50 million plus item on the other side of the ledger, that he couldn't pick up with his monitoring scan system. I think that his radar must have been jammed, his monitoring screen was cloudy.

MR. GREEN: Page 18 should be in yellow.

MR. SCHREYER: Now I come to something that certainly demonstrates, you know, even giving a Conservative the benefit of the doubt, and why be so unkind as to not admit it, that there are some people who just are Conservatives and can't help it, and the mentality of a Conservative is not to be able to keep up with the changing times.

Well, let me demonstrate specifically what I am referring to. The bottom of page 20, the Minister of Finance talks about debt servicing. He says, "The annual cost of debt servicing over the past three-year period has increased by roughly \$28 million, from around \$16 million to some \$44 million." You know, Mr. Speaker, that's a very, to me that's a very enlightening statement. It gives me insight as to what goes on in their minds because I believe he actually thinks that 16 million in debt servicing charge was onerous and horrendous enough and that 44 million is just absolutely terrible.

But you know, Mr. Speaker, that that level of debt servicing charge in relation to the gross provincial product of this province is no greater an onus than the debt servicing charge was 15 years ago in relation to the gross provincial output of this province. Somehow they look at one side of the ledger, and it is growing, and it alarms them, but they ignore the fact that the other side has not been static either.

But you know, Mr. Speaker, that even at \$44 million, that that is one of the lowest per capita debt servicing charges in the Dominion of Canada. So what is the alarm? They accept with alacrity last night the offer of the Federal Government to pay over to them — some \$40 million is it? — so they can reduce their sales tax by 2 points — 2 points, then they add one themselves. And then just two pages later they criticize the Federal Government for running a \$11 ½ billion deficit. Well I admit, that is indeed a rather stunning level to be at and a Conservative Government would probably avoid that so much that they would drive us into the other problem that assails every human economy, and that is depression. And so there we have the two rocks of — what is it? Scylla and Charybdis — no matter. As between the two rocks, I much prefer the rock other than the rock of depression.

Do my honourable colleagues, do honourable gentlemen in this Chamber find anything revealing, a Freudian type of revelation in the following statement? Is it in layman's perspective that same \$28 million in the coming year, that this will continue every year, as long as it takes to retire the debt. I want you to ponder that — to retire the debt — because that is indeed a Freudian slip giving full insight into the Conservative mentality. That our gross provincial product in Canada should grow from something very small to a \$100 billion plus, that our economy in Manitoba should grow from less than \$3 billion, where it took all the years of Manitoba's existence to reach \$3 billion in and around 1969 and that it should now be \$8 ½ billion, eight years later, but that there should be increase in debt and in debt service charge from — what is it? — 16 million up to 44 million. They find that somehow horrendous. Obviously he doesn't take account of the fact that the economy has grown by \$5 ½ billion but he talks about retiring the debt.

I say, Mr. Speaker, — nice to have you in the Chair, Sir — that when one talks about retiring the debt, it is like seeking the Holy Grail. The Holy Grail was always sought by Sir Gallahad and other romantics, I don't know if they were Conservative romantics or other romantics, but they were equally unrealistic, equally unrealistic — retire the debt. I say Sir, that when the debt is retired that that may happen probably — that's about as great or likely a possibility as the shrimps learning to whistle.

Now the Minister of Finance was paying a compliment to the Minister without Portfolio; it was the first time I have ever seen the Minister of Finance compliment the Minister without Portfolio responsible for the Task Force. —(Interjection)— Well I am sorry I am not sure that he did. He expressed appreciation to the Task Force for the high quality and valuable overview which it was able to accomplish.

He didn't explain to us, however, this rather pregnant question and that is, if this Task Force cost eight thousand bucks and the Task Force, known as Operation Productivity in 1967-68 cost \$500,000, which in those days dollars would be equal to about a million dollars today, now this Task Force cost \$8,000; that one cost a million — the equivalent of a million — in today's dollar. Well my honourable friend, the other Minister without Portfolio talks about lame duck; I must say to him, his entire tenure as Minister responsible for housing in Manitoba has been lame duck. His whole operation has been. . . It is a case of having an operation all set up and no place to go, having a Minister in charge and all of a sudden the operation is castrated. I mean the Manitoba Housing Corporation isn't going to be doing anything significant — so that is lame duck, that for sure is lame duck. What is more germane right now is to ask, you know, was this Task Force operation making all kinds of profound observations about how universities should be run, how native communities should be helped, if helped at all, profound observations about the ratio of civil servants to population of a province, all kinds of profound observations about government efficiency, and all this for \$8,000, when according to the press statement issued two weeks ago, the other Task Force in government organization called Operation Productivity 1967, cost a half a million in those days. Now either this operation is peanuts and a joke or that one was unconscionably overpriced and overcostly.

