

LEGISLATIVE ASSEMBLY OF MANITOBA  
Monday, 31 March, 1980

Time: 8:00 p.m.

ADJOURNED DEBATE ON SECOND READING

BILL NO. 22 - THE INTERIM APPROPRIATION ACT, 1980.

MR. SPEAKER, Hon. Harry E. Graham (Birtle-Russell): The Honourable Member for Lac du Bonnet has fifteen minutes.

MR. SAMUEL USKIW: Well, thank you very kindly, Mr. Speaker. I think it's somewhat unfortunate that the Minister of Finance is not here to continue with the debate. Perhaps he is going to arrive shortly. But in any event . . . oh, I gather then that the Minister of Finance is not going to be here for this evening's debate.

Well, in any event, Mr. Speaker, this afternoon in the course of my comments I tried to impress upon the government, through the Minister of Finance, that there were certain things that the province had the capacity to do --(Interjection)-- Well, he has arrived, Mr. Speaker, so perhaps he will want to participate in the debate.

I had suggested to the Minister of Finance earlier today that there are certain things the province might consider doing with respect to bringing some form of relief to people who are in distress because of the change in the mortgage rates on their homes and in particular that group of people who are in the position of having to renew their mortgages this year, or have just renewed them last year.

Now I'm not suggesting, Mr. Speaker, that the Minister just refinance all of the mortgages in Manitoba because I think that would be an abuse of the use of the public to do so. There are people in this province that perhaps can well afford to continue on and to swing with the economic swings, if you like, Mr. Speaker, without too much difficulty. But I would hope that the minimum intervention of the Minister and this government will be in the area of where there is distress and where there is a situation where people really have no choice but to throw up their hands and walk away from the homes that they have purchased in the last number of years, homes which they can no longer hang on to because of the changes in interest rate.

I think that that is a very small request, Mr. Speaker, because the province has a budget of some, just under \$2 billion, and I don't imagine that it would take a great deal of money - I suppose it would take a few million dollars to accomplish this objective, Mr. Speaker, but it wouldn't be a great deal of money - relative to Manitoba's total spending. I think it's a situation where a case could even be made to deficit finance such a program in order to alleviate that problem, the problem that may involve - oh, the distress cases may not be more than 2,000 or 3,000 people, Mr. Speaker. And so the Minister has the facility; we have the Public Insurance Corporation that generates a capital flow of some \$140 million annually, out of which certain sums are invested, all of which are invested within the operations of government or the Crown corporations. Municipalities, hospital districts have been using that source of capital since we have had MPIC and it seems to me that we can more fully demonstrate through the use of that capital, Mr. Speaker, another benefit of public ownership of the insurance industry, in this case, the Automobile Insurance industry.

I think, Mr. Speaker, from this example one could multiply perhaps by quite a few hundred million dollars the amount of capital flow that does exist within the province. If you were to add to the MPIC capital position, or availability of capital for lending, all of the other private institutions who collect premiums from Manitobans-citizens who pay premiums on life insurance; citizens who pay premiums on sickness and accident policies, and group policies, superannuation programs, private pension plans; there are a whole series of opportunities here for

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the government to look at from the point of view of corralling all of that capital supply and having some whip in the Manitoba economy through the use of that capital.

Now I think it's fair to say that has really never been done, sort of in an umbrella fashion in our history, Mr. Speaker. I think that governments have not had to look at those areas previously because we didn't have - at least since the Thirties - I don't believe we've had such extreme situations as we now have with respect to mortgage payments on homes on the part of a number of Manitobans, a good number of Manitobans.

So, Mr. Speaker, I think that the Minister of Finance would do well to take a position that might be unique in Canada - I don't believe it is done anywhere in Canada so far - but I think he might do well in taking the lead and dealing with a problem that I don't think we should say that we cannot deal with because it happens to be a problem created from beyond the boundaries of this province and that really we are going to rely on the nation to deal with it. I think that would be a cop-out position.

I think there are two positions the Minister of Finance should take. One is, that he should go after the federal government to deal with the money supply situation in order to lower interest rates to the extent that it's possible to do so; and that the federal government should use its muscle power in order to channel Capital Supply into the areas that are most needed. And failing anything substantial coming from Ottawa, Mr. Speaker, I think the Minister should at least alleviate those distress cases that do exist in the province of Manitoba and he can do so whether it's by increasing his total expenditure, by borrowing a few extra million dollars or by diverting existing capital funds that are available to him into such a program. Not necessarily a complete diversion, Mr. Speaker, from where it is now being used to this program, but certainly a portion of the capital that is available to this Minister could be diverted to bring about interest relief on distress mortgages in Manitoba.

Now, Mr. Speaker, I think what we are witnessing at the moment, with respect to interest rates, is our almost total dependence on other jurisdictions as to what happens to our own situation, our economy. I think that it demonstrates more fully and more clearly the fact that perhaps we ought to take a much deeper look in all aspects of how we can manage our affairs in this province in such a way that we minimize the dependency on outside pressures and outside resources. And that I think, Mr. Speaker, can be done through greater public participation in a number of areas and as has been demonstrated with MPIC, I think we can do the same thing with, I suppose, Treasury Branch, as it comes to mind, Mr. Speaker, as a source of capital. I don't know, but it's an area that could be looked at. But certainly I suppose one could suggest without question, the idea of expanding, expanding the Manitoba Public Insurance Corporation's activities, giving elbowroom to MPIC in order to provide Manitobans with a greater source of Capital Supply. MPIC has been somewhat restrained in the last two years because of the policies of this government and obviously are not able to participate as aggressively in the market, in the insurance market in Manitoba, as they otherwise would be without that restraint. And if there is to be any signal on the part of the government that they are prepared to be flexible in order to solve some of these problems, then, Mr. Speaker, one of the signals could be to take the freeze off MPIC and let that corporation go after a bigger part of Manitoba's market, insurance market, in order that more capital can be generated for public use in Manitoba for the benefit of Manitoba citizens.

And further to that I think we can look at the whole question of the pension program in Manitoba. We have the Superannuation Program, but we have a whole host of private pensions that leave a lot to be desired, Mr. Speaker, and it's an area that I am sure that the participants of those pension programs would want the public to look at from the point of view of, a) improving the benefits to those people and, b) I think, Mr. Speaker, it would be reasonable to expect that if we were to involve the public a little more in that area that we would have much greater sources of Capital Supply for our needs, thereby much less dependence on other areas of Capital Supply, whether it be other provinces or other countries, the typical or the traditional trip that the Minister of Finance makes throughout the world, collecting funds from a whole host of investors in order to satisfy

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Manitoba's Capital Supply needs, could be somewhat diminished if we had more control of our own economy.

And I suggest to the Minister that that has not been explored fully and I think that that's an area that this Minister should look at in order to bring the necessary relief measures. Thank you.

MR. SPEAKER: Are you ready for the question? The Honourable Member for Churchill.

MR. JAY COWAN: Yes, thank you, Mr. Speaker. I welcome the opportunity to participate in this debate. I had wished to speak to a number of subjects this evening if I do have the time, but not the least of which will be Hydro development, because I think it is perhaps the most topical, and the most pertinent issue that faces the Legislature during the course of this debate. It is a subject that we have hotly debated over the last few days, and that is not less than understandable, Mr. Speaker, for it is a subject that has always encouraged and has always resulted in hotly debated arguments within this Chamber and also without this Chamber, but it is a debate that was initiated by the announcement of a feasibility study last week by the government, a study of a Western Grid System. And that is the proposal, Mr. Speaker, that does have some merit; let there be no doubt about that, and I don't believe that there are those on this side who are saying that it is without merit. It is a proposal that does deserve further examination. I am not certain, Mr. Speaker, whether or not it is worthy of the acrimonious debate that we have heard in the Chambers over the past few days, but it does at least deserve our attention for the time being.

Remember, outside of the implications and the innuendoes of such a feasibility study, all the First Minister presented to the House the other day was the announcement of one more study. There was no long-term commitment to hydro development on the Nelson; there was no long-term commitment to hydro development at all. In fact, what they said is what they had said many months previous, is that they would study it one more time. Well, we expected that study will confirm what my party, what the New Democratic party has been saying all along, that hydro development is justified; that hydro power is the wave of the future, Mr. Speaker; that hydro development should have continued uninterrupted; that there are expanded markets available for the hydro power that would have been generated by new construction; that the world, the province, our western neighbours, our southern neighbours are thirsty for the electricity, for the power, for the energy, as is the whole world thirsty for energy, but in specific, thirsty for the energy that can be generated by hydro development.

So what we believe, Mr. Speaker, what the New Democratic party believes, is that this long delay in construction was unwarranted, it was unnecessary, more importantly it was costly to our economy, both in immediate terms and long term ramifications and that it was costly to the Hydro corporation. And that has been the meat of the debate for the past number of days, Mr. Speaker; not whether or not a western grid is feasible or not feasible; not whether or not we can make money from such a project; not whether or not that grid will be economically sound; not even whether hydro development should have proceeded in the first place, because I think we are all in agreement that hydro development is good for the province of Manitoba.

But what it is, the debate has been over the necessity of the last 30-month delay or even longer now, delay in hydro construction. Because from my perspective and from the perspective of many who have viewed the situation, history has vindicated hydro construction. History has vindicated our government's actions in hydro construction in the province of Manitoba. The real argument is over the delay, over it's necessity - was it a necessary delay; did we indeed have to have such a delay - over its appropriateness, and over its advisability?

