

# LEGISLATIVE ASSEMBLY OF MANITOBA

Thursday, 20 May, 1982

Time — 2:00 p.m.

**OPENING PRAYER by Mr. Speaker.**

**MR. SPEAKER, Hon. J. Walding:** Presenting Petitions . . . Reading and Receiving Petitions . . .

## PRESENTING REPORTS BY STANDING AND SPECIAL COMMITTEES

**MR. SPEAKER:** The Honourable Member for Springfield.

**MR. A. ANSTETT:** Mr. Speaker, I beg leave to present the Third Report of the Standing Committee on Public Utilities and Natural Resources.

**MR. CLERK, Jack Reeves:** Your Standing Committee on Public Utilities and Natural Resources beg leave to present the following as their third report.

Your Committee met on Tuesday, May 11, Thursday, May 13, Tuesday, May 18 and Thursday, May 20, 1982, to consider the Annual Report of the Manitoba Hydro-Electric Board.

Your Committee received all information desired by any member of the Committee from Mr. S. Cherniack, Chairman of the Board; Mr. L.D. Blachford, President and Chief Executive Officer; and Mr. A.K. McKean, Assistant General Manager of Finance with respect to all material pertaining to the Annual Report and the business of Manitoba Hydro. The fullest opportunity was accorded to all members of the Committee to seek information desired.

Your Committee examined the Annual Report of Manitoba Hydro for the fiscal year ending March 31, 1981, and adopted the same as presented.

**MR. A. ANSTETT:** Mr. Speaker, I move, seconded by the Honourable Member for Riel that the Report of the Committee be received.

**MOTION presented and carried.**

**MR. SPEAKER:** Ministerial Statements and Tabling of Reports . . . Notices of Motion . . . Introduction of Bills . . .

## ORAL QUESTIONS

**MR. SPEAKER:** The Honourable Leader of the Opposition.

**HON. S. LYON:** Mr. Speaker, in the absence of the Minister of Labour, I direct my question to the First Minister realizing, of course, that labour relations and statute law affecting railways are of a federal nature. Notwithstanding that fact, can the First Minister advise whether he or his government have undertaken inquiries with the Federal Minister of Manpower in order to ameliorate to whatever extent is possible the unfortunate announcement that was made yesterday by the CNR to the effect that some 1,200 workers at CNR shops will be laid off for an extended holiday of six to

eight weeks beyond the regular holiday period this summer?

**MR. SPEAKER:** The Honourable First Minister.

**HON. H. PAWLEY:** Mr. Speaker, we have a process that is established to deal with matters such as that, and I know the Minister of Labour will be here shortly, and any further detailed discussion pertaining to that might be best to await his arrival.

**HON. S. LYON:** Mr. Speaker, on that point, and perhaps through the First Minister to give the Minister of Labour notice of it, in view of the fact of this unfortunate announcement yesterday by Canadian National Railways, coupled with the announcement of approximately a week ago by the Canadian Pacific Railway with an equal number of people from the Weston Shop being laid off for an extended holiday this summer; in view of the fact that this now represents 2,400 full-time workers, who will be going on at least a six to eight week layoff, will the First Minister give us the undertaking that he and his government will work in the closest co-operation with the federal authorities to do whatever is possible to ameliorate and to assist those men and those women who are facing this unfortunate and terribly disturbing layoff, which will be affecting better than 2,400 Manitobans?

**HON. H. PAWLEY:** Mr. Speaker, I want to first apologize. Apparently the Minister of Labour has gone to a plant opening so will not be here during the Question Period.

Yes, Mr. Speaker, we have in place a process and the Leader of the Opposition can certainly be assured that this government will be doing all within its powers to communicate concerns in respect to not only the layoff by CN yesterday, but in respect to the C.P. We had some initial discussion pertaining to the C.P. on Monday with the Minister responsible for Immigration, and certainly we will be carrying through with the expression of those concerns.

**MR. G. MERCIER:** Mr. Speaker, in the absence of the Minister of Finance, my question is to the First Minister. In view of the resolution passed by City Council last evening, requesting the Provincial Government to exempt the City of Winnipeg from the payment of the payroll tax, Mr. Speaker. Could the First Minister indicate whether they will exceed to that request?

**HON. H. PAWLEY:** Mr. Speaker, the Minister of Finance dealt with matters pertaining to municipalities and school divisions, and the fact that the tax would not be effective 'till January 1st. In the meantime mechanisms would be developed. There is no change in that respect and the Minister of Finance is quite concerned about fulfilling the undertaking which he gave Budget night.