Now they hired a private consulting firm, Price Waterhouse, I think it was Price Waterhouse, — (Interjection) — P. S. Ross and Associates and paid them \$500,000 in 1967 dollars to do the kind of operation that the Minister without Portfolio apparently was able to accomplish for \$8,000.00. Somebody is kidding somebody here, Sir, and I am not prepared to say that this was the legitimate cost and the other was a fraud, \$492,000 too expensive? — or either that was valid or this was a superficial exercise. One or the other, they can't have it both ways.

We will be looking closely, Mr. Speaker, to see what the true import and intention of the announced Senior Citizen's School Tax Assistance measure will be. I must read very very carefully the words of the Minister of Finance because unless you read everything he says twice, I am afraid we will slip by you, 40 or 50 million dollars without you realizing it. He did it in one context, now we have to watch it in another because he says he would have us believe that pensioners, that old age pensioners or senior citizens in our province, do not already receive through the Property Tax Rebate, all or virtually all of their school taxes cancelled or removed as a cost or a burden. So they announce a program where they are going to do that, but it is already largely, if not entirely done already. Now he says that they will put \$2 million extra in the Budget for this purpose, but we will want to see, in actual fact, whether it will come anywhere close to \$2 million, since the task objective is

already largely realized. He does admit in his own statement that 95 percent of all pensioners who are tenants receive Property Tax Credits sufficient to offset that portion of their rents attributable to school taxes.

I think that that figure is fairly reasonable, 95 percent of all tenant senior citizens have their school taxes cancelled now, he could have gone further and said that many of them, beyond that, have actually municipal taxes removed or cancelled in large part. But with respect to those pensioners that are living in their own homes, he is silent, and I want to ask if it isn't a fact that in the order of 80 percent of those senior citizens have their school taxes cancelled or removed as well, as a result of the present program. —(Interjection)— Well, we know this, Sir, that 93, say 93 percent, to understate slightly, better to understate than overstate, that 93 percent of senior citizens receive annual incomes of \$10,000 or less. At the same time, it is a fact, Mr. Speaker, that with respect to those who receive \$10,000 a year income or less, that the Property Tax Credit, even last year, was \$330 or more, \$330 or more \$375 at the maximum. And that therefore, every pensioner with \$10,000 a year income or less was receiving anywhere from \$330 to \$375 in subtraction or cancellation of school taxes payable.

Now, it doesn't take much to consider the fact that \$330 to \$375 towards school taxes would cancel the school taxes for most people that are in that income bracket, unless you have the anomaly of someone having a very, very large house, with very high assessment. So what percentage of the senior citizen population is that? Five, ten percent? So would he have us believe that this is something of major purport, or is it relating to five or ten, perhaps twelve percent of the senior citizen population.

But we do know this, and the Minister studiously avoided this point. That with respect to all Manitobans of average or modest income, that there will be absolutely, but I mean absolutely no enhancement of the Property Tax Credit. It's frozen at last year in the face of 8 1/2 percent inflation, which is therefore equal to minus 8.5 percent in real value, plus the fact that in many municipalities the increase in mill rate on school and municipal accounts will be a whopper this coming year. And in the face of that increase at the local mill rate level, they are freezing, no change over last year in the Property Tax Credit. Therefore, they are degrading it by something in the order of minus 8 to minus 10 percent. And I believe that that is understatement, if anything.

But don't despair, because they announced something major last night. Realizing that somewhere — according to my colleague, the Member for Brandon East, who is a statistician by training and previous work and who is ethical — that in the face of unemployment in the age group 16 to 24 of 14,000 to 16,000 young people, they are going to come forward with a 2,000 job effort in terms of youth. Two thousand in the public sector, that compares with about 4,000 last year, and 2,000 in the private sector, which compares to about that last year. And they are going to be doing nothing — (Interjection)— I always like to understate. With respect to local government and municipalities, which last year received help from the province, capital assistance grants so that they could build things and in that way employ people, including young people, that that has been cancelled, that with respect to so many of these other efforts and initiatives that were taken last year, that their response is silence, and they seek refuge in the old — to use the Minister's own words — worn-out old theories, that *laissez-faire* is best. *Laissez-faire*. Leave things alone. *Laissez-faire*.