There are many within this House and without these Chambers who condemn the Tories' refusal to reinstate construction of Limestone Generating Station. --(Interjection)-- The Minister from his seat says, why did we stop it? Well, as with any long-term construction project there is a time for reflection, there is a time for review, there is a time to reassess what you are doing. If one were not to do that, then one would be abrogating their responsibility and I think at that time there was a time to reassess it; but immediately upon seeing what impact that

was having on the economy, what impact that was having on the province and seeing that there was going to be a need for Hydro, that there was an energy crisis that was affecting Manitoba, then the construction should have been immediately reinitiated.

Mr. Speaker, we are not talking about whether or not one has to reassess, but we are talking about the conclusions that one makes from that assessment. So there are many who condemn the Minister's actions on this and this government's actions, and I stand among that group, Mr. Speaker, as I have from the very first.

One of my first official acts as an MLA was to write to the Premier of the province urging him to reinitiate the construction of Limestone. That was one of my first official pieces of correspondence and his reply was quite succinct. No immediate construction he said; as a matter of fact he said that there would be a delay and besides which he implied that I, as a new MLA, did not really understand how the economy of the province worked or how Hydro related to the economy of the province. That is what he told me in the letter.

MRS. WESTBURY: He is still doing that.

MR. COWAN: The Member for Fort Rouge says that he is still doing that and indeed he is, although I think that he has been proven wrong on more occasions than most, but that is an aside.

He said that I did not understand of what I spoke. I believed at the time that I did understand of that which I spoke; I did understand of the implications of stopping the construction; I understood the ripple effect that it would have throughout the economy; I understood what it meant to the north, in specific, because the most disastrous impact has been on northern Manitoba, Mr. Speaker; I understood that as well as I understood what it meant to the provincial economy in general.

And in the letter I suggested that unemployment would increase as a result of the stopping of the construction of the Limestone Generating Station, that there would be an increase in unemployment that could be directly attributable to the stop in the construction of the generating station. That was one point that I made in the letter.

I also forecast that skilled trades people would leave the province because there was no work available for them. Now at the time I didn't see fully what the Tories were doing to the rest of the economy, that housing starts would be down disastrously the way they are, that construction activity would be down disastrously the way it is. I didn't understand myself that so many skilled trades people would leave, but I did understand that many of them would leave specifically because of what was happening in Gillam; that they would leave Gillam and they would then leave the province, because the Winnipeg market could not soak up all of them.

So I suggested to the Minister at that time, and that was in January of 1978 I believe, I suggested to the Minister that skilled trades people would be leaving the province, forced from the province because of the actions of his government in refusing to reinitiate the construction.

So, Mr. Speaker, I also talked about the lack of work and the lack of opportunity for native northerners that would result from the stoppage in the construction and that is a point that has not been spoken about in any great detail but is worthy of comment; that an opportunity that had existed before would be taken away from them.

So, Mr. Speaker, what I said in that letter, if you want to put it all in one statement, is I said that his government by their lack of faith in the province was encouraging in others a lack of faith in our province, that their pessimism was contagious, and that they would be in fact driving many worthy and valuable skilled workers away from our province, and that is in fact what they have done. When we talk about the out-migration and when we put the figures one against the other, what we are talking about in large part is out-migration of skilled workers, the best, the most highly skilled people in our society are leaving because of that government's actions, because of their refusal to reinitiate the construction of the Limestone Generating Station. So that is a fact and we have seen that happen.

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Those are the three points that I outlined in my letter to the Premier and that in fact - I believe you will have to agree, I know that many others agree, I am not certain that those on that side have been able to see through their own ideology to agree yet, but it will sink in eventually with them - that is exactly what has happened. Our economy, and we have thrown the statistics back and forth, back and forth, but in the end we have always come to the conclusion, as have the people, as have the electorate as they will well know in the next election - as they have experienced in the last two Federal Elections - that their government and their policies, and the policy regarding Hydro Development being one of their major policies, have resulted in lacking economic opportunities for Manitobans, have forced Manitobans out of our province, the ones that are left are on unemployment and welfare largely because of their actions.

Finally, it was not a pleasant prediction for me to make in the letter, but it was that I felt I had to make, Mr. Speaker, and that was that there would be an overall economic slump, because you cannot take away the economic activity that is generated by a generating station and not expect it to ripple throughout the economy. So although that was not pleasant, it was an entirely predictable result of what they did. As night follows day, Mr. Speaker, as summer follows spring, as polar bears lick oil off of them if you put it on them, that prediction was totally obvious. Any fool could have seen what was going to happen. So I told all this to the Premier, I told all this to the Premier in that correspondence, and at the same time urged him to immediately call for the construction of the generating station, the lack of which was creating some dire economic circumstances for the province.

It has to be said that I did so for what I believed to be all the right reasons, Mr. Speaker. Truthfully, I did not expect the Minister to take me at my word. I did not expect the Premier, because of a letter that I wrote to him on official letterhead, to run out and start the construction. The Minister for one is not known for his ability to listen to reason, that was the first reason. No. 1, for some reason the First Minister seems to think that everything I say is not of worth, not of value to listen to, so I was not fooling myself in saying because I happen to write a letter to the Premier of the province that we were going to have Hydro construction, that was not the case at all. He will not listen to reason especially if that reason does not embellish his own ideology, Mr. Speaker, for there is an ideological argument at work here, and we'll discuss that a bit later. So to get back to the point, I was not confident that he would act on my recommendations alone, which I think is not pessimism, but just a truthful analysis of the scene as it was. And I was substantially correct, because he received the letter, he replied to that letter, told me I didn't know what I was talking about, and there was no construction that was initiated. So time did prove my initial suspicions to be correct. That's small solace for what has occurred, Mr. Speaker.

But, at every opportunity from then on, myself and my colleagues, and the people of this province, have urged the government to immediately re-initiate hydro construction. We have done that in these Chambers by correspondence, through the media, at every opportunity, we have taken advantage of every chance we had to urge them to bring Hydro back on stream. But it was not the New Democratic Party who was making those urgings in isolation. We were not doing so completely alone. There were a multitude of voices.

Mr. Speaker, on May 30, 1978, a Free Press article says, "Hydro work delays called a mistake. More export sales needed." And that was a comment that was made by the President of the Canadian Construction Association, so there was the private sector talking to the government. Now I know they're not going to listen to me, some backbencher in an NDP caucus, whom some of them have a particular dislike for anyway, regardless of my pleasing personality, my charm, and my irrefutable logic. --(Interjection)-- I knew that, but when the private sector tells them that they should go ahead with the construction, I expect them at least to perk up their ears and listen.

Again the private sector, it says, "Craik defends government. Hydro construction comes under fire. The provincial government's cutback in Manitoba Hydro construction came under heavy fire Thursday at a meeting of professional engineers." Now, it's not a backbencher that's telling them to start the construction, it's a

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group of professional engineers who are urging them to start the construction. And this is as far back as November 24, 1978.

At that time, in March of 1979, Mr. Speaker, the Finance Minister said Wednesday, he remains optimistic support will come after further study. In this case, we're talking about the Western Grid connection. I believe at that time they were looking at B.C., if my memory serves me correct in this, and that the Minister had said that they were looking at a four-province connection, and that the Minister said that he was confident that after that study was done, that we would have some commitment. But in the meantime, on January 29, 1979, we see "Project cuts bring layoffs." That's exactly what we said was going to happen, Mr. Speaker. People were going to start being laid off because of his government's refusal to bring Hydro back on stream. And refusal that flew in the face of all logic, that flew in the face of all reason, that flew in the face of all experience, and good advice. Not only good advice from myself, not only good advice from my colleagues, but good advice from the private sector, good advice from experts in the field. "Electricity, oil wells", Dean says, June 11, 1979. "The Dean of Engineering at the University of Manitoba said Saturday that Manitoba should hang its future prosperity on hydro-electric development. At that time, Mr. Wedepohl said the original cost of development would be high, but it would sow the seeds of prosperity for time to come." And that's a very pertinent statement. It is a very important quote, because what we are talking about is one's faith in one's future, the future of one's province, and sometimes you have to proceed a bit ahead of yourself so that you may sow the seeds of that which you intend to accomplish.

Again, the Tribune, June 11, 1979, "The provincial government should accelerate its development of hydro-electric resources to capitalize on a radically changed world energy situation, acting Manitoba Hydro Chairman Martin Wedepohl said Saturday." In the meantime, and this really embarrasses the government, Mr. Speaker, Hydro's profit, \$45.7 million, large as ever, and we'll talk about why that embarrasses the government a bit later, Mr. Speaker.

But time and time again, we see interested parties, we see knowledgeable experts, we see concerned people, politicians and private sector persons alike, urging the government to get on with it, to put Hydro back on stream. Here in Thompson, "Hydro stations get praise, U.S. counsel predicts increased purchases of Manitoba power." That's from the Free Press, June 28, 1979. "The Nelson River generating stations are a veritable gold mine, sitting in northern Manitoba's back yard, United States Counsel Michael Carpenter said yesterday."

