

# LEGISLATIVE ASSEMBLY OF MANITOBA

Thursday, 13 May, 1982

Time — 8:00 p.m.

## BUDGET DEBATE

**MR. DEPUTY SPEAKER, Jerry T. Storie (Flin Flon):** The Member for Brandon West.

**MR. HENRY N. CARROLL (Brandon West):** Mr. Speaker, I am pleased to be able to participate in the Budget Debate. You know, it's not often that a backbencher on the government side gets a chance to say something and I am going to make the most of it. Unlike members on both sides of the House though, I don't feel that it is really necessary to speak unless I have something to say.

There was a bit of a resolution on that particular point earlier this week that I felt I should speak on and yet I procrastinated and didn't. There was a fine resolution that the side opposite put forward on the Peace Garden. By a coincidence, I had been out in the Peace Garden last Saturday and I happened to agree with the many wonderful things that the members opposite said about it. In fact, I drove out there and had a guided tour by one of the directors, a chappie by the name of Morris McGregor. Aside from him taking me down one trail in the wrong direction, it gave me an opportunity to see some of the most lovely scenery — (Interjection) — We followed each other and I think he was trying to get my car. In any case, they took me to the pavilion where the local ladies had put on a luncheon. I go to a fair number of luncheons, Mr. Speaker, but it has been one long time since I've had a choice of chicken, ham, beef, seven salads, and more desserts than I have ever seen. Those ladies can cook and the presentation was magnificent.

What they indicated to me is that they would like me to say a couple of words after the lunch and I was prepared to make my usual speech on how good the food was and how glad I was to be there, but before calling me up, they called the Lieutenant-Governor of North Dakota up. I know it is going to be a little bit difficult for many of you, but in terms of a speaker, he is a nice Sterling Lyon and he spoke for half-an-hour and the words just flowed off his tongue. The man should be a poet. After his half-hour speech, I get up and I have an act to follow the likes of which you have never seen. Thank God, no one heard me because they were still clapping from the first speaker.

Mr. Speaker, I am happy to say that I endorse all those wonderful things that were said about the Peace Garden. Now, I can get back to the Budget. I just thought I'd throw that in when the opportunity arose.

The purpose of the Budget Debate and any debate, I've been told, is that I should be here trying to convince the members of the side opposite of the rightness of the Budget and how errant they are in their approach. — (Interjection) — Absolutely right, I would think it's a hopeless case. You know, you can't convince anyone who is not prepared to be convinced.

I read a wonderful story just very, very recently that sweet reason sometimes can prevail, but most often doesn't. This is an example of where it doesn't and it reminds me so very much of the members opposite.

Apparently, there was a gentleman, very very intelligent, very very broadminded, reminded me of most members on this side of the House and he had one bit of a delusion. He had the delusion that he was dead. His family was terribly upset because it was ruining his whole life. So, what did they do? They took him to a psychiatrist and the psychiatrist says to him, "Do dead men eat?" And the fellow thought for a minute and he says, "Well, in China, they used to put food in the tombs of people, so maybe dead men eat." The psychiatrist says, "Well, do dead men talk?" The guy thought for a minute and he said, "Well, Harry Houdini, when they buried him, they put a telephone into his coffin with him, so maybe dead men talk." Then the psychiatrist says, "Well, do dead men walk?" The guy thought for a minute and he said, "Well, you've all heard about the haunted houses in England; obviously somebody must be walking, so maybe dead men walk." Well, by this time, the psychiatrist is getting just a little bit disconcerted and he says, "Well, do dead men bleed?" And the man stops and he thinks and he stops and he thinks and he says, "No. Mr. Psychiatrist, dead men don't bleed." Well, the psychiatrist whips out his pocket knife, goes up to the man, puts a cut in his arm and blood flows all over the place. The man looks at that and he says — just like the members opposite would say — "Well, maybe dead men do bleed."

So much for sweet reason; I don't think we'll ever have them convinced. — (Interjection) — It takes a while, doesn't it? We all have to relate budgets just as we have to relate everything else to our own personal private situations. I tend to relate most things to the community of Brandon. That's the community I know best; it's home. It's the area that I represent. I tend to think of Brandon as a microcosm of the whole economy. It's small enough so that all of us can see what's going on, we can know what's going on and yet it's large enough that there aren't many activities of any nature that don't go on in Brandon. I would like to give an example of how I have a feeling for Brandon. Brandon is a small town, 35,000 to 38,000 people, made up of small businesspeople, retired farmers, people who believe in the virtues of hard work when there's work available.

I would like to give a bit of my own background in relating this. When I started practising law in Brandon, I had many young men come to see me in my practice and I assisted them. I would prepare leases and documents of this type when they went into business. As time went on and their businesses flourished, they would come to me a few years later and want to incorporate a small company basically with the husband and the wife; this was the type of practice that I dealt with. A year or two later — they all worked hard and times weren't bad — they would come and they were buying their premises and I would do some more work for them. Then they would be hiring more employees and there were more agreements. I grew up with an awful lot of bright young business people in the City of Brandon. We all did well. These are the same people that I know as clients, friends, and constituents. I think one of them has even voted NDP on occasion, but they

are very close to me and I talk to them on a regular basis. I spoke to a number of them last night. I discussed the Budget with them. I discovered that, Mr. Speaker, they weren't saying very much about the Budget. They indicated to me that people only talk about things when they're complaining. They had too many other things to complain about. Yes, I went home last night and I —(Interjection)— No, the ones that didn't, they are the fine backbone of our economy and sometime sweet reason may persuade them. —(Interjection)— A lot of them are, a lot of them are. But their concern now is their survival; they are in dire straits. No, Mr. Speaker, when I walk down Rosser Avenue in Brandon and I see an empty store, I know whose store it was and I know whose in business. As I was driving home last night, on the car radio there's a certain store saying, "Closing Out Sale, Buy before May 29th, when we are closing out," and, Mr. Speaker, that bothers me. I know the store owner, I know the landlord, I know what the situation is and I know the three employees. Things do happen, these things do bother me, Mr. Speaker, and what can we do about it? While we sit . . .

**MR. HARRY ENNS (Lakeside):** Meet your campaign promises, that is all you have to do. Just believe what Howard said.

**MR. CARROLL:** Campaign promises are very much like what George Bernard Shaw said about Christianity, it's a pity no one's ever tried it.

Well, the people that I talked to indicated to me that the 1.5 percent levy to cover health care and school taxes was going to hurt them. The first man I talked to said, he is drawing about \$20,000 a year from the company that he owns and he estimated that it was going to cost him about \$300 on his own salary alone. Then, I indicated to him, well, what about the sales tax, what effect would that have? He said, if an increase in sales tax would have cost me three sales, just three sales, the sales tax would hurt me more than this 1.5 percent levy and this was the tenure of the comments that I got when I canvassed the business people in Brandon. They are not happy with a 1.5 percent levy, but they would be far more unhappy with an increased sales tax.

I was listening with a great deal of interest this afternoon when my learned friend from across the House, the Member for Arthur, was suggesting that perhaps we're not entering a depression, perhaps a recession, perhaps we are in a depression and you know, Mr. Speaker, he's not going to get an awful lot of argument from me. I do go out, I know what's happening out there and in that respect, Mr. Downey or the Member for Arthur is not far off.

I picked up the newspaper and Braniff Airlines in the United States has just gone into bankruptcy either today or yesterday, the \$1 billion worth of debt. Braniff Airlines in bankruptcy; a number of months ago, we had Freddie Laker and his crew out of Britain went into bankruptcy. We have Massey-Ferguson always on the verge; it's funny, Mr. Speaker, that one bothers me more than anything else.

I was raised on a farm and for awhile, my dad was one of these strange people that only had Massey products, Massey-Harris products on the field. We

had an old Massey-Harris 101 and then things went big, we got a 102. I wished we would have kept them; I think they're collector's items today. Yet, it's part of our western heritage and when I see a company like Massey in deep trouble, when I see International Harvester in deep trouble, these are things that tell me that we are in deep trouble.

I talk now about things on a big level, Braniff and Massey-Ferguson, but let's go back to what I know best; that's my own community. I'd like to talk about Brandon again. The consensus in Brandon is that we may not have a lot of bankruptcies yet. We hope we won't have too many more but that everyone, everyone without exception is hurting. Mr. Speaker, I would like to suggest that this pain and this suffering is not caused by the present administration. I am going to suggest that four years of a Tory regime so weakened our resistance that when the world economy has turned sour, we have a head start in going downhill. But to be fair to my friends opposite, the Federal Government has had some small share in causing our problems.

A couple of fellows named Trudeau and Bouey, I refer to them in my own mind as Edgar Bergen and his dummy, Charlie McCarthy — take your choice as to which one is the dummy, it changes from day to day. —(Interjection)— Louis XIV, I like that. These two dummies, if we want to call them both that, held steady for some five years to a tight-money, high interest-rate policy. The more it doesn't work, the more they apply it. They remind me of the medieval doctors. If a patient was sick they would bleed him, if he didn't get better they bled him some more, if he got desperate they bled him until he died. I think that is what Ottawa is trying to do.

