

THE LEGISLATIVE ASSEMBLY OF MANITOBA

8:00 o'clock, Monday June 1, 1970

COMMITTEE OF SUPPLY

MR. CHAIRMAN: I might point out to honourable gentlemen there are five hours approximately remaining. The Department of Industry and Commerce. Resolution 62.

MR. SPIVAK: Mr. Chairman, I believe the Minister was going to make a statement.

MR. EVANS: Mr. Chairman, I wonder if the honourable members across could be patient for a few minutes before I make the statement. My filing system is broken down, I just don't happen to have it with me.

MR. SCHREYER: . . . wondering whether honourable member may have other questions on this or some other item, with the understanding that when the Minister is ready to proceed with the statement that we would do so.

MR. CHAIRMAN: The Honourable Member for Roblin.

MR. MCKENZIE: Mr. Chairman, I do have a brief question which comes about by the free dollar that was brought to our attention today which basically has said it will have limited effect on the economy of Canada. During the supper hour I received a message via television from Mr. McNamara that wheat is six cents less today. Now I'm most concerned, Mr. Chairman. A feasibility study is being done in my constituency with regard to rapeseed where several thousands of dollars have been expended by local people. There is no dollars coming out of the treasury of any other community except the Grandview people who are doing this study, so I'd like to ask the Minister today what message I could give to those people tonight who have - I think four phone calls I've had during the supper hour. Should they call if off or should they move on or where are they going to go?

Where there is X number of dollars on the line there is great concern being expressed to me as I stand before you tonight, so maybe before the evening is over the Minister will have time to talk with his staff or the First Minister and maybe give me some directives in this theme.

MR. CHAIRMAN: The Honourable Leader of the Opposition.

MR. WEIR: . . . take the Minister off the hook but I would like to straighten out any misconception that my colleague might have. I think I watched the same television program and I didn't get any impression that there was any free dollars. I've never had that impression in the House either. There must be another explanation other than free dollars.

That isn't really what I got up to say, Mr. Chairman, and that is, that if the Minister has a statement that he's going to make, which I think he indicated before 5:30 that he had, perhaps we could pass the other items in the estimates and leave the Minister's salary open so that the communication wouldn't be disrupted, we'd be able to have the statement and have some opinions expressed back and forth. In the meantime we wouldn't be filling in time so that we'd keep it open. I understand he's ready.

MR. CHAIRMAN: The Honourable Minister.

MR. EVANS: I'm sorry I didn't hear all of the Leader of the Opposition's remarks. Just to comment very briefly on the Member from Roblin's, on his statement. It's very very difficult of course to anticipate what the effects of the possible changes in the Canadian dollar, or the international value of the Canadian dollar will have on the rapeseed industry. I do understand, however, that the people in the Grandview area have paid for a study, not only for the feasibility of a rapeseed plant, but also for general economic possibilities so that I trust that all is not lost. This was a decision, of course, made by your local, or that community. We did not suggest that they carry out this study, they did it on their own accord.

With respect to the Western Flyer Coach loan and equity position, I would like to make the following comments which are in addition to information previously released to the public by Western Flyer Coach Co. Limited. This is in effect in reply partially to the Honourable Member for Riel and the Honourable Member for River Heights.

First of all, the arrangement between the Manitoba Development Fund and Western Flyer Coach was not done under Part 2 of the Development Fund Act. For the edification of the members of the House this means that the Manitoba Development Fund made this loan and equity arrangement without direction from the Lieutenant-Governor-in-Council; in other words, without direction from Cabinet.

Secondly, in my talks with the company it was ascertained with the principals of that

(MR. EVANS cont'd.) company that they do not wish to make public any additional information respecting the arrangement over that issued in the news release and that which is public information. This company I should point out is not a public company; it is a private company. However, certain information is available and the company is agreeable to the release of it. The company received a \$750,000 loan to purchase the building and assets of Fieldmaster Industries at Morris, Manitoba and a further \$1,250,000 loan to make certain capital improvements there and at the company's plant in Fort Garry. In view of the nature of the loan and the Fund's commitment it was agreed between the Fund and the company that the Fund would receive a 25 percent equity holding in the company. By way of elaboration, Mr. Chairman, this equity provision was provided in effect as a bonus for the lending arrangements that took place. Because of the special nature of this equity arrangement, that is as a bonus arrangement, there is some provision for the retransferring of the shares or the buy back of the shares by this private company at a negotiated price.

I can state further, Mr. Chairman, that because of the agreement reached between Western Flyer Coach and the Manitoba Development Fund, 110 jobs were re-established at Morris with prospects of increasing this to 180 jobs; in addition, a more viable operation was established in Fort Garry and the 100 jobs that exist there were secured.

MR. CHAIRMAN: The Honourable Member for River Heights.

MR. SPIVAK: Well, Mr. Chairman, I'm assuming this is all the information that we're going to be given in the committee and therefore I have to make certain observations based on this. — (Interjection) — Unless you have . . .

MR. EVANS: I'd like to add also that some of the equity is automatically relinquished to the Western Flyer Coach upon the reduction of its loan to a certain low level.

MR. SPIVAK: Well, Mr. Chairman, I already indicated that it's our intention when the Manitoba Development Fund Act is brought into the Legislature to introduce amendments which would require disclosure where the government is involved in equity position and there's no better example than the bits and pieces of information given in this connection in this deal which would warrant our examining it. Now we had some difficulty today in trying to determine what the government policy really is and it would appear that the government policy, and I hate to restate it again, but I think it's necessary, is that there will in fact be equity taken out in certain firms as a method of financing, or as a means of added security where financing is given to a major extent with the option to those who are the shareholders to be able to purchase back if profits occur.

Now if that's the case, really what we have, Mr. Speaker, is an extension of financing that was previously done under the Manitoba Development Fund, and frankly this does not really conform with the statements of many members on the opposite side which would indicate that the government was really going into some joint venture with business interests in buying equity into business corporations. Because in effect what the Minister is saying is if it's a good deal and there are really no losses, then those who in fact are working with the government will be in a position to buy back the government's interest. Now I've indicated — (Interjection) — I'm suggesting to the First Minister, and this was the problem we had earlier this afternoon when he was not listening, that the principle that I've expressed was the principle and the policy that the Minister announced earlier today and that this deal in connection with Western Flyer is consistent with it. Now . . .

MR. EVANS: On a point of clarification, Mr. Chairman, I did not state that all deals and all arrangements would have an option to buy back. What I was attempting to indicate that we would have, we would have a very flexible policy, that each case would be treated on its merits, that in some cases it might be in the interests of the people of Manitoba and the interests of economic development generally to buy back the shares, but not in every case; we'd have to treat each case as it came along. It's a very flexible pragmatic policy. We've got two principles that work here. On the one hand we've got to stimulate economic development, and on the other hand, we have to ensure that the taxpayers of Manitoba are well done by. If profits accrue, well I for one am happy to obtain those profits for the people of Manitoba. These are two principles that work here and somehow or other we have to make both principles work and we're going to do so in a very flexible pragmatic manner. So I refute the statement that was just made and perhaps it was a misunderstanding that we would automatically always put in an option to buy back because I did not suggest this.

MR. SPIVAK: Mr. Chairman, I think the record will show in Hansard that that in fact is

(MR. SPIVAK cont'd.) what you did suggest earlier today and I'm not going to dispute it, we'll have an opportunity of examining it. But I think the Honourable Minister should be fair with all of us on this side when he says that if in fact they're profits, they're not going to accrue to the people of Manitoba, they're going to simply be a means by which the shareholders are going to be in a position to finance the purchase back of the other equity owned - of the equity in fact taken by the government.

Now we have another strange situation. The Minister indicated that the Fund will operate under a flexible policy the primers of which we do not understand because its never been disclosed to us in this House. He also indicates that each deal is going to be made separate and on its own merits. Well who's going to be making the deal? The Fund independent of the government or the government together with the Fund? And if it's the government together with the Fund, and I have no objection to that, if that is the policy your going to follow, then without question, we must have in this House full disclosure. Without question we have to have full disclosure. -- (Interjection) -- Without question, we have to have full disclosure. I'm very happy the First Minister indicates that there will be disclosure and I'm happy that we will have disclosure.

I must say that those of us who sat on this side watched with interest the attempt by the First Minister to . . .

MR. SCHREYER: Mr. Chairman, I really think that Hansard will show that the Member for River Heights is putting words in my mouth, because when I said that it was always that way I was referring to the relationship that existed between the Fund and government.

MR. SPIVAK: Well, Mr. Speaker, in spite of what the First Minister may say, I do not say it was all that way and it was not all that way. I know that we have heard him make reference to Churchill Forests and I know he's talked about other specific instances, and he may very well have an opportunity to disclose them, but I can say that it was not always that way. There was in fact an involvement to bring the corporation or company interested to the Fund, for the Fund to negotiate its terms and conditions. That's vastly different than saying at this point we're going to be involved in being flexible to work out whatever deal we can in the best interests of Manitoba, albeit that's what you're trying to do, but nevertheless we're going to work it out. Well, if you're going to be working it out with the Fund, then I think we, and there's going to be an equity position purchased, I think we should know.

Now we have a very good example here. The Minister of Industry and Commerce says that the President of the company did not want disclosure to be made of their financial affairs. I'm sure that this is correct, but on the other hand . . .

MR. GREEN: Mr. Speaker, can I ask - you seem to make a distinction. Will the member permit me to ask him just on this point? You've indicated that if the Fund was working on its own and that the government wasn't involved - which the member suggests was the case even though we had pictures of Ministers going to Zurich and dealing with people before arrangements are made - but let us assume that that is so, that the Fund operates at arm's length and I take it that the honourable member says that if the Fund argument does not operate at arm's length, if the government is involved, then certainly we must have disclosure. Does he believe that there is a greater onus to have disclosure when the Fund is operating with the government than when the Fund is operating separately from the government? That that removes the onus of having disclosure?