So Mr. Speaker, everyone except for the government and a small circle of friends is suggesting, is urging, is pleading, is begging that we get on with it. They're calling for the Hydro construction to be re-initiated. But their pleadings, their urgings, their discussions, our debates, went unanswered, went unheeded. They turned a deaf ear to reason. Not the first time, and we shouldn't be surprised, but in this particular instance, the ramifications of it, the results of it, were disastrous.

And when they turned a deaf ear to reason, the universe unfolded, as many knew it would, as a number of us feared it would. There was an economic slump, and it is in some part due to their refusal to bring Hydro on stream. We've talked about that economic slump time and time again in this House, and I do not believe that they can deny the statistics as they are. The argument is just too overwhelming, the argument is too overpowering. They have failed their province. They have failed as a government, because of mistakes that they had made, such as this one that we are talking about. And in these Chambers themselves, Mr. Speaker, we have talked time and time again of the failings of that government.

And it has been further documented, statistics are one thing to talk about, and they do give you indications of what's happening on an overall picture in a broader sense, but in the north, it has been very well documented, what this government's actions have meant, because at the same time they were cutting back hydro, they were cutting back Northern Affairs, they were cutting back all sorts of employment opportunities for northerners, and they were getting a double whammy, time and time and time again, they found themselves being blocked in their efforts to build a better life for themselves because of this government's actions. And that's a fact. You only have to go to the north to talk to the people to understand that.

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We talk about out-migration here, in the province as a whole. There has been massive out-migration in northern Manitoba, massive out-migration, where you have vacancy rates in Thompson that befuddle the mind. Never had them before; you have them now under Tory government, where you have a whole community, Sundance, Manitoba, a ghost town. Nobody's there. Gillam. I was in Gillam last summer, Mr. Speaker, going door to door, and I had opportunity to talk to many of the people that were fortunate enough to be in the community because they still had a job, and I stood on their doorsteps and talked with them and watched the moving vans come out and go down to the railway station and get put on the flat cars so that they could be taken south. I watched the construction camp be disbanded and taken south. This winter I was up there, I watched them. The first thing the winter road was open they brought in the trailers and took out the trailers; they brought in the empty trailers and took out the house trailers from Gillam; they decimated that town, literally decimated it, Mr. Speaker, with their actions. Entire streets stand empty in Gillam, Manitoba, today; entire streets, there is not a building on them, not one single building; streets where families used to meet, where children used to play; streets that were full of activity a couple of years ago and now they stand empty, deserted. It's a tragic site, Mr. Speaker, and that's as a result of this government's inability to have faith in the future of this province.

And the businesses - this government said that they are the friend of the businessman. They say that they are the friend of the small businesses. You should see what's happening to the small businesses in northern Manitoba outside of a few areas. You should see what's happened in Gillam. One of their strongest supporters in Gillam had to give up one of his businesses, he had two. His second business, he had to cut back the hours. You see that throughout Gillam, reduced hours, businesses boarded up, you see that in Thompson, reduced hours; you see the negative impact that this government has had on the economy in northern Manitoba and in fact on the economy of Manitoba as a whole.

Mr. Speaker, the people in Gillam talked of despair and I'm not saying that they were totally without hope. They had one hope, they shared that hope with me. That hope, Mr. Speaker, was that the New Democratic Party would come to power as soon as is possible, the sooner the better. It's a hope which will be fulfilled, I am certain of that. --(Interjection)-- The member says don't hold my breath. Well I won't hold my breath but I will not be pleasantly surprised, or I will not be pleasantly unsurprised if we win the government the next time around. I think we will.

They talked about the actions of the Tory government and they talked about their own personal ruin because that's what the actions relate to. There is a direct correlation. The actions of the Tory government equal, and it's a formula, equal personal ruin for northerners and for many other people throughout the province. There were few good words for the Tories. There are still, I don't mean to discourage you all together, there are still a few Tories left in Gillam in Manitoba. They are getting fewer and fewer as time goes on but there are still a few who are holding out for the promises that this government were unable to deliver. --(Interjection)-- The member says what about Churchill. Well I would just direct him to the election results of the last two federal elections and if he can deal with those figures and still maintain his gleeful appearance then he is fooling himself more than I had thought, Mr. Speaker. --(Interjection)-- Yes, I have been around and talked to the people of Churchill. I have been around Churchill just a couple of months ago and talked to the people. I went door to door in that community also and they are telling me the same thing. They are telling me they dislike you. It goes beyond dislike but I'm not going to use unparliamentary terms in this House. But they are telling me they are disgusted in Churchill and it doesn't matter that the member stands up and asks the Minister what he is doing in regard to the possibility of a strike at Churchill. They still dislike you because they know down deep what you are. They see through your posturing here in the Chambers.

Mr. Speaker, we stand committed to hydro development in this province, to orderly and to systematic hydro development. I don't think it's necessary for us to say that time and time again. I think our actions have proved it. I think our actions have proved it in the past, I think our actions will prove it in the future. Why do we stand committed? Because we have faith in our province, number

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one. We have faith in our province because we believe that as people we can build our future, which brings me to the crux of the hydro debate. It is a matter of belief.

The Tories historically and presently are trapped in their ideology. They do not believe that a Crown corporation can be successful and if you should doubt that fact, if anyone should doubt that fact, they need only review their record of the past three years when they have tripped over each other as Ministers and as members of the government selling off Crown corporations. When they first came to the office we saw the onrush. We see it continue yet and it did not matter whether those Crown corporations were profitable; it did not matter whether they served a purpose, whether they are useful for employment or whether they were useful to the economy. They sold them off at firesale prices. They couldn't wait to sell off the Crown corporations because they disliked the fact that Crown corporations can be successful and if you don't have Crown corporations then you don't risk the chance of those corporations being successful.

So they sold off, Mr. Speaker, your companies and my companies because they believe that the freedom to own is a freedom that should belong only to a corporation or business or going concern. It should be restricted to an elite few; freedom for the economic elite to become even more elite, Mr. Speaker. That is what they believe and I don't believe they'll deny that. I say this not as an aside because it is quite germane to the debate. Let there be no doubt about it, I believe that if they thought they could get away with it they would try to sell Hydro. I believe that is a fact. The Member for Logan says they'd try to sell this building if they could. Well I'm not so certain of that but it wouldn't surprise me if that was the case.

If they could put Hydro into private hands, if they could take it from you and I and all Manitobans, Mr. Speaker, and put it into the private sector they would jump at that opportunity. There would be no hesitation on their part to accomplish such an action for simple mindedly they sincerely believe that public ownership is wrong and that private ownership is right and we can put it in those simplistic terms. And some may scoff at the fact; some may scoff at that allegation but I only need direct your attention to their federal counterparts and their proposals to sell off PetroCan, a similar situation, Mr. Speaker. And yet the members on the opposite side, the members of the Progressive Conservative government were not quick to jump to their feet and urge their federal counterparts not to sell off PetroCan. They did not condemn that. They congratulated their federal counterparts for doing that, for trying to return what was a public corporation to the hands of a few, to the grasp of the private sector. If the Conservative Members of Parliament, Mr. Speaker, would sell off PetroCan, one should honestly question how the Conservative members of the Legislature really feel about Hydro. I think that question is a legitimate question. I believe, and I said it before, I believe they are embarrassed by Hydro. --(Interjection)-- Certainly and the Member for Kildonan says because they are making money and that's why they're embarrassed. They're embarrassed by any success of a public corporation and Manitoba Hydro is an unqualified success. The low rates that we enjoy, not of their doing, they came as a result of the foresight of the previous government. The low rates that they enjoy, the profits that they make, their capacity to sell export power, all that embarrasses them, embarrasses the government; and so in their embarrassment they crudely attempt to discredit this success story and they go to great lengths in their efforts to do so. And that's what the Tritschler Inquiry was all about; that was their motivation, that was their hidden agenda. It was to discredit the success story of the people and province of Manitoba. It was to take from you and I the credit that we really deserved, and they gave it their best shot. They spent a lot of money on that inquiry. They spent as much money as they thought it would take to discredit Hydro, among other actions that they had taken, far too numerous to list. They have been hell-bent to discredit our Crown corporations from the moment they took office and that is a fact and Hydro does not stand immune to their attacks on Crown corporations. But as much money as they spent for the Tritschler Inquiry, it was wasted money. It was wasted money because the people of this province know better - they know better, Mr. Speaker. They believe in their Hydro because they believe in themselves - because Hydro is theirs. But a Progressive Conservative government does not appear to share that belief and that is why we have suffered this long-standing delay in construction.

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Because even if there was a delay when they came into power, which there was, they could have immediately, once they saw the impact of that delay, turned about and got construction going again.

So, while there may have been an occasion at that time to re-examine, to reflect upon the hydro development for re-evaluation - as I said before, there always is such an occasion throughout any large scale construction over a long period of time. And while that might have been the case when they came to power, there is a time for action, Mr. Speaker. There is a time also, when inaction creates its own problems. There is a time when, if you do not act, you are going to create a situation that has a tremendous negative impact on your future actions, and we have faced such a time for several years now. The delay in hydro construction is causing extreme economic dislocation throughout the north, throughout the province and that is the situation that we face today. So while we welcome the study that the Minister announced the other day, we, as well as the public, Mr. Speaker, because I think we're speaking for them in this regard, recognize it for what it is worth. We know full well its limitations.