Mr. Speaker, if this policy of high interest rates is not changed soon, we will be back to the days of the Bennett buggy. You remember the Bennett buggy, they took out the motors of the old cars, they hitched their horses up to them and people drove around in their Bennett buggies. I was trying to be clever and I thought perhaps we would have Bouey buggies, but you know how serious times are and times have changed so very very much that there aren't any horses around to pull these Bouey buggies. Being very clever and being very intelligent, I thought of a source of supply. Ottawa has an unlimited supply of that portion of the horse that is best seen from the buggy. We'll just hitch some of these Ottawa horses and we are back in business. —(Interjection)— Do you want me to speak more often? —(Interjection)— Mr. Speaker, that scares me more than anything else that has been said in a long time.

Mr. Speaker, we have a deficit this year of some \$300-odd million. I feel like what's a million how —(Interjection)— well, Mr. Speaker, my personal feeling is the way the economic climate is today, we can't afford not to have a deficit. If we look at what is happening in the United States, talking about Reaganomics where all they talk about is a balanced Budget, now let's talk about Mr. Reagan and his very good friend, the Leader of the Opposition. I wish he were here. —(Interjection)— Yes, they both did talk about balanced Budgets.

Here is what Reaganomics plans — this is what Mr. Reagan has suggested. He said we will cut taxes; we

will increase our defence spending by multi-multi-billions and then the man is sitting sucking his thumb wondering why the Budget doesn't balance. It sounds like Sterling Lyon. —(Interjection)— I have been an honorary member of that regiment for a lot of years. Mr. Speaker, now is the time for government to spend money to get the economy moving. Now is the time for things to get going.

Mr. Speaker, there has been an age-old economic mystery and I am going to pull it out again and discuss it again at this time. It's the mystery that no economist has ever been able to explain to me and that's how come the only way out of depressions is to have a war. That happened in '39; it happened in 1951-52 again, pulled America out of the recession with the Korean War. Here, we have situations where there is no money. Half of the United States is on the dole; the world is coming to an end. A war takes place and all of a sudden everybody is working, everybody is rich. The only answer that I can come out of it is that on occasion, the spending of money does more good than not to spend it and I would rather spend the money on constructive projects, on projects of peace and projects to do benefit to the citizens rather than on airplanes, missiles and all those horrible instruments of war. If spending can improve our economy, then I think now is the time to spend.

You know, everyone is reviling John Maynard Keynes. They are saying that his policies were all wrong. Well, I'm not entirely unrepentant. Much of what happened and much of what was suggested by Mr. Keynes, the errors and the problems were that people were spending too much when times were good and people should be spending when times are bad and governments should be spending when times are bad. Now, is the time for us to be spending. —(Interjection)— Well, he might find one over here.

I listened with a bit of amazement at the speech by the Honourable Leader of the Opposition when he discussed the Budget. Mr. Speaker, either he doesn't believe what he is saying and he is a superb actor or he does believe in what he's saying and the play becomes a tragedy. The Honourable Leader of the Opposition cannot cope with the fact that there are ideas beyond the scope of his limited imagination. All his preparations and his speeches, I am sure, were to condemn us for an increase in the sales tax and when we were intelligent enough to bring in a Budget that precluded the sales tax, he's in a state of shock and all he does is yell. Like the old story, Mr. Speaker, the weaker the argument, the louder the yelling and the Honourable Leader of the Opposition again proved it.

Mr. Speaker, the Budget is an excellent Budget. There is no need for me to go over it item by item because everyone else does that. I understand a certain amount of repetition is beneficial but I like to limit that as much as possible. Mr. Speaker, such an excellent Budget deserves excellent speeches. No, I, Mr. Speaker, would rather speak shortly and have a quality speech rather than ramble on and on and on and have no one remember. Mr. Speaker, an excellent Budget; I would like to convey my congratulations to the Minister of Finance. Well done.

**MR. DEPUTY SPEAKER:** The Honourable Member for Emerson.

**MR. ALBERT DRIEDGER (Emerson):** Thank you, Mr. Speaker. I also appreciate the opportunity to enter into the debate on the Budget. I don't want to necessarily compliment the few good items that were in the Budget. We have over 30 members on the other side of the House that have that opportunity to try and promote whatever they see as benefits in this Budget. I want to get right down to the point and discuss some of the things, the pitfalls that I see and the things that, in my opinion, are going to be negative factors. We'll be hearing various opinions of members on both sides of the House as to the pros and cons and that is what this Legislature is all about. We have a variety of views that are going to be presented. I found it very interesting, the member for Brandon West, when he said Government is the only one who can promote spending your way out of tough times. I'd just like to indicate that certainly that is the only organizational corporation or whatever that can use that approach because they don't have their own money; government has no money. So when he's promoting to say we can spend our way out of tough times, I find that most interesting because an individual, a private corporation, anybody like that, that's operating with his own money, cannot spend their way out of a tough time.

Anyway, what I would like to touch on, we've had all kinds of promotions and discussions and statements made as to how this Budget came about. There was speculation as to what would happen and some of my colleagues already indicated and there were comments made by some of the speakers as to the detrimental — how should I put it? — detrimental reference to a trick being pulled.

But then I would like to make reference to the Winnipeg Sun editorial where it says, "Pawley pulls neat trick over Budget." I find it most interesting the things; the Premier had us all conditioned to accept the increase of sales tax so that the maintenance of the status quo now seems like a gift from heaven. I think my colleague from Swan River used that reference. And a further comment made — the NDP Government has quickly learned that if people are prepared for horrible news, they will be more receptive to bad news. I think that is basically the philosophy that this government used in presenting their Budget. The Minister, when he came out the other day and he made his presentation of the Budget, referred to things like sales tax increase. A premium on Medicare, but he says, oh, no, we would not do those kinds of things.

I daresay that if the election in Saskatchewan had probably gone a little different, probably he would have used different alternatives. I think he has, pardon the expression, hell scared out of him after that election, then they started looking back and they revamped their whole approaches to what they would do. Then they tried and came up — obviously they had various alternatives — with an alternative that looked like it was a neat trick to pull. But the benefits or the rewards of this Budget is something that he is going to be living with for a long long time. Unfortunately, the Province of Manitoba is going to be the one that is going to be paying for it and if he feels that by not having increased the sales tax in this Budget and hiding it in a tax, in a payroll tax, I think he is already realizing that it probably wasn't thought out that well because many of the things that are being affected are now coming

home to roost just initially and people still don't really realize what is all going to be happening to them.

What are going to be the effects of this Budget? I had a little article here and as I indicated before, the Member for Swan River already picked up some of these things, but "businessmen angry." I would just want to repeat it because I think the amount of members that we have, there is going to be a fair amount of repetition and I want to repeat this. "Independent Manitoba businessmen feel they have been kicked in the teeth by Pawley's Government Budget. This will do nothing to stimulate the economy and it will hurt job creations" — job opportunities. This Budget really sticks it to the little guy, the promoters of the little guy; it really sticks it to the little guy. I don't know if people will go out of business because of this, but our members are really going to be hurting this year. This is the government that has always been promoting the little guy. They increased the minimum wage. They say we are looking after the little guy and, exactly, the little guy that they are trying to protect, that's the one they are kicking in the teeth.

In his flowery speech the other day, the Minister indicated that individuals, corporations, that are going to be loving this payroll tax, the farmers, they can recover it from the Federal Government. It is sort of a get back at the Federal Government because of the cutback. I would like to just indicate that there are many many people that will not be able to recover it from the Federal Government. I have talked to some business people yesterday, they indicated that their cost of it, that 1.5 percent, they are going to kick it over and make the consumer pay for it.

My concern is, what does a farmer do, for example, that has employees? How does a church organization, for example, carry it on? —(Interjection)— Farmers start working. Well, I have farmers there that employ 10 people, a pretty good big operation, pretty good operators and employ a fair amount of people, but they are locked into a price that they get. They can't say, well, we will charge 1.5 percent more; there are so many aspects of it. The Member for Tuxedo illustrated a few incidences today in his questions in question period as to the negative effect of what has been happening.

The small business people are going to be unhappy. What are they going to do? They are in dire straits right now; they are having difficulty. We hear every day of bankruptcies and this is the government that went out and promised that there would not be any bankruptcies because of high interest rates and here, this Minister of Finances comes in the back door and he sticks it to everybody.

I find it most interesting that the Minister for Natural Resources in his statements yesterday indicated, "Manitobans rejected the Lyon Government and its do nothing policy November 17th. The NDP's Budget is aimed at helping Manitobans," he said. When you listen on the streets right now, there isn't one Manitoban that feels he has been helped. The kind of tax that we have implemented, the kind of taxes that this Minister has presented to the Province of Manitoba, is something that we are going to be suffering with for a long time.

I would like to make some reference to basically what has happened in this province. I would like to

start from last fall, prior to the election, and the economy was tough, interest rates were high, people were hurting and the members opposite went out in the hustings during the election campaign and said the Conservative Government has created this. In Manitoba, we have created this kind of a situation and it's sort of mushroomed and affected all the rest of Canada and the United States. That was sort of the impression they were trying to leave. That we, the Conservative Government, in 1977 had created all the economic woes. They came out and said, well, we will correct these woes. We will give relief to the homeowner, interest relief to the homeowner; we will give the farmer interest relief; we will make sure no small businessman goes down because of high interest rates. That was approximately six months ago. The people, realizing things were tough, and when things are really tough, they grab all straws. They believed the present government when they went out and promoted this kind of activity.

