

THE LEGISLATIVE ASSEMBLY OF MANITOBA
8:00 o'clock, Thursday, April 5, 1973

BUDGET DEBATE

MR. SPEAKER: The Honourable Minister has fifteen minutes.

MR. EVANS: Fifteen minutes?

MR. SPEAKER: Fifteen.

MR. EVANS: Thank you very much, Mr. Speaker. I will try to conclude all the items that I'd like to cover in the fifteen minutes that are left to me.

Prior to the 5:30 adjournment I was making reference to the fact that in spite of what certain members of Opposition parties might like to have the people of Manitoba believe with regard to our economic state of affairs, the fact of the matter is that if you talk to the businessmen of Winnipeg, the businessmen of Brandon, the businessmen of Dauphin, the businessmen of Thompson, the businessmen of Manitoba, you will find that conditions, economic conditions, business prosperity, has never been so good. And all I -- I was just recapitulating for my honourable friend the Leader of the Opposition who I don't think was -- perhaps was not here just before 5:30, but let me just briefly refer to a few newspaper clippings, Mr. Speaker. I have a stack of very recent newspaper clippings and the headlines read as follows: Manitoba's Employment Picture Appears Bright; Versatile Sales Increase; Boom Tourism Year for Manitoba in 1972; Fidelity Trust Earnings Leap; Manitoba Retail Sales Above National Level.

Here is an item: Record Earnings for Hudson's Bay. This was in the Free Press March 12th. "The Hudson's Bay Company had record earnings of \$15.6 million for the year ended January 31st, 1973 up from 13.3 million the year before. The previous record was set in 1968." A record year, Mr. Chairman, for the Hudson's Bay Company.

Wawanesa Mutual Insurance Reports Higher Income. Wawanesa, Wawanesa. They're still in business; their head office is in the Town of Wawanesa; it's still there. They haven't laid off anybody and they report a net income of over \$2.9 million for 1972, up more than \$200,000 from the previous year. This is according to a company's report.

Here, Business and Industrial Leaders See Manitoba Enjoying a Good Year. December 28th article of the Winnipeg Free Press says, "Manitoba's business and industrial leaders peer through the snow haze this month and, in common with their counterparts across the country, look into 1973. Manitoba, say the seers, should do better than most other provinces given her comparatively low unemployment rate of 4.5 percent on average for 1972, nearly two percentage points below the national average. A buoyant farm economy and a high level of both residential and industrial construction. Northern Manitobans View 1973 Prospects With Optimism. Here's the Winnipeg Free Press of January 3rd, 1973, and there is reference made to all the major cities and towns in Northern Manitoba - Churchill, Thompson and so on. I'm not going to take the time to read very interesting and encouraging comments, Mr. Chairman.

The Winnipeg Free Press of February 24th. These are not editorials, these are news reports. Reference made to Manitoba - upturn reported, and figures collected. Upturn reported, and again with very favourable comments about 1972. The Winnipeg Industrial Development Board - Winnipeg Industrial Development Board - this is not a Manitoba Government organization - duly elected chairman or President Paul DuVal - but then there is attached to the article a comment by the outgoing president Mr. T. W. Birt, and this is what he says: "Winnipeg had one of its best years in recent memory for industrial and commercial growth in 1972, says the past chairman of the Industrial Development Board of Greater Winnipeg. He noted a record value of building permits was issued in 1972, \$192 million compared with the previous record of \$156 million in 1969, an increase in manufacturing production of about 10 percent to 1.15 billion dollars and the highest estimated retail trade volume yet recorded for the total Winnipeg area of \$900 million. Added important advances were made in the value of cheques cashed up 13 percent from a comparable period in 1971, and residential housing, which showed a 20 percent increase over the same period the previous year, Mr. Birt said." Well that's the Industrial Development Board of Greater Winnipeg.

Now, Mr. Speaker, I did find one article which sort of gives the other side, and maybe I should be objective about it and read the other. This one says: "Manitoba, a great place to be from." It says Manitoba a great place to be from. Would the members opposite like me to refer to it also because it gives the other side of Manitoba's economic progress, and I don't think it would be very fitting for me, Mr. Speaker, if I didn't give both sides. "Manitoba a

BUDGET

(MR. EVANS cont'd.) great place to be from." It happens to be an article from the Winnipeg Free Press written by Sheldon Bowles, dated January 1st, 1969. 1969, January 1st. Some of the biggest industrial development stories of 1968 were those slated to be filed in the economic ruin basket. The closing of the Air Canada base was worse but the closing of the San Antonio Mine Company at Bissett and the bankruptcy of Parkhill Bedding and Furniture Limited in Winnipeg, which threw 160 men out of work last fall, followed closely behind. Other stories of 1968, while not of the economic ruin class, saddened those who liked to see Manitoba companies remain in Manitoba. --(Interjection)-- Here -- well Mr. Speaker, I just, I'm just reading the odd . . .

MR. SPEAKER: Order, please.

MR. EVANS: . . . newspaper clipping, and here it is, January of 1969, Winnipeg Free Press - which isn't a Socialist newspaper of any shade. Other stories of 1968, while not of the economic ruin class, sadden those who would like to see Manitoba companies remain in Manitoba. Here then; and not in any particular order, are a few of what might be considered the low lights of Manitoba's economic 1968, although a few of these in the end might mean expanded industry in Manitoba.

Frontier Airlines. Frontier Airlines' application to fly from Minot, North Dakota to Winnipeg was turned down by the Canadian Transport Commission.

The Royal Alexandra Hotel remained empty during the year, in which it became increasingly clear that nobody, even the CPR, really wanted the old building.

A large bakery in Brandon closed its doors. A Manitoba Vegetable Commission survey revealed heavy summer rains, and that various vegetable crops were destroyed, etc.

Winnipeg Mayor Steve Juba announced that if the Provincial Government keeps up its current tax policy the city would go bankrupt. Winnipeg-based BACM, BACM Industries, was sold to Sojamine Limited of Montreal.

Manitoba Hydro announced a boost in power rates for 225,000 customers.

Reimers Express of Winnipeg was sold to a Vancouver-based Neon Products of Canada. Neon Products also bought out Northern Paint Company Limited of Winnipeg.

Canada Iron Company announced that it would be closing the structural steel fabrication operation in St. Boniface, and union reps said that as many as 100 people would be put out of work. This is 1968.

Manitoba Cold Storage Company of Winnipeg was sold to Levi Industries of Toronto.

Transair internal problems continued, and the airlines's president suddenly quit. Mr. Speaker, the airline is now in the black. Although things are beginning to look up, it's struggling etc. etc.

A Brandon Refinery, British American Oil is to be shut down, affecting 54 employees. And so on.

The Canadian -- well there's a whole list of them here. I guess it might take too long. Bird Construction moved its base of operations from Winnipeg to Toronto. James Mills, president of the House of Mark Mills of Winnipeg, a firm of women's ready-to-wear garments which once employed 18 people, closed in Winnipeg and headed for B.C. Ralph Hedlin of Hedlin Menzies, which employed a staff of 39 economists and supporting staff moved its base of operation to Toronto. --(Interjection)-- Duff Roblin moved to Montreal. Moore Business Forms moved its western head office to Vancouver, which reduced its Winnipeg staff by 30 people. The last hopes of the Bank of Western - the last hopes of a revival of the Bank of Western Canada died. Investors Trust Company was sold to the Montreal Trust Company. Plans for a \$4 million convention centre apparently fell through after premature announcement of the project. Sources close to the project say one of the conditions of private participation in the project was that all -- was to have been silenced until all plans were completed.

Plans of Greb Shoes Limited for a three-quarter million dollar plan in Inkster Industrial Park, remained in limbo since the plant first announced in . . . and as if all that wasn't enough, the profit of the Manitoba Telephone System dropped to 2.2 million from 3.5 million, and the Manitoba Liquor Control Commission deferred opening the province's first self-serve liquor outlet until March.

Well, I wonder what government that was. That's a report from the Free Press January 1st, 1969, reviewing the last complete calendar year of the Conservative administration.

A MEMBER: Who was the Minister?

BUDGET

MR. SPEAKER: Order, please.

MR. EVANS: Who was the Minister of Industry and Commerce? My honourable friend the Leader of the Opposition,

A MEMBER: You mean the drummer boy?

MR. EVANS: Yes, the drummer boy. Mr. Speaker, I have much information, much material which indicates that Winnipeg, Brandon, Dauphin, all over Manitoba is booming and I can quote the figures. I can quote the figures, Mr. Chairman, and I can quote figures from Boissevain. I can show you where Boissevain -- now look, there's another myth, you know, that government spending, that government spending is parasitical or barren or meaningless -- but here is government spending in the town of Boissevain. One thousand -- here, for a little town of Boissevain which is really booming, and it's going to get a second radio station, local group; an outdoor camp \$1,730.00 under PEP; an Agricultural Arena got \$9,000 under PEP this last winter; Westview Lodge \$1,750.00; the Boissevain Regional Library over \$9,000.00; the Town of Boissevain for renovation \$7,440.00; the Hospital at Boissevain \$3,450.00. You ask the people of Boissevain whether that is money that is spent in a way that is useless or wasteful. We built nine units of public housing in Boissevain.

MR. SPEAKER: Order, please.