I want to go beyond the study. I, for one, have a commitment to Hydro, to the orderly and systematic development of our water resources in this province, Mr. Speaker. I have that commitment because I believe that in the future we will need that energy desperately. I have that commitment because every indicator points to increasing energy demands, although maybe not of the level that we saw previously, nonetheless increasing energy demands, we see a public that is becoming more and more particular about what sorts of energy they want to see brought on stream. We see a public that is rejecting, in some instances, nuclear power - accepting it in others. But we see some very grave doubts about nuclear power in the future. We see a public that is rejecting our reliance on fossil fuels because we know that when one relies on fossil fuels to the extent that many have in the past, that they place themselves at the mercy of international conditions and international situations that are well out of their control - well beyond their control. And so they must be buffeted about by international conditions that are not of their own making and conditions over which they have very little control. So we see people saying let us not rely upon fossil fuels.

And, Mr. Speaker, we see people looking towards alternative forms of energy and I think that is positive; I think that we must look towards solar power; I think that we must look towards wind power; I think that we must look towards other means of supplying an energy-hungry world with the power that it needs. But at the same time, we have before us right now hydro power. We have power that is cheap, that is economical, that is efficient, that is ecologically sound, that does not despoil the environment to any significant degree, although there are certain environmental considerations that have to be taken into account before bringing on stream large-scale construction and large area flooding, that has to be done. But in the particular instance that we're dealing with now, in the development that we're dealing with now, that flooding has been accomplished, and there is very little ecological damage that would be created by reinitiating the construction immediately.

And so we can only urge the government to look towards the future, have a faith in their province, have a faith in the public corporation - the Minister says I just sold the farm - I'd invite him to ask the question or to clarify that if he'd wish to rise to his feet.

MR. CRAIK: Carry on, it's on the record.

MR. COWAN: It's on the record and it's very clear what I said on the record - that the ecological damage that has been created so far has been significant and that bringing the limestone - no, let me clarify that for the Minister of the Environment, who has had his problems in this area - that the ecological damage that will be created by bringing limestone on stream is not significant; that the flooding that has occurred, has occurred. --(Interjection)-- That is not what I said previously. I would beg to differ, that if you review the Hansard you will see that is what I said, that when you bring limestone on stream that you will not be creating the sort of conditions that you will be creating due to bringing on stream other projects. And I know full well that you're looking at other rivers, and I know full well that you're looking at other systems, and that

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there may be ecological dislocations because of that, and we reserve the right to judge those as you bring them on. But I think you'll have to agree that limestone will not create those sort of ecological dislocations that the . . . what has been done has been done, and the flooding has already been accomplished.

So that being the case, Mr. Speaker, I can only urge the government to now - I was going to say at the earliest possible moment but I don't think that's necessary because I think the earliest possible moment was years ago, at this point, but to now bring on as quickly as is possible the construction of the hydro generating stations in an orderly and systematic way, taking into consideration those items that must be considered, but also by doing so immediately, bringing on stream as quickly as possible a valuable resource for the province of Manitoba. And I can only encourage them to do that, as I have done for the past number of years, I can only urge them to do that, as I have done for the past number of years - as many in this province have done, Mr. Speaker. And I only hope that they now will see the foolishness of their actions, will see the folly of their actions, will see that what they have created in Manitoba is a monster of their own making, that need not have been, but was only because they were trapped in their own ideological closet that they could not escape, and that they will now recognize the foolishness of their ways and as soon as possible, immediately that is, go about bringing back onto stream hydro construction in northern Manitoba in an efficient, in an ecologically sound and in the most effective manner possible.

Thank you.

MR. SPEAKER: The Honourable Minister of Finance.

HON. DONALD W. CRAIK (Riel): Mr. Speaker, I don't have a lot to reply to on the Interim Supply Bill - there weren't an awful lot of questions. There were a lot of statements, a lot assertions, a lot of speeches, a lot of ramblings, a lot of heart-rending appeals for something, penitence, across the way. Whatever it is, Mr. Speaker, there aren't a lot of things to reply to. The Interim Supply Bill, of course, is intended to provide for a portion of the year's appropriations for the purposes of meeting the bills of the government between now and July, approximately, and until the regular Estimates of the House are passed. It's normally considered to be a fairly routine measure. It has in the past at some points in time, gone through without comment, but that is not the trend it has taken in the last few years. It has become sort of a second wind after the Throne Speech somewhere in between it and the Throne Speech, and the Budget, and it's taking that present tact, Mr. Speaker. There are some current problems faced by the fact that it will have to go through for purposes of meeting some of the obligations of the government quite soon.

But there are a number of things that have been said that have to be replied to, and of course it provides the latitude for that to occur. One or two, Mr. Speaker. Not too many. The last one that was before us, was where the statements of the Member for Churchill, earlier in the day, the Leader of the Opposition vented his spleen for awhile and the Member for Lac du Bonnet had some comments to make on a number of taxation issues, which of course were the legitimate forum for this type of a debate, and I think that they should be addressed. We discussed the questions raised by the Member for Lac du Bonnet in the Question Period today, and specifically the two that he was after. One was the question of the rebates to people married during the year and not at the present time able to claim two deductions for their rebates. That's something we'll have to deal with and which we'll attempt to look after during the course of the session. It is something that has arisen fairly recently and something that we would want to rectify.

The second question is the one that there has been a fair amount of assertion across the way with regard to, and that is the question of the high interest rates for mortgages, particularly on the renewal of five-year terms. Mr. Speaker, I do find some contradiction in the arguments of the members opposite. The point in question is one that I think would generally be regarded as a federal matter, and I think the members opposite would like to think that they would be able to create it into a provincial argument rather than a federal argument. I'm not sure, Mr. Speaker, what they're proposing with regard to Autopac, but I have a feeling that the Autopac ratepayers, premium payers to Autopac, who would find the reserve fund for future claims used for purposes other than for which the corporation is in-

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tended, may have a legitimate beef, if the rate reserve, Mr. Speaker, was not used to its fullest extent for which it was originally intended, and that is to provide a reserve for the purposes of automobile claims. The members opposite, Mr. Speaker, don't seem to have any difficulty coming up with magic solutions, although I notice in this case, they didn't suggest what it should be, simply, it's there, why don't you use it, we want the government to explain why it's not being used. As I say, Mr. Speaker, I'm not sure the premium payers for Autopac would take it too kindly for the fund being used for purposes which are the responsibility of the federal government.

Mr. Speaker, if the problem arising from the current interest rates and their impact on mortgage renewals being caused by the increases brought about by the federal government's indexing by whatever means they want to use, in this case going away from bank rate and going to the floating rate, that tends to index without quite as high a profile, regardless of how it's done, it's still basically a federal responsibility. We've indicated that we're quite anxious to assist them in working out some solution to it, but it may not be a short term solution, it may be a longer term solution, and is going to require an attack on the basis of it being a longer-term problem requiring a longer-term solution. But short term solutions brought about by uses of a fund that has never been designated for that purpose, using it for a purpose that is social in nature, really would ask the question as to why an attack is not taken on the problem that is in fact an attack on a social problem, created by something, not even related to that fund, but neither is it related to the local government, namely the provincial government.

So Mr. Speaker, we've indicated our willingness to look at this type of problem, in conjunction with the federal government. We have to indicate at this point in time, our extreme displeasure, our extreme disappointment in the fact that there is no serious addressing of the problem at the federal level. There is no indication whatsoever. The AHOP solution that has been suggested by the federal government is just not a proper level at which to address the problem. If they are going to speak to the problem at all, they would be better off in saying nothing than saying what they have said.

So Mr. Speaker, we're still waiting and we're still willing to assist in whatever way we can to assist them in addressing the problem. We have to urge them on with the importance of the problem as it continues to rise here and across Canada. But there is no doubt whatsoever, it has to be addressed on the federal level.

Mr. Speaker, also there was the assertion by the Member for Brandon, I'm sorry, the Leader of the Opposition, as he patted the Member for Brandon East on the back and paid tribute to the various contributions that have been made by the Member for Brandon East. He mentioned McCain Foods; he did not mention Saunders Aircraft; he mentioned another plant in the southern part of Manitoba; he did not mention what I consider the greatest debacle that ever occurred in the province of Manitoba, which was when the Member for Brandon East and the powers that were at that time, overlooked the potential of a truly science based industry in Manitoba when they gave up the opportunity of attracting General Electric to Brandon for solid state conversion equipment.

Mr. Speaker, we had a great debate in the House at that time and the members opposite seem to have a tremendously short memory. They seem to have been able to wipe out, erase all traces of grey hair and bad memories. Mr. Speaker, other people don't forget those things quite as rapidly.

I can recall over a period of a month or so when the government of the day was questioned about why General Electric was not given an opportunity to locate in Brandon, and the members of the government of the day at that time refused to reply, wouldn't even comment on it for a long time. And finally they came up with all sorts of figures, but their primary argument was that somehow the members of the opposition were attempting to, in concert with the federal government, play mischief with the government of the day. The fact of the matter is, Mr. Speaker, that the government of the day, the NDP government that was formerly in power here, were absolutely not plugged in to any economic opportunities associated with the Churchill River development, the Nelson River development, the whole field of economic development, Mr. Speaker. The Member for Brandon East was so busy knocking, rapping up with tacks, his name on signs on housing projects, he completely gave up on economic development in this province and never was it so completely

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demonstrated as it was in the case of General Electric's proposal to build a solid state converter plant in the city of Brandon. Mr. Speaker, that plant in Peterborough now employs 900 people, 900 people, and every word that was said by the opposition in that day was accurate. I have checked it out in detail, it was accurate. The steel was ordered for that plant. They were ready to go and I don't know that he was trying to cover anything up, I don't think he was, I just don't think he knew. I don't think that the Nelson River Development authority to them meant one iota. I don't think they ever realized the potential of the Nelson River Development authority in its original instance. I don't think they realized that they were on the threshold of a new technology. The GE converter plant would have had 900 jobs in Brandon right now and they were science based jobs that would have employed the people out of our universities and our technical schools that we are now trying so desperately to do.