Well, Mr. Speaker, to show you how tired and worn out that theory is, it goes back to the days of Marie Antoinette, and when they said, "The people need bread", she said, "Let them eat cake". And that's the attitude of these characters opposite.

Let me review, Sir, in just a few minutes, what was at least attempted last year. We had a special employment incentive program for small business. It is almost identical to what they are proposing now, and I believe that it did employ in the order of 2,000 young people through the private sector last year. —(Interjection)— Well, you'll see how the rip-off goes this year. The pleasure is yours to monitor and administer it. Also, there was local group employment projects, in the order of \$2 million, and this related to young people, for that matter people of any age who were unemployed and otherwise would be dependent on welfare. We did provide through local municipalities, local clean-up and improvement wage assistance in the order of \$2 million, and that was somewhat pervasive throughout the province. We also provided for the funding for extra jobs in the summer for our health institutions to hire extra staff; and these characters are doing the opposite.

They quote Jimmy Carter, he's doing the opposite to them too — 415,000 extra jobs this summer in the US, young people in the public service, they're doing the opposite. We had an inner-city program, admittedly a smaller program, about half a million; a special municipal loans fund, really forgivable loans or grants, that generated a fair bit of employment, but they are leaving all this aside.

So in the face of 14,000 to 17,000 anticipated level of unemployment in the age group 16 to 24, they are responding with a 2,000 job mechanism, or policy.

They keep talking about the stringent financial situation, as though they are deliberately determined to obscure the fact that if it is stringent, it is at least as stringent in a majority of other provinces in this country, some of whom, such as Ontario, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland, have had practically 15 years of continuous unbroken successive deficits. At least in Manitoba we have had in the order of four or five surpluses in those years, but they obscure that fact.

They talk about being in a crisis, and then they give up \$25 million in revenue and pour another \$40 million into road construction on a level of budget that I must say, a matter of self-admission, was probably just a little too high already, at \$119 million last year. —(Interjection)— Well, the Honourable Minister says, "Distortion". I'm sorry if it is distortion because I notice in their own printed Estimates of Expenditure —(Interjection)— 8 percent, was my honourable friend suggesting

that the Budget proposed, the Estimates do not propose \$160 million for next year? —(Interjection)— Yes, but the \$119 million of last year included a pass-through to the city as well. So you have to compare item to item. —(Interjection)— All right, so we have it here, both in the aggregate and in the particular. On page 47 of the Estimates of spending, it shows last year \$41 million, that's the fiscal year ending a couple of weeks ago, March 31st, and \$75 million for the upcoming year. So if I exaggerated by saying \$40 million, I apologize, it's \$34 million, an increase of \$34 million over last year on provincial . . .

MR. CHERNIACK: . . . 41 that's about 80 percent increase, isn't it?

MR. SCHREYER: So there it's in the same order of magnitude, if not \$40 million, \$34 million. And that is an amount, Sir, which if there is even a smidgen of crisis, as they seem to try to intimate, they should not be proceeding at that scale. I know last night they said, oh, all you're going to tell us from this side is where to spend more money. And most of the burden of my speech this evening has been to tell them where they are spending either too much or where they've given up too much revenue.

Point No. 1, they sacrificed \$25 million in revenue, mostly to the upper-income echelons of our society; they have transferred 2 cents in gasoline tax from insurance to general tax revenue, coffers; No. 3, they accept \$40 million in a six month, rather strange but acceptable, apparently, gift from Ottawa, and then on top of that, according to their own Estimates of revenue, we are to understand that there will be a substantial, but really substantial increase in federal transfer payments on mature programs. Now, what do you think that that means? The Member for Wellington has been trying to get to the bottom of that one.

I suggest that if the Minister of Health were here, that he would probably be the most informed of any one of us in this House as to why there should be a multi — but I mean really a multi-million dollar increase in federal transfer payments to Manitoba or any other province this coming year, because of the nature of the change in the proposed block funding. I don't want to be misunderstood here. I am not opposed to block funding. Let me make that clear. But, Sir, there can be block funding where funds are transferred to a province and the province is allowed discretion as to where in the field of health that money is spent. But if by block funding it means that the door has been opened, that transfer payments from the Government of Canada to a province can be diverted from the broad block field of health over into some other purpose, such as highways and pavement, then, Sir, I object as a Canadian most strenuously. That was never the intention or concept of block funding in the years in which it was discussed, in its incipient years of discussion.