Now, what has happened in the last six months? Bankruptcies are escalating in the business world. I don't know of one individual homeowner that has had any interest relief. I don't know of one farmer that has even qualified under the Interest Relief Program that they are promoting in that direction.

There was a period of anticipation by the province when the government of the day was out in the hustings. They said, we will turn all this around. Since that time, what has happened? They are pointing fingers; they are blaming the Federal Government. They say, high interest rates. They aren't any higher now than they were prior to the election in November. They blame that. The interesting thing is that we are looking at economic hard times. I think we accept it as well as the members opposite that things are tough, but what do they do? They say, well, everybody, you know, in terms of we are trying to keep inflation down, wage negotiations should be limited to some degree to a certain percentage. They are turning around and they upped their spending between 16 and 20 percent. I think it is 16-something now and I daresay it will probably be 20 percent or better by the time they get through in this fiscal year.

Then they turn around and they say, this terrible deficit that this Conservative Government left before they took office, \$252 million. They said because of that initially when the Premier was throwing up his little red flags and testing to see whether sales tax would be acceptable and the Member for Swan River indicated where he had made statements that they would have to do that because of the high deficit. They criticized the high deficit, but what policy do we have here?

In the first years of our government, when we were promoting a restraint, they criticized restraint. By the time that we got through in our four years of administration, there was a deficit of \$252 million projected, they say we spent too much. This terrible deficit that the previous administration left with the province and they made a big point out of it. They have been making a big point of it in their Budget and what do they do? They have \$334.5 million projected in their Budget and I daresay, and it has been said before, that it is going to be \$400 million or more before we get anywhere close to this. This government, open govern-

ment —(Interjection)— I don't care. This Minister of Finance is grabbing at straws and trying to justify the basically weak Budget that he has brought into this province.

I find it most interesting the other night when the Minister of Finance brought in this Budget, and the smiles on their faces because they figured the general public was anticipating possibly a sales tax increase. Then they smiled and he says, "Look what I've done." A slight of the hand, because the government does not have money, they know that they're spending between 16 and 20 percent more on their Budget over last year. Where does he get the money from? It has to come from taxation. So, he plays a con game, the shell game, where do I get it from? Whether he had implemented a 2 percent increase in sales tax or whether he's using the payroll tax system that he's doing right now, the public and Manitoba are going to be paying the shot.

You people were so proud of what he did. He did not increase the sales tax. It doesn't make any difference, the public in Manitoba is paying it. They're paying a 16 to 20 percent increase in your Budget, that you budgeted for at a time when everybody is talking restraint, cut back, things are tough.

The Member for Brandon West indicated before, the philosophy is spend your way out of a depression. I dare say if the farm community and the small businessman could spend his way out of the tough times that he has; only government seems to be able to do that and that is a philosophy that you have. When things are tough, spend more money. Sock it to them, tax them, we'll hide the tax here, we'll take a little bit here. Some of the areas that you take it from, I have no argument, but this payroll tax is something that hits the small person, the small individual. The big corporation isn't going to be that concerned.

Let's just visualize church organization. They now have to pay if they pay a Minister, whoever it is, any people that are working there; they now have to set up a system of deducting 1.5 percent. That's a new tax and if the Minister of Finance feels that he's pulled some dandy stunt here, I dare say he's going to find out what kind of stunt, because the repercussions of what he's done here today are going to be dramatic.

We have just seen the tip of the iceberg, so many aspects of it. When we are taxing the universities, you give and you take. The basic thing is that you are going to be taking as much, maybe more, than you are giving.

We are looking at a deficit of 334.5 projected and it will obviously be much higher than that because we already know there is many things that you haven't even got in the Budget that you are already going to be spending.

I would say, Mr. Speaker, that this government is in a quandry. They have poor planning, they have poor policy, they don't know where to go, economic times are tough and they are trying to give the impression that they can change some of things.

Let's look back over the record of the last six months as to what they've done. During the election, prior to November 17th, we were promoting some of the mega projects; we were promoting Alcan, Potash, Western Grid and to your credit. Why was it important to promote these kind of things? Because economic times

were tough and if you can get these kinds of industries to come in, you build up your economic base, you can create activity, everybody has a chance to at least hold their own.

What has this government done? Obviously they have blown Alcan; they still talk of negotiations, but I dare say and I will stand up and publicly apologize to this government if they manage to bring in Alcan. I will apologize in this House to this government if they will bring in Alcan in the next four years.

What has happened to Potash? No more discussion on Potash. They blame economic conditions in the world. They are blowing it.

They are having great difficulty with the Western Grid. The major things that were supposed to help build up the economy of this province, they are blowing it. You have nothing in six months, you have nothing to show but negative factors. These projects were there to boost the economy of this province in hard times.

Let's just go back to some of the — there was a feeling of anticipation by the people of Manitoba when they elected this government because of the big promises they made. There was people here that have been talking about high morals and that parties have different opinions and what have you, but you should basically be honest. Well, then I suggest to all you people on that side of the House, look to yourselves because you have not been honest with the people of Manitoba. You have not been honest with the people of Manitoba because you deceived them with the Interest Relief Programs that you promoted for the homeowner, for the businessman and for the farmer.

The Minister of Agriculture is a prime example; in the No 1 industry, which is agriculture, when this was not an election issue, stopped the sale of agriculture Crown lands. He changed the role of MACC, which he did not promote during the election either, where they will not borrow money for land anymore and you know what, they don't borrow any money at all. In fact, I've raised the question with him, how many applications has he received and how many have been approved; there is no answer. This open government does not answer and the people in the country are being concerned.

A Beef Program was promised by the Premier, by all members opposite; when we get it we'll have a Beef Stabilization Program at some time; all of them. We have now been six months, we come up with a program that is totally unacceptable. They have budgeted 17.5 million, a total of 40 million for a stabilization program, and they know full well they are not going to be spending \$1 million on that program. So, if you want to talk of honesty, look to yourselves because you knew when you introduced that program, the Minister of Agriculture knew when he introduced that program, he would not be spending money because the public would not buy it.

Agriculture is the No. 1 industry in this province, and the people in the rural areas realize that this Minister of Agriculture is not acting in their best interests and when they talk of this Minister resigning, they are sincere and have a right to ask for his resignation because he is doing virtually nothing to help the agricultural community. —(Interjection)— Who's a nice

guy? —(Interjection)— Well, he can't smile himself out of the mess that he's got this agricultural community into and they're asking for his resignation, and they have a right to do that.

The one thing, you know that we can have our fun in this House here, we can make our speeches and take on one another and ridicule or criticize one another, but the public out there realize when things are not going well. They know that with this Minister of Agriculture things are not going well and his own members, the few that they have from the rural areas, know that they are in trouble. There isn't that many, there isn't that many, very few farmers.

It's interesting how the debates go in this House from time to time. Just prior to the Saskatchewan election some time ago the Minister of Transportation brought in the resolution on Crow, and it was being pushed and pushed. The House Leader of the government was pushing. Every day let's debate it, you know, let's have vote, if you don't want to talk, we'll vote on it. Interesting enough, it was a big issue. It was a big issue where? The past Premier of Saskatchewan was trying to make an issue and he laid a big fat egg with it, and since the election it has been not an issue any more. It's funny, so those people that are talking of morale, you know, so many of those people who talk of principles —(Interjection)— hey, look to yourselves. You were trying to play politics for the Saskatchewan Government and you know where they're at. I daresay that if you people had the guts to call an election today, we would have the same results here because you have not been honest with the people of Manitoba. You have not been honest with the people of Manitoba and it will come back to haunt you.

I recall in 1977 when the Conservatives took over government, a few things happened and for four years you people kept harping, the treatment of our government for the civil servants, towards things — restraint. You used restraint, and actually it must have been hurting you when you said "restraint" and then you turn the next day and you have to criticize a \$252 million deficit. How do you justify that? If you want to talk of being honest to the public of Manitoba, look to yourselves and assess yourselves.

The Minister of Economic Development today made a very nice speech, saying that we should have taken rise above some of these things and be concerned about the people of Manitoba. Well, it sounds so nice coming, you know, in a flowery speech. I don't make those nice speeches. If this House allowed the language, I would explain sincerely how I feel about what you're doing, because you're not being honest with the people of Manitoba and I can't call you liars. So I won't call you liars, but I was raised to call a spade a spade and there's many names I could use and what you're doing to the people of Manitoba, you built up their hopes and you've blow them down the tubes.

Many things — when the Minister of Finance was reading his Budget Speech, he said, "From our consultations it became clear," making reference to all the people that he consulted with. We had the same approach from the Minister of Agriculture, he'd consulted with so many people. You know what happened, we've finally got him to the point where he's now crawling on hands and knees, trying to get some information and he's prepared to compromise the

three basic principles that we've pushed at him from Day One.