MR. EVANS: And in addition, it received \$11,330.00 from the Manitoba Department of Tourism and Recreation for an artificial ice in their arena there. Now these are all worthwhile things and they all come out of the taxpayers' dollars, we know it, but we are utilizing the taxpayers' dollars for the benefit of the people of Manitoba. And I say, Mr. Speaker, it's a great big myth to imply that public good are less valuable than private goods. As the economist John Kenneth Galbraith said, this is part and parcel of the conventional wisdom which is out-dated. It's not 19th century, it's 18th century.

MR. SPEAKER: Order, please. The time is up for the honourable gentleman. Order, please. Order, please. Would someone also say no to the interruptions and interjections. Does the honourable gentleman have leave to continue? No unanimity; sorry. The floor is open. The Honourable Member for Assiniboia.

MR. PATRICK: Mr. Speaker, there's been so much said of the budget there's very little left to say. I can quite easily get up and one can accuse the government of falsely lulling the people with their own tax reductions just before the election, but I do not intend to do that. I wish to sincerely compliment the government on the tax reductions that perhaps come as a considerable relief to many of the people that needed it, but I will come to an end with my platitudes and I'll have some criticism of the government, but I do sincerely wish to say to the government that perhaps distribution of money that the government did distribute in the way of removing the medicare premium, costs for the drugs for senior citizens, personal care homes to be put under medicare -- I agree with all these measures. I certainly do not have any argument, but I do wish to come to one point that I would like to bring to the attention of the House. It appears that if one criticises any Minister or the government, any Minister on that side, it seems that they take it very personal; they fight back, and the government expects for us on this side to do nothing else but extol platitudes on the members, and it's very difficult to do that, Mr. Speaker, because really the role of the Opposition is to agree with the measures that we feel are right and to disagree and be critical of the government if we feel that the government is not doing the right job.

Now the Member for St. Johns just hollered across and he said you know, tax cuts across the board. But really, Mr. Speaker, just the other day the Minister of Mines and Natural Resources, I understand he was attacking what he called the elitist, and I wonder who he refers to as the elite in this province, because he had some harsh words to say about the elite in this province. Because really, Mr. Speaker, there are only one percent, one percent of the labour force of the people in this province, that make over twenty percent or \$20,000 a year, and perhaps that's the one percent that he's referring to that he's been very critical, but I wish to say to him that he puts himself in that same bracket because he's one of the elite in this province like the ones that he's attacking so bitterly. Well I understand from the newspaper's reports that the member was very critical, very critical.

MR. GREEN: Mr. Speaker, on a point of privilege . . .

MR. SPEAKER: Order, please.

MR. GREEN: Neither in the newspapers nor in my speech was I critical. I said that

BUDGET

(MR. GREEN cont,d) they wanted power. That's nothing to be criticized for.

MR. PATRICK: Mr. Speaker, I don't know what you referred to as brain attacks. Well, if he attacked someone I took it for granted that surely, surely the Minister must have been attacking the elite and I would like to say to him that he is one of those elite in this province. Well, I had listened enough to some of the members on that side, as the Member for St. Matthews, who says that we believe in total expropriation of a state because he doesn't believe in a state any more and . . .

MR. SPEAKER: The Honourable Member for St. Matthews state his point of privilege.

MR. JOHANNSSON: The honourable member is again attributing to me something that I have never said and I wish he would stop doing so.

A MEMBER: It's not the first time either.

MR. SPEAKER: The Honourable Member for Assiniboia.

MR. PATRICK: Mr. Speaker, I wish that the Member for St. Matthews would accept it that he said it. I will find it for him and I know that he's very disturbed why he said it, but he has said it and it's on record in Hansard and -- I'll find it somewhere, Mr. Speaker, because I know it's in here. Just to refresh the member's memory, just to refresh it, and that's from June 8, 1971 and this is what he is saying: "I would be in favour of a far more progressive income tax than exists today. I would be in favour of taxing away entire estates, so perhaps my partial -- I'm a partial believer in the philosophy of the honourable member" -- there was an interjection. "So my position personally is that I would be in favour of a confiscatory estate tax." So he didn't say that, eh? This is a direct quotation. He says: "So my position personally is that I would be -- yes I am, yes I am --(Interjection)-- no, I'm quoting from -- may I say it again, I'm quoting from Hansard, and it says: "My position personally is that I would be in favour of a confiscatory estate tax." --(Interjection)-- Well, no, you have to take it for, you know, for what the members say in this House, you have to -- I'm sure -- and it was a slip of the tongue perhaps. A member can get up and say that he doesn't believe in it, now he's changed his mind. But this is what he said. So, Mr. Speaker, let me say again that, you know, when we have in this province some 67 percent of the people making less than \$5,000 a year, 7.5 percent making between 10 and 15, 2 percent making . . .

MR. SPEAKER: Order, please. Order, please. I wonder - I realize we're all as buzzy as bees tonight - whether we couldn't keep the buzz down and get busy so I could hear what's going on. The Honourable Member for Assiniboia.

MR. PATRICK: Thank you very much, Mr. Speaker. So if I can repeat, Mr. Speaker, there's only one percent in this province that make over \$20,000, and surely I know that the Minister for Mines and Natural Resources is one of those elite that he was attacking the other day. I hope that he agrees with that and then we have no argument if he agrees that he's one of those.

But, Mr. Speaker, my concern is that I feel that small businessmen fear that they are perhaps an endangered species in this province and I don't say that this is the result of the government, but I do feel this is what's happening at the present time. I know many small businesses and businessmen are worried that their days are perhaps are not too many, and perhaps through large corporations and supermarkets and so on, but Mr. Speaker, if this keeps up I think there won't be any small businessmen around; I think they will be phased out, and in my opinion this is very unfortunate. --(Interjection)-- No, I'm referring to the small grocers, the small meat stores, the dry cleaners, the small real estate men - that's correct, whoever said that - and the hardware store, and you know, there's independent service stations and so on. And perhaps there are many. All you have to do, Mr. Speaker, is take a look and see the empty buildings, small empty buildings of small entrepreneurs, not only in this city but you can drive through many places, you can drive through Portage la Prairie and you'll find ten empty small buildings. You can drive through many other small communities out in rural Manitoba; you'll find many small buildings. You can drive through St. Vital and you'll find many there - different parts of Winnipeg, there's some in St. James. --(Interjection)-- You can't; you can't? There's quite a few For Sale signs. I know we can find many for the Honourable Member the Attorney-General if he wants to buy any, there's many available. So my concern is that you can find many empty buildings around in the city and I think there is real evidence around, not only in the City of Winnipeg, but in some of the smaller communities out in rural Manitoba. And perhaps there are some reasons for it. I know that the small

BUDGET

(MR. PATRICK cont'd.) businessman cannot buy in large quantities. Perhaps he has to pay somewhat a higher price for his commodities than somebody that buys in large volume.

The other thing that came to my attention just the other day, that the small transfer business is really experiencing difficulties in rural Manitoba and some of the people in the small towns are really concerned because they feel that these small transfers really provide a real good service, and when some of the companies that do ship to some of these small towns they use their own transfers, and the problem is that one of these may pay a license of, say, perhaps a thousand dollars or so and he may only put on 10,000 miles a year, while another transfer that pays the same type of license, the same expense, and he may put on 30,000 or 40,000 miles a year, or do four or five times as much volume of business and he has to pay the same costs, so this again presents a problem to some of the small people in the community. I feel that if anyone, this was the government that was really talking what they would do for the small businesses and the small entrepreneurs, and I am concerned that at the present time the government has done very little and I'm asking the government that this should be looked after, they should look into this very very seriously, and perhaps some assistance could be --(Interjection)-- Well, one of the members says it's in the Guidelines. I did not have the opportunity to read the Guidelines. I wonder if that was in the table that was -- or in the book that was tabled the other day, or the one that was not tabled was discussed about a month ago or two months ago, I'm not sure.

But, Mr. Speaker, this is a serious concern because really it's these small businesses that provide a competition, because if they're eliminated there will be no competition. It's these small businesses that offer good service, in many instances personal service, and to me I think this is, and I'm sure that many other members would agree, from rural parts of Manitoba, that it would be most unfortunate to see almost complete elimination of the small businessman. --(Interjection)-- Well it couldn't have had much result unless it's just a new program that will come into effect and I'm glad to hear about it if the government is prepared to do something about it, but up to the present time very few people, if any, have heard about it, and this is a problem. And surely if the government would have provided any assistance this wouldn't be happening. You know, you wouldn't see as many empty buildings all around you. So the Minister may be talking about that there is business management and assistance but --(Interjection)-- Yes.

MR. SPEAKER: The Honourable First Minister.

MR. SCHREYER: Mr. Speaker, the Honourable the Member for Assiniboia is relating his impression of the extent to which there are some small businesses discontinuing operations. Is he attempting to imply that this is a new and only recent phenomena, or that in fact it has been going on since about 1953 or 54 since right after the post war grain sales were very high and very good, and then slumped in '53 and continued at a low level? Or for that matter the days of Oliver Goldsmith and the deserted village of 1670.

MR. SPEAKER: The Honourable Member for Assiniboia.

MR. PATRICK: Mr. Speaker, I didn't catch the last part of the First Minister's

MR. SCHREYER: I said, or if the honourable member wishes to go back beyond 1954, to go back to 1670 in the days of Oliver Goldsmith and the deserted village. He wrote a book about it.