Mr. Speaker, everyone of these things takes years to make happen. You don't do it in two years, you don't do it in four years, you do it in ten years, Mr. Speaker. And that is the case right now and the Minister of Economic Development is working night and day attempting to now rehabilitate the electronics industry in this province; and that was one of the very case examples where we could have had it established in Manitoba in a location that needs science-based industry, in a location where transportation is not the overriding factor; but also in a location that would have provided the jobs for the highly qualified people coming out of our educational institutions and they didn't know. Mr. Speaker, they didn't try and cover up anything, they just didn't know. They were absolutely plain dumb, just like they were about every other facet of administration when they were in government. They sit in opposition, Mr. Speaker, they sit and they bark and they whine and they go on and they apply the Grecian formula, Mr. Speaker, but they were incompetent in government.

They talk now about moving along with the Hydro development. Mr. Speaker, I give credit to the Member for Churchill, he said the one thing that I have never heard except tonight for the first time in the debates in this House about Hydro. He mentioned rates, Mr. Speaker. And I said, thank God, he mentioned rates. The hydro rates, Mr. Speaker, were low in Manitoba, thanks to guess who, according to his argument. Mr. Speaker, at one time Manitoba, bar none in Canada, had the lowest hydro rates in the country. Mr. Speaker, they had the highest hydro rates in the country.

Let me tell you what was said in March of 1973 to a Legislative Committee in this House, Mr. Speaker. They were asked, "what are hydro rates going to be next year or the year after or the year after that?" Mr. Speaker, that question was ruled out of order. It was hypothetical. Mr. Speaker, the next question was, "how long will it take for hydro rates to double?" The answer was, Mr. Speaker, finally cornered, "15 to 20 years." Do you know when they doubled, Mr. Speaker? Three years later. Mr. Speaker, the great charade that these people were able to pull - and it can be pulled on the people of Manitoba. Let's not try and play Machiavelli. It can be played on the people of Manitoba. You can capitalize interest charges. There's the odd person over there who knows what that means. You can forestall paying interest charges. That is a standard practise in many utilities. That is exactly what happened. Mr. Speaker, through the early 1970's the opposition at that time kept saying, you are pouring this money in, you are making these decisions, that one is unnecessary to provide for the power requirements of the province. We never argued against the development of the Nelson River, quite the opposite. My God it was created in the days of Duff Roblin and Don Stephens from Manitoba Hydro in the 60s. Nobody is talking about a philosophic argument about a Crown corporation, absolute stupidity across the way to suggest that. But they carry on like this. I guess they want to distribute those Hansards. They feel important maybe by taking duplicates and sending them out to their constituents and saying, see what I said in the Legislature. They are going to sell Hydro. They are going to sell the Legislative Building. They are going to catch the odd one like that. They're going to, I suppose, duplicate that and send it out, and they will feel important by doing it.

The hydro development was set up in the mid-1960s by a fairly critical decision of the government of the day and it went ahead. The argument was the government that last sat on this side of the House, was not that they went ahead with hydro development on the Nelson, it was the over-expenditure of funds. And

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that was what the argument was about. Mr. Speaker, if you read back on the capital supply debates, the opposition was fairly careful in what they criticized in that capital supply. There was not a vote against the hydro development per se. The argument was what you did with the funds when you sat on the government side of the House. That went on for years. There is no argument about the development of water power. The only people that argued against that were the Liberals. The Liberals in this province fought against the whole idea of the development of the Nelson River. The Member for Fort Rouge is not here now, but every Liberal that sat in this House in the last ten years --(Interjection)-- No, I'm sorry about that, after Mr. Campbell left this House, after that period of time, there was a reversion in the policy of the Liberal party. They fought against it. They said burn coal, do this, do that, nuclear, do what you're going to do, but don't go to the Nelson River.

There wasn't a difference of opinion as to the development of water power between the two different parties that are presently in this room, now, at this moment. That wasn't the argument. The argument was the amount of capital required and the government of the day decided to pull out the bulwark, throw in the money. They had no internal capability to assess what hydro was telling them. The Tritschler Inquiry Report despite your paranoia about what they did say about you or said about the things that you allowed to happen and you feel responsible on, the one thing that they did say, Mr. Speaker, that I think should be important, is that the government ought to develop an ability to be able to assess what's being proposed to it by the Crown corporation, fairly important, Mr. Speaker. There's no change. The Hydro legislation has always said that the capital supply must be approved by the Legislature. That means it is presented by the government. The capital projects always have to be approved by the government, Mr. Speaker. Export negotiations, export agreements, any agreement outside the province, historically, always had to be approved by the government. We're not even proposing anything that's dramatically different with regards to setting up the Manitoba energy authority. What we're saying is what should have been obvious to the members opposite that they should have been able to assess the proposals that were coming before them by Hydro.

But they're all hung up and they're even saying that the agreement that we're hoping to enter into with Alberta and Saskatchewan has come about because of their policies. You'd think they created water, Mr. Speaker. They didn't even build the dams, the dams aren't built yet. It's the matter of the total package of the development of the water power resources, not only of Manitoba but of western Canada, that's what it's part of. 4,000 out of 10,000 megawatts are developed, there's still 6,000 to go. It is the most sensible thing in the world if you can do it and still not have to put your rate base up too high. And he is the first member that mentioned rate base. Well, he is the first member that ever has taken any rate base concept into his head because they never took it in when they were on this side of the House. They sat in the Public Utilities Committee in 1973, in March, and allowed the people of Manitoba to be told that it would take 15 to 20 years to double rates, that is what they said, and they were doubled 36 months later. Not only that, Mr. Speaker, take in the foreign currency problems that are going to occur and haven't hit yet. I warn this House that in 1983-84, whoever sits in the Finance portfolio, who is the fiscal agent for Hydro and goes out to start doing the borrowing in 1983-84, can have the job, because it is a major problem. And these people who created that problem, who over-expended to start with, who borrowed indiscriminately in foreign markets - and I will say that, not that I have any hesitation in saying that probably a mixture is not a bad idea - but borrowed indiscriminately and continuously and dominately in those markets, are going to have to answer sooner or later to the people of Manitoba, because it is not without its problems.

The Member for Churchill stands up and reads from a paper. You know, the guy is a bit of a showman, he is also a bit of a fraud. He reads from the paper --(Interjection)-- Mr. Speaker, it is fraudulent to stand up and read a headline out of the paper saying, Hydro Shows \$45 Million Profit First Ever. Mr. Speaker, if the government Rate Stabilization Act had not been brought in last year, if the foreign debt had not been repatriated to the province of Manitoba, and if the Canadian Institute of Chartered Accountant Laws had been applied to the Utility,

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which was the direction the nation was headed at the time, it would have been \$45 million costs.

Let's just indicate the game they are trying to portray over here. They are trying to portray the fact that whatever came, the problems were non-existent. Mr. Speaker, the government last year decided that the Utility and the delivery of power to the people of Manitoba was as this government, in government, in opposition, in government, wherever it might be, was a very important benefit to the people of Manitoba. They decided to remove from the Utility the excess costs of the foreign borrowings. In the five-year rate freeze it was estimated at that time that the cost would be \$115 million. If the longer period had been taken into account, the costs would have been larger. The \$115 million period of five years did not include the impact of 1983-84, which is the year after that, Mr. Speaker.

If we had wanted to portray a picture that was difficult we could have taken a six-year rate freeze, we could have taken a ten-year rate freeze, we could have taken in the entire period of the repayment of the foreign debts, in which case the Hydro Utility would have had difficulties, Mr. Speaker, that were beyond those that were presented. So, Mr. Speaker, the attempt to stabilize the rates in Manitoba was done at some risk and it was done by repatriating the foreign debt.

The members opposite are taking the attack now, oh, well, we could have just let it go, it all would have worked out, we would have just rolled the debt over. They haven't explained what a rollover is yet. There used to be a North Atlantic song, a North Atlantic squadron I think probably they got hooked on that song and just repeat it to themselves once in a while.

Mr. Speaker, there is no shortcut to the problem. The present financial picture that Hydro is in is such that every indication is that the five-year program was a realistic one. It wasn't, Mr. Speaker, possible to undertake any long-term planning of the Utility without having gone through that. And don't think that it is any great pleasure for somebody that is involved in the financial affairs of the government to have to live with year by year absorbing those impacts of the foreign rate stabilization and also trying to bring about a reasonable budget for the province of Manitoba.

Mr. Speaker, let's just deal with the Hydro thing a little further. The members opposite all of a sudden have had their adrenalin turned on in the last few days. They have seen a potential for the development of the water resources of this province and they are trying to figure out desperately how they can twist things around to the point where somehow they created water, and their now new dedication for the next short while is to try and convince the people of the Manitoba that the NDP created water, Mr. Speaker, because that is really what the arguments boil down to.