**MR. SPEAKER:** The Honourable Member for St. Norbert.

**MR. G. MERCIER:** Mr. Speaker, in view of the fact that the Minister of Finance has only indicated that there would be a refunding mechanism of the payroll tax to municipalities and school divisions, and in view of the fact that the city properly points out that they would have to incur administration cost involved in collecting, paying over and administering payment of the tax, does not the First Minister think it worthwhile to consider the resolution from the City of Winnipeg positively so that the unnecessary administrative costs that would be involved would be eliminated?

**HON. H. PAWLEY:** Mr. Speaker, we're not on the verge of making decisions based upon one aspect only of the consequences that might be involved re exemption. The entire question has to be examined. The Minister of Finance has indicated that, Mr. Speaker, and when he has ascertained what is the best approach in respect to the public interest pertaining to the matter, he will be announcing that in due course.

**MR. G. MERCIER:** Mr. Speaker, does it make sense to the First Minister, or is it in the public interest for municipalities and school divisions to incur the administrative costs that will be necessary to collect, pay and administer the payroll tax, rather than simply exempt them and avoid all of those unnecessary administrative expenses?

**HON. H. PAWLEY:** Mr. Speaker, the honourable member, I am sure, is aware that there are many implications in respect to potentially moving in one particular direction rather than in another direction; implications that might, indeed, affect the overall purpose in respect to the tax, that those implications have to be fully examined before one group out of a class would be exempted and others not.

**MR. G. MERCIER:** Mr. Speaker, in the event then that the government deems it necessary not to exempt municipalities and school divisions and other public institutions that are publicly financed, would he undertake to compensate them, not only for the payroll tax that they pay to the Provincial Government, but for the administrative costs that they incur unnecessarily.

**HON. H. PAWLEY:** Mr. Speaker, again I think the Honourable Member for St. Norbert is quite conscious of the fact that the Minister of Finance, on Budget night, dealt with the tax insofar as municipalities and school divisions were concerned; indicated the tax would not be effective until January 1; indicated that in the meantime the entire question relating to the particular tax would be examined in order to ensure that satisfactory arrangements were undertaken; would protect the public interests and yet respond to the real concerns that I am sure municipal, school divisions and others have. So, Mr. Speaker, there is little advantage in us entering into a piecemeal discussion at this point when indeed it has been clearly indicated that there will be consultation, there will be analysis and there will be an announcement in due course.

**MR. SPEAKER:** The Honourable Member for Tuxedo.

**MR. G. FILMON:** Thank you, Mr. Speaker, my question is for the Honourable Minister of Education. In view of the fact that all school divisions in the province have already established their budgets for a planned program of operations for the forthcoming year and, as well, they have been given the commitments for funding both by the Provincial Government announcement and the mill rates for property taxes that have been set, for what purpose will the \$1.75 million, which the Minister announced the other day, be used in the coming year?

**MR. SPEAKER:** The Honourable Minister of Education.

**HON. M. HEMPHILL:** Mr. Speaker, the \$1.75 million that was announced last week is for a program that was in the Estimates, was presented in the Estimates and in the Budget. It is for a special program which is to support small schools. The information, since they usually like to avoid very long and extended answers, I imagine that the details of the program will be discussed in the remaining time we have for Estimates review.

**MR. G. FILMON:** Thank you, Mr. Speaker. The point that I am trying to get at is that the divisions have already had to make their decisions as to whether or not to keep a school open and, presumably, they've already made their decisions based on funding, programming and so on. So, therefore, how will this add to anything they've already been prepared to do?

**HON. M. HEMPHILL:** Mr. Speaker, I think I've indicated as clearly as I can in previous questions and public speeches that this program is not intended to stop school closures. It has nothing to do with school closures. It is to redress an existing inequity in the existing Educational Support Program that says small schools that have small numbers of students do not get the same kinds of resources, materials, personnel and teachers to do the job to help educate the children that the larger schools do. It is to give them the same opportunity, the same resources, the same equipment to give a quality education to all of the children in Manitoba regardless of the size of the school they go to, Mr. Speaker.

**MR. SPEAKER:** The Honourable Member for Tuxedo.

**MR. G. FILMON:** Mr. Speaker, assuming that there might be an inequity in the system that leads to those particular problems, how can this affect it in this year when the school divisions have already decided what their program offerings will be, have already been given the announcement of how much money they can expect both from the province and through the mill rate? This will then just turn out to be mad money in the coming year because it can't be added to the program that they have already established.