The same thing will happen to the Minister of Finance and here he says, "From our consultations it became clear that the people in Manitoba want a government which is prepared to offer co-operative and constructive economic leadership when it is needed." You pick up the papers and you see guys going broke every day. He says, "Economic leadership, not to control Manitoba's development or to force growth at any cost, but to help marshal creatively the many strengths of our mixed economy in this interest of stable long-term expansion." What will you term long-term expansion? You've blown Alcan, you've blown Potash, you've blown the Western Grid and it says, "They want a government which genuinely cares about people and their needs." When I go to the small businessman in my little community and there's doors closed in some of the businesses, as was made reference by the Member from Brandon West, it hurt them to see businesses close. You were the people that made the false promises and said that this would not happen. You said you'd turn around the economy and you would get people out of this dilemma. What are you doing now? You're saying, as long as we have Trudeau and the high interest rates prevail, we can't do a thing.

Well what about your promises then? You got elected on your promises. That's why I say call an election now, let's see what your promises are going to be. Overnight you've changed your position. You got elected with the things that you promised, but for four years we will be here to remind you, every opportunity that we have. This Minister of Finance is going to rue the day he brought in this Budget and any other ones if he's around to bring them in.

Interesting, isn't it? It's really interesting how things change. What a difference a day makes! We are not blaming you people for the economic hard times but prior to the election you blamed us. Now you're pointing your finger to the Federal Government saying, hey, we can't do a thing, but prior to the election on November 17th, you were saying you could turn things around. What have you done? You've done absolutely nothing. There is nothing in this Budget that will stimulate anything, not a thing, there's absolutely nothing. It's a depressing Budget, it's a regressive Budget. The business community, you know, through the back door you're nailing every man, woman and child in this province. You haven't created a bigger deficit? You criticized us for the deficit; big deficit, that's why we have to increase taxes. Interesting thing enough and I found this most interesting, the Member for Springfield there was indicating and many others have mentioned it's not a payroll tax, it's a health and secondary school tax. Well, who are you kidding? It's all a big plot. Where do you get off, this business — it's a health and secondary school tax. If you want to talk of secondary school tax, then look at what your tax statements are going to be when you get them shortly. In Winnipeg they already got them, it's dramatic. You say you've done all these things for the municipalities, for the school divisions. Listen guys, who are you kidding? You are in trouble and anybody would be in trouble but you don't face the facts. You're trying to kid the public that you're not in trouble. You know this —(Interjection)— okay,

I'll talk to the Speaker.

Anyway, what we basically have here in economic hard times, "Another year older and deeper in debt." Another year older and deeper in debt —(Interjection)— I used to do that, from a government that assured that these things would not happen. The ultimate result, and I'd like to just make reference to the "payroll tax," and that's what everybody's calling it and there's no other way to call it. It's going to create more unemployment; we're going to have dramatic high unemployment rates within the next year. They know it. How are you going to justify it? How are you going to keep people from going bankrupt? You said you would, but instead of spending a little less as government, you turn around and you spend more, you tax more and you put more guys out of business. As a result, more people are going to be bankrupt and unemployed. Productivity is going to be down in this province. You have nothing to offer. There is no incentives at all for the economic situations in this province.

The one thing that I think we all have to realize — I think we all do realize except we try and camouflage it — government has no money. Government taxes and government gives away, but you were trying to create the image that you would make things better when things are tough and you do not stop spending, you spend more. What we have here, Mr. Speaker, is an unprecedented deficit that we are faced with and an unprecedented system of raising money. We have finally found out, like the Quebec Government has, that we can tax something else. We are taxing them on all fronts already.

I don't know what the Minister is going to do for an encore next year. Everybody on the government's side was lauding the big magical formula that this Minister of Finance had come up with. Who is kidding who? The people of Manitoba will not be kidded and fooled. You are spending more money and you are taxing more, and everybody is paying.

In conclusion, I would just like to say, I have to express deep disappointment on the actions of this government and all members there. There are a whole bunch of newcomers there that are sitting all intrigued and hepped up about the good things that their Minister of Finance has done. You go back and check with your people because they are hurting. The Member for Brandon West at least was honest. He says, it's tough out there and people are hurting, but some of you are still trying to say that things are not that bad at all, things are good. Well, things are tough and your kind of Budget, Mr. Minister, has made it even worse and you will reap the consequences of that. I daresay, Mr. Minister, if you are around next year at this time when you are bringing down a Budget —(Interjection)— A few little things, a few little cherries he comes out with and then nails them through them the back. You're being proud of it? You're being proud of your Budget. At a time when things are this tough, you are proud of what you are doing.

I will tell you something, the people of Manitoba will remember this. We will make them remember that four years from now and there are a few more Budgets to come and it is going to be awfully tough for you people.

Thank you very much, Mr. Speaker.

**MR. DEPUTY SPEAKER:** The Honourable Member for Thompson.

**MR. STEVE ASHTON (Thompson):** Thank you, Mr. Speaker. I am pleased to participate in the debate on the Budget and first of all, I would like to begin by commending the Minister of Finance on the Budget he brought down. It is a tough job developing any Budget, but I think in this particular case he could be commended for coming up with an excellent Budget and I will illustrate why in my remarks today on the Budget Debate.

I think, Mr. Speaker, it is a significant document and it outlines clearly that this government is committed to taking strong public action to tackle the serious economics we are facing. In this regard, I would bring the members' attention to the introduction and the goals outlined in the Budget Address of the Minister of Finance where it says, "This Budget has two main goals. First, to help sustain and strengthen our economy during one of the most difficult periods Manitoba and Canada have faced in decades, to underpin our economic foundations, to make certain we can take early advantage of a national recovery when it takes place, and second, within our limited resources, to provide as much protection and assistance as we can to relieve Manitobans of the worst effects of national conditions and national policies."

What is more, Mr. Speaker, this Budget is based on a realistic appraisal of that economic situation. I continue with the Minister of Finance's address on the Budget where he indicated and I quote, "In the last half decade, Manitoba had the dubious distinction of recording the lowest increase of real output of any province, the smallest growth in investment of any province and the worst rate of job creation of any province." He continued, Mr. Speaker, to say that the housing sector has come close to a standstill and there has been a net loss in population. That, Mr. Speaker, was the heritage that this government inherited and I must say, I would much rather have the heritage that the Government of Saskatchewan, former NDP Government, left to the new Government of Saskatchewan, rather than the economic mess the members opposite left us with.

Mr. Speaker, as I said, it is significant that there is this realistic assessment of the situation and it continues not just on the economic side, but in terms of the financial, the fiscal situation we are faced, where we have never ceased to point out that the cupboards were bare when we took over, Mr. Speaker, the cupboards were bare.

First, we had the deficit left to us by the previous government, which was close to \$275 million when they left office. This is up considerably in their period of office indicating, I think, the failure of their stated goal of balancing the Budget. I have yet to hear how \$275 million deficit can be put in that category. That was not all we were faced with, Mr. Speaker. We are also faced with Federal cutbacks in transfer payments totalling \$719 million over the next five years, \$719 million, Mr. Speaker, and that in the next fiscal year will come to \$63 million, rather a considerable sum, I would say.

Of course, in addition to that was the continued deterioration of the province's financial situation

because of the recession, not just nationally or internationally, but the recession we have been faced with here for the last three or four years, Mr. Speaker. So, we stated quite clearly in the Budget Address that the times are tough, not just for the people of this province, but that times are tough for the government as well in terms of the fiscal situation we are faced with.

I must say, Mr. Speaker, it is a refreshing contrast to see this kind of realistic appraisal of our situation because all one has to do is look at the previous Budget document, the last one, 1981, brought down by the Member for Turtle Mountain when he was the Minister of Finance. One has to look at the approach taken in that document. One will find, Mr. Speaker, that in that document, the former Minister of Finance spent about half the address bashing the NDP for the failures of his own government, trying to blame it four years back, eight years back, twelve years back. There was no limit, Mr. Speaker, to the degree to which he would go to place the blame on somebody else. I must say, it is a contrast now to see in this document that the Minister of Finance, in his address on the Budget, has taken the positive approach and hasn't spent all his time blasting the Conservatives for the present situation because we have never said, Mr. Speaker, they were to blame for all the ills of Manitoba, just a considerable part of it. That is the situation.

Secondly, I must say it is also a contrast to that previous document, the 1981 Budget, Mr. Speaker, because it had that realistic recognition of the situation we're in and it took from that recognition the commitment that we had made to act to do what we can to overcome the serious economic problems we're faced with.

Now, I must say, Mr. Speaker, if the previous government had followed this approach, we might not be in such a sad situation today. We might not be in that situation, Mr. Speaker. But they didn't, and all one has to do is go back to the 1977 election to see what kind of footing they got off on.

I would like to quote a letter, I suppose, to the people of Manitoba which was printed in virtually every newspaper in the province at that particular time and this is a direct quote, Mr. Speaker, which the honourable members opposite might do well to listen to. It said, "Let us join together in changing Manitoba for the better. I have a vision for Manitoba, a province of younger people fully employed and older people secure in dignified retirement, of family farms that are bountiful and prosperous and a north whose abundant resources are being developed by northerners themselves. Of children well educated for a bright and productive future here at home, of job security and financial stability for every Manitoban." —(Interjection)— Who said that? Mr. Speaker, a member asks. It was Sterling Lyon, Leader of the P. C. Party of Manitoba, and he said further in this particular letter, "We do not have these blessings today, but I believe that we can have them and I ask your help in changing Manitoba for the better and making that vision come true."