MR. SPIVAK: I would say to the Honourable Minister of Mines and Natural Resources, there is an onus on you, on that side, if the government is going to be involved as a partner, which means there are going to be parties to a loss as well as a profit; that there's an onus on you for full disclosure to us and to the people of Manitoba. I'm suggesting to the Minister of Mines and Natural Resources, when the Development Fund Act comes in we are going to introduce that amendment if it's not contained in the amendments that you'll bring forward.

Now having said this I would like to continue my remarks.

MR. GREEN: Well, I would just like to ask you whether the other - we're in committee so we'll have no trouble dialoguing with one another, but you know I think we have agreed that the government is responsible for the Fund and that there should be a maximum amount of disclosure, which is what you are now pursuing. I just ask you whether you would say that if we left the Fund alone and just gave them money but didn't ask them what they were doing, that there would then be a reason for not having disclosure which appears to be a corollary that you're putting forth but you haven't said that.

MR. SPIVAK: Mr. Chairman, I think I've indicated my point and I'll repeat it once again. There is a distinction when purchasing equity and becoming a partner as becoming a lender. There is no doubt about it, there's a distinction. The Industrial Development Bank which is the Manitoba Development Fund's equivalent for Canada, operates independently at arm's length from the government and there's no disclosure. They do not purchase equity, nor are they party to arrangements for equity involvement whether it be by way of a bonus or not. And I may say, Mr. Chairman, when the Minister of Industry and Commerce talks about a bonus, for someone who has some familiarity with the manner in which mortgage and finance companies have operated in Canada, I want to say to you that I think there's a danger signal here that has to be raised. Because if there's a suggestion that the government is going to be involved as mortgage companies in this country are involved, whereby in negotiating the best terms and conditions that they can have with any potential borrower, they negotiate on the basis to be able to determine what kind of bonus they will receive in equity participation. That may be all right for the finance companies and the insurance companies of Canada -- and I'm not one who believes that and I'm one who believes that the British Canadian Insurance Act should be changed not to allow that -- but it's certainly not all right for the government to be in this position . . .

MR. SCHREYER: What about the chartered banks?

MR. SPIVAK: . . . because the government, the government in this situation based on the procedures we now have, is really not answerable to anybody, and the government on this basis does not have to make disclosure in connection with it. Under the British Canadian Insurance Act the mortgage companies are obligated to loan up to a maximum of 75 percent. We don't know whether the \$2 million is 120 percent loan, 100 percent loan, an 80 percent loan or a 70 percent loan. -- (Interjection) -- Now let me just - I'll come back to the First Minister and we'll talk about CFI, we've got a whole evening to talk, to talk about it - but let me say this to you -- (Interjection) -- Believe me, I'm ready for you.

MR. SCHREYER: We just started.

MR. SPIVAK: Yes, I know you've just started. I'm not worried. I must tell you something -

MR. SCHREYER: We've just started letting you know how sloppy a deal it was.

MR. SPIVAK: You know, the First Minister is quite unusual. He's Premier of this province, he has a fair knowledge of what's happening in this community and continually we have him trying to act as a defenceman to protect the Minister of Industry and Commerce who's the goalie. He'll almost do anything to stop anybody from you know, trying to get to him. He'll almost do anything. He'll bring up Churchill Forest, it doesn't make any difference. Whatever the issue is, he'll bring up Churchill Forests and he's going to talk about what happened in the past; and he's going to talk about the arm's length transaction, and we're going to hear this repeated over and over again. I'll say to the First Minister we'll hear it; in six or eight or ten months the development will be finished, and you can talk all you want, you can talk all you want, that development will be operating; the 4,000 people indirectly and directly employed by that will know what's happening and so will the people of Manitoba.

Now, Mr. Chairman, I'd like to now talk about what the Minister of Industry and Commerce said. I suggest that there is a danger signal. I think it's a danger signal for any suggestion that there should be a bonus received by government because in fact they have become involved in loaning a company. Now there is reason to, you know, be concerned. There is \$2 million that's being loaned. I would like to have had some indication as to whether this is a 60 percent loan, a 70 percent loan, an 80 percent loan or a 90 percent loan. Now I'm not going to argue specifically on Western Flyer except to point out that this argument and I think the basis for this, the basis for any suggestion on our part that there should be disclosure in connection with those situations with public equity, is in fact judged by the references that are made here.

Now I would suggest to the Minister of Industry and Commerce that he owes an explanation to this House to try and state, or if it's in written form to produce the written document which has been sent to the Manitoba Development Fund, which indicates government policy. I'm assuming that government policy has been expressed to the Board and I'm assuming that it hasn't been expressed verbally; I'm assuming that it must have been expressed in written form; and I think we in this House, this committee and we in the House, should at least be given the terms so that we understand it. I think as well, Mr. Chairman, that the TED Report recommendations should be followed in that I think that the Chairman and the Board of Directors of

(MR. SPIVAK cont'd.) the Manitoba Development Fund should appear before the Standing Committee on Economic Development when it's called, and I think we should have an opportunity to review with them this particular policy and to deal with them generally on problems relating to economic development. I'm very interested in the First Minister's statements about so many businessmen who had difficulty with the Fund and found it extremely difficult to deal with. I'd like to hear from the present General Manager of the Fund, who was the Assistant General Manager, as to his findings over the period of years that he dealt with it, and I would be interested, Mr. Chairman, to have the other members of the Board of Directors, that is the ones who have retired, come forward and deal with their specific problems that came forward, because I dispute the First Minister's statement. There were certain people who were unsuccessful in negotiating a loan with the Fund and there is no doubt they complained to members on the opposite side when they were the Opposition, they complained to members of government, and I think we must be clear about it; not everyone who goes to the Manitoba Development Fund is going to receive a loan because it doesn't follow necessarily that every application warrants a loan, and the First Minister, the Minister of Industry and Commerce and many of the other members understand this. But the truth of the matter is this: that if you examine the record and you examine the Manitoba Development Fund's statement, you're aware of the fact that many, many small businesses received financing from the Fund and they could not have received it from any other source, that many of them received essentially interim financing and eventually were financed out by other companies, that in turn there were arrangements that were arrived at between the Fund and the financial institutions, particularly the banks, which took care of the business' requirements, particularly their requirements for long term financing as well as for immediate short term financing.

Well, Mr. Chairman, I may say that the explanation in connection with Western Flyer is very interesting. It's certainly unsatisfactory from our point of view in terms of understanding fully what happened, and would justify our basic position that we require more information to judge the government's involvement in equity participation in this province.

MR. CHAIRMAN: The Honourable Minister.

MR. EVANS: Mr. Chairman, you know, I have attempted to inform the members of the House that we were not doctrinaire in our approach; we're taking a very pragmatic and flexible approach because we are concerned with the economic development of this province; we are concerned with the creation of jobs; that, you know, we like to see more jobs rather than fewer jobs; and I have no damn patience whatsoever to hear the carping of the Honourable Member from River Heights when he goes on and on and on and on and on and on like a broken record. He knows damn well, because the company has issued a statement stating that they are happy with the arrangement made with the Manitoba Development Fund. They're pleased with the government's interest in the creation of jobs, jobs in Winnipeg, jobs in Morris, jobs in Manitoba. Now don't talk to me about jobs and all this God-damned carping -- excuse me. The fact of the matter is that there were a hundred jobs secured in Fort Garry, one hundred jobs secured in Fort Garry; that there were additional jobs, that there are additional jobs, 70 more jobs to be created in Morris. Now if he's interested in jobs we're providing jobs. Now what else does the member want? He wants more jobs. Well we're going to provide more jobs and we're going to do it in a way that the business community of Manitoba is very happy with. In fact, they're lined up at the door to co-operate with the Manitoba Government.

MR. CHAIRMAN: The Honourable Member for Lakeside.

MR. ENNS: Mr. Chairman, obviously our fine Minister of Industry and Commerce has had his steak, I would suggest medium to rare for supper, because he's come alive and he has been provoked, obviously, by either discussions of policy that he's had with the First Minister and other members of the front bench during the supper hour adjournment, when previous to that time there seemed to be some difficulty enunciating policy, and now he has enunciated policy which begins to sound very much like the policy that my honourable friend from River Heights says - jobs, jobs, jobs, jobs! And there's nothing wrong with that policy. There's nothing wrong with that policy. He calls it an old broken record but it happens to be a very important record to the people who are out of jobs or the people that are looking for jobs.

But, Mr. Chairman, my reason really for rising is not to allow the First Minister to get away scot-free with the exhibition that he put before us prior to the supper adjournment hour, where we went on a skating mission that encompassed the world; indeed at one moment we were in Finland, in pulp mills, and another time we were dealing with the Republic of

(MR. ENNS cont'd.) France and their equity interests in oil exploration, or indeed with the Canadian companies such as Pan-Arctic and others. The question, of course, and really the question that he did not answer in all this exercise and one that I had hoped maybe would be forthcoming at about this time, was what precipitated this whole discussion and this whole debate right now. And really there seems to be, you know -- I admit, Mr. Chairman, a difficulty in communication right now. All that we're trying to get at, and I'll use the First Minister's remarks, or the First Minister's words, we're trying to clear up the deception, the deception that he accredited to the former administration with respect to its involvement with the Fund, the Development Fund, and so forth. I just want to clear that up because, Mr. Chairman, unless I am completely oblivious to the speeches that have been made by the members opposite, their performance as members of the Opposition and their performance on the hustings, you know -- and let's strip this.

Mr. Chairman, I'm a layman, I'm not endowed with the specific financial expertise as some of you are in this House, certainly my colleague the Member from River Heights has, but let's understand this. The people of Manitoba, I'm sure, understood the members opposite, the government today, that when they harped on this issue and what when they drew the dark circles of suspicion, of wrongdoing, around the Manitoba Development Fund etc., etc., that in essence what they were saying is: if public money was to be spent on the economic development of this province, then the public surely should be first in line as recipients of any benefits accruing thereof. I think that essentially is the message, Mr. Chairman, that certainly I got, as one who had to stand up against this criticism in the hustings and one who sat on that side of the House and listened to the honourable members here.