**MR. SPEAKER:** The Honourable Minister of Education.

**HON. M. HEMPHILL:** Mr. Speaker, I suppose I should be pleased that the member opposite has given me an opportunity to say that I wish this program had been put in place in the existing Budget or I wish it had been built into the Educational Support Program that they spent a couple of years developing and put into place for three years. It wasn't in there; the best we could do was put it in after we took office. If it had been put in last year's Budget, they could have developed their program for the full year. It is quite true that now when they receive the information, they will be developing programs that will be put in place in September, but I have every confidence in their ability to: one, know right now what the deficiencies and the problems are in their schools; and know how, if they were given additional support, they are going to correct those problems. I am sure, that come September, we are going to have increased resources, books, materials, equipment, increased teachers and personnel to go into the schools and help do the job.

**MR. G. FILMON:** Mr. Speaker, in view of the fact that the average teacher's salary in the province today is \$30,000 and that the maximum that any one school could possibly get from this program is \$15,000, surely the Minister doesn't say that they are going to get additional staff, teachers, materials and all that for any school for the maximum of \$15,000 that she has announced.

**HON. M. HEMPHILL:** Mr. Speaker, what they are going to get in each school is an opportunity to have something that they don't have now that they need, that's No. 1; the other thing that they are going to get is whatever they need the most. Now in some cases, that's going to be books. In some cases, they will not have what they believe to be an adequate library or adequate resources and that's what they will put their money into if that's where the greatest need is.

In other cases, they may have special needs children, but they may not have enough of them to qualify for a full-time clinician or co-ordinator, special needs teacher, but they could get some help. They could hire an itinerant teacher on part-time. They could bring in teacher aides to give some support to the teachers who are there, often teaching three or four grades without any help at all. So they will be able to get, while it might not be one or two or three additional teachers, they will be able to make a decision to get additional personnel and additional teaching help into that school division.

## INTRODUCTION OF GUESTS

**MR. SPEAKER:** Before we reach Orders of the Day, may I direct the attention of honourable members to the gallery where we have 50 students of Grade 9 standing from the Joseph Wolinsky Collegiate. The students are under the direction of Miss Linda Connor and the school is in the constituency of the Honourable Member for Seven Oaks, the Minister of Consumer and Corporate Affairs.

There are also 28 students of Grade 5 standing of the Landmark Elementary School under the direction of Mr. Penner and the school is in the constituency of the Honourable Member for Springfield.

There are also 15 students of Grade 9 standing from the R.B. Russell Vocational School under the direction of Miss Medynski. This school is in the constituency of the Honourable Member for St. Johns.

On behalf of all the members, I welcome you here this afternoon.

## ORDERS OF THE DAY

### BUDGET DEBATE

**MR. SPEAKER:** On the proposed motion of the Honourable Minister of Finance and the amendment proposed thereto by the Honourable Leader of the Opposition standing in the name of the Honourable Minister of Finance. The Honourable Member for Pembina.

**MR. D. ORCHARD:** Thank you, Mr. Speaker. I welcome the opportunity to participate in the Throne Speech Debate to support the amendment placed on the Throne Speech Debate by my Leader — or the Budget Debate, I'm sorry. I'm only four months behind but that's because nothing has happened in the interim.

Now, Mr. Speaker, I want to speak in support of the amendment placed by my Leader for three primary reasons. First of all, this Budget has given to the Manitoba economy no direction that a new government ought to give to the Manitoba economy in its first Budget presentation. The second reason I am supporting the amendment is that this Budget has introduced a new taxation regime to the Province of Manitoba, something unknown in the last four years of government and new in this government's very first Budget, a new taxation regime. The third reason I want to speak in support of the amendment by my Leader is that this Budget has understated the deficit that this province will incur in this fiscal year and it has not been honest with the people of Manitoba in terms of presenting a deficit which is correct and factual.

Now, Mr. Speaker, my first objection to this Budget is that it deals with no new direction for a government to lay out to the people of Manitoba in the first of its four-year term. I want to point out some of the things that were mentioned in the press release so eloquently stated by the Minister of Finance to the people of Manitoba via the news service.