I don't want to exercise myself too much, because I cannot believe that that is really what is intended. I choose to believe, until I am told otherwise, that block funding will still make sense, because it will enable provinces, within a given field, to use funds in ways different from before, but within the scope of that field, so that if it is health, that it can be used, instead of in acute care beds it can be used in nursing home care and some better combination, because indeed, that is an incentive to better efficiency, and for that reason, I have been a great supporter of block funding.

One of the most unfortunate, sad anomalies in federal-provincial finance and cost-shared programs was the fact that for many years there was cost-sharing between the two levels of government of hospital bed costs and no cost-sharing of nursing home bed costs, even though the latter were somewhat cheaper on a per diem basis, but because there was no cost-sharing by one level of government, therefore, to some degree there was greater retention in acute care facilities at a higher overall cost to the public, and block funding should be able to make an improvement there. But block funding, if it is to be so interpreted as to enable the diversion out of one important field of service in our country, such as health, over into building highways or paving roads, then, Sir, that is really of the most unfortunate future prospects for our country.

I take note of the fact now, Mr. Speaker — I wonder if my honourable friends are interested in seeing data from the provincial government, Finance and Statistical Data, Canada Revenue and Expenditure Estimates for eight successive years for all the provinces, to see which provinces had surpluses and deficits, which provinces never had surpluses, only deficits, for eight successive years, etc. My honourable friends can avail themselves of that information so that they can get a hold of themselves, bring themselves into perspective and discontinue trying to frighten the people of Manitoba into thinking that we are somehow in crisis, and our sister province of Ontario isn't in crisis, even though it has accumulated sixteen times as much deficit as we have. —(Interjection)—

It wasn't the First Minister, but rather one of the Conservative backbenchers, who said that in the early Seventies that a government that didn't produce a surplus because the times were so good, wasn't even doing as well as a moron.

I look now to the early 1970s and I see that one, two, three, four, five provinces, six provinces had deficits in 1971-72, 1972-73. —(Interjection)— Which ones? Would it surprise my honourable friends to know that before the OPEC countries increased the price of a barrel of oil from \$3.00 up to \$12.00 where it is today, that the Province of Alberta ran deficits in successive years. Today, of course, they have no deficit. All of a sudden they have learned to become efficient, conservative managers. Is it because of efficiency or is it because of the fact that they have more revenue from oil in Alberta than they would have if they were to triple their other basic taxes. Indeed, it might as well be put on the record again, because it is the words of the Minister of Finance of Alberta himself, that, and I am quoting him now, "Were it not for oil, the oil resource and oil royalties in our province" — "our" meaning Alberta — "basic provincial taxes in Alberta would have to triple." All of a sudden, then, they would be accused of being inefficient, a high wild-spending government.

But my honourable friends who want to talk about wild spending and they spout it and mouth it over the media and over the TV, obviously still don't know or don't want to know that in terms of wild spending, or any kind of spending — let's call spending "spending" and the individual can decide for himself whether it is relatively wild or not relatively wild — when it comes to spending in each of the ten provinces in Canada, he will find that Manitoba is one of the least wild of spending governments in the past eight years. What is the most wild spending of governments? — (Interjection) — Well, not Ontario, not on a per capita basis. Alberta and Newfoundland. One, however, can afford it and the other can't. But they are both Conservative. Now mark this ultimate of stupidity. The spending by both provinces is quite high in relation to the rest of the country but one would say that Newfoundland is engaged in wild spending and Alberta isn't even though Alberta is spending more than in Newfoundland on a per man, woman and child basis.

Well then all of a sudden it isn't argument any more of pure philosophy that spending per se, spending as such, is the hallmark or the determiner of whether a government is Marxist or excessively Liberal or a little too healthy "pink Liberal" or whatever. They are not "Conservative" enough. But obviously that is not their criteria because they feel that Alberta is doing just great even though it has the most wild spending on a per capita basis of all governments in Canada.

So then, Sir, where does one arrive at this rather strange type of reasoning by honourable gentlemen opposite? If the test is pure and simple government spending, is it wild, is it out of proportion, then one has no alternative but to conclude that Manitoba is either the second or third least wild of spending governments in Canada. Successive hammering through the media has created the impression that we have spent ourselves into a crisis. Well, if the second or third lowest-spending province in Canada has spent itself into a crisis, where are the other seven or eight governments? But it is particularly and precisely on that kind of false information and misleading impressions that they have succeeded — well, maybe they haven't succeeded — but they have got to the point where they have intimidated many of the board of trustees, board of governors, administrators of our public sector institutions into living well below what is reasonable in the circumstance. And I guess the ultimate and classy example of that would be found in this letter which I will now read on the record, from the Victoria General Hospital, Personnel Director to a member of the working staff there:

"Dear Sir: As you are aware, hospitals have been limited to a 1978 funding increase of 2.9 percent over the 1977 budget. All funding commitments which have not been received, both operating and capital, are cancelled. In effect, hospitals are now expected to reduce future costs to meet this limited source of funds. As negotiated contracts and salary increases for 1978 are well in excess of 2.9 percent," — I should think they would be — "and our supply costs are escalating even higher, the Victoria General Hospital must find workable methods of reducing costs from an estimated 8 percent increase down to 2.9."