Now this essentially is the crux of the matter that we're debating right now, and certainly this must be the crux of the matter they're going to be debating in caucus tomorrow or whenever they next meet, that if in fact the 25 or 45 or 50 or 60 millions of dollars that they're providing the Manitoba Development Fund as a public bank, a development bank, to further development of various enterprises, economic industrial enterprises in this Province of Manitoba, that a fundamental part of their program is that this public money would be spent in any manner and if invested in a particular manner that it would - in a very direct way the benefit thereof would accrue back to the people of Manitoba.

Now we, Mr. Chairman, naively, naively have attempted to suggest in this Chamber and to the people of Manitoba, that by the creation of jobs and that by the creation of diversified industry in Manitoba, by the creation or making possible the creation of industry in areas where it's not all that easy to get industries in, in some of our rural parts of Manitoba, that this, this alone was sufficient justification for the involvement of public funds; that the employment of Manitobans, that the benefits accruing from the taxation derived from well-employed, well-paid Manitobans through their corporate and income tax structures and municipal taxes, the general climate of business activity throughout the Province of Manitoba, that that alone was already justification for some involvement.

Now, Mr. Chairman, the members opposite have led us all to believe that that was not sufficient, that that was not sufficient, and that if in fact - and I refer specifically to the CFI arrangement or other arrangements where relatively large amounts of public dollars were invested, that the provision of new industries, new jobs where none existed before was not enough; that there had to be a direct return to those, to the public who put up part of the money to get these industries established; that that wasn't sufficient. That was essentially the posture that -- Mr. Chairman, if they want to deny it now, fine, but certainly that was the position and I'm prepared to accept that as being the position that people that listened to them last June 25th surely must have accepted, that there was going to be a very basic and very fundamental change in this attitude towards the use of public moneys for the development in this province.

But what we had this afternoon, Mr. Chairman, was not that at all. It was not that at all. And it's just this little point that we're trying to clear up, and we'll get over with the Department of Industry and Commerce; we will get into the Department of Mines and Natural Resources because we have some dams to talk about; we have some water pollution to talk about; we have many other things to talk about. But, Mr. Chairman this afternoon the Minister of Industry and Commerce came as close to enunciating a policy with respect to the Manitoba Development Fund as we've had during this session, and certainly the individual deals -- I retract that word; "deals" seems to have a connotation that shouldn't be there -- the individual

(MR. ENNS cont'd.) arrangements -- (Interjection) -- Yes, they were worried about the deals once they're at a certain level -- the individual arrangements that are arrived at to date, and, Mr. Chairman, I've been following this but I could be corrected, but my understanding is that the equity arrangements that the Manitoba Development Fund has entered into with the Lake Winnipeg Navigation Company is one in which the Fund has bought equity, and at the discretion of the shareholders of that company they can buy out the government's shares. In other words, the minute that the MMS Selkirk is a successful, viable venture and is making money for its shareholders, then . . .

MR. EVANS: Mr. Chairman, on a point of order or privilege, this is not a correct statement. I merely referred to this as one example where at some time in certain individual cases it may be practical for that company, or for the government or the Fund, to take back those shares. I didn't say categorically in every case that this would be the instance. I stated very clearly just a few moments ago or half an hour ago that the policy of this government or of the Development Fund, the guidelines laid down for the Development Fund, is a flexible policy and that we had to balance two things. One was the economic development of the province and the other was to maximize profits, dividends, etc., to the people, to the Crown, and that these were two fundamental principles that we had to act on, and these are the principal, these are the general guidelines. This was one example and you're trying to make this as a generalization and it just won't wash.

MR. ENNS: Well, Mr. Chairman, all right. That's one example. Now let's look at the next example, Western Flyer Coach. Why, the Minister just finished in dicating to us - although he doesn't want to disclose the details - but he did indicate to us that certainly here again, in the second of major efforts in this direction, again we have an arrangement where once Western Flyer Coach is in a profitable position, Western Flyer Coach buys back its equity or is in a position to do so.

MR. EVANS: We said that there was a "buy back" arrangement with the navigation company.

MR. ENNS: Well, Mr. Chairman, the situation, you know, that has been left, not by me, Mr. Chairman, but by the Minister earlier on this afternoon, was that the position of the government is one of tremendous flexibility, a very pragmatic approach, not from any doctrinaire approach, you know. I'm just now, you know -- and I'm an impressionable fellow from Lakeside, Mr. Chairman. When the First Minister refers to milch cows, I actually believe that somebody is sitting down on a stool and milking them as I used to do quite often, 18 of them as a matter of fact. But, Mr. Chairman, the word "deception" does come into this particular conversation at this particular time. It was introduced by the First Minister. I ask the honourable members opposite now if their position on ownership, public ownership by the Crown, is based on a belief, a philosophy, a doctrinaire position, or one of simple pragmatic flexibility, comme ci, comme ca, from day to day. Now they have indicated to us that it is the latter; it is the latter; but how different, how different, Mr. Chairman, when the test is put, you know, when we've actually to see a test of this situation as is the case in Bill 56 or has been suggested in some of the ramifications of Bill 17.

Now, Mr. Chairman, the fact of the matter is, the simple fact of the matter is that the public of Manitoba are being deluded, are being deluded into believing that this government, unlike the previous government which loaned money to companies on the basis of sound and good collateral, and where every cent had to be paid back, and we had the assurance, the benefit of the best knowledgeable business people within the community, to assure us on the fact that that was being paid back, and the reports to date, the reports to date -- do you want to go back eight, nine years, Mr. Chairman?

MR. EVANS: . . . lecture from you on the collateral we have at CFI.

MR. ENNS: . . . interruptions, but, Mr. Chairman, if we want to talk about the performance of the Manitoba Development Fund in its past eight or nine of ten years' performance, then let's look at that record. Let's look at that record in terms of what it has -- you know, when I make this statement that the Manitoba Development Fund has loaned out money on the basis of sound collateral and that this money has been returned with interest, I have to say that that statement stands all scrutiny the members opposite want to give it. Certainly there have been minimal losses, minimal losses, but offset - in fact the fund operates in the black, Mr. Chairman, has operated in the black during the eight or nine years under our jurisdiction.

Mr. Chairman, these gentlemen opposite are attempting, well in fact, Mr. Chairman,

(MR. ENNS cont'd.) they're doing exactly what we're doing, only doing one better and this must shake up, this must shake up the Member from Crescentwood -- (Interjection) -- I'm not complaining. This is the message I'm trying to get across to you fellows, I'm not complaining about it, I'm simply, you know, I'm asking the Minister of Industry and Commerce to announce this policy from the rooftops with the help of his propaganda department; I offered him the suggestion that it surely would absolve us from any of the trials and tribulations that we might face in terms of economic difficulties in this province if he would forthrightly announce this as his policy. I also want to say how hypocritical all of you are in letting this kind of a situation develop and pass -- (Interjections) -- how hypocritical, the Member from Crescentwood must be feeling right about now.

MR. CHAIRMAN: Order, order.

MR. EVANS: Mr. Chairman, on a point of order, I deliberately recall being asked to withdraw that comment last session, and I think the honourable member should be asked to withdraw that comment also.

MR. ENNS: Mr. Chairman, I'm one who believes in maintaining the decorum of the House. I withdraw the remark, and I say how you appear to be so hypocritical in this particular situation.

MR. EVANS: Mr. Chairman, Mr. Chairman, on a point of privilege. The honourable member is not retracting that statement; he's making a mockery of it.

MR. CHAIRMAN: Order, please. May I point out to all members and in particular the present speaker that such words as hypocritical or hypocrites is not acceptable parliamentary usage and I would ask the member not to use it in an expression.

MR. ENNS: Well, Mr. Chairman, whenever I get to using more than three syllable words I get into trouble. Let me just paint the picture in simple sign language that we all can understand. The government there has said that it's wrong to invest money or put public money into private hands for the development -- (Interjection) -- Well, Mr. Chairman . . .

MR. EVANS: And for the edification of the honourable member, I have told several groups, businessmen's associations and members of Chambers of Commerce that this government wants to go into partnership with private enterprise to develop this province - in line with what's happened in Sweden, Germany and many other progressive countries in this world. -- (Interjections) --

MR. ENNS: I'm being interrupted. I would have finished my remarks some time ago, but what I'm trying to say, Mr. Chairman, is -- (Interjections) -- is that the gentlemen opposite have certainly left the impression with me and with the public of Manitoba that an arrangement, that an arrangement whereby considerable amounts of public money are put into the hands of private entrepreneurs, even though they've promised to pay every cent back with good interest rates, that somehow there's something wrong in doing that. Somehow, you know, that's something, if not wrong then there's a better way of doing it and you seem to suggest that the better way is if that amount of money -- indeed my colleague from Ste. Rose the former leader of the Liberal Party kinda suggested if there's going to be that much public money involved for instance in CFI then why not make it a public venture.

So, Mr. Chairman, the suggestion that they have certainly created in the minds of those of us opposite and the public generally is that somehow, somehow how the board operated in the past, the fund, the method of the development, the method of the loans arrived at in the past, or the arrangements arrived at, were essentially wrong or not in the best interests of the Province of Manitoba and that they would pursue the concept of using public funds if need be to invest, to develop our resources, our industries and that the direct benefits, the direct profits would come back to the people of Manitoba.

This afternoon the Minister of Industry and Commerce indicated to us that at least in the arrangements arrived at so far this is not in fact the case, that in virtually every arrangement arrived at so far by the Fund there are options open for the private sector to repurchase its share of equity, at their choosing.

MR. EVANS: I did not state that . . .

MR. ENNS: Well now, Mr. Chairman, I think the record would bear out that this is . . .

MR. EVANS: I said the members opposite were dense and now I really believe it.

MR. ENNS: I'm being diverted, Mr. Chairman, I'm being diverted in a very clever way just as the Honourable First Minister stepped in to the breach just before 5:30. I asked him the question, I asked him a question about Pan Arctic. He went on at some length . . .