The first thing he mentioned is a \$23-million Interest Relief Program. This, Mr. Speaker, was the emergency program promised by special Session if necessary by the now Premier of this province. Under this \$23-million Interest Rate Relief Program, we know to date that all we have been able to identify is some \$60,000 gone to small businesses out of the \$23 million. In other words, this major direction of the government is one that is first failing for this government.

The new Job Creation Program is the second mentioned. Well, if it were not for the criticism of members on this side of the House during question period and during the Minister of Labour's Estimates, the program particularly for student employment would be woefully inadequate, and because of criticism, because of pressure placed by the Opposition, the Minister of Labour and Finance has seen fit to add some \$4 million to make that possibly a meaningful program to the youth, to the students of Manitoba.

The other area mentioned by the Minister of Finance, he mentions major increases in provincial assistance to the municipal governments and school divisions. My colleague, the Member for St. Norbert, pointed out that in our four years of administration, the property taxes in Winnipeg School Division No. 1 went up by some \$70 or \$80 in four years. In one year, carrying out these major increases in provincial assistance to the municipalities, the school taxes, tax bill in Winnipeg School Division No. 1 has more than doubled. The increase in one year that our government saw fit to provide fundings so that the \$70 to \$80 was the increase in four years, they've doubled it in one year with this increase in provincial funding.

The other major economic initiative is the extension of the Hydro rate freeze. That is our program, our administration's program.

They have established a \$17.5-million Beef Stabilization Program which I submit, unless the Minister of Agriculture backs off on the six years and the compulsory marketing aspect, they won't cash flow more than \$100,000 of the \$17.5 million, so that is a useless promise and a useless statement to the people of Manitoba.

They are freezing the university tuition fees, according to the Minister of Finance. They are and then they take it all back with a payroll tax at the University of Manitoba — some treat to the students of Manitoba, give on one hand and take away on the other.

They mention the Winnipeg Core Area Agreement as a major initiative. Once again, I point out that Core Area Agreement was signed and negotiated by the then Attorney-General, the Member for St. Norbert, in our government.

Their major economic initiatives, Mr. Speaker, are the Western Inter-tie. They have now changed it from the Power Grid to the Western Inter-tie, a project that, Mr. Speaker, our government in four years negotiated with Saskatchewan and Alberta. They are talking about the start-up of the Limestone Generating Station on the basis of that Inter-tie, once again, a program that we had, Mr. Speaker. They mention a major expansion to the ManFor complex, a situation, a project, Mr. Speaker, that our government was actively negotiating on behalf of the citizens of The Pas and the citizens of Manitoba.

They mention a smelter operation for aluminum. Once again, Mr. Speaker, that major economic development thrust that they claim was our government's initiative over the last three years of its term. They mention a potash development, Mr. Speaker, as a major initiative. Once again, our government was the one under which potash companies became interested in the deposit in Manitoba and determined its extent and its size and the economies of producing from it.

All those major economic initiatives that a new government should be laying out are the very economic initiatives that those people, those 34 members that are sitting in the government right now, used against our administration by distortions during the election campaign, by outright untruths in presenting to their constituents the possibilities of the aluminum smelter, etc., etc. They won the election. They defeated us on those projects and they have the audacity, Mr. Speaker, to bring them in as the centre pieces of their economic

development and print it in this news release and in the Budget Debate.

They mention a stepped-up construction program in health care facilities. Once again, our Minister of Health had initiated those construction programs in the majority. They mention a \$50 million — this is the only new one — Manitoba Housing and Renewal Corporation funding. Mr. Speaker, I have mentioned this several occasions before and I mention it again for those new members in the backbench.

In 1978, I had the opportunity to go to The Pas, Manitoba where I saw 48 single family houses built by the Manitoba Housing and Renewal Corporation ready for occupancy and there was nobody available to live in them. Is that where the \$50 million is once again going to go, to build houses in constituencies in jeopardy that are held by New Democrat members of the government in order to prop up the local economy and win a seat? Is that what they are going to do with that \$50 million, the repeat of what they did during the Schreyer years, 48 single family dwelling houses on Bell Avenue in The Pas unoccupied for over a year, compliments of the Schreyer administration, in trying to prop up the Manitoba economy but more importantly, Mr. Speaker, trying to save an elected member's seat and that is all?

Well, that's some economic initiative, Mr. Speaker. They mention \$5-million construction on the Law Courts Building and once again, Mr. Speaker, that was initiated by the Minister of Government Services and the Attorney-General in our administration.