MR. PATRICK: Well, I wonder if the Minister knows about those times, like the First Minister, because I don't. I don't. But, Mr. Speaker, I would agree with the First Minister that this has been going on but I think it has been somewhat accelerated in the last while. It has. --(Interjection)-- Well I would like to differ, I don't think it's slowed down. I think it has, as a matter of fact, increased, Mr. Speaker, and I think this is an area that the government must provide some assistance, must provide some -- (Interjection)-- Yes, you'll get the support, but I feel this is a serious matter, a very serious matter, and in my opinion that there hasn't been the kind of assistance that probably was provided and needed. Now I can tell the First Minister with -- it's unfortunate I didn't bring my own tax statements from, say, five years or six years ago to last year, and the same thing with business tax. But I can relate to a few of the businesses on Portage Avenue. One man that came here from Ontario - from Niagara Falls - who operated a very good business up there, it's a chain store, and he's opened a couple of them here, and he'll tell you specifically what he has to pay in the way of business

BUDGET

(MR. PATRICK cont'd.) tax, what he has to pay in fire insurance, and the cost, and he says he can't stay in business. He says it's just too expensive. --(Interjection)-- That was one of the costs too. There were many costs. He says his labour, his fire insurance, his business tax, his property tax were just too much.

Now I can tell the First Minister, on a piece of property on Portage Avenue where the property tax was eight hundred dollars and something, say seven, eight years ago, today it's \$1,500 on that same building, almost double, almost double; and where the business tax used to be perhaps \$75.00, the bills just came in the other day, it's \$300.00, so the costs have gone up, and to many of these small people it's very very difficult for them to stay in business. Maybe the First Minister is not aware of this but these are the facts. These are the facts. Same thing with the --(Interjection)-- Well, perhaps it will be of assistance and I don't argue that.

INTRODUCTION OF GUESTS

MR. SPEAKER: I wonder if I may interrupt the honourable member for a moment to draw the attention of the honourable members to the gallery where we have 16 ladies from the YWCA Women Alone group. They are under the leadership of Mrs. Jeske. On behalf of all of the members, I welcome you here today.

The Honourable Member for Assiniboia.

BUDGET DEBATE cont'd

MR. PATRICK: Mr. Speaker, I again say that I agree with many of the tax reductions that the government had introduced and the way they had rebated \$78 million and the way they had redistributed it to the people of Manitoba. But I also have some concern because I believe we were told that there was a windfall for so many millions of dollars and the government was able to do this. But what will happen next year? I'm sure there will have to be a tax increase to be in the same position.

Now I know my colleague from Portage la Prairie had put some statistics on the record in this House, and no one has disputed them, and perhaps there is a concern. I understand that he has mentioned that the Civil Service has gone up by 32 percent or 33 percent in four years, while during the same time in Ontario had only gone up by 17-point-some percent --(Interjection)-- In four years. Well, there may be some reason for it but again, our population growth in the Province of Manitoba is only 1.3 percent as compared to Ontario 5.1 percent per year during the past four years. So really we are not growing as fast as we should be.

But I don't think that is such a great concern, if we are growing or not. I think the great concern should be, are we providing the job opportunities for our people in this province? I think that should be the great concern because I think there has been a change as far as the growth is concerned. I know the national average in Canada has been somewhat higher than the Province of Manitoba and the only thing we can reflect back to is how many people are unemployed and what are the job opportunities in this province. I know we were told that there were some 10,000 people unemployed in 1969 and there are 22,000 unemployed now, which means in a matter of four years there's at least that many more people unemployed.

The other point, Mr. Speaker, should be of some concern to all of us and perhaps the Minister of Health and Social Services should explain that to us, or maybe the First Minister, why our health and social services have gone up so much in a matter of a few years, which it used to be \$17.5 million, I believe, and today it's 47-point-something, which is a very great increase in a short time and it has not been explained to this House and I'd like to know what the reasons are for it. --(Interjection)-- No, I know the First Minister will have many opportunities so perhaps he'll take the opportunity to explain it, but I think the increase is so great that surely it shouldn't go by unchallenged by any of the front benches or any of the Ministers because it has been referred to on this side of the House and so far all the backbenchers that took part in the debate have not mentioned or made any reference to that high increase. So perhaps the First Minister may take that opportunity tomorrow and give us the answer why the increase is so great.

Now, Mr. Speaker, the other point that perhaps should concern us a little bit, when the Minister of Labour was on this side of the House he really chastised the government almost every week or twice a week, and perhaps some of the backbenchers do not realize this but

BUDGET

(MR. PATRICK cont'd.) really when the Minister of Labour used to be here, the Minister of Mines and Natural Resources, they were able to speak 40 minutes on the Estimates or on private members' resolutions, and I'll tell you, they took full benefit of using the 40 minutes and at least made two or three speeches a week, so it got to the point that they took their time and had ready-made answers and ready-made solutions for all the problems that existed in the province, in Manitoba, but somehow, you know, when you get into the position of having the responsibility things change because, you know, you're now in the driver's seat and you cannot make those rash promises. --(Interjection)-- Well I would agree then, I don't make such rash statements. Perhaps I get carried away once in a while but really, certainly, I have never said that I had full solutions for all the problems. I know when the Minister of Labour was on this side he had full employment, or he told us in no uncertain terms that there would be full employment if he would be the Minister of Labour. Well that is not the case, so what I am trying to say, it just doesn't happen.

I understand that the labour growth in the Province of Manitoba over the period of four years has been only 4.8 percent or 1.3 percent annually, which is not only below the national average or half of the national average, but it's considerably below that of Ontario which was somewhere in the neighborhood of 11.8, and perhaps we cannot attain the average of Ontario because it's a very industrialized and commercialized province which is different to the Province of Manitoba. But certainly, I don't think that the government can be happy and satisfied with a record as far as the labour force growth in the last four years. If you take 1.3 percent each year, it's very small, so one would have to come to the conclusion that many of our young people and many of our college students which graduate would have left the province and had to go somewhere else to seek the job opportunities and to get employment.

I know that the Minister has said he will perhaps explain why the welfare costs have increased from 1968 of 17.5 million to 47-1/2 million as of 1972, which is a very high increase or a change in expenditure of some 173 percent, and this would be most interesting to me, Mr. Speaker.

Again I wish to point out another point to the Minister of Labour, where he tells us that per capita growth or per capita income has increased slightly in the Province of Manitoba, and perhaps it is just a slight increase but may I point to him again that, according to the green book of taxation statistics published by the Department of National Revenue, which again indicates that as far as per capita income is concerned in the cities in Canada, Winnipeg has dropped from the 52nd position to 56th, and I believe Brandon has dropped more than that. So we must again come to the conclusion that the per capita income has not increased in this province what it has increased in the other province or in the other cities, because this in itself is an indication. Again I'm not pulling the statistic out of my pocket. As I mentioned, it was used by the Department of National Revenue.

Again, there were some great increases in expenditures by the governments and one can check in the Public Accounts, if anyone cares to, as far as in respect to such as using the taxi service and travel agencies and hotels and so on, and our population is almost remaining the same what it was last year or the year before, and really, again I believe that the government - and I'm not being critical at this moment, I'd like to know the answers and hope that somebody will supply the answers; why have these increases been so high? For instance, Winnipeg taxis that we used to pay somewhere in the neighborhood of 84,000, we paid 133,000 in 1972, an increase of 57 percent; and the travel agencies we used to have an expenditure in 1969 of \$134,000, now it's \$295,000, and increase of 120 percent. So surely, I'm sure that the First Minister and the front benches are interested to answer these questions. Again I say, maybe there might be reasons for the increases but I'd like to know what they're for. Again we had use of hotels in the City of Winnipeg, in 1969 the cost was 69,000 and now they're 134,000 or an increase of -- a considerable increase, and I would like to know some of the answers for these increases, Mr. Speaker.

These were some of the points that I wanted to raise, Mr. Speaker. I still say the government in the budget did not provide sufficient remedies for the small businessmen, for the farmers perhaps, for a long term program for the farmers, and I listened to my colleague the Member for La Verendrye speak on the Minister's salary or Department of Agriculture at some length, saying that there was a long-range program lacking as far as agriculture is concerned, and perhaps the government can be chastised in this area for not taking a serious look because,

BUDGET

(MR. PATRICK cont'd.) as the farmer is still the backbone of our economy in western Canada, I believe so the small businessman is as far as the tax revenues are concerned; he's the one that employs four or five or ten people, or fifteen, and I believe you will find it's the small business people that employ more people than perhaps the large corporations. So perhaps the Minister would be able to tell us and give us some more information what their plans are for the farmer, for the small businessman, for some of the small entrepreneurs in this city.

So, Mr. Speaker, we may agree with much of the social legislation that has been proposed and introduced by the government, and agree with the way they have debated the tax dollars or distributed it, but certainly on the economic side I don't think that we should be too happy to learn that our labour force has grown very small and the reason perhaps that the people have to go somewhere else to find the job opportunities, and I think that we should be certainly concerned in this area. I think that we have to be concerned about the young people coming out of colleges and high schools looking for job opportunities and have no job opportunities to go to. So up to the present time, we have not heard too much in this area and I hope that when the Minister of Colleges and Universities, his Estimates are before the House, that he will be able to give us some indication what the government has in line for our young people.

These are some of the points I wanted to raise to the House at the present time and I'll be making more in the Estimates.

MR. SPEAKER: The Honourable Member for Crescentwood.