I tell you, Sir, sometimes there is need for cutting and paring. But in the face of an inflation of 8 1/2 percent, to say 2.9 and you go ahead and do it — don't ask us how, we are not interested how you do it — you just do it, I don't consider that to be efficient government. I consider that to be unreasonable, unreasoning, non-dialoguing type of government. "Go and fly to Scotland. Don't ask me if you have got the airfare, just go." What kind of responsible statement is that? That is in effect where they are putting many of our public institutions.

You know, Sir, I was twitted last year and chided by the First Minister because, to use his words, I was too much of a disciple of the economist John Kenneth Galbraith. I think he said that I worshipped at his hem, or at the hem of his garment. I just remind myself of that passage now because that gentleman wrote a book several years ago which was one of the best sellers that particular year in the United States and I think quite well in Canada, called "The Affluent Society." It had to do with the problems of maintaining a balance so that we would not end up in going blindly towards a society in which there was excessive private affluence to the point of opulence and public squalor, public institutional starvation and private opulence. Two point nine percent for our hospitals in spite of collective agreements that must, if they mean anything, at least come close to keeping up with inflation, while we make certain tax cuts with respect to people inheriting a quarter of a million bucks or more, that the opportunity for opulent or conspicuous consumption is enhanced while our public institutions are semi-starved. What manner of stupidity is that, Sir?

I come back now to the letter. "The magnitude of the problem is in the area of a \$600,000 reduction within the period April 1, 1978 to March 31, 1979. This reduction will be accomplished with an objective of maintaining existing health care service as best possible." I can almost sense the desperation to try to maintain "as best possible." It is almost a desperation situation. "Hospital management at all levels have been seeking suggestions as to where costs can be reduced. Suggestions which do not reduce patient service are the priority items. However, it is evident that there is a limit to the amount which can be eliminated without affecting patient service and employment of staff."

Well, I want to emphasize that, Sir. This gentleman who has the experience of being an administrator of a hospitals says that, "However, it is evident that there is a limit to the amount which can be eliminated without affecting patient services and employment of staff."

"In order to minimize staff reductions, the Victoria General Hospital is approaching all bargaining units with the following proposal." And here is the proposal: "The hours of work for all hospital employees" — even though presumably this is in the middle of a collective agreement, of an existing

collective agreement. Sir, five years ago, if something like this had been suggested' we would have been accused of being the most anti-democratic, the most authoritarian, the most Marxist perhaps, or words of even greater opprobrium because of causing such a situation.

"The hours of work for all hospital employees are to be shortened to 7 ½ hours per day. As most contracts are currently based on 7 ¾ hour monthly salaries, this would require a revision to monthly salaries in line with currently hour rates."

And then a formula is described and outlined in the letter which doesn't lend itself to reading smoothly here, Sir, but the net effect of it all is to cause an actual, not a 4 percent increase in the face of an 8 percent inflation, but an actual cut, an actual negative movement in wages of something in the order of 3.3 percent, and that's the net effect.

Now, I will just read the last two concluding paragraphs of this letter: "I felt it advisable to point out the effect of this proposal in order that there be no misunderstanding about the actual implications. Having done this, I would propose a meeting as soon as possible in order to discuss this proposition. The hospital believes that this type of approach should be applicable to all staff and would like to know your membership's response. Basically, if such an agreement can be made and in effect by May 1, 1978, the hospital can drastically reduce the necessity to reduce positions. In closing, I wish to add that all hospital staff are in the same position and administration would hope to find a positive response to this proposal. If there cannot be majority agreement from all groups, the remaining options are limited. Please call to arrange a meeting."

So there we have it, Sir, this kind of desperation, this kind of unreality, all because of a government that chooses to follow a policy which results in the sacrifice of \$25 million in revenues surrendered voluntarily because of their peculiar quaint philosophy, to those who are in lesser need in our society while forcing our public institutions providing basic services, to talk not about holding the line but indeed retrogressing, actual cutting of wages, not 4 percent increase, but cutting of wages and all this presumably because they feel that they must provide ever-greater incentives to those who have so that they will invest in our economy and thereby create jobs.