There we have it, Mr. Speaker. They mention all of these economic initiatives and every single one of them, but one, are the initiatives started and well under way during our government. Now, is that the new direction that we can expect from the Manitoba New Democratic Government? Is it the ND Party's economic thrust to carry on the economic development projects that we had initiated, that they defeated us in the election on through their distortions and mistruths? Well, that is some shallow sham to present to the people of Manitoba in the first Budget, to tell Manitobans the economic direction of this government. They should be truly ashamed, Mr. Speaker.

Mr. Speaker, I want to take an opportunity to quote from pages 1 and 2 of the Budget Address and this is a quote from Mr. Schroeder's Address. He says, "This Budget has two main goals: First — to help sustain and strengthen our economy," and the second part, "to underpin our economic foundations." That is what the Minister of Finance said in his Budget Address. Then he went on to say on page 2, Mr. Speaker, that, "Thousands of Manitobans offered their views and suggestions about this Budget, individually or through their organizations."

Mr. Speaker, I noted in the Throne Speech Debate that all the bright-eyed backbenchers in the ND Party said they had a great deal of input into the development of the Throne Speech which was a shame. I haven't heard any of them claiming credit for having input into this Budget Debate so far. You know why, Mr. Speaker, because they are every bit as ashamed of that Budget as we are on this side of the House and as Manitobans are.

The backbenchers won't claim credit for the payroll tax and the other onerous parts of that Budget. But the

consultation that the Minister of Finance says that he undertook, I find very intriguing because you know, Mr. Speaker, there is one major industry in the Province of Manitoba that is a major industry. It is a major employer. It has put Winnipeg on the map. It has put Manitoba on the map, this industry. That industry, Mr. Speaker, is the trucking industry. The trucking industry in Winnipeg has a great number of head offices. It has companies that have grown in Manitoba and expanded from this province to have Trans Canada trucking services. Now when the Minister of Finance says he consulted with many people about this Budget, I can assure you, Mr. Speaker, he never spoke to one individual in the trucking industry, to get his views on three levels of taxation that he has imposed on that home grown and very important industry that employs over 12,000 Manitobans, that the Minister of Finance has seen significant enough importance from that industry to include it on page 19 of the summary by showing that transportation equipment represents 7.8 percent of the Manitoba shipments, exports and manufacturing. It's important enough to talk about it there, but it wasn't an important enough industry to consult about in this Budget. They proceeded, Mr. Speaker, to add a 1.5 percent payroll tax to every single employee in the trucking industry. Do you know what that will do to the trucking industry in Manitoba, Mr. Speaker? It will add 1 percent to the general tariff of freights that the industry in Manitoba must charge to recoup their costs.

They have taken, Mr. Speaker, without consultation with that industry, and they have raised the diesel fuel tax. As a matter of fact, Mr. Speaker, the diesel fuel tax, according to the Estimates, will increase by 47 percent, the revenues from diesel fuel taxation in Manitoba. Do you know what industry will pay the most of that 47 percent tax increase? The trucking industry will pay it. Did they consult with the trucking industry to find out what that would do to their industry in Manitoba, an industry that has provided jobs for over 12,000 Manitobans? No, no consultation.

Do you know what it will do to the trucking rates, the freight rates in Manitoba, Mr. Speaker? It will add at least another 1 percent. The cumulative effect of the payroll tax, and the diesel fuel tax on the trucking industry in Manitoba will add between 2.2 and 2.5 percent to the freight rates structure in Manitoba needed by the trucking industry just to pass those extra costs through.

Where will those two costs show up, Mr. Speaker? They will show up on the food tables of every Manitoban, the clothing tables of every Manitoban, the farm industry will bear those. That, Mr. Speaker, is why we say this government has brought in a hidden sales tax, because that tax on one industry may raise the cost by as much as 2.5 percent on freight rates. Practically every commodity going to the communities of rural Manitoba, and moving within the City of Winnipeg, moves by truck and will be effected by those increased freight rates.