MR. SCHREYER: Would the honourable member permit a question. The Member for Lakeside said about, oh, a minute ago, that the Honourable Member for Ste. Rose had suggested that if the public had to put up 90 percent, if not 100 percent, of the loan capital that the public might as well own it. Now what does the Honourable Member for Lakeside think of the Member for Ste. Rose's point of view?

MR. ENNS: Mr. Chairman, if I had reasonable confidence that the public sector had the merchandising capacity and skills, had the technological capacity and skills to develop the mills there - you know, it's an open question, I might buy it. There's no problem, no problem, Mr. Chairman, to make pulp or to make lumber; anybody can do it. I would suggest that the Honourable the Minister of Mines and Natural Resources could take a thousand people off his staff or you could take any thousand people without any skills and send them up north and tell them to start cutting trees and start sawing lumber. This is a crude demonstration of what I'm trying to tell you. There is no trick in providing or building a pulp mill up north that will produce paper; that's not the name of the game. The name of the game is to produce it at a price that you can sell. Even more important, is to have a market for it, a predetermined market for it preferably because of the high involvement of capital and so forth involved. This is the whole situation

MR. SCHREYER: Will the member permit another question?

MR. ENNS: . . . and I have no assurance, Mr. Chairman -- before the First Minister interrupts again, let me finish his first question - I'll allow him the second question -- that I have no assurance, and certainly no feasibility studies have been done, that the civil service that we have at our command and in fact as my colleague says, the calibre of the people that are involved with the auto insurance investigation have every reason to question the capacity of a Crown operated pulp mill to find those necessary skills that I mentioned; not to make the mill, that's not the question at all, but to have the access to the market and to have the management skills to merchandise it at some reasonable return per investment.

MR. SCHREYER: Now, on that very last point, Mr. Chairman, since the Honourable Member for Lakeside makes much ado about the merchandising of the end product, the pulp and paper, I'd like to ask him if he could advise the House whether the firms involved at The Pas complex are doing their own merchandising or whether they in fact have made an arrangement to merchandise all of their end products through a London based firm that I assume would be just as interested in entering into a contract with some other owner?

MR. ENNS: Well, Mr. Chairman, it's been some time since I have been privy to the confidential information that Cabinet Ministers are privy to. If the First Minister has some additional information that he now wishes to disclose to us with respect to Churchill Forest Industries, certainly we'd be happy to receive it. Let me answer, not to evade his question, certainly, Mr. Chairman, this is precisely, precisely one of the reasons that I defend the Churchill Forest Industries arrangement because I didn't know who had the expertise, nor do I suggest the First Minister knows now, and it is entirely up to the people that are in the business that have the knowledge, that have access to the doors that know where and how certain products that are unique to the kind of products that we can manufacture with our marginal resources here in Manitoba; how they can be sold, where they can be sold and where they can be best sold. It's precisely that kind of in-depth knowledge of the pulp and paper industry that is needed to make CFI a success.

If it was, Mr. Chairman, just a simple matter of us making a legislative decision to roll out X number of hundreds of thousands of rolls of toilet paper, I suppose there'd be no difficulty in justifying the establishment of a pulp mill, but that's not the question; the question is what can we sell, where can we sell it and at what price. I'm satisfied, I'm satisfied that the people that are working in co-operation with Churchill Forest Industries know that information and that they are in a position to sell that.

MR. SCHREYER: Mr. Chairman, I'd like to ask the honourable member whether he wishes the House to believe that one has to be an expert in order to know who the experts are in paper marketing? Would he not agree that even a non-expert would know or should be able to find out within 24 hours that Crown Zellerbach or Price and Pierce or three or four other firms are international experts in paper marketing?

MR. ENNS: Mr. Chairman, I must admit to having the word "expert" properly defined for me latterly. It's become abundantly clear to me that an expert is anybody that has recently come from the Province of Saskatchewan. This seems to be a reasonable assumption to make

(MR. ENNS cont'd.) with respect to the counsel the government is presently getting.

Mr. Chairman, I wanted to, prior to the First Minister's interruptions, you know, just come back to some of the examples that he indicated during his entry into the debate prior to the adjournment, specifically Pan Arctic, which involves the Canadian public with respect to oil exploration. I know of no arrangement - in fact I doubt, I would seriously doubt, I could just about assume with certainty other than the fact that I haven't read the proper documentation - that in Pan Arctic there is any arrangement whereby the private sector can buy back the 45 percent, the 45 percent of the -- (Interjections) -- No, no, Mr. Chairman, now don't let them divert me. After all, let's understand how we got into this discussion. It was the discussion or the availability that the rather unique and somewhat unbelievable position that is now being enunciated by the Minister of Industry and Commerce that essentially meant, essentially meant that we here in the Province of Manitoba with taxpayers' money were going to assure the loss, cover the loss of companies with respect to aid in the Manitoba Development Fund, and yet leave it open for them the minute that they got into a profitable picture to buy back their equity. And the First Minister -- Mr. Chairman, I won't . . . any further interruptions at this time. The First Minister talked at great length about the arrangements of Pan Arctic, and I say fine! this is a decision of the Federal Government, a decision that is not incompatible with my approach to the use of public funds or Crown corporations into areas which have proven consistently difficult for the private entrepreneurship to fully function in its role, and if the First Minister . . .

MR. CHAIRMAN: The Honourable First Minister.

MR. SCHREYER: I rise on a point of privilege, I believe it to be a point of privilege. The Honourable Member for Lakeside just said that he is not opposed to the Pan Arctic model. He knows that the Pan Arctic model is a Crown company at the Federal level engaged in a joint venture with private entrepreneurs in resource development, specifically oil.

Now, I believe he said last Thursday or Friday that Bill 17, while he issued drafting instructions that was specifically for timber, for timber production, that he was opposed to a Crown corporation going into any kind of other resource development. Now today he says that he would favour it for oil development and I think that that is inconsistent on his part.

MR. ENNS: Mr. Chairman, I think I'm being extremely generous with respect to the First Minister's prerogatives of interrupting my efforts here at this case -- (Interjections) --

MR. CHAIRMAN: May I say to the Member for Lakeside and other members that I think there has been considerable repetition. I do not think it is necessary for any member of the House to try to recap previous debate because we're recapping it continuously, so I would ask members not to repeat certain of the arguments which we have heard a number of times this evening and this afternoon and prior to that.

MR. ENNS: Mr. Chairman, I again bow to your wishes, and certainly you know, Mr. Chairman, with what high esteem I hold your occupancy of that Chair and that . . .

MR. CHAIRMAN: Vice versa.

MR. ENNS: . . . you can expect my co-operation to the fullest extent. But, however, not to repeat myself and with the aid of the First Minister I keep having new subjects thrown at me. Now I can discuss Bill 17 for a little while and I'm of course quite prepared to discuss Bill 17 for a little while - in context with the subject that we left, Pan Arctic oil.

Now, Mr. Chairman, this is the difference, this is the difference - the mistakes that the honourable members keep making is that because we take a position on a certain issue, you know, they immediately throw us back to the 19th century, you know, in our mold, and suggest that's where we are. Mr. Chairman, maybe we're making the same mistake when I shout socialist and I cover them all with a pink brush - fine. Just lately I haven't seen anybody put up their hand saying that they're denying it or that they don't like the colour or that you don't like the word, you know. So, you know, it's just different.

I reserve for myself the privilege of standing up and being counted. I take exception when the Member from River Heights is being fingered as the only Red Tory in the caucus here. You know, there are a few others around in this part of the game. You know, the First Minister - let's speak just for a moment, not to repeat myself, Mr. Chairman, in listening to your wisdom in advising us. We speak about two specific instances, Pan Arctic. Now let's look at Pan Arctic. Mr. Chairman, Pan Arctic, a situation, a development of oil in our Arctic, our Arctic reaches, one that was obviously, simply because of their absence, beyond the scope of Canadian entrepreneurship to get totally involved, or have the money to become totally

(MR. ENNS cont'd.) involved in, and we witnessed the possibility of significant strides being made by foreign companies in this particular field, particularly American companies in this field, that there was ample justification in my judgment, to take the words of the Minister of Mines and Natural Resources, to view this in isolation and explain it to the people of Canada in this case, the pragmatic safe and sound proper use of public funds to develop these resources to the good of Manitoba. No question.

Mr. Chairman, Bill 17. Faced with the problem that we had with respect to utilizing first of all the input that had already been put in with respect to a training program, with respect to the people that lived at Moose Lake in their logging program, knowing, knowing the success of the Churchill Forest Industries' project that was there, we never doubted it and don't doubt it today. We also knew our responsibility was to equip as many of our native people to take advantage of that project. Now having started in a pilot manner a training program, obviously we would have been negligent if we would have left it at that. There had to be some formal tying of the knot or some utilization of that input of training, that co-ordination of effort that took place there to let it bear fruit you know for a longer term period. And, Mr. Chairman, I want to suggest to you right now that if you search back the files of the Manitoba Development Fund you would undoubtedly come across memos or documents that instructed the director or the manager of the Manitoba Development Fund at that time to investigate the possibilities of setting up a Crown corporation at Moose Lake with the Manitoba Development Fund running the show.

We also looked, and let me make this very clear, the Department of Mines and Natural Resources was not particularly comfortable in the role of being teachers in the Moose Lake operation. This really belonged in the Department of Youth and Education who had the vocational funds, who had the other, you know, funds to finance the program. In fact we transferred the funds from the Department of Youth and Education to finance the program at Moose Lake through the Department of Mines and Natural Resources. The Department of Mines and Natural Resources staff was asked to come up with some concept, some idea that would put a terminus to this program. If you check with the Department of Agriculture you will probably also find that some discussion took place with respect to their co-op services as to whether or not the co-op services was a likely vehicle for which this could be used.

Mr. Chairman, I'm suggesting all of this again, because we're dealing with a specific situation that had to be dealt with -- (Interjection) -- well we got defeated before we had a chance to.

MR. SCHREYER: No, but in your proposal.