I must repeat that at least for the past 12 months, evidence shows that in spite of a \$1.750 billion cut by the Federal Government of taxation, that it has not resulted in any significant improvement in investment intentions and any significant amelioration of unemployment circumstances. So it seems as though we are now to get a double whammy, a double-tiered effort, tax cut upon tax cut in the hope that somehow the private sector will be able to take up all this slack because presumably the public sector has either run out of initiatives or run out of concepts and ideas, or else because even though it may have these ideas and concepts, it is now reverting to an ideology and rhetoric of yesteryear.

Well, they have led us to believe that Manitoba's debt position — not only have I exposed what the reality is with respect to accumulated deficits here and elsewhere but with respect to gross funded debt — they would have us believe that something inordinate has taken place.

Just the other night, the Minister of Finance intimated that the Member for St. Johns, when he was Minister of Finance, would reveal to the financial houses and bond houses of New York what the true state of Manitoba's fiscal position was and its debt position, but was hiding it from the public here in Manitoba. Well, Mr. Speaker, perhaps the best insight to show just how ridiculous that kind of silly proposition is, or argument, is to say that naturally the bond houses and investment houses of New York and anywhere else, do have access to the full financial books. Wood Gundy, by the way, is merely one of them. Wood Gundy puts out an annual edition called Financial Statistics of Canada's Provinces and Representative Municipalities. Wood Gundy is merely one of them. There are really quite a number. And what indeed was the response of these financial houses, who we readily admit have full access to all of the financial data? For that matter, so do we here.

Well, the actual response of the bond houses and the financial institutions was, in the sixth year of our administration, having looked at gross funded debt, value of assets, net funded debt, guaranteed liabilities, contingent liabilities and guarantees rather, to look at it all in its full perspective and then to upgrade Manitoba credit-worthiness from 'A' to 'AA'.

Now, what matter of nonsense is that? Well, I'll tell you why they did, Sir. It's not because Manitoba's indebtedness was not increasing but because Manitoba's indebtedness was not increasing disproportionate to our GPP and in disproportionate to our sister province of Ontario.

Just taking Wood Gundy. I suppose my honourable friends have at least equal faith in the financial house, as we do.

MR. GREEN: It's a private sector.

MR. SCHREYER: It's a private sector, a hard-nosed bond financial institution.

And we see that, for example, in 1965, I think honourable members would be interested . . . I'm not going to bore you with a whole host of statistics but I'll give you two years of comparison — 1965 and then 1978. That in 1965 that the gross funded debt of Ontario was \$2.3 billion and the net contingent liability and guarantees of Ontario were \$1.7 billion. What was Manitoba's for those days? Well, \$380 million of gross funded debt and \$400 million in net contingent liabilities and guarantees, for a total of \$780 million.

What's the ratio of the total combined indebtedness — since they have come into the habit of combining indiscriminately gross funded debt and contingent liabilities and guarantees. But no matter, let's do it even on their basis. So when you take those two and put it ratio to ratio, Manitoba to Ontario in 1965, Manitoba's gross indebtedness — it means including self-sustaining as well as dead weight, net debt — hat Manitoba's total indebtedness was 19 percent that of Ontario.

Okay, let's take the worst. Let's take 1978 — March 31st, 1978: an indebtedness in the order of \$3.8 billion compared to an Ontario total indebtedness of in excess of \$20 billion. And the ratio is, lo and behold, in the order of 19. So that in 13 years, doing it on whatever basis they care to employ, the dynamics of public finances between these two provinces — one of 1 million people, the other of 8-½ million people — has been maintaining a rather remarkable parallel. Of course, they would like to obscure that fact and talk about the dynamics and the numbers that result from those dynamics, and try to relate it in such a way as to get people to think of it in static terms. And that, of course, is inexcusable in every respect.

We have witnessed our economy in this province grow. Although I know the Member for Morris has said on previous occasions when I have pointed out that Manitoba's Gross Provincial Product increased from \$3 billion to over \$8 billion, he says, "Well, half of that is inflation."

Well, Mr. Speaker, you know half of that is inflation. And when you use numbers with respect to hospital budgets, that's inflation. And when you use numbers with respect to debt and indebtedness, that's inflation. You can't say that one side of the ledger is inflated and the other side isn't inflated. You use dollars and say whether they are current and nominal or whether they are constant. Constant 61, 71, whatever; it doesn't matter. But you can't have it both ways.