MR. CY GONICK (Crescentwood): Thank you, Mr. Speaker. I want to just comment on one aspect of the Member for Assiniboia's comments. The Member for Assiniboia has repeated some arguments made by his leader, I believe, with regard to the growth of the labour force in Manitoba, which is to the effect that our labour force has grown something like 7,000 or 8,000 people, which sounds to be a very small number, between 1969 and 1973. Now I've taken the trouble to look into this further and I found that the member's leader has, to a degree, misinformed the House as well as his own members, because what he has done is taken the average labour force figures for 1969 and compared that with the January figure of 1973. And, Mr. Speaker, as everyone knows, the January figures are always a particularly low figure. If he takes the average of '69 to the average of '72 you'd find the growth is - it may not be as high as Ontario's but it's higher than what the Member for Wolseley made out, it came out to something like 15,000 people which is substantially higher than what the Member for Wolseley was arguing.

So, Mr. Speaker, it seems that the Liberal Party Leaders, whether they be in Ottawa or Manitoba, seem to follow the same practices of misinforming the people of Canada because whether or not the Leader of the Liberal Party in Manitoba likes it or not and wants to deny his affiliation with the Liberal Party of Canada, he and the Leader of the federal Party seem to practice the same kinds of misinformation to the general population.

But, Mr. Speaker, with all due respect to other members in the Opposition I find that in listening to the debate and in considering the speeches of members opposite, there really was only one serious speech by the Members of the Opposition during the budget debate and I'm referring to the speech by the Leader of the Official Opposition. And outside the Chamber, just as he completed his remarks and we all left the Chamber, I took the opportunity to congratulate him and I told him I thought he made a good speech under the circumstances and he - and I don't think he would mind my repeating the story - had a word for me as well. He said that he had me in mind in preparing some of the material for his budget speech and in particular he referred to his remarks on poverty. So, Mr. Speaker, I took a look over his remarks on poverty in the Hansard, and I considered them, then I read over the Budget Speech, not once but a few times, and then I made some calculations. Now, Mr. Speaker, I'm ready to give my honourable friend a serious reply to his Budget Speech, comments with regard to that question.

In the first place, Mr. Speaker, I go back to the table in the Appendix in the budget which the member referred to, the Honourable Member for River Heights referred to, on income distribution for the year 1971. And from this table the honourable member deduces that in Manitoba 31 percent of the population resides in a state of poverty and that the government should therefore be ashamed of itself. Well, Mr. Speaker, I don't think that poverty is something that any government is proud of but, Mr. Speaker, I did some further calculations on the same table and I found some other facts, interesting facts. I found that if you add up the incomes

BUDGET

(MR. GONICK cont'd.) of the wealthiest three percent of the people in Manitoba, a mere 12,000 individuals in fact, that these 12,000 individuals get more income, more income, Mr. Speaker, than the poorest 50 percent of the people filing income taxes combined.

Now, Mr. Speaker, the NDP government couldn't have done this in three years. We couldn't have arranged such a distribution of income in three years time. Mr. Speaker, they must have done this in the 103 years that they have ruled Manitoba. We couldn't have done this in three years. Well, Mr. Speaker, this kind of inequality, inequality of such proportions has to be seen as a disgrace, a disgrace brought about through the 103 years of rule by Tory and Liberal governments. Mr. Speaker, three percent, 12,000 individuals, yet more income than half the tax people who filed tax returns in the entire Province of Manitoba. And this is a cumulative result of the Tory and Liberal budgets in Ottawa and Manitoba for 103 years. Mr. Speaker, a sorry record for these governments. Mr. Speaker, a shameful record for Tory and Liberal parties. A record of woeful neglect for the vast majority of our population.

And now, Mr. Speaker, the Leader of the Official Opposition wants us to forget this history, before the history of the Conservative Party, before the Spivak era. He says, "We've made mistakes, we've made mistakes, but no longer. We were too secretive before 1969 and we admit our mistakes and we will have open government the moment we take office." And the new Leader of the Liberal Party wants us also to forget about his party's dismal record as the government of Manitoba over the years. A record of do-nothing governments year after year after year, and he wants us to forget his affiliation with the federal Liberal Party. Well, Mr. Speaker, how can the Leaders of the Opposition expect such ploys to work? The people of Manitoba know the score. They know that the same people who financed the Liberal Party, the Tory Party in 1969 are still financing them today. When the Leader of the Liberal Party says that when he forms the Government of Manitoba he will sell any profitable enterprise to Crown corporations, to private enterprise, he knows that this commitment must assure him of at least \$100,000 of extra revenue for his campaign budget. He must know that for sure. Because for the financiers of the Liberal Party this is a very good investment, because if they can get in the election and he sells them Manitoba Hydro and he sells them Manitoba Telephone System, they'll get a very good return on \$100,000.00-

Now, Mr. Speaker, if you take the Leader of the Official Opposition, he says that he favors an across-the-board reduction in taxes rather than the particular formula that this government has followed in redistributing taxes. Well, Mr. Speaker, we know that the Member for River Heights, we know where he gets his finances from. They're not from the people who earn \$8,000 and less who receive the major benefits out of the NDP budget. Mr. Speaker, yes he has to support, Mr. Speaker, he has to support such regressive measures because he is a Leader of a regressive party, that is the electoral motif of a regressive economic class and, that's a fact, Mr. Speaker.

Now, Mr. Speaker, I come to the budget, and all the budgets that the governments have, this government, this NDP government has brought down since it's been elected to office. And, Mr. Speaker, I take it as indisputable that the primary goal of the NDP in office is to bring about equality of the human condition, and one measure of that equality is equality of the standard of living of the people of Manitoba.

Now the figures on the table on income distribution show that we have a very long way to go. The Tory and Liberal governments in the past have given us an enormous task to undo all the unfairness, to undo all the injustices that they have built into their budgets over the last hundred years.

Now, Mr. Speaker, I applaud the positive measures that the government has undertaken to redistribute income because I know that these measures will make life somewhat more, somewhat easier for our senior citizens, for the poor of Manitoba. My problem, Mr. Speaker, is that I see that the free enterprise governments have created such an imbalance in our economy and have created such enormous disparities in income and . . . that only a mammoth effort on our part will really make a dent on the economic system they have created. So, Mr. Speaker, I come to the tax shifts which the government, the NDP Government has developed over the last four years through its budgets, the elimination of the Medicare premium, the education tax rebate and the like, and we are told that for a family of four, the tax shifts would save such a family just over \$400,00, when you compare the 1973 level of taxes with the 1969 level of taxes - \$404,00.

BUDGET

(MR. GONICK cont'd.)

Now over the same period, price increases would have eaten away something like \$400.00 of their income. In other words, in 1973 it would cost roughly \$2,400.00 to buy the same basket of goods and services it would cost \$2,000.00 to buy in 1969, and for a single person earning \$2,000.00 a year, the tax shift saves such a person something less than the loss of his purchasing power, and families earning \$4,000.00 a year would have lost about \$650.00 in price increases over the same period, so the tax saving of \$441.00 for such a family would cover roughly two-thirds of the accumulated loss over the four-year period. And families earning \$6,000.00, Mr. Speaker, would have lost something like \$1,000.00 of purchasing power due to price increases over the period, so their tax saving, which comes to \$377.00, would cover about one-third of their loss.

Now, Mr. Speaker, by providing these statistics I have no intention of criticising budgetary policy of the government because in the first place, since prices would have risen to some degree anyway, the tax shift at least reduced the loss of purchasing power and in the second place, most of the people in the low income brackets who are earning an income, that is are working, are probably the beneficiaries of our increased minimum wage, so that if the tax savings that we have managed to provide them at least cover their price increases over the years, whatever gains they make in minimum wage, in their wages, are real gains to their purchasing power.

And finally, Mr. Speaker, the figures I have given, the losses, occur over a four year period. The tax gains are annual gains, so that by 1974 with the same net gain of \$400.00 over the tax levels in 1969, the savings will represent a much greater rise in real income, since the price increases of '73 and '74 will only take away a small portion of the extra tax gain.

Mr. Speaker, my purpose in drawing attention to these figures is again not to oppose the tax shifts. Given the surplus available to the government, they certainly represent probably the most equitable way of dividing it up. It's simply to point out the limitation of redistributing income by means of these kinds of adjustments - limitations which I understand members of the Executive Branch of the Government realize, because price increases eat up most of these tax savings. So, Mr. Speaker, there's one other way of measuring the effect of what we have been doing in our budgets with regard to our goal of redistributing income. Suppose that over the four-year period of NDP government the tax saving that we have realized would have been distributed, not the way we have done it, but in the way the Conservative Government would have liked to have done it, namely in proportion to income. This is what the Leader of the Official Opposition has said - he said, he wanted across-the-board tax cuts available according to income.

Now, Mr. Speaker, if we had done this, what would have been the effect of the tax savings on the distribution of income in Manitoba compared to the way we did do it in the last four years? Now, Mr. Speaker, let me assume that roughly \$150 million of money was shifted in taxes over the years and that these would have been shifted according to the Tory formula in proportion to the family income, so that each family getting a tax saving would get it in proportion to his income and let's compare the results. Now my calculations are very rough, because I don't have access to the raw data; they are what I could figure out from the data in the budget. But I found that if we assume that the wealthy group in the province are people who earn incomes in excess of \$15,000 then I find that they would have achieved a tax saving of \$22 million had we done it the way the Leader of the Conservative Party would have us do it, rather than \$3 million which is the way, which is what happened under the NDP government in the past four years.