MR. ENNS: Well, the proposal never got that far, it never got back to my desk. The proposal never got back to my desk, Mr. Chairman. So let's leave that one at rest, you know, right about there. All I'm trying to suggest, Mr. Speaker, is that you know, what I suggested in my few comments on Bill 56, there is no hang up on our side of this House about the use of public funds when we see a need for it. We argue violently about where and when and if that need arises and that's to be expected. We have very fundamental differences in our approach to this particular subject, but, Mr. Chairman, I'm not going to belabour this question any more, but there was and there is at this moment and at this time wilful deception on the part of the government, on the part of the Minister of Industry and Commerce, wilful deception to indicate, to appear to indicate to the province, the people of Manitoba, that taxpayers' money is going to be used to establish industries and that the taxpayers then are going to get part of their benefits back. They're not under the present system. Under the present system the companies are going to buy back their equity and they wash their hands off it, they have it. And that's exactly the policy that's been enunciated here.

MR. BOROWSKI: Mr. Chairman, on a point of privilege.

MR. CHAIRMAN: The Minister of Transportation.

MR. BOROWSKI: Mr. Chairman, on a point of privilege. I'd ask that disgusting little shrimp there to withdraw the statement he just made.

MR. CHAIRMAN: Order please. I remind honourable members that certain language is not parliamentary, including I think a portion of the Minister of Transportation. I think the key expression that must be withdrawn first is "wilful deception" which was just made by the Member for Lakeside. Deceit or deception is unparliamentary and I would ask the member to withdraw that statement.

MR. SPIVAK: Well, let him withdraw his first.

MR. CHAIRMAN: The Honourable First Minister.

MR. SCHREYER: There are certain expressions which we traditionally view as being unparliamentary. I think that the use of the term "deceptive" in itself as an adjective has been used from time to time in referring to a particular situation; it has not been ruled as being unparliamentary. However the noun "deception" certainly preceded by the adjective "wilful" meaning advertence and malice is quite another matter. I would like to think that the Member for Lakeside, while he may feel that a certain practice is deceptive, would not want to attribute "wilful deception" to any other member of this House.

MR. CHAIRMAN: The Honourable Member for River Heights. On the point of order.

MR. SPIVAK: On the point of order and further to your own remarks, I would think that the Honourable Minister of Transportation should withdraw his remarks first.

MR. CHAIRMAN: We'll take these one at a time. I would ask the Member for Lakeside to withdraw his expression - all of it.

MR. ENNS: Mr. Chairman, I cannot withdraw the remarks. The remarks I believe are true and are accurate and accurately represent the kind of statements and speeches that I've made in the House to date. To do so would destroy the credibility of anything that I've tried to say today. I have charged the opposite members, if I'm allowed to expand for a moment, Mr. Chairman, that it is a wilful program on their part, whether it is in the manner and the way in which they are introducing government auto insurance, that there is a deception being involved there, that there is a deception being involved now in the manner and way in which they are introducing equity arrangements with the Fund. I may be wrong in my interpretation but it is a belief that I sincerely hold and I cannot withdraw the remarks.

MR. SCHREYER: Well, that being so, Mr. Chairman, I think it would be in order for me to say that if any wilful deception exists, it exists on the part of the honourable member opposite for this reason, for this reason, Sir, that the Minister of Industry and Commerce has on repeated occasions in the past hour, explained that the particular arrangement with Western Flyer Coach whereby there is a provision for the return of equity investment into the form of loan transaction, that this is a particular arrangement in this particular case. He had also explained what is a matter of government policy, that in other arrangements, some of which we have already entered into, as in the case of Versatile, as in the case of Lake Winnipeg Navigation, where there is an equity position taken up, or in the agreement arranged for the taking up of, the terms of the agreement are clear. There is no provision for the automatic return of the public's equity -- (Interjection) -- The Minister of Industry and Commerce has indicated that at least three times in the past hour, that the arrangement with respect to Western Flyer Coach is a particular arrangement in a particular case, and we can offer to you, those of you who are so disturbed . . .

MR. SPIVAK: On a point of Order, Mr. Chairman, because the First Minister may not have heard the Minister of Industry and Commerce. This is not what he said earlier today and this is the point that the Honourable Member for Lakeside has repeated. -- (Interjection) -- The Member for Kildonan says I'm wrong but I'm not wrong. The Minister of Industry and Commerce did not say what the First Minister indicated today and therefore on that basis there is . . .

MR. CHAIRMAN: The member is getting off the topic. I again ask the Member for Lakeside, I cannot make judgment for him but I don't know whether he regards it as essential to his comments or not. He indicated he did, but I ask him that he is well aware of parliamentary practice and that by tradition and by precedent such expressions cannot be, in my judgment, made by any member regardless of the sincerity of that member, regardless of the comments of the person or persons who provoked his comment. I believe that that is in fact out of order and I would ask the member to reconsider his statement and to withdraw his comments.

MR. ENNS: With all due deference to you, Mr. Chairman, I am not in a position to withdraw the comments that I made.

MR. CHAIRMAN: The Honourable House Leader.

MR. GREEN: Mr. Chairman, the honourable member when he got up to explain his remarks, what I understood him to say is that we are wilfully engaged in certain policies with regard to automobile insurance, with regard to equity arrangements in industry, in regard to other things, which he is of the opinion deceives the people, and that if that is what he is saying that we are knowingly engaged in programs which he says deceives the people then I don't

(MR. GREEN cont'd.) think that the two words linked together "wilful deception" properly describe the explanation which he gave because there's no doubt that this government is wilfully engaged in certain programs; we have explained those programs.

The Member for Lakeside says those programs deceive the people; we say they don't. That's an argument but it's perfectly legitimate. But I think that what members on this side object to, and this is all that I think the Chairman is referring to, is that the statement that we are wilfully deceiving the people is in effect a statement that we are deceiving the people, that we are purposely deceiving the people by what we are doing and knowing that this is a program to deceive the people. Now I take it that this is what is objected to and yet I take it that what my honourable friend said in his explanation that that is not the meaning that he gave the two words "wilful deception". If that is the explanation that he wishes to make, then I don't think there is any demand on this side that he withdraw the statement.

MR. CHAIRMAN: . . . that the member's explanation is one thing but his words are another and his words I believe are unparliamentary.

The Honourable First Minister

MR. SCHREYER: Mr. Chairman, if I may offer some further words. I know that it is not particularly easy for the Chair when a ruling is made, or a request is made prior to a ruling by the Chair of a particular member and he refuses to withdraw and from time to time in the past it has been the case that the Chair has named a particular member, but for my part, I often regard that particular kind of practice as undesirable in the extreme. I am convinced that in many, if not most cases, the member who refuses to accede to the request of the Chair to withdraw an unparliamentary remark is doing so in order to obtain attention and I think that for the Chair to name an honourable member simply falls into his trap which is to obtain attention. I think it's far better to let the House know that in the view of the Chair a particular remark is unparliamentary and honourable members can draw their own conclusions. I really think that the Member for Lakeside knows better; that it is not and never has been parliamentary to refer to any member or group of members as practising wilful deception. However, rather than proceed to the ultimate and naming anyone, I would suggest that this is simply falling into the design of the member who wishes to withdraw and that he receive the kind of attention he craves. I suggest that when we look at Hansard tomorrow we can determine just in what context the Honourable Minister of Industry and Commerce made the reference to certain arrangements being such where an equity position taken up by the Crown can subsequently be transferred over to a loan transaction.

I repeat again, Mr. Chairman, speaking to the substance of the remarks of the Honourable Member for Lakeside, that we already have three or four cases where the Crown has taken up an equity position of varying degrees in minority interests. In one case it is true that provisions is in the agreement for the subsequent transfer or conversion of equity into loan capital, but in two other cases that is not the case, so I do not see what great store or emphasis the honourable member is putting on this particular form of arrangement where in one case we have allowed for the - and when I say we I mean the Fund - have allowed for the conversion of equity capital into loan capital. It's hardly the kind of thing that we could be accused of deception about. I suggest that if deception is being perpetrated it is by those who refuse to accept the explanation given three times by the Minister of Industry and Commerce.

MR. ENNS: Well, Mr. Chairman, I do not wish to - it always grieves me to correct the First Minister. He's just now imputed motives to me with respect to the position I'm taking and I want to assure him that it's entirely false, entirely wrong. I've never put myself up as a parliamentary expert. However, the rules, the parliamentary Rules and Forms of Beauchesne, 145, has been brought to my attention that "statements made by a member but no imputation of intentional falsehood is permissible" - is the section I'm particularly referring to, and far from absenting myself from the "bear pit" that we enjoy in this Legislative Assembly, because I intend to make my contribution for a goodly little while on many subjects, therefore I withdraw the remarks, Mr. Chairman.

MR. SPIVAK: Mr. Chairman, on a point of privilege. Is the Honourable Minister of Transportation now going to withdraw his remarks or not?

MR. ENNS: Oh, they're not parliamentary. They're just gutter language.

MR. SPIVAK: Well, Mr. Chairman . . .

MR. CHAIRMAN: Order please. I intend to deal with that as well. But I would say to the honourable members that I think there is no need to go through a lengthy debate, that some

(MR. CHAIRMAN cont'd.) of these questions I think are rather clear cut and I would ask the co-operation of members that if in fact they go outside the bounds of parliamentary expression, that they should co-operate with the Chair and in fact withdraw their comments.

I would ask the Honourable Minister of Transportation, he used a word which I think is perhaps not fitting with the dignity of the House, and his description of the Honourable Member for Lakeside, I would ask him if he would be good enough to withdraw his description as well.

MR. BOROWSKI: Very gladly, Mr. Chairman.

MR. CHAIRMAN: The Honourable Attorney-General.

HON. AL MACKLING (Attorney-General) (St. James): Mr. Chairman, I'm quite happy to have an opportunity, not to divert the members in any way from the very articulate argument that my colleague the Minister of Industry and Commerce has been putting in answer to some of the rather futile attempts of members to try and create some sort of controversy in respect to government policy, but I relish the opportunity to say a few words about the performance of the Opposition in their attempts to somehow becloud the issues involved in loan policies the government has been pursuing.