Well, that was 1977, Mr. Speaker. The economy of Manitoba was in pretty good shape then. Our growth rates were averaging about 80 percent of the national growth rate at that particular time. For the Honourable Leader of the Opposition, when he was once again the

Leader of the Opposition, said, "Well, we can do better." What happened, Mr. Speaker? Did they do better? Well, I think not.

Mr. Speaker, for the four years in which they were in government, our growth was not 80 percent of the national average. It wasn't even a percent of the national average. It was negative; minus point one percent, Mr. Speaker. I would refer in this regards to the Prospectus, which the members of the Opposition were flashing around quite a bit several weeks ago, because in the Prospectus, which we unfortunately have to put out to the bond markets of New York, we have to put out this embarrassing statement that we had negative growth in 1979 and 1980. During the period 1977-1980, we had overall negative growth, Mr. Speaker. We had stagnation.

What happened to the full employment that the Leader of the Opposition talked about? Well, that didn't come about. What happened to the bright and productive future here at home in Manitoba? Well, that didn't come about either. We had record out-migration in that period and what of the job security and financial stability of every Manitoban. Well, that didn't happen either. That, Mr. Speaker, was what they promised the people of Manitoba in 1977 and that is what happened. In other words, those promises were not kept.

In fact, if the honourable members opposite can find one item in this particular document which they kept, I'd be very interested to see it, because in noting through this, I found 12 areas, Mr. Speaker, where they failed to live up to their promises. So, that is where it started, with those promises in 1977.

What did they say, Mr. Speaker, what did they say while all this was happening? Well, in 1978, the Throne Speech talked and I quote, "That the initial steps to recovery," and that was as the economy began to falter. In 1979, they talked of and I quote again, "a sense of real accomplishment and real turnaround," yet the economy continue to falter. Well, in 1980, Mr. Speaker, they talked how they had gotten the economy and I quote once again, "back on track." Well, Mr. Speaker, in that year the economy was plunging by minus 2.3 percent in real terms. That was the Conservatives putting the economy on track for you.

Then came the year 1981 and the Finance Minister, the present Member for Turtle Mountain, he had the nerve to tell Manitobans that the significant thing about the drop last year, the minus 2.3 percent drop in growth wasn't worse. Well, Mr. Speaker, what do they want before they recognize that there's a serious problem, do they want a depression? The minus 2.3 percent drop in growth we had in that particular year was certainly headed in that direction and they certainly stuck their head in the sand on that one. But this is so typical, Mr. Speaker, so typical of the attitude of that previous government and I know it well because I am from the north. I can tell the members of this House the kind of attitude that we saw from that government in the north over that past time. I'll tell you, Mr. Speaker, that it still lives in the minds of people today, the things that they used to do and say.

I would note, in particular, the comments by the former First Minister, the present Leader of the Opposition, in regards to the population of Thompson when

he was in that city for the Western Premiers' Conference. It's actually not famous, Mr. Speaker, it's an infamous statement, because there was the Premier of the province in the third largest city in this province and the press asked him, "Why locate it in Thompson?" and he said, "Oh, well, we're in the city here of 19,000 people." At that particular time, there were figures showing that it was actually 13,800. What figures were those, Mr. Speaker? Well, the source for those figures is the Department of Municipal Affairs, the Province of Manitoba. In other words, it was the Provincial Government, the Provincial Government had those statistics, but the then Premier did not know of it, Mr. Speaker.

Well, when you don't know of a problem, it's not surprising you can't come up with a solution and I think that's one of the reasons why I'm standing here today representing the City of Thompson and why my predecessor, Ken MacMaster, for all he tried to do for the City of Thompson could not convince people that his government, his party, was interested in the betterment of Thompson. People kept saying, the Premier, the then Premier, the present Leader of the Opposition doesn't even know our problems here. How can he help us solve them?

If the members opposite, Mr. Speaker, are still unaware of exactly what happened in Thompson over the last four years, I'll give them this particular graph, which is once again from the Department of Municipal Affairs of the Province of Manitoba, and it shows quite clearly that for the four years that they were in power the population in Thompson dropped each year, that our population dropped by one-third. Now, no one, Mr. Speaker, is blaming them for the entire drop in population. I never did that in my election campaign and few people in Thompson did, but they did say at least they could recognize the problem, which they didn't.

So, that is what happened, Mr. Speaker, when they were in office and they put their heads in the sand. It wasn't just in Thompson that they failed to recognize the problem with the loss of population. No, Mr. Speaker. It was provincially as well, the last four years. The last four years the population of Manitoba dropped due to interprovincial migration by 43,000 people, Mr. Speaker.

Now, the Leader of the Opposition the other day had a few comments on that. He said, "Mr. Speaker, my honourable friends across the way," that being the NDP, "are making some observations upon people who left Manitoba." This, incidentally, Mr. Speaker, is from Wednesday, 12th of May, 1982. He continued to say, "There were some people who left Manitoba in the last four to five years, and while they were leaving Manitoba, Mr. Speaker, the welfare rolls went down." Well, I say, Mr. Speaker, that the thousands of people who are forced to leave Thompson because of the poor economic circumstances that were faced there, they were not on welfare, Mr. Speaker; they were productive citizens of this province.

I say, Mr. Speaker, that the comments made by the Leader of the Opposition on the loss of population, saying that they were on welfare, I say that's a shame and a disgrace. I think it's a disgrace for the people of Thompson to hear this from a gentleman who is the former First Minister of this province. But, Mr. Speaker,

the four years when they were in government, that wasn't the only time in which they stuck their heads in the sand, in which they tried to ignore what was happening. I remember a \$150,000 advertising campaign which was put out just prior to the election, which said and I quote, "We're sitting on a gold mine." Well at that particular time, Mr. Speaker, I was employed at Inco, working underground; our contract was coming up. Inco said, we don't have that much money, we can only give you this particular offer and while we were in the midst of negotiations, along came the Government of Manitoba and they were saying, we're sitting on a gold mine. The workers at Inco were saying, we deserve a share of this too and we went through a three month strike to try and get a share of that gold mine. Well, where was that gold mine, Mr. Speaker? It was a figment of the imagination of the Conservative Party of Manitoba. It did not exist.

At the same time they were putting out that unadulterated garbage, the metals markets were going into recession. Revenues were dropping, profits were dropping and that's not what the people in Thompson heard, not what the striking miners at Inco heard. We heard we're sitting on a gold mine and we and the City of Thompson went through three months of a strike which crippled the community, which put it at a standstill largely because of that kind of misleading statements, that at the taxpayers' expense. But I must say, Mr. Speaker, this was not the only misleading statement that they made during the election campaign. I am referring, Mr. Speaker, to that government advertising as being part of the election campaign because although it's financed by the people of Manitoba, its intention was to try and get votes for the Conservative Party. I only thank God that it didn't work.

I must quote from a leaflet which was handed out in my constituency by the former representative for this riding, Mr. Ken MacMaster of the Conservative Party. It said, Mr. Speaker, and I quote from the Member for Emerson, "Prairie network of power is a reality," and then for the next three paragraphs it goes on to describe the Western Power Grid, there's a nice little picture of it as well. Well, according to this leaflet it was already there. They didn't say, as we've found out since, that it was in the process of negotiations, that there was no Cabinet level of discussion of it yet, that it might take some while but well, they said, it's a reality. Well, one of the Members of the House indicates that it was a deception. I agree, it was certainly attempted to deceive the public, it attempted to deceive the people of Thompson, but once again, Mr. Speaker, it didn't work.

I can think of no bigger an attempt to deception than this particular document entitled, Manitoba Moving Ahead put out by the P.C. Party of Manitoba, talking about the mega projects. Well, you read it through, Mr. Speaker, and nowhere in this particular document does it say that these are under discussion or these are under negotiations. The people of Thompson who picked this up thought, my goodness, these mega projects already exist or if they don't exist, there are signed agreements to build them. That's not what the situation was, Mr. Speaker, and we found out quite soon after we took office that once again, the closest those members opposite could come to building these mega projects was mega promises because

that's all they were. The closest they could come to finding terms with companies was like they did with the potash companies when they wrote six letters of agreement, six attempts to sell out the people of Manitoba at which their own adviser advised against, but they didn't care, they wanted to get re-elected. Well, as I said earlier, thank God they didn't get re-elected. If they haven't realized by now, this whole attitude that I have illustrated, I think is the main reason why they lost. They didn't keep their promises, Mr. Speaker, and if they had realized they couldn't have kept these promises that the Leader of the Opposition made in 1977, they didn't even say in a straightforward way that things have changed, we can't keep those promises now. No, they didn't say that at all.

But I would note now, Mr. Speaker, the contrast once again between our approach and their approach. We have been in office now for close to six months. Already, we have kept more than two-thirds of our major promises and we are well on the way to keeping the rest. As indicated in the campaign, the top priority of our government is to help Manitobans face with economic and financial pressure, and if the honourable members opposite are wondering what we've done, I will read it to them. This was a speech that was outlined by the Minister of Finance at the Budget Address. I note the \$23 billion Interest Rate Relief Program which is now in place which provides assistance to homeowners, farmers and small business operators. I would note the new job creation programs which have been announced to help stimulate employment in the short run especially for students this summer. I would note the new residential Rent Control Program that has been announced. I would note the fact that minimum wages are being increased to help maintain the standard of living for our lowest paid workers. I would note the fact that major increases and assistance to municipal governments and schools divisions have been provided to ease the property tax burden. I would note an important increase in pensioners' school tax assistance which was announced recently. I would note a \$17.5 million Beef Income Stabilization Plan. I would note a university tuition fee and community college fee freeze and a significant improvement in student aid.