On the other hand, the lower and middle income group, which I define as being people who earn \$8,000 and less, would have received tax savings of \$83 million under their scheme, compared to \$127 million under the NDP scheme, so if we had done it by proportional distribution rather than a progressive distribution, the net effect would have been a loss of about \$44 million to the lower and middle income people. If we did it our way the net effect of the redistribution is to provide lower and middle income population 44 million dollars of extra funds.

Now, Mr. Speaker, as I said, the economics is right and I'm sure the arithmetic, the numbers may be wrong because I don't have access to the original data, but they appear to be approximately right and now this \$44 million shared by 80 percent of the population, because

BUDGET

(MR. GONICK cont'd.) roughly 80 percent of the population earn incomes under \$8,000; so it means that on a per capita basis the income redistribution effect of what we have done through tax shifts comes to about \$55.00 a person over the four years, or about \$165 to \$200 per family over the four-year period. Now Mr. Speaker, again in drawing attention to these figures, my purpose is certainly not to condemn the budgetary policies of the NDP government, but when you see that the redistribution effect, which is again the major goal of the government, is to redistribute the income in favour of the less advantaged parts of the population, you find that they are not significant, they are not dramatic gains that we have accomplished through the tax shift. They are gains, as I say, of somewhere between \$165 and \$200 per family over the four-year period. Neither, however, do I -- neither, for I hope that the Government itself does not suggest that these have radically altered the living standards of the population, particularly the low and middle income groups. But I would say, Mr. Speaker, first of all, that these NDP governments are significantly better than what we would have accomplished if the Leader of the Official Opposition were premier and introducing his measures.

Mr. Speaker, if my friends doubt that again I invite them to look at the back pages of the budget, find that table giving the redistribution of income which they have accomplished, distribution of income which they have accomplished over their rule, with their friends in Ottawa, and I would say to you that what we have done is better than what they have done. I do not say that what we have done, I do not say that what we have done is as much as we could do but it's certainly much better than what they would have done.

Now, Mr. Speaker, all I'm saying to my colleagues on this side of the House, something which they all know very well, I think, and that is that at the pace we are proceeding at, at the pace we are proceeding at, given the enormous task which the Liberals and Tories have given us, by their wreck over the years, that it will take us many, many years, more years than we have to really bring about a major movement towards equality of the human condition in this province.

Now I realize a tax shift is not all that we have done. What we have done in other fields, I suggest has been in many respects much more effective, and so I turn to just one of these, the particular area of the Minister of Municipal Affairs, namely public housing. Since 1969 this government has placed 1,788 families in public housing and over 1,028 senior citizens in public housing, senior citizens housing. Now the public housing program and the senior citizens housing program has provided these families, these individuals, with a standard of housing which is far greater than any of them, most of them have ever realized in the past and would have realized without this program. Mr. Speaker, there's much talk of ghettos and public housing ghettos and horrible concentrations of poor people and so on, and I suggest to you that nobody who has toured the public housing that has been put up in the last three years -- I'm not talking about the old public housing -- could honestly describe the public housing that has arisen in the past three years in this fashion.

These families pay rent according to their incomes, according to ability to pay. They have the most modern of facilities, conveniences, automatic washing machines and dryers -- better stuff than we have in our house -- playgrounds, day car facilities, and all the rest. Mr. Speaker, on the average, each family that is lucky enough to get into public housing is able to save at least \$1,000 a year on what that person would have had to pay for the equivalent in rent. Now Mr. Speaker, that's a major gain -- it's a thousand dollars a year per such family, and Mr. Speaker, I say that the people who have moved into public housing in the last four years are very lucky, because recently we have run into all kinds of obstacles in trying to develop our public housing program particularly in the City of Winnipeg, but if this program continues in the same way it has before, I suggest that this has been a very effective way of redistributing income in a way that these gains that these families have realized can never be taken away from them -- they have housing -- they have housing in which the rents are set according to their income.

Mr. Speaker, we've done -- even this session we will have introduced the nursing homes under the same basis, and drugs for our senior citizens. Now it seems to me, Mr. Speaker, that these kinds of programs point the way to the most efficacious means of achieving equality of the human condition, and that is to let the basic needs of the people be supplied by the public sector and not by free enterprise. I suggest that where we have made our best gains, our most dramatic gains is not through the tax shift -- though I don't condemn them -- the major gains have been made through an expansion of the public sector. The marketplace is the most inefficient

BUDGET

(MR. GONICK cont'd.) and the unfair way of providing the basic needs of our people. It's inefficient because of profiteering of the so-called business community, forces us to pay outlandish prices to cover our basic needs. Mr. Speaker, I wanted to take one look at the cost of food, because that is now in the news and this matter has been discussed to a degree in this House so I think it's interesting because food is also a basic need.

Mr. Speaker, I do not support the meat boycotters. I agree with the Minister of Agriculture that the long-term effect of the boycott will be to raise the price of meat rather than to lower it, because it will be discouraging supply, yet I must sympathize with the boycotters because they're suffering, as we all are as consumers, from the high price of food and they are trapped, as we are trapped, I would suggest, in a vicious system. There is almost no way of hurting the supermarkets and the meat packers because they are strong enough to withstand any test of strength with the consumer. If they do suffer any losses in their transactions with the consumer, they can easily pass those losses back to the farmer and we feel that that's probably what they're going to do.

Mr. Speaker, they can't lose. If you just look at the figures, the profit figures for the last year, these - the food industry, the supermarket industry. Just listen to their profits, the increases in the last year: - Loblaws 44 percent increase in net profits, between 1971 and 1972; Steinbergs 36.8 percent increase; H. J. Heinz 58.6 percent increase in one year; Canada Packers 35 percent increase; J. M. Schneider 19 percent increase in net profit; Burns 17 percent increase in net profits. And so it goes - it's like a broken record. The food industry has earned a record profit in 1972; Loblaws 2-1/2 million dollars; Steinbergs 9-1/2 million dollars; Heinz 2 million dollars; and in 1973 all the trends are towards increasing profits again.

Well, Mr. Speaker, it's not just their profiteering that causes the high cost of food, it's the waste in the food and food distribution industry. Talk about an inefficient industry, Mr. Speaker, this makes most others we call inefficient look pale by comparison. The waste in excessive advertising which all of us are familiar with; the waste in the unutilized floor space in every supermarket; the waste in each supermarket having to stock something like 8,000 items, most of which are just duplicates of other items they have, and the enormous inventory cost involved there; the wasted overhead cost because most of our supermarkets are empty except for one or two days a week. At least ten cents of every dollar, and this is supported by the Batten Report which was established in 1968 by the Prairie Economic Council, at least ten percent of every dollar spent on food is made necessary because of this inefficient distribution, this inefficient organization. And if we add the profits earned by the processors, the profits earned by the supermarket chain, we can add at least another five cents per dollar spent. So we're saying that fifteen percent and that's a familiar figure, Mr. Speaker, fifteen percent of every dollar spent on groceries is due to the inefficient organization of the industry and the excessive profiteering in the industry.

Mr. Speaker, those are my figures, those are the figures of the Batten Report done in 1968, simply updated by the latest information. So Mr. Speaker, the meat boycott I feel is not the answer. The people in Manitoba were forced to take over one inefficient industry during the lifetime of this government, and I suggest that the food industry is far more important than the automobile insurance industry and it's much more inefficient, even more inefficient than the auto insurance industry, Mr. Speaker.

Mr. Speaker, I could go on to indicate other areas in the Budget, but I only have one thing I'd like to say to members at this time. I trust that this is the last Budget when the mining companies of Manitoba will be allowed to pay a mere \$4 million out of the \$100 million-odd profits that they take out of the province every year; I trust that this will be the last budget in which 15 percent, in which the mining companies will be taxed a mere 15 percent on their net profits; I trust that this will be the last budget in which their reserves will be untaxed; I trust that this will be the last budget in which the people of Manitoba will not get a fair share of returns on the resources which all of us own. Thank you, Mr. Speaker.

BUDGET

MR. SPEAKER: The Honourable Leader of the Opposition.

MR. SPIVAK: Mr. Speaker, whatever my intention was in rising once again to participate in the reply to the Budget, I must alter my original intention by at least making a few remarks about the Honourable Member for Crescentwood. -- (Interjection) -- No, I would say to the Honourable Member from Souris-Killarney that I think it's worth mentioning.

First, I am one who is rather disappointed in the presentation by the Honourable Member for Crescentwood. Well I'm rather disappointed because I consider that there is a certain inconsistency in his position and a very basic contradiction in the statements that he's made. I think that the direction the Honourable Member from Crescentwood wants is very clear and it was expressed at the end, and I don't think that anyone on this side or on that side really believes differently. Yet because we are near an election and because it becomes important to sort of rationalize all that has happened in the last four years, and because it's necessary in some way to suggest that in effect this government on the other side really is very different than any other government, the Honourable Member from Crescentwood stands up and I suggest, Mr. Speaker, compromises almost everything that he has said in this House and outside to try and justify, in some way, the actions that have been undertaken. Surely he cannot be one-- if what he has said has been in fact his belief, surely he cannot be one who believes that in any real way there has been any meaningful redistribution in this province, if in fact, at the end of the term of the New Democratic Party conditions and poverty in this province are as they were in '69. Surely, Mr. Speaker, surely Mr. Speaker, a government who in opposition, when in opposition talked of the grand way in which they would be able to change our society, have really in four years come to the position that in effect they are like the Conservative and Liberal Governments that the Honourable Member from Crescentwood is inclined to suggest did not accomplish as much as should have been done. Because in a very real way, Mr. Speaker, every government is pragmatic, impractical in the way in which it must administer its situation -- it moves and leads only to the extent that society will be prepared to follow and further, in terms of the limited resources that it has, it can only accomplish so much in dealing with the major problems. The failure on the part of the members opposite has not been from the point of view of their good intentions, they always have been and spoken as a government of good intentions, but in that respect what government hasn't? The failure has been not to recognize that with respect to our system a number of people have been penalized from opportunity and from income rises because of failures on their part with respect to specific policies and because of outlandish statements, really outlandish statements made over a period of time with no practical way of any accomplishment except to disturb, disturb society and disturb the system without in any way (believing that in any meaningful way at least) they would be in a position to accomplish their objectives and I therefore am disappointed.