The Honourable Member for Lakeside kind of tipped his hand when he said that really we're not complaining, we're not complaining. He said really what they're doing over there is you're doing one better than we did, and that's a pretty frank admission. But really what he was trying to do was, obviously he was trying to do one better from his colleague, the Honourable Member for River Heights, and perhaps they're playing games in this House. Perhaps they're vying for leadership. Maybe there's a struggle going on over there, I don't know. But he tried to excel his colleague the Member from River Heights in high school economics. The Member for River Heights, we have heard in this House day after day asking questions about how many jobs that's going to produce and then we have a performance today when the government has announced that the Manitoba Development Fund has made a substantial loan commitment in respect to a Manitoba firm that has an extensive commitment, an extensive contract when the government announces, or has announced that the Manitoba Development Fund has made a substantial loan commitment in respect to a Manitoba firm that has an extensive commitment, extensive contract, that has an established plant and equipment, the Western Flyer Coach -- (Interjection) -- You know what they are. Oh, yes you do. You know that they're a viable business operating in Manitoba.

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MR. BILTON: Mr. Chairman, on a point of order; on a point of order. I thought that matter was settled just a few minutes ago in a gentlemanly way around this House. Are we going to have a repetition of it by the argument that's being put up now?

MR. MACKLING: You're out of order.

MR. BILTON: You appealed a little while ago for everybody to keep . . .

MR. MACKLING: You're out of order.

MR. BILTON: Mr. Chairman . . .

MR. CHAIRMAN: I wish to hear the point of the Honourable Member for Swan River. Would he please . . .

MR. BILTON: I've made it. You appealed to us a little while ago not to be repetitious and it looks as though we're going to get into a big argument that caused a little trouble in this House a little while ago, and I appeal to the Honourable Minister to refrain from doing so.

MR. CHAIRMAN: Well, I think the point is well taken, but I think it applies to both sides of the House. The debate has swirled around, and I would ask members to attempt to break new ground and not to repeat or recapitulate if possible. The Honourable Attorney-General.

MR. MACKLING: Mr. Chairman, my few brief remarks will merely highlight the inconsistencies in the arguments that have been set from the other side, and I know it's embarrassing to the Honourable Member for Swan River to have two of his colleagues that appear to put on such a puppet show in this House on the question of basic economics, but what we've had in this House day after day from the Minister of River Heights . . .

MR. BILTON: If you want to go over it again, you can.

MR. MACKLING: . . . is a very shabby course in high school economics, and he talked about jobs and about job growth in Manitoba, and then when this government brings in specific programs, specific disclosure of assistance in a very specific way to Manitoba industry, he's very concerned that there's something wrong. There's a great measure of distrust on his part, and yet, Mr. Chairman, day in and day out . . .

MR. SPIVAK: On a point of privilege, Mr. Chairman, I don't think on one occasion that I said that I thought there was anything wrong. Now the Honourable Attorney-General has imputed that to me; I never suggested that at all. I simply asked for information.

MR. MACKLING: Well, Mr. Chairman, it appears that maybe there's some confusion, there's some rubbing off on the Member from Lakeside. Perhaps now there's some - the Member from River Heights certainly doesn't agree with the Member from Lakeside, because the Member from Lakeside indicates that there's some wilful program to subvert the economy in Manitoba somehow by a misuse of government power, and certainly his colleague the Leader of the Opposition thundered about Bill 17, that this government is out to do terrible things in the economy of Manitoba, and yet when the Minister of Industry and Commerce articulates a program which indicates that the Manitoba Development Fund, and frank disclosures made in this House of programs that involve job creation, job preservation, development of the economy of Manitoba, they're very much concerned; well, what's going on? But the Honourable Member from River Heights sat in this House during the course of many debates concerning a very real worry about the Churchill Forest Industries program and he implied, with the Honourable Leader of the Opposition, that the House should take it in on faith. After all, any private enterprise, no matter how it's financed by government, no matter the source of funds, has to be a good thing, and that members shouldn't question loans to private enterprise in that manner, but what they should do is be very concerned when government takes a hand in any way, shape or form in providing any expertise, sharing in any responsibility with the development of that particular industry, and that's certainly the case in the examples that have been revealed to the House in respect to the Versatile Manufacturing Company and the Western Flyer Coach - and the honourable gentleman shakes his head.

But that's really the pith and substance of it all. With Churchill Forest Industries, it's quite all right to loan them \$90 million to foreign-owned corporations to do something, hopefully, about jobs in Manitoba, but when this government frankly announces that the Fund, in consultation with government, is taking a responsible position in respect to Manitoba industry operating here, that has jobs to preserve and further jobs to create, they're totally concerned. They suggest we should be very very aroused about any program that utilizes principles along this line. Obviously the Member from Lakeside is very jealous of the Member from River Heights. He doesn't want to be considered, the Member for River Heights to be the only Red Tory, and the

(MR. MACKLING cont'd) Member from Lakeside is very concerned that he let the House know that it was his administration that initiated the Moose Lake logging development, and he's very concerned, and so when he suggests that we're not concerned about the shout and the cry "Socialist!" it's no wonder because they're anxious, he is particularly anxious, and the Member from River Heights, to be somehow associated with much more positive government, and they're frankly ashamed and a bit embarrassed by their colleagues around them that are quite negative about government's role in industry.

So I suggest, I suggest that the honourable members ought to caucus more frequently about their remarks, because obviously they're at opposites, and as has been revealed during the course of debate and during the course of another announcement in respect to Versatile when the Member from Fort Garry obviously was most embarrassed by the remarks of the Member from Sturgeon Creek: They have to get together, Mr. Chairman, and decide how they're going to approach job creation. They shouldn't be continually shouting about more job creation and then attacking this government when they show a positive response in respect to the use of the Manitoba Development Fund to produce more jobs and to produce a more viable substantive economy in the Province of Manitoba. It's most embarrassing to them, but these are facts; and their obvious irritation is shown by their attitude in the course of the debate on these estimates.

MR. CHAIRMAN: The Honourable Member for Fort Garry.

MR. BUD SHERMAN (Fort Garry): Mr. Chairman, one doesn't wish to be cruel in addressing oneself to the matters before us in this Assembly but one does try to be realistic, and the realities of the case and the situation before us at the present time are that there is a wide and growing climate of uncertainty and anxiety and concern about the economy of this province and about the opportunities for economic growth and expansion, and I'm glad the First Minister is in his chair because what I have to say I really wish to direct to him.

I think, Mr. Chairman, that there is a desperate need for a restoration of confidence and optimism in the economy of this province, and much as I like the Minister of Industry and Commerce and much as he would be capable of probably doing a significantly better job than some of the present holders of some of the other portfolios, in many of the portfolios in that administration, it's going to be impossible in my view, Mr. Chairman, for the climate of confidence that I speak of to be restored in this province while the present Minister of Industry and Commerce holds that portfolio. The Minister, as I've said, is an excellent fellow and he would probably make an extremely good Minister of Municipal Affairs; he might make an extremely good Minister of Education; he might, for all I know, make an extremely good Attorney-General.

MR. BILTON: That wouldn't be hard. That wouldn't be hard.

MR. SHERMAN: But he's in a position, Mr. Chairman, where by virtue of the strait-jacket that the administration has put him in and kept him in, and by virtue of the cloud of secrecy with respect to the policies and programs of this government to which the administration and his colleagues and his leader have subjected him, he's in a position where he cannot do a worthwhile job for the economy of this province and for the entrepreneurs of this province, and where he cannot restore the confidence that is now lacking in that community. Business simply does not believe, Mr. Chairman, that the present Minister can do the job. The Minister has said that many entrepreneurs are coming to us - I think I'm quoting him directly - many entrepreneurs are coming to us asking us if we're interested in being partners in the business of helping to make Manitoba grow. He talked today about partnership and about his concept of partnership as expressed in the earlier debate on the policy and philosophy with respect to the Manitoba Development Fund. Well, this is a peculiar and a damaging and a dangerous kind of partnership in the view of many of us, Mr. Chairman. In fact it's the kind of partnership that's like going to bed with an over-sexed elephant, to crawl into -- (Interjection) -- no, but I've read about it - to crawl into a situation, for business to crawl into a situation with a government like this which knows not where it's going in economic terms, and which maintains a Minister in complete darkness and complete secrecy as to the definitive direction that the leader of the administration and his top-ranking lieutenants, the Minister of Mines and Natural Resources and the Attorney-General and one or two others, have defined and decided for this province.

The Minister has said that he's interested in entrepreneurs coming to us, but as my colleague from River Heights has asked on occasion, Mr. Chairman, what is the Minister doing

(MR. SHERMAN cont'd) in terms of going to them, in going out to hunt them down and hunt down these opportunities? In an earlier speech in this Assembly, Mr. Chairman, the Minister said that "if there's any deal to be made for Manitoba, I'll be there to make it." If there's a deal to be made for Manitoba, I will make it." Those were his words. Well the question, Mr. Chairman, is how will he know whether the deal is there or not? If he's not out on the spot in the area, in the field where the potential deals arise, how will he know whether the deals are there for him to make?

Mr. Chairman, I don't see how this Minister can win in the position in which he's currently placed. I don't see how he can possibly hope to, with all his effort and all his best intentions and in all conscience, hope to resurrect and revive that now flagging spirit of initiative and enterprise and boldness that is so necessary in a lagging economy today. The critiques and the essays and the commentaries on the lagging economy are coming in. I don't have to point to the newspaper articles, the accounts, the commentaries of any more than the last ten days or the last two or three weeks to underline that point. We've had articles such as the one on the front page of Saturday's Winnipeg Tribune, May 30th Winnipeg Tribune entitled: "What's happened to the building boom?" We've had comments such as that made by the retiring president of the Winnipeg Chamber of Commerce which was carried in Friday's daily newspapers in the area. These commentaries, these commentaries, these pessimistic assessments of a pessimistic and a gloomy situation, are now coming in, are now accumulating at a substantial rate of speed.