Well, Mr. Speaker, I could probably spend the rest of my 40 minutes going through some of the items that we've introduced the past few months; items which we said we would introduce when we were in the election campaign, items which we have already delivered, but I think I have made my point quite clearly and that is that this government keeps its promises. In fact, Mr. Speaker, if those members don't get the thrust that we have in terms of the economic situation from those particular programs, they might look at some of the initiatives outlined in the Budget and I would note in this regard the \$60 million in additional major economic initiatives that we've announced. That includes \$50 million in Capital for MHRC Housing among others things, \$10 million in Supplementary Estimates for employment creation and that is the item under which the Summer Student Program will be increased by I believe \$4 million, \$1 million for provincial Capital initiatives and \$1 million for work activity projects. In addition, of course, the total Capital spending program which is over \$700 million; that is up 40 percent

over last year. So for the past six months, Mr. Speaker, we have been keeping our promises, we have been trying to help Manitobans hurt by the present economic situation we are in, and in this Budget announced just a couple days ago, we are also doing the same.

At the same time, Mr. Speaker, as I said before, we've taken a different approach from the Conservative Government. We've been straightforward with the people of Manitoba, we have said to them that we're in dire financial straits as a government because of the inherited deficit from the previous government, because of the federal cutbacks, and because of the recession that we're faced with; we've said that. We've said that it is necessary to obtain the additional revenues or else the Province of Manitoba's credit rating will suffer. Because that's basically what would happen, Mr. Speaker, if we ran a large deficit. In fact, I wonder on this night, being the night in which the Ontario Budget has been announced, what will happen to that province now that their deficit has increased by 45 percent over the previous year, by up to \$2.2 billion, which is seven times the Manitoba deficit. I wonder what is going to happen to their credit rating. I suppose we could have done the same, Mr. Speaker. It is never pleasant to have to look at raising additional sources of revenue, but I can say one thing, Mr. Speaker, if we had not faced the situation realistically we may not have paid for it this year, but down the line we would have paid for it. That, Mr. Speaker, that is the straightforward type of government I'm talking about, that is putting it straight to the people of Manitoba.

I would note that in the way we raised the revenue that we still kept to the basic principles of the New Democratic Party, in that we raised that revenue in an equitable manner. I note for example, Mr. Speaker, the fact that there was no sales tax increase, because the concern has often been expressed that is a regressive tax. I would note in that regard some excellent comments which the Sun was so kind to reprint two days before the Budget came down for all members of the NDP in 1967 as to the problems with that kind of tax, because I think within those statements they say that some of the reasons why we were very reluctant to increase sales taxes. I would note that there was no increase in income taxes, Mr. Speaker. No increase in that particular area.

Of interest to my constituents was the fact that there is a freeze on gas taxes. This is very important to people in the north, Mr. Speaker. While city people pay, I believe it's 41.7 cents a litre, or 40.7 cents around that range, we're close to 50 cents a litre, Mr. Speaker, and any relief we can have in terms of gas taxes is greatly appreciated, because not only do we have to pay that higher price, we have to travel larger distances, so that is of great interest in my constituency.

I notice also some of the sales tax exemptions, particularly in regards to meals, because as the Member for Sturgeon Creek so well pointed out, there are a lot of people who eat out. I wouldn't say there are too many miners who eat out, Mr. Speaker, as that member suggested. Obviously he's never been to a mine. We go down in the beginning of the shift, we're several hundred feet underground and we come up eight hours later, we don't have chance to go down to McDonalds and buy a Big Mac. But the sentiments, if

perhaps the facts, you know, the facts were a bit twisted perhaps, but the sentiments I think were well accepted by all members of the House.

Of course, there were tax cuts for small businesses from 11 percent down to 10 percent. Those, of course, Mr. Speaker, those are the items in the Budget which are the good news. There was the bad news too, Mr. Speaker, we made no bones about it, there was the bad news of the Budget too. The tax to compensate for the loss of revenue due to the federal cutbacks, there have been various names for it. I would call it the federal cutbacks tax because that's what it is, Mr. Speaker. In the upcoming year it'll raise \$70 million or so and that's almost the exact amount that we are going to loosing from the Federal Government. I think it's the type of tax that we have to really come off fighting on, Mr. Speaker. I don't mean just members of this party but other people as well, because we are getting, and I don't know if there's a parliamentary expression, but we are getting screwed, Mr. Speaker. As the Member for Emerson said before I'm a little hesitant sometimes in saying what I really think about the situation, but if members of the House will accept that, well, I say we're getting screwed by the Federal Government, because we're being singled out. It's not the other provinces, Mr. Speaker, it's not the other provinces. We're paying the price, we are paying the price. Now some people have suggested it is because of the approach to federal relations which the former Premier took. Well, I don't know, maybe the federal Liberals are punishing that Premier by punishing the Province of Manitoba. I really hope it hasn't come to that, Mr. Speaker, but either way we're getting screwed.

There are a number of other items, Mr. Speaker, which are the nature of tax increases. I note the surtax on income. Once again that's the kind of thing where, when we're looking at having to raise additional revenue, we as a party say that those that can afford to pitch in a little more should be the ones we're looking at. I would much rather see a surtax on higher income, Mr. Speaker, than seeing that sales tax which would have taxes every pensioner of this province, every person on a fixed income every time they went to the store, that is equity in taxation.

I would note also the other taxes, Mr. Speaker; the tax on banks, and insurance companies. Contrary to what some members of the Opposition have been trying to suggest in the speeches on the Budget, I really doubt if they are that unsympathetic towards the banks. It seems on every occasion they put in a good plug for the banks. Well, I don't have much good to say about the banks. In the Thompson area they don't do that much besides take our money and earn their profits elsewhere. They don't reinvest too much of it in the local economy and if you don't believe me, ask some of the local businessmen who have applied for loans up there.

So, I'm not too unhappy to see this tax on banks. I would note, well the honourable members opposite once again are sticking up for the banks. I would note the fact that last year they made \$1.7 billion in profits. \$1.7 billion, Mr. Speaker. I would note that those banks, in fact the five major banks, that their assets total somewhere around the neighborhood of \$320 billion. Now a couple of million dollars in Manitoba, I say unfortunately is a small trickle and if they're com-

plaining as they have been in the press, well, I have very little sympathy. With an asset base like that and with profits in the range of \$1.7 billion, they can pay it.

In being straightforward once again, we have to note that there were increases in the taxes on alcohol and tobacco. But once again it's the kind of thing that we have a choice in looking at the situation, do we go look at these goods and say that we should leave them as they are. Well, I don't think so, Mr. Speaker, I think we have enough problems with alcohol myself and I'm really not concerned if the additional tax reduces that consumption somewhat. The Attorney-General was talking a few days ago about the problems with drunken drivers and what not. Perhaps we can transfer some of the money, the tax money and the profits from the Liquor Commission into helping solve that problem, because that, Mr. Speaker, is a significant social problem.

I must say that I don't want the honourable members of this House to take my word for my analysis. Talk to my constituents. I was talking to a number of them yesterday, Mr. Speaker. Unfortunately, I was, unlike the Member for Brandon, unable to travel back, but I talked to them over the phone, and they simply said, "Well, we know what you're situation is and some of those taxes will hurt us, but it's a responsible Budget, and it's an equitable Budget, and that's about the best we can expect in these difficult circumstances." — (Interjection) — Well, Mr. Speaker, one of the members of the Opposition was asking who I was talking to? I would say in the number of people I've spoken to in the last few days that they were not all NDPers, a number of them were Conservatives. I've had this comment, in fact, even before the Budget, that we recognize you're in a pretty difficult situation.

Businessmen, Tory, or NDP, they read financial statements rather well, that's why they're still in business. They've looked at our financial statements and they're not too impressed actually I should say, Mr. Speaker, by the way those honourable members opposite left the books, not too impressed at all.

On the other side, I must say that the better feedback I have been getting is the people are pleased to see this new economic thrust because that is one of the reasons, Mr. Speaker, why they elected this government on November 17th, because they were sick and tired of the previous Conservative Government's do nothing attitude. This attitude that when there are problems, you put your head in the sand or else you say, no, there aren't any problems. We don't have a population loss. Our growth isn't dropping. It's all in your imagination. Well, I went door to door during the election, Mr. Speaker. I spoke to many people who told me that the Conservatives, they don't know what is going on up here. Of course, it should come as no surprise after the former Premier made that mistake about the population of Thompson. He didn't come up.

During the election, the now Premier, Howard Pawley, he came up twice. Where was the then Premier? He wasn't anywhere to be found. The Premier of the province running for re-election did not come to the third largest city of Manitoba. I say, Mr. Speaker, this is so typical of the Conservative attitude where, when things get tough, get the hell out of there. It wasn't just the Premier, Mr. Speaker, there was a Cabinet tour of

the north, no less, and Thompson being the geographic centre of the north, you would have figured they would have come to Thompson, but no, Mr. Speaker, there was a strike on at the time and they felt, well, times are tough. There are a lot of problems in Thompson at the present time. We will stay away.