I am not surprised at the conclusion of the Honourable Member from Crescentwood because I think that if you look at the Guidelines and I'm going to be referring to that sometime later on, Mr. Speaker, but if you look at the Guidelines, and you look at the section in which I have no doubt the Honourable Member for Crescentwood had a great deal of influence -- the one on public enterprise or economic enterprise -- there is the expression used of the public presence in industries such as pharmaceutical, food processing and distribution. And to the Honourable Member from Crescentwood, the public presence realistically means the takeover of the food industry. And it's included here, Mr. Speaker, and no one can suggest that from the honourable member's point of view he can and will read in this document the kind of accomplishment that he has wanted to achieve. Mr. Speaker, when the Honourable Member for Crescentwood stands up and talks about the old line parties, I say to him: you know I have heard enough of the hypocrisy of the New Democratic Party members, because the New Democratic Party members are supporting the Federal Liberal Government and keeping it in power so when you start talking here -- (Applause) -- when you start talking here, when you start talking here of the old line parties, you are no different, all your leaders are the same, all your members are the same, and don't stand up here and suggest to us that in some way the New Democratic Party is made of men of virtue, men of principle, or men who are so different than the politicians of the past. You are the same, and don't try in any way to suggest that you are any different and ...

You know, Mr. Speaker, the honourable member quoted a number of statistics and the statistics are important and he has tried to use his arithmetic to prove his point of view but

BUDGET

(MR. SPIVAK cont'd) when one examines from 1969 the increase in taxation, in income taxes; when one examines the increase in sales tax; when one examines the increase in liquor tax; when one examines the increase in users tax, and I'm talking in terms of amounts of money; when one examines the increase in cigarette tax, I say to the Honourable Member for Crescentwood, who's paying that? Who's paying that? Mr. Speaker, when the Honourable Member for St. Johns Minister of Finance presented in this House an extension of the sales tax on production machinery and supplies and then sat down, I say to the Member from Crescentwood, who is actually paying that tax, the people outside of Manitoba or the people inside of Manitoba? And if in fact industries are paying those taxes, are they passing it on, and if they are, who's paying it? -- (Interjection) -- Yes, so who's paying it? So in effect who is paying it? The honourable member is now going to admit that the consumer is paying it and it's a regressive form of taxation and it's being paid by the low income, so what are they standing up proudly and suggesting that there's been such redistribution or progressiveness by the government.

You know the other interesting feature, Mr. Speaker, is that when the honourable members opposite talk about the government of 1969 and they use it in their own statistics, they talk as if matters are static, you know, conditions remain static. We now talk about 1973 but we refer to a situation in '69 and we simply suggest that the situation in '69 by that government, at that time would be handled exactly the same way in '73, notwithstanding the fact that in '69 there was \$64 million collected by income tax and in 1973, there's \$169 million. And what you're suggesting is that in the income tax that there is no difference, that the government would not have \$100 million. Now a government would do one of two things. It would either spend it on programs or it would give it back in some form to the people and what the honourable members opposite keep suggesting is that they will make statistical comparisons on '73 but the Conservatives of the previous government must remain constant in '69 and by making those comparisons always we can therefore show how better and how just we were.

MR. GREEN: Mr. Speaker, would the honourable member permit a question?

MR. SPIVAK: At the end.

MR. GREEN: At the end?

MR. SPIVAK: Whenever the end may be. And that's the interesting comparison, Mr. Speaker, because the honourable members assume that conditions would always be static, that there would not be in any way -- there would only be one way in which any kind of additional moneys realized would, in fact, be given back to the people. -- (Interjection) -- Yes, look at Ontario; look at Ontario, Mr. Speaker; look at New Brunswick, Mr. Speaker; look at Alberta. -- (Interjection) -- Yes, Mr. Speaker, yes Mr. Speaker. You know, Mr. Speaker, we'll have some time to talk about the comparisons of the other provinces but you know one of the important factors here is that in all the comparisons, the government on the other side adjusted in such a way so as not to represent a totality in terms of its presentation but only a limited position. And of course the best example in the Budget is the reference to personal taxation or as they refer to it, personal taxes, where they show all the, you know, the work, the various typical examples and they all show every one of them including Ontario and B.C. and Alberta and Saskatchewan but they don't show New Brunswick, Newfoundland, Nova Scotia and Prince Edward Island.

Now Mr. Speaker, you know we live in a Confederation in which there are a number of provinces. Why didn't they show the other four provinces? For a very good reason. Everybody in the other four provinces pays less personal tax -- by their definition of personal tax. Everybody by their definition of personal tax, Mr. Speaker, pays less tax but they didn't show it. And, Mr. Speaker, that's why when we listened to the honourable members opposite and when they keep talking about what was happening in '69 and compare it to '73, we have to suggest to them that you are essentially cooking up your figures to try and prove your position, basically suggesting that there is no way in which a government would not have dealt with the surplus money that they would have had in some real form of tax decreases. Mr. Speaker, you know, we talk in terms of a ten percent reduction based on the accumulated surplus of this past year, the government was capable of a thirty percent reduction across the board. That's true, but that was only to the extent that we've been over-taxed. That has nothing to do, Mr. Speaker, that has nothing to do with what a great charge the government is, that in the process of spending the hundreds of millions of dollars that they had to deal with, that there was waste

BUDGET

(MR. SPIVAK cont'd) and inefficiency and there were savings capable of being undertaken that were not undertaken and could have in fact resulted in tax savings in the past for the people.

Mr. Speaker, the interesting thing is and I'm sorry the Minister of Industry and Commerce is not here because a great deal of what I am going to say in relation to the economic facts indicated by him in the House are meant realistically as a rebuttal to him and a rebuttal to the government.

You know, Mr. Speaker, I'm prepared, and we have been prepared and have knowledge that there has been an initiative and a commendable initiative in reducing health care premiums. To the extent that it finally gets down to the important business of putting some of the hard-earned tax dollars back into the hands of our taxpayers, the budget is going to be well received by Manitobans. And I have to congratulate the government for having the political wisdom to again seek refuge in its only worthwhile initiative, and that's the reduction of medicare and hospitalization premiums. And most Manitobans, particularly the elderly and infirm, will welcome this generosity. But our approval of the government's generosity in reducing health care premiums must not and will not blind us to the fact that the budget documents before us, a commitment to spending of almost \$700 million, and with the capital program that has been introduced, it really approaches one billion dollars. And this vast spending programme cannot be viewed in isolation from the provincial economy which is going to be called upon to support it.

And probably, Mr. Speaker, I would not be rising had the government not chosen to issue its Guidelines for the Seventies. And it's interesting to note, Mr. Speaker, that the Guidelines knew in advance what the Budget was going to contain but had the government not chosen to introduce its Guidelines, I may not have been standing up and making this statement again on the Budget reply. But that document, with its reiteration of the economic and social problems facing Manitoba, is too strong a condemnation of the government's record to be ignored. What the Barber Report says about the government's failure to accomplish its proclaimed objectives, is really confirmed, Mr. Speaker, in the Guidelines. When one takes the documents of the Barber Report, the Budget, and the Guidelines, it tells us that the quality, the quality, and the regional balance of economic progress in Manitoba has not been satisfactory under the government. And this failure of economic progress has turned many of the government's income redistribution promises, realistically Mr. Speaker, into empty rhetoric. At the same time the Provincial Government has overtaxed us and overspent in quest of objectives it has so far failed to attain.

Now we are alarmed at the fact and have been for some time, that we have the highest rate of income tax, both personal and corporate. We are concerned that excessive rates are an unfair burden on those who pay them. We are also concerned that Manitoba's economic future is being sacrificed to tax rates which discourage much investment and job creation. Now the, you know, the New Democratic Party and the members opposite do not share these concerns. In many respects they would rather have this province become a tax ghetto.

The plain fact, Mr. Speaker, is that Manitobans are over-taxed. Everyone in the province knows it, and the government front benches included. And I am sure that those who pay their income taxes have taken a glance at Schedule I of the Detailed Tax Calculations which indicate Manitoba has the highest rate of income tax. The fact probably explains why the government is also so anxious to demonstrate that paying taxes is not nearly as bad as it is made out to be. Each year the government trots out statistical arguments, Mr. Speaker, which purport to prove that other provinces actually manage to squeeze more out of their patient taxpayers than the NDP does here. Then the government proceeds to dig even deeper into the taxpayer's pocket. In 1969 the last Progressive Conservative government received less than \$100 million in income tax revenues from personal income tax and from corporation tax. This year the New Democratic Party government will receive about \$208 million, and I believe with estate tax it's \$212 million, in income tax revenue. Since they assumed power, the New Democratic Party have raised fees or tax rates or extended taxation into previously untouched areas. And the meanings of these facts, you know, cannot be mistaken, Mr. Speaker. They indicate that the government has substituted the cold logic of "ability to tax" for the fairer principle of "ability to pay".