There was much said and done at the time of the resignations of two prominent public officials of the Department of Industry and Commerce a few weeks ago, and there was so much, in fact, said and done at that time in my view, Mr. Chairman, that it's become impossible now, as far as the present Minister is concerned, for him to regain and retain the confidence that was lost in the business community at that time. I personally sympathize with him very much. I think he's been put in a position by his colleagues which is totally indefensible, in which he is rendered totally inoperative. No recovery for him is possible, and it would be a similarly impossible situation for any member of this present administration. There is only one member of that administration, Mr. Chairman, who could reduce, and perhaps to a large degree totally eliminate the jitters that the business community, the entrepreneurial community in Manitoba feels at the present time, only one member who's capable of calming the fears of that community, and that Minister is the First Minister - that Minister is the First Minister; and the decline in the confidence and the surge of the economy of this province did not start on June 26, 1969, the day after the last general provincial election; the era of uncertainty and no confidence did not get underway on July 15, 1969, with the swearing in of the new administration; it actually began a few months ago when the First Minister relinquished the portfolio of Industry and Commerce and then abandoned the colleague, the Ministerial colleague whom he saddled with the responsibilities of that portfolio.

We've seen evidence today, and it's been underscored by my colleagues from River Heights and Lakeside, of the ad hoc arrangements, the ad hoc formulation of policy that takes place where the responsibilities of the Minister are concerned. We saw evidence today of a desperate stalling tactic at 5:00 o'clock this afternoon in order to hold the line against the assault that was then very articulately mounted by the colleagues of mine to whom I've referred against the Minister of Industry and Commerce, and the Minister of Industry and Commerce, who was not to blame for the situation, was left totally unarmed against the attack, against the legitimate attack being waged against him, because he had no knowledge, he was not party to, he was not confidant of the kind of direction in a policy sense that are being hammered together on an ad hoc pro tem basis by the First Minister and his colleagues on the front bench . . .

MR. EVANS: Mr. Chairman . . .

MR. SHERMAN: I'll permit a question.

MR. EVANS: You know, the honourable member can look . . . -- (Interjection) -- Okay, I'll raise it in the form of a question. I suggest that the honourable member is looking into a crystal ball. However, what specific evidence does he have of his allegation, because there is none and it's absolutely false.

MR. SHERMAN: Mr. Chairman, the specific evidence I have is that I was in this Chamber all afternoon, and I saw the Minister of Industry and Commerce abandoned in mid-ocean on his estimates some days ago. He was protected for some time by a carefully constructed convoy on the government's part which enabled, which enabled him to avoid the attack which ultimately had to come where the estimates of this department are concerned. There

(MR. SHERMAN cont'd) were a number of issues that saved the day for him for awhile. One of them was the initiating of the debate on the automobile insurance legislation, Bill 56, but sooner or later in the scheme of things, because the Government House Leader presumably decided he was going to be willing to take a chance on the Minister's ability to handle his estimates, sooner or later in the scheduling of the order of estimates the Minister of Industry and Commerce was exposed to the relentless attack of the knowledgeable critics of the economic picture of this province that has been mounted in the past few days. Now this afternoon at 5:00 o'clock when the Minister was caught in left field on the question of the philosophy and policy of the Manitoba Development Fund . . .

MR. EVANS: Were you here at 3:00 o'clock?

MR. CHAIRMAN: Order . . . honourable member to continue.

MR. SHERMAN: When the Minister was caught in left field the old fireman came in to put out the flames. He's done it before and unquestionably for the life of this administration he'll have to do it again. You know, the First Minister in his day, Mr. Chairman, I understand was a ballplayer of some substantial talent and I don't know what position he played but I would suspect that he had a great deal of experience as a relief pitcher, as a fireman, as they call it in the baseball trade, because he comes in from the bullpen time and again to relieve the faltering starters and to put out the fire and to put out the rally and to save the day, and he had to do it again today; he had to do it again today with the Minister of Industry and Commerce who was being badly shelled at 5:00 o'clock. So the First Minister took over and ran out the clock; held the fort, as it were, to give the government time for an emergency caucus over the dinner hour between 5:30 and 8:00 o'clock.

Now I think the Minister of Industry and Commerce knows a little bit more about the policies of his colleagues where the Manitoba Development Fund are concerned, and as we said, some of us said in this House a few weeks ago, in terms of the original concept of the Manitoba Development Fund, the thing is dead as a dodo. It's not being used in the sense for which it was originally conceived and designed at all. But that's beside the point. What is important, what is important is that the Minister doesn't know any more than does anybody on this side of the House and we on this side of the House are obviously, for political reasons, kept in the dark on this type of thing, he doesn't know any more than we do about what the government has in mind in terms of policy and philosophy and direction for that Fund or for the whole Department of Industry and Commerce, for the whole economic approach of the government, as far as that's concerned. And I'm not saying this in criticism of the Minister. As I said before, he'd probably make an excellent Minister in another portfolio. I'm saying it in sympathy with him. I don't know how even my friend the Minister of Mines and Natural Resources could handle that portfolio in these circumstances. I don't know, if my friend the Minister of Mines and Natural Resources was the Minister of Industry and Commerce, that this feeling of, these jitters that I talk about in the business community would be relieved, I suspect that they might even be worse. When I look at my friend the Minister of Industry and Commerce, I ask myself: would I buy a used car from the Minister of Industry and Commerce? And my answer is an emphatic "No". But that may just be a personal kind of a prejudice that I have.

But I think, I think that the Minister of Mines and Natural Resources, with all his talents - and he has many - would have almost as difficult a time, perhaps precisely as difficult a time as the present Minister of Industry and Commerce is having in handling this portfolio in the shell of misinformation and enforced ignorance to which he's been subjected. He's obviously not privy to the crucial, critical policy decisions of this administration. He's left adrift. He fills a political role, a political function, in terms of the area of the province that he represents. I appreciate that. But he's not able to fill his role as Minister of Industry and Commerce because he's not told what the policies are, if indeed there are any policies, and the only man who will be able to restore that sagging, lagging, now near-dead confidence in the entrepreneurial community, as I've said, is the First Minister. If he would take back unto himself the portfolio of Industry and Commerce, then I think that we might be able, there's a chance - even then it would be a formidable task, a colossal task, a task of massive proportions - but there might be a chance that we could marshal and mobilize once again the energies and the courage of those producers in this province, producers - my honourable friends opposite don't like us to talk about free enterprisers - but marshal and mobilize the courage of the productive element in this society, the producers in this province, to get this province moving

(MR. SHERMAN cont'd) again, but we won't do it with the kind of exposure to blindness and the kind of enforced ignorance which the Minister of Industry and Commerce is subjected to by his colleagues.

Now, Mr. Chairman, I have little else to say on the subject except that the remarks earlier this evening by my colleague the Member for Lakeside were in the classic and highly appreciated tradition, oratorical tradition of the Member for Lakeside, and I always think of the Member for Lakeside when he's on his feet, he reminds me of one of those elegant fighters of past eras such as Sugar Ray Robinson, or Georges Carpentier, the men who used to come into the ring and with delicate footwork and a fancy right hand and an excellent left were able to jab and counter punch and rabbit punch and generally wear their opponents down just by sheer excellence . . .

MR. MACKLING: Running around the ring.

MR. SHERMAN: Really, I feel when I follow a verbal pugilist like my friend the Member for Lakeside, I feel like Sonny Liston or somebody coming in and following him. He sets the opponent up with his delicate handiwork and his delicate footwork and then I'm supposed to come in and go "Wham" like Sonny Liston. Well, I'm not attempting, I'm not attempting to play the Sonny Liston role tonight at all, Mr. Chairman. I'm attempting merely to appeal to the First Minister of this province to save the spirit of entrepreneurialship that is so vital to the progress of this province and to save the soul and the spirit and the racked mind and body of the Minister of Industry and Commerce, who, Mr. Chairman, a few weeks ago was so close to a nervous breakdown that he could hardly tell his own name. He was so worried, so disturbed, so harassed by the kinds of pressures to which he was being subjected without any information, without the proper kind of communication, that he was a nervous wreck, Mr. Chairman, a nervous wreck a few weeks ago, and I think that he needs a nice comfortable portfolio like Education, like Municipal Affairs -- (Interjection) -- Maybe, Mr. Chairman, the Transportation portfolio could be divided further. It's already been split two or three times, like an axe blade cutting into a piece of kindling, and maybe we could do it once again and give a little splinter to the Honourable Minister of Industry and Commerce and make him half Minister of Transportation. -- (Interjection) -- Minister of Sidewalks, my colleague suggests. It won't do anything for the transportation industry, Mr. Chairman, but it will certainly do something to help restore the confidence of the business and entrepreneurial community if, as I said, the portfolio reverts to the hands of the First Minister.

That being the case, Mr. Chairman, at this point I would like to move, seconded by the Member for Lakeside, that because the Minister of Industry and Commerce has failed to deal effectively with the problems facing the business and industrial community of this province, even though he is an excellent member of this Legislature, that his salary be reduced to \$1.00.

MR. CHAIRMAN presented the motion.

MR. CHAIRMAN: The Honourable Minister of Transportation.

MR. BOROWSKI: I'm wondering if the motion, since it violates the Labour Act, if it's in order.

MR. CHAIRMAN: The Honourable House Leader of the Liberal Party.

MR. G. JOHNSTON: Speaking to the point of order, if the Minister gave a half an hour's honest work, that's more than the minimum wage.

MR. CHAIRMAN: The Honourable First Minister.

MR. SCHREYER: Mr. Speaker, normally on the estimates of the Department, the Minister really takes it upon himself to defend his estimates, but in a situation where it is proposed by motion that his salary be reduced, perhaps it is more fitting, in keeping with the great modesty of honourable members here of the Cabinet, that I should speak on his behalf.