The third way that this government has chosen to tax the trucking industry in Manitoba, without consultation, is through the surtax on higher incomes. I'm not talking about the higher incomes of the executive in the trucking industry. I'm talking about incomes of professional drivers. The truck drivers who have

established a good enough safety record and efficiency record to have themselves, through hard work and initiative, into that tax bracket. This government has saw fit to tax their productivity even more. Free taxes on one industry, home grown in Manitoba, headquartered in Winnipeg, and employing 12,000 Manitobans. Thanks an awful lot for your care, concern and consultation with that industry, Mr. Minister of Finance and your ND colleagues! That's the kind of concern and consultation you undertook with that industry and you have no idea today of what the implications will be on Manitobans of that industry; what implications that tax, payroll tax and the fuel tax, will have on the competitive position of the Manitoba trucking industry in its role of continuing to be headquartered in Winnipeg? How many more taxes does it take on that industry before they elect to move head office functions from Winnipeg to Saskatchewan, and Saskatoon, or Regina, or Edmonton, or Calgary? I suggest maybe not too many more, but that was never considered in this government's drive and desire to bring Manitobans into a new taxation regime, a new taxation regime, Mr. Speaker, that is hidden from Manitobans in that it is a hidden tax, one that they hope Manitobans will forget.

When the price of food goes up because the trucking industry requires more money to cover their freight costs, because of payroll tax and diesel fuel tax increase, when the price of food goes up this ND Government is hoping that Manitobans blame it on the retailer, and blame it on the farmers, and forget about their role in raising the price of food in Manitoba, and their role in raising the price of other commodities that previously were never taxed by a retail sales tax, and are now being directly taxed by this payroll tax and diesel fuel tax — a hidden tax paid by all Manitobans as consumers, a sham, Mr. Speaker, and done without consultation.

Now, Mr. Speaker, I want to deal with a couple of other areas which will be, I'm sure, news to some of the rural members in that Caucus. I want to talk about how this government has treated the farm community of Manitoba in this Budget; what kind of a steam they have shown to the farm community in this Budget; what kind of help they have offered to the farm community in this Budget. Mr. Speaker, the trucking industry was unfairly picked upon in this Budget through diesel fuel taxation, income surtax, and the payroll tax, but the trucking industry, at least, has some ability to pass those additional costs on to the consumer. But the farm community, which this group over here claimed to have some understanding of, has no ability to pass any of those increased taxation measures through to the people who buy their commodities, their grains and their livestock products, no capacity whatsoever.

How will these taxes affect the farm community? Well, first of all, any farmer who employs hired help in undertaking his farm production must pay the payroll tax, a direct cost to him. I suggest that the price of a pig won't go up by enough to cover his payroll tax deduction. I suggest that the price of a bushel of wheat, or rapeseed, or corn won't go up by enough to pay his payroll tax, not at all, and the Minister of Municipal Affairs recognizes that. He knows the farmer can't pass those additional costs through to

the marketplace; he knows that, but nobody else on that side of the House knows that — another area, Mr. Speaker, that this government has chosen to tax the farm community.

Many people in the farm community, through a change in federal taxation laws, as of about a year ago — as a matter of fact, I believe it was in the last Budget — they allowed farmers, as family farms nonincorporated, to pay their wives a salary and have it as an income expense and that had a great deal of benefit for the family farm wives throughout Manitoba. It gave them income. It gave them future pension benefits. It recognized their contribution to the farm industry in the farm community. Now this government is taxing that by the payroll tax. They are taxing the wages paid to the wives in the farm community. Now, if we were government and we did that, that Opposition, that N.D. Party would say that we were cruel to the fairer sex, to the women of this province by imposing a tax on them. They would say we were heartless, that we were male chauvinists, but them and their feminists can lollypop along, bring that on with no care, no regard whatsoever. That is a provision that many family farms are now taking advantage of with the change in the Federal Budget, the last Federal Budget and they are now taxing wages paid to farm wives.

Well, they can't — as I said — the farmers can't pass this through. Now diesel fuel tax, a purple diesel fuel, by and large, is exempt from tax — (Interjection) — well, we will find that out. I am not certain of that; we will find that out. But more and more of the farm community, Mr. Speaker, are relying on the commercial trucking industry to carry their grain and their livestock to market. They are also depending on the commercial trucking industry to bring in 90 percent, at least, of the supplies that come into rural Manitoba from fertilizer, chemical, machinery, seed grains and all those commodities that come in to the rural community. — (Interjection) — Well, the Member for Wolsley is babbling about her ignorance of the farm community. She just does not know what the farm community does nowadays. If she wants to speak about day care, I'll listen, but not about farming because she knows not of it.

Mr. Speaker, 90 percent of the goods consumed by farmers move in by truck. The freight rate increase imposed by the payroll tax on the trucking industry and the diesel fuel tax on the trucking industry will raise freight rates on most commodities that the farmers buy in the farm community and on a lot of commodities they ship from the farm community, their livestock, their grain, because they use the commercial trucking system.