Mr. Speaker, it's difficult to be frank about the government's taxation record and still

BUDGET

(MR. SPIVAK cont'd) give credit where credit is due. I have already commended the government's policy with respect to the question of health care premiums but I cannot condone and we cannot condone the arrogance which inspired the NDP over the past four-year programs of tax increases to allow those increases to occur and to allow the reckless spending and which they have tried to justify. Mr. Speaker, each year the provincial government grabs a larger chunk of revenue and each year it scrambles to find new and frequently bizarre ways of spending the excess. And the consequence, Mr. Speaker, has usually been waste. What cannot be wasted through the exercise of ingenuity is usually wasted, Mr. Speaker, through inefficiency. And only when those two alternatives are exhausted is the residue transferred to capital or to surplus.

Now I don't want to create the impression, Mr. Speaker, that the provincial government's record of capital and surplus transfers is negligible. It's in fact, Mr. Speaker, rather considerable. In 1969-70, the actual revenues exceeded estimated revenues by over \$13 million. The government's accounts were only balanced by transferring \$17 million to the Capital Division and \$800,000 to Revenue Surplus.

In 1970-71, the actual revenues exceeded estimates revenues by over \$32 million. The government's accounts were balanced by transferring over \$20 million to the Revenue Surplus and to the subsequent fiscal year.

In 1971-72, revenues exceeded estimated revenues by over \$18 million. In the same year, there was an admitted surplus of nearly \$3 million.

Mr. Speaker, with the presentation of the current budget, we have already been informed that a revenue surplus of over \$42 million has been transferred forward from the fiscal year 1972-73 to 1973-74.

Well, Mr. Speaker, what does all this financial data really mean for Manitoba? It means that even if you ignore the government's history of irresponsible spending, we have been overtaxed in every year and the facts speak for themselves. Consider, for instance, the relentless growth of provincial government expenditures. In the last full year of the Progressive Conservative Government, the total estimates of current expenditure were \$342 million. By contrast the present budget contains expenditures of \$694 million -- double. It's up by 20 percent over last year and, Mr. Speaker, by three times over what the government was prepared to admit only a few weeks ago. Mr. Speaker, the government is now spending money at the rate of \$2 million a day -- twice what it spent only four years ago. And the only other economic indicator that has doubled with respect to the government has been unemployment.

And that, in capsule form, Mr. Speaker, is the government's spending record. It's nothing to boast about. It means the characteristic, it means -- well the honourable members opposite say it's not true. -- (Interjection) -- No, at the end. Mr. Speaker, we will now recite the facts again. The budget was \$342 million, it is now \$694 million. Unemployment, unemployment was, I believe, 2.9 and I'll come back to that. What is it now? 5 point -- Mr. Speaker, any examination of the government's spending record reveals that the NDP's failure to establish and adhere to important priorities, their failure to weigh costs against benefits and their failure to place the needs of people ahead of the needs of government, have in fact resulted in excessive taxation over the last period of time. And this year's budget, Mr. Speaker, reflects these failures and adds to them the refusal to recognize that the taxpayer's money should be left in the taxpayer's pocket unless absolutely necessary. Without this -- (Interjection) -- in the taxpayer's pocket; it's his money, it belongs to him, not to the government. Without this recognition tax reform becomes an empty exercise.

The thing that the NDP is most inclined to forget about Manitoba, is that our society is composed of taxpayers. And these forgotten taxpayers have for years been watching impatiently as provincial government spending has sky-rocketed. They have been spending almost double since the New Democratic Party assumed power, and I wonder how many of them feel that the benefits of government spending have doubled during that period. Very few, Mr. Speaker. That is why the taxpayers of this province want some of their money back. They want it back directly, not necessarily through expensive schemes that disguise themselves as tax reforms.

Mr. Speaker, I have already indicated that few individual taxpayers will be satisfied by doubling of government spending and the heavy growth of taxation which has accompanied it. If the taxpayers don't benefit, Mr. Speaker, who does? Government supporters may suggest that the provincial economy

BUDGET

MR. SPEAKER: Order, please. Order, please.

MR. SPIVAK: Mr. Speaker, government supporters may suggest that the provincial economy in some aggregate sense has been the beneficiary. And I suggest that that is an assertion which, after careful investigation, can be easily demolished.

Mr. Speaker, the health of the provincial economy is of central concern at budget time. The government has certainly taken great pains to paint as rosy a picture as possible, a picture which in many ways does not conform to our present economic condition. Before I examine this question, Mr. Speaker, and the question of our economy, and I only hope that the Honourable Minister of Industry and Commerce was present because I want to talk about some of the statistics of '67, '68 and '69 and compare them to '70, '71 and '72. Before I do that, Mr. Speaker, I want to indicate that in no way do we as the Progressive Conservative Party share the gloom of the Liberal Party and their approach to the provincial economy. Mr. Speaker, we're not prepared to insinuate that Manitoba's economy is on the verge of collapse, or that we're in the throes of some depression. Similarly, we're not prepared to suggest that our problems have assumed such proportions that we must alternately prostrate ourselves before the mandarins at Ottawa or threaten separatism in order to secure some abstract sort of constitutional revision. What we are prepared to say about the provincial economy is that the provincial government's neglect of several key policy areas has resulted in genuine hardship for many Manitobans and that the NDP's development policy amounts to little more than four years of lost opportunities. In economic terms, it must be said for the people, for the people, in economic terms, Mr. Speaker, it must be said that the greatest damage the government has done is to waste four years of potential growth and progress.

Mr. Speaker, as an economic progress report, this year's budget is a masterpiece of inaccuracy. Now let us for a moment try and separate the real facts from the flattering figures. -- (Interjection) -- Mr. Speaker, before we start trying to do as the First Minister did when he made the presentation of budget, compare this year's performance to last year, which is to actually present the NDP's record for this year against the NDP's record for last year, let us now, Mr. Speaker, examine the years of '67, '68 and '69 and compare them to '70, '71 and '72, and Mr. Speaker, I'm prepared to place the record of the time that I was Minister of Industry and Commerce against the record of the present Minister of Industry and Commerce and we'll see what really comes out. Mr. Speaker, the government is most anxious to prove to us, the government is most anxious to prove to us that provincial output has reached all-time highs. Well, Mr. Speaker, how accurate are these estimates? What portion of the increases are due to the parasitic growth of government? On the surface, the gross provincial product figures are impressive but in real terms, Mr. Speaker, they represent much smaller increases in genuine economic activity. They also represent no improvement in growth rates from the last Progressive Conservative years, which the present government is so ready to belittle. And, Mr. Speaker, this is the startling fact. The honourable members opposite are not going to be able to produce figures that will show any substantial benefit in these three years that are recorded and available by the NDP as against the three years of the Progressive Conservative administration of '67, '68 and '69 whom they are constantly trying to refer back to when it serves their purpose.

Mr. Speaker, the cumulative growth percentage during the Progressive Conservative years of '67, '68 and '69 was 25.4 percent. Since those years government spending and government boasting have doubled, but the cumulative growth percentage during the NDP years of '70, '71 and '72 has remained exactly the same, Mr. Speaker. It's 25.4 percent -- '70, '71 and '72. In fact, over half the boasted recent GNP increases is simply the result of inflation. And, Mr. Speaker, inflation means higher prices and production costs, not higher production or employment. And inflation also means a negative type of income redistribution, which the Honourable Member from Crescentwood did not mention, inflation means a negative type of income redistribution which friends are afraid to recognize and, Mr. Speaker, reluctant to fight.

Because, Mr. Speaker, one aspect of the cost of living in this province, one aspect of the price of goods is taxation, and when the Honourable Member from St. Johns as Minister of Finance stood up and passed off this additional sales tax being included on production machinery, he did not tell the people in Manitoba that you in fact are going to be paying for it and that your cost of living and your costs of goods were going to go up -- and they have,

BUDGET

(MR. SPIVAK cont'd) Mr. Speaker.

Mr. Speaker, let the government talk to the housewives and the shoppers about the rising gross provincial product. They have seen it rises -- at least in its price component. But it's nice to see, Mr. Speaker, that the government is still prepared to boast about inflation.

Now, Mr. Speaker, not only has the basic rate of economic growth shown no improvement despite the government's highly publicized and expensive efforts, but the composition of that growth rate has been adversely affected. The Guidelines emphasize the need for more high wage jobs, yet both construction and manufacturing activity have been in a decline according to the government's own figures. The Progressive Conservative years of 1967 through 1969 saw an accumulated growth percentage increase in construction activity of 47.6 percent, while during the NDP years from 1970 through to 1972 the construction activity index rose only by 8.5 percent. And, Mr. Speaker, this is a significant fall off in performance. Similarly the value of manufacturing activity in Manitoba rose 19.5 percent during the Progressive Conservative years of 1967 through 1969 and this rate fell over 10 percent to 17.5 percent during the NDP years of 1970 through 1972.