Our economy in this province, despite the fact that they tried always to paint a picture that under a social democratic administration the private sector would wither, that in fact private sector — and this I must admit and confess I have been always pleasantly surprised about — that with very little variation that the private sector investment in Manitoba, that the level of private sector investment in Manitoba has kept constant as a ratio to total investment in Manitoba, private and public. That if you look at 1962, '65, '69, '73, '77, that private sector investment is about the same percentage of total investment today as it was 10 years ago, 15 years ago, and they talk about us having allowed the public sector to become gargantuan. That is simply untrue. There has been admittedly growth. They may use the word "excessive" increase. Whether you call it growth or excessive increase' it has been proportionate, and this they always try to forget or deliberately try to avoid mentioning.

I guess in the final analysis, Mr. Speaker, I should say to the Minister of Finance that the acid test will be to see at the end of 1978 just what the level of private investment will be in Manitoba. Will it be about 6 percent more than last year? Will it be 7 percent more than last year, or 8 percent?

Well, I say to him that if it isn't more than that, then really he is improving nothing. That this revenue sacrifice and taxation in order to placate and to entice and cajole some in the private sector to invest isn't working.

Well, if that's the case, then what was the justification for the elimination of the inheritance tax? What was the justification for the reduction in the corporate tax? Because, I mean unless there is marked pronounced and demonstrable improvement in the level of private sector investment, and an increase in it as a percentage of total investment in our province, then all of that has been for no good tangible reason but rather in order to somehow turn the clock back to ensure that instead of better distribution of wealth that there is less or worse distribution of wealth.

Well, the Minister of Finance is on notice that if the performance of investment is 6 percent or 7 percent this coming year, compared to last year — 6 or 7 percent higher — then I say that's no better than it was last year over the year before and worse than it was the year before over the year before that. Yes, fortunately we do have external national statistical data by which to go — by which to work. Were it not for that, we could imagine the most fantastic of manipulation and juggling, such as this \$50 million disgrace that we witnessed last night in juxtaposition to last November.

But, you know, a former President of the United States, Franklin Roosevelt, since they are quoting Jimmy Carter, and really quoting him out of context, I want to say, you know, some honourable members know that I without apologizing for it, that unabashedly I always think of this one famous quotation from President Roosevelt's inaugural. That the real test of our progress as a society and as a country is not in whether we add to the abundance of those who already have much, but whether we help to bring about improvements for those who have less.

Now, we have witnessed a rather peculiar transposing of that. That we are cutting back on wages for health institution workers who are probably just at the average industrial composite wage. Inflation is 8 percent. They are expected to live with a 4 percent increase but in fact they are being asked to take a 2 percent or 3 percent cut. At the same time, we know that there are many kids in this province, probably in the order of 12,000 or 14,000 who may be looking for work. I quite agree with that one quotation of President Carter made the other day that no government can guarantee jobs, but certainly a government can try harder. It can try harder to . . .

But nevertheless, to return to the point, so those who are at income levels of \$8,000, \$9,000 and \$10,000 a year are being asked to live with a cut while, at the same time, we have sacrificed revenue by abolishing the estates tax on those with inherited wealth of more than a quarter of a million bucks. — (Interjection) — Yes, and that by the way, Mr. Speaker, if my honourable friends tried to find a worse feature in Saskatchewan to copy, there are many good things they could have copied; they copied the worse feature.

But all of this, you see, harks back to the point that . . . Indeed, let me try this on you, Sir, mull it over in your mind. Perhaps you could tell me tomorrow if there is some gap in reason. That the real test, it would seem when these kind of things are happening in our hospitals and our municipalities and school boards are being told 4 percent or 5 percent, indiscriminate property tax hikes, a freezing of the property tax credit while at the same time they increase it presumably for those unrelated to income, the sacrifice I have already mentioned of the revenue from the succession duty inheritance tax, the decrease in income taxes which really benefits those over the \$25,000 to \$30,000 a year

echelon, that it comes as background to the point that Roosevelt brought in first, that the real test, according to the Conservative mind — a Conservative mind which, by the way, is more Conservative than anything that can be witnessed in Ontario or most other provinces — that the real test, apparently, of our progress as a society is whether we can add to the abundance of those who have already have much, not in whether we can help provide for better opportunities for those who have less.

Every single step, every single measure that they have undertaken has been dedicated to determining whether they can somehow add to the abundance of those who already have much.