If you want to see the contrast, don't just look at the election campaign because as Henry Carroll pointed out, funny things can happen in election campaigns. Look at what has happened since. The Minister of Finance suggested if the former Premier had come up, I would have won by 500 votes. I would have put it closer to a thousand, but anyway, Mr. Speaker, if you want to look at the contrast, just look at what has happened since the election. Since that time, there have been some tough economic times in the north. We have had some layoffs up in Leaf Rapids, Lynn Lake, and there has been some cutbacks in Thompson. That great friend of those members opposite, the International Nickel Company of Canada, they cut back on staff people. I had one guy in my office the other day. He is on a \$561 pension after working 20 years as a shift boss at INCO. That is how much INCO cares about its employees, Mr. Speaker.

As I was saying, there were the cutbacks, there were the layoffs and there was the Premier at Town Hall meetings in Thompson, Town Hall meetings in Leaf Rapids, Town Hall meetings in Lynn Lake and the questions weren't always pleasant questions for information. No, Mr. Speaker, the people, they said their minds and the Premier listened; that is once again one of the big contrasts between our first six months and their four years. During their four years, all they did was to stick their heads in the sand. When there is a problem in this province, Mr. Speaker, we don't put our heads in the sand. We go and we talk to the people and see what we can do to help them out.

As I said, Mr. Speaker, for as much as I have been critical of the previous government, I will not blame them for all the problems we face. I prefer the analysis of the Financial Post, not known actually as a great friend of the NDP, when it said that the former Conservative Government was partly to blame for the economic slump because of its policies of restraint. I will be charitable to them, Mr. Speaker. I will say that they perhaps should have indicated to the people of Manitoba that there were problems, even try to tell the people of Manitoba that they were not responsible for them, but no, Mr. Speaker, they said there were no problems, but there are problems because of the international situation we are faced with and the national situation. Those problems stem from a number of reasons, but basically, Mr. Speaker, they stem from the fact that we have high interest rates which have now led to a world-wide recession. The Member for Arthur called it a depression. I would say, Mr. Speaker, I would not agree with him at the present time, but if it continues at this rate, I think I will agree with him; it will be a depression.

So we realize that we are faced with difficult times, that there are limits to what we can do, but we are determined to do what we can within those limits. I am optimistic, Mr. Speaker, about Manitoba's future. I read an article just recently, "Growth forecast rates Manitoba second to Alberta," and it continues to say, "Manitoba and Alberta will see the greatest economic

growth this year." This is put out by the Conference Board of Canada and it says later on in analyzing Manitoba's situation, "Certainly Manitobans who suffered negative growth in 1979 and 1980 may well be prepared for the 1982 slowdown. In fact, the 1.4 percent growth predicted for Manitoba this year was quite heartening when viewed against the background of declines occurring elsewhere."

I could come in here, Mr. Speaker, as the Tories would have done and I could say, look, we are the second highest in Canada. Well, I know the way the people of Manitoba would react to that. They would say, so what, it's 1.4 percent. So what, Mr. Speaker. I say, really, the members of the Opposition, when they were in government, made this mistake all the time. They came in and they banged on the table and said how great things were when facts were times were tough; people were hurting and the people of Manitoba figured they didn't give a damn.

Mr. Speaker, times are tough and I am not going to flash around newspaper clippings like this and suggest they aren't, but it does indicate that we do have some room for optimism. We are no longer 9th and 10th out of 10. We are getting back up to the level we used to be at. Mr. Speaker, the members opposite laugh. I think it's a very serious matter. Times are tough and we have to look at the situation we are in, what we can do and what we can't. But as I said, within the limits that we see, we are prepared to move and this can be demonstrated in this Budget. It can be demonstrated in what we have done over the past six months. It shows that first of all, promises we make are promises we keep. It shows, second of all, when we talk about the economy being the No. 1 issue, we react to that, but I say the kind of commitment shown in this Budget, the kind of public investment . . .

**MR. DEPUTY SPEAKER:** Order please.

**MR. ASHTON:** . . . shown in this Budget are reasons why I would urge all members of this House to support this particular document.

**MR. DEPUTY SPEAKER:** The member's time has expired. The Honourable Member for Morris.

**MR. CLAYTON MANNES (Morris):** Thank you, Mr. Speaker. I couldn't help but think — I was reminded by my colleague — when the Member for Thompson indicated that we were no longer 9th or 10th out of 10; he didn't know where we were, but it brought to me a little story that I heard on the radio the other day about an individual, one Sid Greene, who indicated that government should probably consider taxing bankruptcies seeing they are the only things that are growing.

I must say, Mr. Speaker, at first sight I felt some relief at that Budget. I saw no increase in sales tax and I saw no reintroduction of succession duties and I felt some relief, but since, I must admit, I have been attacked by logic. Now, I confess, I am even more dismayed and disturbed than I might have been had the sales tax increased; not that I support a sales tax hike at all, but I was hoping that the government would or could cut spending to balance with expected tax revenues under the existing tax regime. Obviously,

this government saw absolutely no logic in that course and so it decided to increase spending and taxation.

Mr. Speaker, I would like to focus on four points, those being the payroll tax, also a deficit in the public debt and third, the lack of economic understanding by this government, so well displayed again this evening by some of their speakers and fourthly, the local authority or autonomy and what is left of it.

First of all, the payroll tax. On first glance, this tax appears to be pretty harmless, almost painless. Certainly to a large majority of employees, it appears as something that is painless. As a matter of fact, I am sure three out of four people in this province don't even know what it stands for or what it is. Just another example, though, of the province and the Federal Government who have done this before of increasing the total tax take by means of an indirect and hidden tax; just another example of a devious attempt to tax by way of hiding something so that three-quarters or the largest majority of the people will believe that there is no consequence to them. I will go into more detail because it will become rather obvious why gutless governments and that is not only the people across the way, but many many of them, many of them in the western world, those who are afraid to tax directly up front use such claims as regressive taxes or unfair taxation when considering sales tax. Indeed, the Minister of Economic Development said earlier on today and I think I probably have it close when she said that this type of Budget is one, "that displays consistent principles of NDP ideology have been applied in this Budget."

What does that mean? Well, I think it means two things. First of all, that the most able to pay should pay and I suppose, I can't think of one political party in the western world that doesn't support that in the basic sense, but I think that comment made by the Minister of Economic Development says something else too. It also means, she referred to it also, that businesses that experienced financial success in our province also must contribute directly so as to offset the \$719 million cutback that was forced upon us by Ottawa or the \$31.9 million in the 1982-83 year. It is this second point that I believe makes the NDP so ecstatic when it talks and when it presented that Budget the other night. That point that here was another way of coming back to the business community. Here was a method in this narrow and this idealistic view that would achieve a number of ends. It was an untried, unproven and unsuspected, but it looked good on paper and that was the plan. It looked good on paper. It wasn't tried, it wasn't proven, but the planner says it looked good. Somebody would say, it's a planner's answer to a maiden's prayer and that is exactly what it was.

So, what benefits did the NDP see in bringing this new tax forward? What benefits were they? Well, if I could list them, they felt that the employees under this type of a tax would be immune and, of course, immune from this type of levy and they, therefore, would be the people in majority and therefore there would be no problem. They also felt it cannot be called regressive, whatever that term means, as a sales tax increase may be considered by some. That was a second point. It couldn't be considered regressive and third, the responsibility of collecting and remitting, it didn't

have to go on the shoulders of the vast majority of people. No, it could be concentrated on the shoulders of the businesses or those individuals that were in business. Fourth, it could be called anything you wanted, this thing, it could be called anything you wanted and so it was. What was it called? An Education and Health —(Interjection)— That's right. Health and Education Support Levy. So you could call it anything you want. Fifth, it hit all the businesses. None escaped. The banks, for once, they never escaped it. It hit them all. Sixth, in other words, it noticeably hit all of those businesses including the banks and the owners and therefore sheltered, and apparently somehow it offered some hiding from the vast majority of people.

Clever, clever, a Socialist dream if there ever was one in the tax related field. You could now levy a tax, make the majority of people believe that they had no part of it, that they didn't have to worry about it. Well, I think we could see that. All of us have seen that and I think the majority of people have seen it too. Of course, to window dress the package, it was necessary though to indicate that the impact of the tax and I use the word "tax" because if you read in the Budget, they could say levy, always levy, never tax. So the window dressing came with it. What was that window dressing, Mr. Speaker? Well, that in fact, we could deduct it. We could deduct it from taxable income. Those people that were in business, corporations, individual businessmen, and that was the sweetener. That was what would make it acceptable to everyone. That, in combination with a reduction in the small business income tax rate, previously at 11 percent to 10 percent, something that reduced the tax, I think the Budget says by some \$3.5 million would make it acceptable. We would jump for it because it represented something different than a sales tax.

So we reduce the small income tax by that much even though it would bring in an additional \$70 million. So that's the scene and after I have seen the euphoria that was displayed the other evening and since, I wonder whether or not we still feel that way about this particular tax. What do we know differently today or don't we know about this tax today that causes us concern?