I want to say to the Member for Fort Garry that it was a matter of great amusement to listen to his remarks although it wasn't really all that edifying. You know, the former Attorney-General, Sterling Lyon, when he sat over here used to have a favourite expression to describe a speech he would listen to and after having listened couldn't really determine what the gist of it was, and his expression was that such a speech was "pure pap" and I can't think of a more fitting adjective to describe the speech of the Honourable Member for Fort Garry than to say that it was pure pap. I sat here and listened to the member start out by accusing the Minister of not knowing what a particular policy was, when the fact of the matter is that the Minister, I repeat again, on at least three occasions between the hours of 8:00 o'clock and

(MR. SCHREYER cont'd) 9:00 o'clock, indicated just under what circumstances it is possible to think in terms of an arrangement or a contract involving the Fund whereby a clause is provided for, whereby equity capital can be converted back to loan capital and repayment provided for. And I, for my part, indicated to honourable members opposite that in the few occasions that we already have to point to, that there was provision made for equity capital, an equity position being taken up with the contract or the agreement making no specific provision for conversion back of equity into loan capital. But the honourable members opposite, Mr. Chairman, just keep persisting in referring to the Western Flyer Coach arrangement transaction, and that is simply one of three or four involving an equity position by the Crown. But Mr. Chairman, it's not so hard to understand, it's not so hard to understand the posturing of honourable members opposite, because they refuse, they simply refuse to allow themselves to be enlightened or to have clarification made for them by the Minister of Industry and Commerce.

The Member for Fort Garry made one point in his whole discourse that I feel is worthy of comment, and that is he suggested that the rate of new industrial formation in the province was not as great as we would like it to be and perhaps not as great as it was in certain years in the past decade, and I readily admit that that is so, but I want honourable members to be intellectually honest about it and admit that we have in Canada as a whole, and in North America, we're far into an economic slowdown. Certainly the leading edge of it was there to be seen many months ago, before the end of 1969. In 1969, all of the indicators did point to an economic slowdown in the North American economy, in Canada as in the United States.

Honourable members should know the Member for Fort Garry has really no excuse for making some particular reference to the turn-down in construction starts in the Metropolitan Winnipeg area as though it were some unique phenomena in Canada. The fact of the matter is that the rate of decrease in construction starts in Winnipeg is not nearly as great as it is in other major metropolitan centres in Canada. The fact of the matter is that the rate of decrease in construction starts in Metropolitan Toronto and Montreal is worse than it is here.

MR. SHERMAN: . . . relative percentages.

MR. SCHREYER: Well of course, the entire economy of our country is one of inter-relationship. -- (Interjection) -- Mr. Chairman, it is obvious that the Attorney-General is right when he suggests that certain members opposite have a kind of high school economic approach to economic analysis. Either that or if they do know better, if that is the case, then they simply refuse to be serious about the matter and discuss our problems in the context of the problems being faced in the entire Canadian economy.

Members opposite must have seen the picture on the front page of one of the dailies here just last Thursday or Friday, where it showed the line ups, the queues of people outside the Unemployment Office in Metropolitan Toronto. Well, I mention that because I begin to suspect that some honourable members opposite really don't have time nor the inclination to read about some of the problems that are manifested in the Canadian economy, but the old Chinese saying about a picture being worth a thousand words, I rather hoped that some of them had a chance to see the picture on Page 1 showing simply this; showing, Mr. Chairman, that there is a sharp increase in unemployment in Canada and it comes about partly, I suppose, because of international economic forces beyond the control of the government of Canada but also in part, it comes about because of the deliberate policy - and I'm not going to quarrel here tonight with the deliberate policy of the Federal Government to work such policies as will tend to cut down on the forces of inflation. Of course I readily admit that there is some need to -- (Interjection) -- Mr. Chairman, I don't mind stopping to allow the Member for Lakeside to ejaculate one of those statements that he is prone to do from time to time.

MR. EMNS: Well, I merely wish to ask the Honourable First Minister what about the provincial policies such as Bill 56 which will eventually throw several hundred or several thousand people out of work in the Province of Manitoba?

MR. SCHREYER: Mr. Chairman, if I might be allowed one digression in order to answer the honourable member's question, I would say to him that if his attitude prevailed, then very little if any reform would ever come about, even if it meant that it would work for the greater benefit of by far the greater number in our society, because as soon as there was any protest from a vested few, whether it were 100 or 200 or 300, he would stop dead, even though that particular proposed reform might tend to the welfare and prosperity and benefit of thousands and tens of thousands, depending on the degree of influence of those vested few

(MR. SCHREYER cont'd) who have something to -- (Interjections) -- And of course every major reform . . . -- (Interjections) -- I was about to say, Mr. Chairman, that every major reform that has ever been wrought throughout history has been brought about only in the face of opposition, from those vested few who have something to gain by keeping the status quo. The honourable members opposite . . .

MR. SPIVAK: Every dictator in history said exactly the same thing - exactly.

MR. SCHREYER: Well now, Mr. Chairman, here we have an interesting suggestion.

MR. SPIVAK: That's right.

MR. SCHREYER: The Member from River Heights suggests that I have dictatorial tendencies, which I could take as an insult but which I take as . . .

MR. SPIVAK: Point of privilege, Mr. Speaker. I did not say that you had dictatorial tendencies; I simply said that every dictator has said the same thing as the First Minister; and there is a distinction.

MR. McKENZIE: Mr. Chairman, on a point of privilege. I'm asking the Minister if he's looking at me when he said one of the "vested few."

MR. SCHREYER: No, no.

MR. CHAIRMAN: I would hope we're not now going to get involved in a debate as to whom the Speaker is looking at.

MR. SCHREYER: Well, Mr. Chairman, I can assure the Honourable Member for Roblin that I was not looking at him in particular when I was referring to the opposition, the expected opposition of those vested few who have something to gain by keeping the status quo and by resisting reforms, because I just finished saying that this has been the case throughout history and in the face of every reform proposed by reform governments over the years; so I find nothing new in that situation.

But the Member for Lakeside was digressing and took me into a digression, Mr. Chairman. I want to return now to refer to the economic situation as it exists in our country and our province, in the continent and the world. I think that it is silly, and I use that term advisedly, it is just absolutely silly for honourable members to refer to certain economic conditions here as though Manitoba and its economies were an island unto itself. We know that there are certain economic conditions that have been brought about as a result of deliberate policy, actions taken at the Federal level -- and I had said, Sir, that I was not going to get into an argument this evening as to whether or not the Federal policies were entirely right or entirely wrong in my view, because I admit of the need to do something in the face of the fires of inflation burning away as they have for the past four or five years, that there was some need to try and exercise restraint and prepare the ground psychologically for an acceptance of a downturn, that's one thing; but surely any one, especially those who would argue for a policy of restraint, those should be among the first to admit that the policy of restraint brings with it a certain price, a certain penalty that has to be paid, and one of them is that it simply does result in mounting unemployment. That is why in certain provinces, unemployment is over the six and seven percent mark, and I believe in some Maritime provinces considerably higher than that even.

That being so, I really don't understand the references being made by the members opposite when they talk about economic conditions here being, you know, quite as dark as they would let on they were. Unemployment rate in Manitoba - the Minister of Labour can correct me - the unemployment rate I believe compares favourably with any other province in the country. Perhaps . . .

MR. PAULLEY: I say it's the lowest in Canada, despite the inflation policies of the Federal Government.

MR. SCHREYER: That being so, Mr. Chairman, the unemployment rate in our province certainly does not give cause to honourable members opposite to say that all economic industries are unfavourable to Manitoba; that we make the second point that in the face of the Federal anti-inflationary policy there nevertheless has been industrial expansion taking place in this province. I agree that it is not at the rate that we would like to see, but I say, and I say this especially for the benefit for the Member for River Heights . . . than when you take certain years of the Conservative administration, those years -- (Interjections) -- Mr. Chairman, the Honourable Member for River Heights must regard it as unfair and if he does I'd like to know why - regards it as unfair that I should make reference back to the period when the Conservatives formed the government and soon after that, and I'm not saying there was a

(MR. SCHREYER cont'd) cause and effect relationship, there was across the country a recessionary condition in late '59, 1960-61, the Honourable Member knows that, and in that period of 1960-61 when we were in the recession and in the trailing edge of it, the rate of industrial expansion in Manitoba was not really very favourable, and all I'm suggesting is that the situation or the circumstances that we face in Canada today, and in Manitoba to the same extent, are roughly comparable to the economic situation that existed in 1960-61.

MR. SPIVAK: We didn't make them this way.

MR. SCHREYER: Well, we certainly haven't either.

MR. SPIVAK: Oh yes you have.

MR. SCHREYER: The honourable member know that, -- (Interjection) -- And for the Honourable Member for River Heights to suggest that is an indication of some degree of inability to comprehend. I was going to use the more colloquial expression, but it would probably be unparliamentary. But as between the term stupid and the term unable to comprehend, I would choose the latter because it's not unparliamentary.

MR. CHAIRMAN: I point out to the Honourable Minister that we're running into the hour.

MR. SCHREYER: Well, I can conclude in thirty seconds, Mr. Chairman. The flat fact of the matter is that a number of new firms have moved to Manitoba, and some have given an indication of intent to do so in this calendar year or within the next eighteen month period, the number of new company formations in Manitoba in the past ten-month period compares very well with certain years taken from the previous Conservative administration.

MR. SPIVAK: We even had a lot to do with it.

MR. SCHREYER: That being so, I suggest that a lot of the words coming from the other side in connection with this matter is nothing but sheer poppycock - a good word on which to end.

MR. CHAIRMAN: The Honourable House Leader.

MR. GREEN: Mr. Chairman, I move the committee rise.

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

IN SESSION

MR. DOERN: Mr. Speaker, I move, seconded by the Honourable Member for Winnipeg Centre, that the report of the committee be received.

MR. SPEAKER presented the motion and after a voice vote declared the motion carried.

MR. SPEAKER: It is now 10:00 o'clock.

MR. WEIR: Before you cast your eye at the clock, might I ask the House Leader if Estimates will be the order of the evening tomorrow?

MR. GREEN: Yes, Mr. Speaker, we intend to proceed with the department list.

MR. SPEAKER: It is now 10:00 o'clock. The House is adjourned and will stand adjourned until 2:30 tomorrow (Tuesday) afternoon.