I think that there is a reasonable chance that the province of Manitoba in concert with the other provinces in Western Canada can come up with an agreement that is in the best interests of all of us and that we can move ahead.

Mr. Speaker, the other thing that kept getting repeated over and over again, particularly by the last member to speak over here, was somehow that the government was remiss in not getting on with the Hydro project and the question seems to be more appropriately, why was it stalled in the first place? I don't think anybody wants to see trailers moved out of Gillam or Sundance or wherever, so let me simply reverse the question, Mr. Speaker. If that is the case, what is different now than was different when they stalled it? What is the difference in circumstances? Since 1977 what has the load growth been? Three percent a year, three and one-half percent a year. What was it in 1976? What has been the average since 1976? Three and one-half percent a year, three and one-half percent of 2,500 megawatts? What is it, 75 a year? What is different now? Seventy-five a year perhaps at the outside out of a 1,200 surplus? What are you going to do? What is different? Your 1,200 is reduced to 1,000, you got another 1,000 to go. What are you going to do? You are going to start them all up again, you are going to delay the interest charges by capitalizing interest charges, and you are going to go and borrow some money and capitalize and bring it on stream down here, on the gamble. That is what you are going to do, and then you are going to say, I have got all this, I am now going to go and negotiate. Who are you going to negotiate with, Mr. Speaker? This is the government in the Public Utilities Committee that as well said that it was not necessary, it wasn't appropriate to

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pursue export to the United States, it wasn't appropriate. Why? Well, it wasn't worth enough money, you couldn't get your money out of it. But now they seem to be saying differently. What are they saying, Mr. Speaker? No. 1, they stalled the Limestone Project. They stopped it in mid-1977. They keep looking over here and saying, why don't you start it. Well, what did you stop it for? Why did you stop it? Why don't you answer? Why don't you answer that question? You stopped it. Nobody else did. What's different now? Are you going to deny it? Are you going to say you didn't stop it? You're not going to deny it. Well you've got your opportunity. So you did you stop it. Okay, so you stopped it. Now, what's different now about starting it? What are you talking about? Are you fools? Are you just plain dumb, or is this why you got into trouble as a government? Because you said in March of 1973, that it would take 15 years to double power rates, and they doubled in three years. You're damn fool managers, that's why. You didn't know where you were going. You didn't have a clue. You wandered around like a bunch of guys sniffing the daisies. You were a government out of control. You were a government that really didn't know what you were up to. You were really out in left field.

Your traits across the responsibility of providing executive responsibility for government will not be lost for a long time. Sooner or later it will catch up with you. You were a pretty expensive lot to put up with mainly because you never really understood. I don't think you ever did it deliberately, you just didn't understand what was going on. You just did it. You shot first and you asked questions later. Mr. Speaker, that was the total story, and now they've got the gall and the audacity to stand up - why don't you start the Hydro, get it going? Well you know I think that's reasonable opposition to take that attack, but don't be hypocritical about it. You stopped it and you stopped it with reason. Nobody has ever criticized you for doing it. What has changed? You've had an average load growth of 3, 3-1/2, 4 percent, three to four percent range since - it's still there. You could build now and at the end you'd have that much more, but you'd have a tremendous bill again. Are you going to tell the people up until the last three years, it is not going to impact their hydro rate the same as you did before? Because that's what you told them. Are you going to kid the troops again? You could start the construction right now. Let's all admit it. You could start the construction now. You could spend money for the next four years and it would not show up on the hydro bills. I would suggest to you if you see this government starting construction next year, I hope that as opposition you'll get up and say, what is the impact going to be on the power bills in this province five years from now. That's the question you should be asking. There is nothing magical about it. I think that you probably should all be reasonably familiar with it now. But do, ask it. If this government decides that, because of the reasons it presents to the House, construction ought to start next year, do the people of Manitoba a favour, stand up and ask the government what the power rates are going to be in Manitoba when that plant comes on stream, because it's going to cost you \$1.8 billion. And the interest charges on \$1.8 billion, at the present time is getting up in the same neighbourhood as the total revenues of your utility.

I noticed that the Member for Churchill kept referring to yours and our utility. Well I'm telling you that if this government announces as a responsible opposition, stand up and ask, what is going to be the impact on the ratepayer of yours and our utility. Then you'll be doing the ratepayer a favour. And stop playing this two-bit, nickel and dime politics. You're not getting anywhere with that stuff. It's all going to come out in the wash. The people of Manitoba know now, having gone through this argument for ten years, that nobody is going to get away with it again. This government is not going to get away with it.

Mr. Speaker, that's the long and the short of it, and I would suggest that we may be addressing the wrong problems. We've got a natural resource that's a great heritage for the province. It's had its political battles. It's going to have very many more, but you're not doing the people of the province any favour by trying to get them to pay attention to the wrong item. The problem is, Mr. Speaker, in this province to use the resource in the way such that the people that are resident in this province, the people that are paying those hydro bills can end up getting and receiving economic power. The hydro utility, the electrical energy, has the greatest potential within the province, not outside, and it's not the aim of this government to address itself to somebody outside the province unless it's

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in the best interests of the people in the province. And in the long run, Mr. Speaker, you will see the electrical energy through some of the new mechanisms that are developing in the energy field, the production of hydrogen through coal and water, the use of heat pumps for ground water that's throughout most of this province, the package units that are going to develop over the next few years that allow you to multiply the efficiency of your hydro by factors of three to one as a result of that, all of these things will happen over a period of time. There will come a time, Mr. Speaker, where the space heating problems of Manitoba will be addressed much more efficiently, much more effectively through the greater and better and more efficient use of the hydro electric resource. That will all come. It will come at a time, Mr. Speaker, when most of us won't be in this Legislature, but it will come.

In the meantime we've got a program. The program is to try and provide a sequence of construction in the hydro developments of this province, the Nelson, the Churchill River, that does not go through the jarring stops and starts that it's gone through in the last three years. The target, Mr. Speaker, of this government is to try and lay out a construction program that will have a continuity to it. To integrate what we're doing in Manitoba with the power requirements that we can identify outside and tap those markets, and tap them effectively to protect the Manitoba ratepayer, provide construction continuity so we don't have to close down at Sundance, so we don't have to cause a slow down at Gillam, so we don't have to cause the stops and starts. There is an average of over 1,000 jobs a year direct, multi-thousand if you use the multiplier effect, from those projects. They are the best investment that can possibly be made, Mr. Speaker. That is the entire objective of this government, to try and space that out so between now and the year 2007, with responsible government in that period of time, whoever they are, they can look forward to a staging of these things in a logical, sequential manner, and there is no reason why that can't be done with a bit of planning. And that is the entire objective. It's got very little to do with what the nonsense is that's going on back and forth across this House.

We may not be successful but, Mr. Speaker, we are addressing ourselves to the problem and I have a hunch that we are probably going to make it. In the meantime, we've got a valuable resource that's going to forever be an asset in this province, regardless of who does it. At some point in time, it's going to happen. But I think it's going to happen, Mr. Speaker, initially under a demonstrated approach that can go to the people of Manitoba and say, this is what it's going to do for you, Mr. Speaker. We're not going to go to the people of Manitoba and say to them, I think your power rates will double in 15 years, Mr. Speaker, and see them double in three years. That is what it's all about, the husbandry of the resource. This government is addressing itself to the needs of the people and not to this nonsense that we're getting from the members of the House across the way.

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

MR. SAUL CHERNIACK: Thank you, Mr. Speaker. It was interesting to listen to the variations in pitch and tone and conduct of the First Minister as he spoke. He ended on such a statesman like note to indicate that governments will proceed to do that which is good in planning and I believe that's true. I think governments will do their best. I'm glad that he accepted the challenge and the demand from this side that Hydro proceed to plan towards the development of the resources of Manitoba, the hydro resources, and work at them, rather than the approach taken by the current government over the last number of years of stopping everything, not only stopping the advancement of hydro electric energy and production, but also the economy of the province.

But, Mr. Speaker, I was not lulled by his statesman like conclusion to forget that you can always count on the First Minister to lower the level of debate. And when he's absent you can count on his Lieutenant, his Deputy leader, to do his best to lower level of debate.

Mr. Speaker, the word fraud, fraudulent, comes so easily off the tongue of the Minister of Finance. The word damn fool managers is part of his language, part of his personality obviously, and that is why he succeeds so well in lowering the level of debate. Mr. Speaker, when he talks about two-bit, nickel and dime

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politics, we'll talk about two-bits as being important to people, and we'll talk about nickels and dimes not being something that this Minister can throw around as being unimportant, because we'll talk about the economics within this province and this Minister and his parties of tearing down, dragging down the economy of this province by their bad approaches to the restraint measures which they brought in.

But there are a few other things I would like to comment on. I must say, Mr. Speaker, we heard him fight again the election campaign of 1977. We are not here fighting the election campaign of 1977. Unlike his ministry in 1969, we accepted the decision of the electorate in 1977, we formed the opposition. We did not fight to retain government such as this Minister's government did in 1969. But, Mr. Speaker, we are fighting the next election, not the last election. And we are fighting it on the basis of this government's history and this government's failures, and not those that they alleged happened in 1977. Let him not think that the people of Manitoba are prepared to listen to 1977 campaigning.