Well, it seems to me that every business has three different ways that they can possibly react to a tax like this. They can pass it on through prices, if in fact they are part of a market system that allows them to pass that on and therefore it will surface as an inflated price such that the consuming public will be there, unsuspecting I would feel, unsuspecting to be there and they are so conditioned with a higher inflated psychology and a price regime that follows our whole economy today that they won't recognize it anyway. So one part of our business economy, no doubt, can push that directly through.

Secondly, the small independent, unincorporated businesses, the small farmers and the like, what do they do with this particular tax? How do they pass it on? Well, obviously if you can't pass it on, if you have no control of your market price, well then you swallow it. You either do one or two things, you pay the individual in question less, or in fact you subsidize it out of your own disposable income. What is a disposable income today of those that are small businessmen and

are farmers? How large is it? Well, I just hope it's a positive number and I submit to you, Mr. Speaker, that in many areas and many fields it is not.

Probably in some areas where the employee cost or the wage cost of a business is very small, probably the tax as such won't be a major factor, but what about in those areas where, in fact, the labour component of the total expense bill is 50 percent or more? What about in those areas? Then you can't pass it on. Well, what's the result, what's the conclusion, what's the end? Well, I think unfortunately the indirect tax then becomes the direct tax and it's the direct tax right to the employee who's thrown out. It's not a direct tax of 5 percent anymore. It's not a direct tax that somehow he hopes he can live with. It's 100 percent tax to him because he is out of work. There is no job and no one is taxed, his physical capacity is no longer taxed, but his mental thinking is taxed because there is no work, there's no job. He's been thrown out of work, he's upset, he's confused and he's angry. Who is he most likely angry with? With the employer, the company, but the government is spared. Why is the government spared? Because the tax cannot be identified with them.

This is the deceit attached to hidden taxation. This is what concerns me the most and it is the reasons that at times I guess I detest major governments, particularly Provincial and Federal Governments, because in my view part of their philosophy is to keep the people ignorant. Let them believe that somebody else is paying for the service and that's what hurts here so much, because this tax when it results in some cases in unemployment, an individual is going to take out his wrath, not on the government, but the company, because after all they are the ones that say they no longer need his services. Well, that was one area that has us asking many questions in this whole area. No doubt you've seen them on many occasions through the Question Period.

Secondly, what else? Who will collect this tax? Who is going to collect it? Is it going to lead to a whole new government bureaucracy? How many people are going to be required to set up to monitor this whole area of tax collections and with what powers? What legislative powers are they going to have now to come and audit my returns and my payroll schedule as a businessman? What powers are they going to have to come into the business to make sure that, in fact, we as businessmen are doing a proper job of remitting? Where is it going to come from and under what authority? Or will the Federal Government do it and maybe they will? Bearing in mind that, of course, as the Minister has indicated, they never were consulted, maybe the Minister is feeling that, in fact, Ottawa owes us this. After all, they do collect, I know, our provincial share. If the Federal Government does not collect this tax, will it provide the Provincial Government the excuse now to audit and therefore control more and more personal taxation, like the situation in Quebec? Is this what this government was looking for? Was this the excuse to move into the whole area of personal taxation? I don't know, but I think in some ways it sets a rather dangerous precedent, depending on how they are going to set up the authority to review and monitor the whole tax procedure.

Thirdly, if as the Minister states, Ottawa will stand to

lose some \$35 million or \$40 million because, in fact, we are going to apply 53 percent, I think he said, of the \$70 million against taxable income and use it as a tax write-off. Does he not realize that Ottawa itself needs money and that they're just going to sit there and watch this amount be pulled away from them and they are not going to do something? So, are the citizens of Manitoba any better off if the federal tax rate goes up to us all the next Budget, because Manitoba was able to pull out \$35 million? Have we escaped anything? Have we escaped anything at all? I really wonder.

What about the fact that this is a new tax? Things are happening fast these days. We all realize that. Part of the problems, I think, in almost all our sectors of society, and particularly in the business area, is that new rules are being imposed upon you in a new rule sense; they're coming down so quickly that you hardly have time to digest what has come a year ago before something else is up there. You know, you can almost go into any government, into any political party, and they all give credence, all give lip service to the belief that, in fact, we're strangling ourselves with red tape, paperwork. It's in every part of our society and we're being strangled by it.

Here we now see the development of a new tax; one again that's going to lead to another new tax regime; one which has pulled away from the existing forms of taxation, which are readily understood and which readily has in place its powers of collection. So, I think that has to be a concern.

Five, it is a so-called "progressive tax" and these were the words used by the Minister of Economic Development later on today. I wonder what she means by "progressive?" Does she mean that it's 1.5 percent this year and it's 3 percent next year, or is it 5 the year after? Because I predict when you see how much revenue can garner so quickly, for 1983-84 it's \$100 million. You can see then by just doubling that from 1.5 to 3 percent, how quickly you're up to \$200 million. With inflated salaries and compensation, it would take you no time at all to move up to \$500 million by form of this tax that comes upon us in a manner which appears so innocent. So, I say there is tremendous tax authority here and it's in a whole new area. I don't even think the members and the Minister of Finance himself really understands the potential for this type of new tax.

Six, another concern in this whole area is the tax on all items: food, shelter, all clothing and yet it is not a regressive tax, whatever that means. Not a regressive tax and yet who is going to be hit the most? The disposal income of the needy. Even though the members opposite have to acknowledge the fact that this tax is going to be passed through by way of increased prices, what do increased prices do with a fixed disposable income budget? They just allow you to buy less and yet they're going to say, "It's not regressed, it's a progressive tax." Well, somebody from that side is going to have to prove to me and show me the logic when you try and define or you want to argue this tax, progressive versus regressive.

Seven, after all the posturing and all the glee, it is nothing more than a \$70 million tax on Manitobans, nothing else. You may hide it, you may do anything you want with it, but the fact is the people are paying for it. Everyone of the people that you say you are

protecting and you are gleefully wanting to go and make everybody believe that it is the businesses that are carrying it, you stress and you put in bold print in the Budget, employers tax. So there must be something, but it comes from the people. I say to you, because everybody is paying, it is a contradiction to your own very principles that you so strongly hold as a party.

Mr. Speaker, I would like to move to the second area, this is the area that causes me the most pain and it bothers me the most. It is the area of deficit and public debt and to me this is the most obvious short-coming of the entire Budget. That should come as no surprise to you. I have spoken here three or four times and every time, I have alluded to this fact. The Minister of Economic Development and I am sorry if I seem to be picking on that particular Minister says, "The Budget isn't a bunch of pieces; it is a total package." I submit, Mr. Speaker, it is a Budget which is \$350 million short. That is the package. It is that short and maybe four and maybe five, who knows? I know they don't know.

The most interesting aspect of the entire Budget booklet are the charts in Appendix 1. To me, this is the most intriguing part. When we looked at the Budget, we really try to see where we are. —(Interjection)— I know they don't, but that's fine. I understand them, I am worried about them and that is what worries me because I know they don't give a darn about the deficit. Let the next generation pay for it; we will be long gone anyway. So we look at this first one. It is the Province of Manitoba Direct and Guaranteed Debt by Purpose and I see that in 1982 terms that 73 percent of our debt is self-sustaining and I guess that makes me feel good. That's a favourable thing to say about our economic situation, but then we flip over to the second page and we look at the charts by which we have to pay back our existing debt and we look at 1984.

In 1984, we have to pay back some \$420 million and if we get through 1984 and we know we will, but after we move through 1984, that the rest of the decade looks favourable given that any new borrowing that comes on, in fact, is not short-term and something that isn't plugged into the 1980s. But then we hit that period, 1990-1994, and I ask everybody to please look at that. That is the most obvious scary bar chart I have ever seen in my life, \$840 million a year every year from 1990-1994, after the application of sinking funds. Can you realize what that means today? Let's put that into perspective.

What that means in today's Budget, in fact, if there is no inflation after today, if our provincial economy did not grow over the next eight years, that would represent 29 percent of our Budget, today's Budget, to go directly to retiring the debt. That is not servicing the debt; that is retiring the debt. Do you care? I hope so, because over that 10-year period, there is a whole new set of young people coming into that workforce that don't know what is going to hit them. They don't realize when they work for somebody that 50 percent of their wage is going to be taken off to service and to pay back that debt. To me, that is the most scary part of this whole Budget.

Mr. Speaker, how is my time? —(Interjection)— So, I say that is what concerns me the most. Then, of

course, the third and final chart indicates that we have the third highest provincial total debt per capita compared to the rest of the provinces in Canada. We heard comments here about the Ontario deficit and everybody was making fun of it. Divide it by their population and divide ours by our population and see where we stand in comparative terms. So, Mr. Speaker, I am terribly concerned about the deficit and the total increase in our Budget. You know what it tells me? It tells me why then this government now wants low interest rates and who gives a darn about inflation? You know why? Because as long as you can pay all this debt in deflated dollars, you can get by. You can make it through it, but if inflation stops and you have to pay it in constant dollars, you are done.

**MR. DEPUTY SPEAKER:** The hour being 10 o'clock, the Honourable Member for Morris will have 15 minutes when this debate is called tomorrow. Being 10 o'clock, the House is now adjourned and will stand adjourned until 10 o'clock tomorrow morning. (Friday)