Now, once again, I ask the Minister of Municipal Affairs: can farmers deduct the extra freight rate on the price of a tractor trucked into his farm from the selling price of that tractor because of the payroll tax and the diesel fuel tax? No, he pays the cost of freight of landing his inputs on the farm. So the farmer takes it in the neck twice — on goods coming in, on goods going out. He takes it in the neck with freight both ways, and this government has significantly increased freight rates to the farm community — 2.5 percent in one fell swoop — and to an industry that has no ability to pass those costs on to the consumer and no negotiating power to reduce those freight rates on the

goods they purchase that are trucked into the community.

Well, you know, I realize there is a lack of understanding over there in the government as to how this impacts on the farm community, but don't ever again stand up and wring your hands about how you care about the farm community and how you're going to help the farm community after imposing those kinds of new tax structures that will come directly out of the farmer's pocket. — (Interjection) — The Member for Springfield says, "That's claptrap," and he represents a farm community. Well, he won't represent a farm community very long unless he gets a better understanding of it.

But, Mr. Speaker, of even more significant importance to the farm community is the impact of the payroll tax on all of the employment in the service industries providing goods and services to the farm community, because every single one of those industries will have to pay the payroll tax of 1.5 percent. Let's just list some of those industries: the grain companies will all be paying 1.5 percent payroll tax on every single employee in Manitoba in the grain industry; the machinery retailers will pay that payroll tax; machinery manufacturers will pay the payroll tax; fertilizer and chemical retailers will pay that employee tax; the fertilizer manufacturers in the province will pay that payroll tax; the oilseed crushing industry, of significant importance to this Province of Manitoba, will pay the government on the basis of the payroll tax; the merchants in every single rural community servicing the farm community will pay that payroll tax; the meat packing industry in Winnipeg will pay that payroll tax on their employees salaries; the trucking industry, as I have already mentioned; the financial institutions servicing the farm community will pay that. And these people operate, these New Democratic Party people living in the dream world that they live in, Mr. Speaker, are naive enough to believe that farmers can pass those additional taxes on, those additional costs on.

Well, I want to ask the Minister of Municipal Affairs, who has some semblance of understanding of the rural Manitoba community: will the grain companies reduce their handling charges in the elevators of Manitoba as a result of this payroll tax or will they increase them? Well, they'll increase them. And who will pay it? The farmers of Manitoba will pay it, Mr. Speaker. I ask that same member: do you think that the fertilizer dealers, the machinery dealers, will reduce the price of their fertilizer and their chemicals and their machinery sold to farmers by the 1.5 percent payroll tax and give the farmers a better deal? No, Mr. Speaker. They don't have those kinds of profits. They will pass that cost on through the cost of machinery, chemicals and fertilizers bought by the farm community. The farmer will pay it; his costs will go up.

What about the machinery industry in this province, the manufacturing industry? Did this government and did the Minister of Co-operative Development consider the impact of the payroll tax on Co-op Implements and their competitive position in selling a deep tiller built in Manitoba, in Saskatchewan, and competing against the Morris Rodweeder Company which doesn't have a payroll tax or the Friggstad Manufacturing Company in Saskatchewan with no payroll tax?

No, they didn't, and it will raise the cost of Co-op Implements' equipment in Manitoba and put them at a competitive disadvantage in the market outside of the Province of Manitoba. Some help to the workers of Co-op Implements, and the same applies, Mr. Speaker, to Versatile. Can Versatile compete with John Deere, Case, Massey-Ferguson, Allis-Chalmers in the States, Saskatchewan, Alberta, when they have to factor in the payroll tax on a Versatile four-wheel drive tractor manufactured in this province? Can they add that to the price in that competitive machinery market and expect to get it back? No. The company will eat that tax and if they don't add the profits to absorb it, it will help to exasperate their financial situation and potentially put them out of business. They don't understand that, Mr. Speaker. That is the whole frustrating and discouraging part of this party. They don't understand what they did. They don't understand that they increased the costs to Manitobans.

They don't understand that they particularly increased all the costs to the farm community, the farm community that they want to protect and make sure the family farms exist. There has never been a greater regime of taxation placed on the farm community than has been with this payroll tax because there is no way that the farm community escapes it and there is no way that the farm community passes it on. If the farm community pays the payroll tax on a ton of fertilizer, through the diesel fuel tax to deliver it, through the payroll tax to manufacture it, their costs go up. Do they get more for their wheat, their rapeseed or their corn because of that? No, they don't. They absorb that. They take it as a loss. They take it in the chin, Mr. Speaker, and that is what this government has chosen to do to the farm industry of Manitoba.