He mentioned the Tritschler Report, just in passing, Mr. Speaker. I recall, and I don't have it before me, but when the Tritschler Report was announced this Minister, this Hydro Minister, criticized the Tritschler Report. Whether he did it on TV or to the press, I don't recall, but let him deny if he will that he said that the Tritschler Report was not adequate. Had he written the Tritschler Report, he would have attacked the New Democratic government rather than Hydro. That was his approach, and that's of course why he appointed the Tritschler Report. He expected more from it than he got, and what he got he is now mouthing with great glee.

Mr. Speaker, this afternoon he talked about this government having to correct the legislation that was passed by the NDP dealing with tax credits. The one fear I've always had is that this government, this Conservative government, would destroy the tax credit plan completely without a proper assessment of where it's going. And when he says that it's necessary for them to correct an error in legislation, let us recall that legislation served the people of Manitoba well over - what was it - eight years or so. And now apparently there was some lawyer in the Department of National Revenue that had an interpretation that questioned it. This Minister should have corrected it immediately instead of making speeches about it. But you talk about bad management, Mr. Speaker, in 1969 when I assumed the portfolio now held by the Minister of Finance, I had two important jobs to do. One was to deal with a Deutschmark loan which came due, placed by the Conservative government of which the present Minister of Finance was a member, and I had to deal with that loan at a time when the exchange rate was adverse to Canada and I had somehow to cope with the fact that a deal had been made which came due and which had to be dealt with. And I coped with it; I know I didn't cry; I know I didn't complain; I know I didn't accuse; I accepted it as being a problem in government.

But the one thing that we were left with, the second task I had to deal with, was to pass the Estimates of government, the government of which the Minister of Finance was a member, the treasury bench in which he formed part, left the Estimates lying undealt with, left a great deal of legislation lying around and ran to the electorate to have an election, because the first Minister at the time thought, boy I'm going to win, so I might as well do it - just dump the whole business of government right in the middle and start an election campaign. You call that management? And when that Minister of Finance talks about damn fool managers, I'm only quoting him, but I won't quote him in terms of relating it to the management that he was part of in 1969, and yet he was.

Mr. Speaker, he talks about the economy and the interest rates being a problem, but not his problem - no, no, a federal problem. The provincial government does not accept responsibility for it. He is disappointed that there is no serious addressing of the problem by the federal government. Ad hoc is not a solution, quite right. And this Minister says, we are waiting, we are ready to assist. Mr. Speaker, there is a serious problem today. If one looks at the government benches and sees that three people are present while we're discussing this issue, one can recognize the extent to which they consider this an important matter.

A MEMBER: We're talking about 30 percent of construction.

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MR. CHERNIAK: Yes, interim supply deals with 30 percent of the entire budget and we have chosen, Mr. Speaker, to address the question mainly of interest rates of the economy and have done so today. The management of that government is such that if we exercised our right, as we can and has been done in the past by Conservatives, the bills of the province would not be paid when due and the salaries to civil servants would not be paid because of the bad management within this House.

Mr. Speaker, they brought in interim supply, which they could have brought in a month ago, and they brought it in with only days before the deadline was due, and when it came to questions to be asked - I don't know where the Minister of Finance was, but he left it to, I guess he's the Chairman of Treasury Board, or President of the Treasury Board - to introduce the Interim Supply Bill, and when we came to Ways and Means, I recall I asked a simple question. I don't blame the Minister of Natural Resources for not knowing the answer, but even the staff wasn't present to assist him at the time.

You may recall, Mr. Deputy Speaker, that you were seated in the Chair as Chairman of the Committee of Ways and Means, that after waiting a while and not seeing anything develop, I suggested that we just go ahead and pass it. I didn't want to embarrass the Minister of Natural Resources, but the fact is, when you bring in legislation dealing with 30 percent of the Estimates, you should be treating it seriously. You should allow enough time for it and you should be prepared to answer questions. I tell the Honourable Minister of Natural Resources, who is in the Chamber, that there are some questions I want to ask about the legislation itself, which I will do in Committee of the Whole, and I would expect that he will be familiar with the legislation that's being presented, or make sure that some Minister present in the House is, so that we can deal with the various sections and the import of them.

Just again, in passing - the Minister of Finance has left the Chamber, so I can't answer him directly, but to me it was very clear when the Member for Lac du Bonnet talked about the use of MPIC reserves, it was absolutely clear to me that he was talking about the fact that the reserves of MPIC, which are substantial, and I'm taking a figure almost out of the air - I am under the impression it is something like \$30 million, in excess of that - that that kind of money could well be used to finance a program of interest rates charged to people now hit by the high interest rates at a time when they must renew their mortgages on their homes, that those funds could be used in order to put money into the market at a rate which would be feasible, not that it should lose money, but that would be a mechanism to be used. The Minister of Finance didn't seem to understand at all what the point was, and I think probably he had to listen to it, but not having listened to it, he should not have spoken on it.

Mr. Speaker, we've gone through the farce - I didn't say fraud, but it was a farce when - I think it was I, Mr. Speaker, yes, according to the press report - I asked the first Minister what they were doing about the increasing interest rates and the impact of these increasing interest rates on those people whose mortgages had come due on their own homes and were faced with the need to renew their mortgages at a very high rate. And the first Minister said, well here's the newspaper report saying, "The Manitoba Housing and Renewal Corporation is investigating a new British Columbia plan to subsidise home mortgage interest rates, and Premier Sterling Lyon revealed the government's interest in this scheme during the question period."

It sounded good, Mr. Speaker, except that we knew that it was a very limited plan designed mainly to encourage the construction industry in British Columbia - at least they care about the construction industry there, unlike the present government does in Manitoba - and to encourage the supply and the use of lumber that is an important part of B.C. But it took not long - it took just a few days later for the Minister responsible for MHRC to deny that they were currently studying it. Oh, he said, we've already studied it. We've rejected it. It's not something that we think would apply to Manitoba. It was the first Minister apparently who didn't know that the Minister for Economic Affairs had already rejected that plan and said, well he's studying it, or he knew and thought that he would fuzz the issue, but the Minister for MHRC admitted that they were not studying it. And this is part of what I think is the government's irresponsibility in not dealing with the problem, which it is, too - is affected not only federally

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but internationally - it's a big, serious problem and the answer of this government is to shrug its shoulders and say well, it's not our responsibility.

The fact is, Manitobans are in trouble, Mr. Speaker - true, others are - but for this government to say we're waiting for the federal people to do something and we will assist, is denying its own responsibilities. And when the government is being asked about tenants - you know, Mr. Speaker, I had occasion just the other day to deal with the fact that the Minister for Consumer Affairs has tried on more than one occasion, and you, Mr. Speaker, in your partisan days tried on this side of the House to mislead by quoting only part of what I had to say about home ownership. And I had to point out to you then, as I say, in your partisan days, Mr. Speaker and to the Minister of Consumer Affairs, who used the same quotation, that they were not using the entire quotation, that they were knowingly, I believe, misleading those whom they were addressing about my attitude. But now what is their attitude to tenants and to home owners?

As far as homeowners are concerned, the first Minister says well, MHRC is studying it. Then we learn MHRC is not studying it, because it looked at the B.C. plan and dropped it. Now we start talking to him - what are you doing about tenants who are affected by the owners of the apartment buildings having high interest rates imposed on them? And the government shrugs its shoulders and says, well, there's a shortage of apartment units, therefore we don't even have to worry about rent control. And when he is reported in the newspaper as considering subsidising rents if tenants need help after controls expire, he has today stood up and denied that - he said, no we're not considering that at all. So we find they will not do anything about interest rates as far as the provincial government is concerned. They will not control rents - they made that rather clear. They will not bring in rents control. They will not attempt to subsidise rents. I don't know how he got away from it by saying that he has refused to say that they're considering subsidising rents when he is quoted as talking about the safer program as applying to tenants beyond that of elderly renters, but I'm quite sure that today he said that they're not proceeding with that.

In fact, Mr. Speaker, they're doing nothing, and that is the record of this government. The positive things they did was to fire civil servants, was to impose restraints, was to deny people the opportunity to take advantage of services that government should be involved in. They did everything necessary to pass on to users, fees that are exorbitant. They did everything necessary to sluff-off the responsibility of raising funds and paying funds on the basis of progressive taxation, and forcing other governments into regressive taxation, such as the property tax, such as tuition fees, such as a whole gamut of wrong, reactionary types of tax legislation - those are the positive things they did. They took steps. But when it came to dealing with problems, they're not here. Why? Because they believe that the market system, free enterprise will work out the problems.

And we see what happened Mr. Speaker. We see that the Conservatives, who screamed about increasing interest rates during the Liberal regime - of what was it, seven, eight months ago? - then were participants - I would say authors, because I think the Bank of Canada reacts to government - were the participants in unheard of increases in interest rates while they were in government. We saw the Liberals say, we would never have permitted that to happen --(Interjection)-- Pardon? Who resigned? He would resign. I see. The Minister Without Portfolio has helped me by saying that the Minister said he would resign, but the fact is, the Liberals campaigned on high interest rates. What do they do? They get off the hook. They say the free market will determine this for us. What is the result? This free market - this Conservative standard bearer of all that is good for the economy, all that is good for the people - let the market determine, don't interfere, let things happen, let us encourage private enterprise to work - well, all that encouragement Mr. Speaker, has resulted in what? It has resulted in higher and higher interest rates, a lack of control by the federal government and by the provincial government. We find the Liberals and Conservatives both in the trap of dogmatically accepting the concept of the free enterprise system working things out for them, and we're in trouble, Mr. Speaker. We're in such serious trouble, that I don't think that it is nickel and dime politics at all. I think that we are, all of us, all of us on this continent, not prepared to face up to what is a dangerous situation. And that is doom and gloom Mr. Speaker, and I can

see problems. I can see that people are over-extended. They owe too much money. They're living beyond their means.