Mr. Speaker, you know, my hesitation was because I want to explain the figures to the honourable members opposite. Those figures I'm well aware of and, Mr. Speaker, I had a suspicion that the Honourable Member for St. Johns and the Honourable Minister of Finance, the First Minister, knew about those figures, and the Minister of Industry and Commerce knows about those figures because those figures are startling, Mr. Speaker. All they prove is that when he stands up and starts to talk, when he started to talk about '69, he shouldn't talk about '69. Sixty-nine happened to be a pretty good year. They should talk about '70 and '71 which were the NDP years, Mr. Speaker, and he should start to try and make comparisons because, Mr. Speaker, the statistical information will not in any way support any proposition which suggests that the New Democratic Party have moved this economy and as a result that there has been benefit for the people.

Mr. Speaker, the government has also presented glowing reports about the investment picture. Here again the statistics don't tell the full story so I'd like to wonder aloud, if I could, about three of the more important factors. Mr. Speaker, how much of the investment -- and I'm now talking about the NDP investment, even in the manufacturing and service industries, is direct government activity. Well, in the first place, over half the total investment in the province already lies within the admitted zone of the public sector. Beyond that there is a substantial public sector activity in the primary resources (in the Mineral Exploration Corporation and the Churchill Forest Industries); in manufacturing and food processing, bus and aircraft construction; and agricultural implement manufacture; and service industries and the computer services; insurance and travel services. How much investment, Mr. Speaker, is really occurring in the job-creating private sector, because, Mr. Speaker, if we look in terms of job formation it's known that for every job there is in government there are seven in the private sector, and if there is going to be growth for the development of permanent jobs not for government guaranteeing employment as proposed in the Guidelines but for the growth of some permanency in being able to offer people opportunity for job so that they can stay in this province, it is going to come from the private sector, not from the public sector.

Mr. Speaker, how much of the development in the private sector has really been discouraged by high income and high estate taxes? Mr. Speaker, I believe that the published figures significantly overstate the real amount of private investment and I believe that the Chamber of Commerce already has indicated that to the First Minister, because of the inclusion of public investment in the so-called private sector figures.

Second, Mr. Speaker, how much small business investment is occurring in Manitoba? Small business investment represents the best opportunity for job formation and local control. Unfortunately, small business in the sector, realistically the sector that is most neglected by the present government, and I say that, Mr. Speaker, because notwithstanding the statements of the Honourable Minister of Industry and Commerce of what the Manitoba Development Corporation is doing, if one examines realistically the statistics that have been forthcoming and the names of the corporations that have been helped, one realizes that we're talking of a very small percentage of small business in this province and a very small percentage of the people who employ people and when we look at the figures, Mr. Speaker, I think I indicated that of the loans that were given to the small corporations of up to \$100,000 there were 83 jobs

BUDGET

(MR. SPIVAK cont'd) formed in the last year for the Manitoba Development Corporation. Well I think if the honourable member looks at his own MDC figures he'll find that that's true. Mr. Speaker -- well, the honourable member says it's not true, but I must suggest to him that the only thing, you know, the only thing we can go by, is the information that's supplied from the government and the only thing we can judge by is economic performance.

Mr. Speaker, what is the real regional distribution of the investment of rural Manitoba, and what really is the distribution of investment in Northern Manitoba? And where is the promise of the economic diversification program that the Honourable Minister of Industry and Commerce and the First Minister have talked about. Mr. Speaker, regardless of how one interprets the quality and distribution of investment in this province, the hard fact is that our investment rate has failed significantly. In the crucial private sector, Manitoba's investment index during the Progressive Conservative term of '67 to '69 rose 28.4 percent. The rates fell, Mr. Speaker, during the NDP years of 1970 to 1972, to a mere 1.8 percent. In the same period the increase of total investment fell from a 30.3 percent rate during the Progressive Conservative years, to a rate of 8 percent during the New Democratic Party years.

Well, Mr. Speaker, perhaps the government's most ill-timed and curious boasts lie in the fields of the labour force and personal income statistics. In spite of its claims about the robust economic health, the government had to resort to a series of ad hoc make work programs. Even these efforts have ultimately failed to keep Manitoba's unemployment rate within tolerable limits -- in fact, it has already reached unprecedented heights. -- (Interjection) -- Well, Mr. Speaker, the honourable member says it's the lowest in Canada. Mr. Speaker -- oh, the honourable member will prove it in Transcona -- will I refer to you as the Minister for Unemployment -- and I still will refer to you as the Minister of Unemployment? Mr. Speaker, let me suggest to the honourable member opposite, and we can go through these figures again, so while the record will show 22,000 people unemployed, and there will be some disagreement as to . . .

MR. SPEAKER: Order, please. Order, please. Order, please.

MR. SPIVAK: I think the honourable member better go out and maybe look at his figures before he opens up his mouth, and I hope that he'll have something worthwhile to say, because if he uses those figures he'll be laughed out of the room. Mr. Speaker, there are 22,000 people unemployed, there are probably another 20,000 and there's some disagreement as to the number of native people who are not included in those statistics, and that's been borne out by the presentation of Dr. Weldon before the Standing Committee on Economic Development. But the interesting figure, Mr. Speaker, in the Guidelines on page 60, Mr. Speaker, the Guidelines also indicate that there is an estimate of another 30,000 to 40,000, not included in either of those two statistics, of people who, in their words, obscure the existing potential employable disadvantage. So, Mr. Speaker, you'd better ask the Honourable Member for Crescentwood. I think he had his hand in writing that part. Mr. Speaker, what it simply indicates is that the numbers that we're talking about are significant, so Mr. Speaker, claims about increases in average personal incomes are of little consolation to those thousands of Manitobans who are truly unemployed. At any rate these claims are rather misleading.

Mr. Speaker, during the Progressive Conservative years of 1967 to 1969, personal income in this province rose 29.6 percent and labour income rose 34.4 percent while, Mr. Speaker, during the years of 1970 to 1972, the corresponding figures were only 28.4 percent and 26.3 percent respectively. In each case, Mr. Speaker, in terms of personal income and labour income, the rise in the years of '67, '68 and '69, those bad Progressive Conservative years, were higher than the three years of the New Democratic Party government.

Now Mr. Speaker, I certainly do not need my friends opposite to tell me that the statistics do not tell the whole story of Manitoba's economy. They do, however, tell an important part of that story and the government is never reluctant to use them when they can make a case for themselves. But the government's statistical boast will not go uncorrected because I intend to challenge them and to challenge them from this day forward. The statistical evidence I have already referred to proves that the New Democratic Party record of economic achievement is indeed poor.

Mr. Speaker, I have already indicated that I had the honour of serving as Minister of Industry and Commerce and I'm prepared to take those three years against the years of the

BUDGET

(MR. SPIVAK cont'd) First Minister and the Minister of Industry and Commerce; and Mr. Speaker, to me it's an intense personal disappointment that the favourable trend in growth rates established in those years have flattened out or turned downward, especially in the small business and private sector.

Mr. Speaker, as a former Minister of the Crown, I find it difficult to forgive the current administration for exercising its responsibilities so carelessly. Why, even with the recent minimum wage increases, labour income in Manitoba has not grown as quickly as it did during the years that I was in office as Minister of Industry and Commerce. No it's not balderdash. Those facts are going out in your own budget, Mr. Speaker. The present government could hardly have done a better job of applying the brakes to progress in Manitoba if they had deliberately tried.

The facts of the present government's economic policies are far from flattering. That the provincial economy has fared as well as it has recently, must be attributed to its resiliency and to the miraculous recovery of the agricultural industry. Mr. Speaker, that the NDP has done little economic good is apparent; that it has been able to do so little harm is most fortunate.

When faced, Mr. Speaker, with the accusations of economic mismanagement, the government has always one trump card. It customarily produces the statistics of its revenue collections. It tells us that the government revenues have risen significantly since 1969. This, we are told, is a consequence of growth in the tax base, which in turn is the direct result of economic growth. This argument is only partly true and even the part that is true is superficial and misleading. In the first place, Mr. Speaker, much of the revenue rise is due to higher tax rates and wider application of taxation, both of which have nothing to do with economic growth. In the second place, much of the revenue increases which is incorrectly attributed to real economic growth, is really the result of inflation.

Mr. Speaker, as I have said before, the Government is the profiteer of inflation. The Provincial Treasurer is the principal beneficiary of rising prices in Manitoba. Mr. Speaker, tax collections grow at a faster rate than income grows in this province, and if inflation pushes the taxpayer into a higher bracket, he ends up paying more tax even though the real purchasing power of his pay cheque may not have increased at all, and Mr. Speaker, I would have expected the Honourable Member from Crescentwood to have said that. Mr. Speaker, only the very strong stand to benefit from this negative and regressive type of income redistribution and the government is still in the strongest position of all.

Mr. Speaker, let no one say that high revenues are an accurate barometer of economic health. Provincial government revenue is too high for all the wrong reasons. First, Mr. Speaker, tax rates have risen since the NDP assumed power and new taxes have been introduced. Second, the provincial treasury has been profiteering on inflation and contributing to the vicious circle of price increases by its tax and spending policies. Third, Mr. Speaker, the government has consistently refused to recognize the urgent need to control spending and convert the resulting savings into general tax reductions.

Mr. Speaker, I'm ready to continue tomorrow if you want to call it ten o'clock.

MR. SPEAKER: Order, please. The hour being ten o'clock, the House is now adjourned and stands adjourned until 10:00 a.m. tomorrow morning.