A MEMBER: Talk to those about 2-½ times 1.

MR. SCHREYER: Yes, I would be delighted to, Mr. Speaker, and I take that invitation literally and refer to it now.

Mr. Speaker, when we are living in a period of inflation, and we all admit that the kind of inflation that we lived through in 1974 and 1975, in particular, did seem to cry out for concerted action — and according to the Minister of Finance, he repeats that he was at the time in favour of the national anti-inflation program, and so was I, and I repeat it today — that it seems somehow incongruous that we should be calling upon people to sacrifice while, at the same time, those who are already living in conditions of abundance are seemingly and apparently being asked to sacrifice a little less than they did before. —(Interjection)— Well, because I look at the nature of the tax changes and I see that the whole impact of the tax changes has to do with giving marginal and more than marginal breaks and advantage to those in upper income echelons. And as a consequence I say, Mr. Speaker, that obviously at the same time as we are asking people to live with 4 percent, to restrain themselves after the guidelines are taken off, to live with 4 percent. Some of them are even being asked to live with minus 3 percent at the same time as others in the plus \$30,000 a year are being given tax concessions.

Now, Mr. Speaker, there is no other word for that other than that it is incongruous and contradictory. But that's only part of it. It seems to me, Sir, that in years gone by, that there was reason on the part of many people to hope that overall general circumstances would improve for them, and very little thought was ever given to relative income.

But I say, Sir, and I repeat it today, in fact I am happy to repeat it today, that when you look at the composite industrial wage index and you see what people who have been working at their given occupation, trade or technical trade for years and years and working at the composite industrial wage that what they receive in income is exceeded by a factor of three, four and five times by ... — those with no more number of years in the work-a-day world, but because they are a professional or executive status are receiving substantially more, 3, 4, 5 times that of the composite average industrial wage, I say, Sir, that that kind of situation does not foster the kind of attitude in our society where people feel that anyone has a right to ask them to make sacrifices.

You know, it's the same old chestnut again, that at a time of adversity people are asked to sacrifice. But we turn around, we look behind our back and we see that those who live in greatest abundance are being given tax concessions that in relative terms are better than was the case a year or two before.

So in light of that I ask whether it was facetious on my part to transpose the words of President Roosevelt: That the real test of our progress in the Conservative mind, is that those who live in abundance shall have more, and that those who have less, well, no real effort can be made to help them improve their circumstances. That is why I say, Sir, that perversity of logic, thy name is Conservative.

A MEMBER: If you're compassionate, that's Communism.

MR. CHERNIACK: You're going to hurt my feelings, and I don't think you should. should. — (Interjection)— Oh, yes he has.

MR. SCHREYER: I wonder if honourable gentlemen have ever . . . I wonder if honourable gentlemen opposite . . . Time permits me to only put this on the record quickly and I will do it very rapidly so as to be able to conclude by 10 o'clock.

The increase in Provincial Government spending here has been bandied about as being "wild" and I intend to repeat that word. They say it has been "wild". I want to indicate that in the period from 1970 to the present time, including the 1977-78 Budget, for the fiscal year just ended, I find that Provincial Government spending in those seven years has increased by 245 percent in Newfoundland; 275 percent in P.E.I.; 215 percent in Nova Scotia, the lowest; 230 percent in New Brunswick; 285 percent in Quebec; 225 percent in Ontario; 225 percent in Manitoba; 240 percent in Saskatchewan; 310 percent in Alberta and 260 percent in British Columbia. In that context it is the ultimate in misleading statements to suggest that there has been something inordinate here in terms of the allowed growth in public sector endeavour and public financing.

My honourable friends, you see, don't make any distinction between property tax credits and general public spending. Property tax credit is a rebate directly back to the individual. The government doesn't spend the money on goods and services but merely relays it to individual citizens. They somehow include that as being "wild" spending. Well, by that definition, Mr. Speaker, of course then anything is possible.

In the end the old English adage you know, Sir, something to ponder: "Shall truth be forever on the

Tuesday, April 11, 1978

scaffold, wrong forever on the Throne." Well, for many people in average walks of life, that would seem to be the case whenever Conservatives have their way. Thank God it won't be for too long.

MR. SPEAKER: The Honourable Member for Fort Rouge.

MR. AXWORTHY: Mr. Speaker, I beg to move, seconded by the Member for St. Boniface that debate be adjourned.

MOTION presented and carried.

MR. SPEAKER: The hour of adjournment having arrived, the House is now adjourned and stands adjourned until 2:30 Wednesday afternoon.