I'm afraid I've said this before; I said it when I was on the other side of the House. Somehow I got involved in debating coloured toothbrushes. Do you remember that, Mr. Speaker? I was debating the need for coloured toothbrushes. The Minister for Economic Affairs was irate at the thought that he might confuse his toothbrush for another one that's hanging on his toothbrush holder, because he was afraid that there might be confusion. But it's true, I did make speeches about our consumer society that has been going into coloured bathtubs and into all sorts of things that I think are not necessary, all of it creating more and more cost.

So I am saying that we are in serious trouble, and I'm looking to this government, not for leadership, I've given that up. Not for planning, I've given up. But at least to show a semblance of interest in the problem to the extent that we could have a Minister of Finance stand up and say, I am concerned, I am making suggestions, I am talking to the feds. But that's not what he said. He said, we are disappointed, we are waiting, we are ready to assist.

Mr. Speaker, there are a number of suggestions I have heard, some good, some bad, some I don't know, I've heard the Member for Lac du Bonnet make some suggestions, I have heard other suggestions. For example, Mr. Speaker, I read from Harry Mardon, - there's a great economist who contributes of his brilliant knowledge to the readers of the Tribune, or those who want to read him, and I usually do. He speaks here, and now he's quoting, he's talking about Mayor Norrie wanting tax-free interest, the system prevalent in the United States where municipalities can issue bonds and debentures with the interest earnings being tax-free in the hands of the holders. I think that's a bad idea, Mr. Speaker. I don't agree with it. I think it will create a greater disparity between the rich and the poor. But, Mr. Speaker, I'd like to see that discussed in this House. I'd like to see the government take an interest in proposals, even though I don't agree with this, I'd like to discuss it. When do you discuss it, Mr. Speaker? You don't discuss it because the government doesn't choose to, because the government won't act.

For example, Mr. Speaker, February 15, 1979, was a memorable day for all of us. It was the opening of the Legislature in 1979. And when we all listened to the Throne Speech being read so admirably by our Lieutenant Governor, and he read to us, 1979, February 15th, I quote: "I am informed that my government, which began a review of the effectiveness of property tax and cost-of-living tax rebate programs during the past year, has expanded examination to take into account the implications of recently announced federal government rebate programs." Over a year ago. And Mr. Speaker, we were back here on February 21, 1980, a similar occasion, the reading of the Throne Speech. What did we read? "During this session as well, my government intends to present to the House the results of its review of the provincial cost-of-living and property tax credit programs." Mr. Speaker, we have been promised these reviews ever since the Minister of Finance, I think sitting in the seat I am now occupying said, we will wipe out the property tax credit program as soon as we can, and I think he said, within a year, but, we will change the educational tax system and we will get rid of that. They haven't dared get rid of it, they haven't dared do anything about the educational system except to create more and more hardships so that the property taxpayer has to pay higher and higher taxes in a regressive tax manner. That is the record of this government which is so proud and so happy to attack its predecessor.

We have here the Minister for Urban Affairs with us, Mr. Speaker, and I point out to him that nothing has been done by the Government of Manitoba to assist the city of Winnipeg taxpayer. It created block grants, it has denied the city of Winnipeg the opportunity to participate in progressive taxation, as I understand it and as I recall it from press reports, there have been requests by the city of Winnipeg that they have access to various forms of progressive taxation. And the Minister of Urban Affairs sits back and on one occasion, actually took credit for the little bit of progressive taxation that the NDP government made possible, made available to the municipalities. We brought in the legislation that gave 2 or 2.2 percent tax of the income tax proceeds directly to the municipalities so that they would participate. And the Minister of Urban Affairs took credit, he did take credit. Included in the amounts that we are giving - we are giving - we are handing out, handing over, I think he used that expression, to the municipalities, is

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certain moneys which turned out to be moneys which he could not keep from the municipalities.

And to the same extent, the Minister of Education, who is, I believe, in his shoulder-shrugging manner, saying, it's not my burden, let the school boards fight about it, imposing higher regressive property taxes on the people.

Mr. Speaker, we find that the interest rates are going up, now they're floating free, up and up, without any effort of control by the Liberals in Ottawa, or by the Conservatives. And I have not seen anything of any decent help from the provincial government, Conservatives, nor any other Conservative party. I would like to suggest that there be a clear approach made, and this government can do something about interest rates in the province. It can do something. For example, I had suggested that there be consideration given to the old system of freezing foreclosures on residential owner-occupied properties, and an imposed payment to be made, which took into account the burden on the taxpayer. As a matter of fact, I interrupt myself, Fred Cleverley, who I think has the ear of, or is the ear to the first Minister and other members of the government, has written recently saying, why, Sterling Lyon may well bring in that kind of legislation, that adjustment legislation, that I had mentioned. Well, let's discuss it, that is an approach. Another approach could be a subsidy of interest rates which would be easy, Mr. Speaker, as a demand by the Minister of Finance of the Manitoba government to the federal people to do something.

I have not seen him demand something like, say, freeze interest rates, or impose a ceiling on interest rates on owner-occupied homes. Why, that's the government that says they believe in that. So what they're saying is, well, Clark promised to do something and campaigned on it, and now you NDPers fired Clark. Let's get that clear. The Conservative federal government defeated itself by block-headedly going ahead with a program which they knew was not acceptable to the majority of the people in parliament and to the majority of the people out of parliament. They went ahead with it, regardless of the fact that they knew that they were operating with a minority and they then say, others defeated us. If ever I saw a government defeat itself, it was that Conservative government.

Mr. Speaker, at the time that interest rates are rising and rising, the banks are making more and more money, and it's imposed on them, they can't help it, they're forced to raise interest rates. At the same time, their taxation is not keeping apace at all with the increase in their profits. The banks have had increases in interest, well in the three months ending January 31, 1979, the big five chartered banks reported total operating profits of \$338 million, and they paid only \$68 million, an effective rate of about 20 percent. Now there, I understand that in manufacturing, the effective rate is about 30 percent. In service firms, it's about 35 percent. The federal governments, both Liberal and Conservative, have played ball with the banking industry, with other corporate industries, and permitted them to have tax write-offs so that they are not paying their fair share in taxation. At the same time, they are permitting them to deal with higher interest rates, higher profits coming back to them, and there is no effort of control.

That is the way Conservatives operate. They shrug their shoulders, they reduce their support, they cut services, they impose costs on other people and other forms of government, and they end up by doing nothing whatsoever to help the economy revive itself. And the result is that Manitoba has gone down from where it stood in 1977, prior to that it has gone down to the stage where it is amongst the level of the lower income provinces of Canada. And that is not a deliberate policy of this government, I couldn't accuse them of that, it is the result of a deliberate policy of this government, and one which we all share in. We all suffer from the fact that this government, in its blind way, has proceeded to damage the economy of the province and it will not be easy to bring it back to a decent level.

Mr. Speaker, it is a painful thing, really, the opposition gets some pleasure of course out of watching the mistakes and the fumbling and the arrogance of the government, because that will help us during the next election. But it is painful for people I meet, and I assume you meet, and others meet, who are not really part of the political partisan life of Manitoba, who see suffering of the economy in this province that is painful. It is painful to them and to any of us it must be painful. I would think to members of government it must be a painful thing, to

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see that there is an impact on the lives of people, that there is a hardship imposed on them and the painful thing must be that they are not doing anything about it because they don't know how to proceed, Mr. Speaker. Because they are blindly following a philosophy which prevents them from participating in the marketplace in order to assist the improvement in the economy of the province. And that is really what I consider to be the fault of the government and the blindness of the government. And I would like to think, and I am very pessimistic about that, Mr. Speaker, that they would rethink their course and not follow their dogmatic and arrogant way. And they are arrogant in assuming that all they do is correct.

Now the one person I cannot believe is the person who just said from the other side, "we will". Firstly, I don't believe they will, secondly the fact that he says it makes me feel that they won't. So I am still stuck with the problem of trying to get through to the government to accept the problem that is before us as being their problem. Not that they have to stand up and say, mea culpa, we are guilty, but . . .

MR. SPEAKER: Order please. The hour is 10:00 o'clock. The honourable member has eight minutes left. The hour being 10:00 o'clock, the House is accordingly adjourned and stands . . . Before we adjourn, the Honourable Member for Gladstone.

#### COMMITTEE CHANGES

MR. JAMES R. FERGUSON: Yes, Mr. Speaker, by leave, I have some changes to committees. Public Works, Galbraith for Minaker, Kovnats for Price; Industrial Relations, Filmon for Orchard; Economic Development, Filmon for Gourlay; Rules, Mr. Steen will stay on the committee; Public Accounts, McKenzie for Cosens, and Domino for Filmon.

MR. SPEAKER: Are those changes agreeable to the House? (Agreed)

The hour being 10:00 o'clock, the House is accordingly adjourned and stands adjourned until 2:30 tomorrow afternoon. (Tuesday)