Now, let's talk about the oilseed crushing industry for one moment. Our government, Mr. Speaker, assured that Manitoba, at Harrowby, had a second oilseed crushing plant in the Province of Manitoba; our government did that. Now, this government comes along and puts a payroll tax on them and makes them less efficient in their crushing operations compared to the ones in Nipawin, Saskatchewan; Lloydminster; Lethbridge; Saskatoon and the Peace River. Once again, the Member for Springfield doesn't believe this. He is so naive, he cannot see what this government has done to the oilseed crushing industry in Manitoba, and that's what we say. This government did not know what the implications of that tax were.

Now, in the crushing plant at Altona, they do two things in Altona. They employ a lot of people that they pay the payroll tax on, but the second thing they do is they offer a trucking service to their customers where I, at Miami, Manitoba, can order up a CSP truck from Altona, it will come and it will pick up my rapeseed at a very nominal, if no charge. Now, with the diesel fuel taxation that this gang has put on, they are not going to be able to do that at as economical a cost. And will they offer me more for my rapeseed because of that as a farmer? No, they will offer me less because their costs are going up. Now, isn't this a wonderful concerning government for the farmers of Manitoba? They have passed on layer upon layer upon layer of taxation to every single service industry that pays payroll tax, diesel fuel tax and imposed it on the backs of farmers that can't pass it on. Thank you very much,

ladies and gentlemen of the ND Party. Thanks an awful lot.

Mr. Speaker, when the meat packing industry in Winnipeg has to pay payroll tax to their employees on the killing floors and in the packing lines in either the pork or the beef or the poultry killing lines, are they going to absorb that? Well, we know the packing industry hasn't got profits to absorb it themselves. Are they going to deprive it from their employees in wages? Possibly. We don't know that whether the next settlement is going to be lower, cut the workers' salaries to recover the 1.5 percent tax or, realistically, will they reduce the price of the pig and the steer that comes from a farmer in Manitoba by the 1.5 percent tax? Will they do that? Well, I suggest they will, Mr. Speaker.

**MR. SPEAKER:** Order please. I find that the use of the word "gang" by the honourable member in referring to the government is under that list of words that Beauchesne says is unparliamentary. I bring that information to the Honourable Member for Pembina and suggest he take the appropriate action.

**MR. ORCHARD:** Mr. Speaker, I apologize. I know that you have drawn that to my attention once before and in my exuberance, it slipped and I apologize to all members of the referred to "gang" over there. I did not mean to refer to you as that.

Mr. Speaker, the meat packing industry, they've got three options to them: they pass the payroll tax on to the consumer; they take it off the wages of the employees; or they reduce the purchase price of hogs and cattle in the Province of Manitoba. You know where I suggest it's going to come from? I don't think the consumers are going to pay for it. I don't think the employees with a union contract are going to pay for it, but I do suggest to members in the ND Party that farmers will pay for it. They will pay for it because the bid price of their cattle and their hogs will go down.

Once again, think of what you people have done to the farm community at a time when the farm community can ill afford additional layers of taxation, but they don't understand. —(Interjection)— I submit and I agree with my colleague, the MLA for Lakeside, they just plain don't care. They never have cared about the farm economy. It's evidenced by the Minister of Agriculture now bringing out a Beef Income Program that is a recycling of the one his colleague, the MLA for Lac Du Bonnet, brought out in 1977. They don't care about the farming community.

So, Mr. Speaker, I just want to once again condemn this new government for coming up with a Budget in their first year that doesn't tell Manitobans one iota of the direction they wish to proceed and the vision they have for the Manitoba economy over the next four years, no new direction in this Budget. It is a repeat of the nothingness that this government has demonstrated prior to this Session in all their pronouncements in public. It is a continuation of the nothingness that we saw from this government in the Throne Speech. It is a continuation of the nothingness that this government has come up with in a beef program, interest rate relief and the other promised programs. We could not expect this government to come up with anything better in this Budget than another nothing-

ness statement for Manitobans, nothingness. They will do nothing for the Province of Manitoba, except drag out and hope for completion of some of the projects that we initiated while we were government and then they will try to take credit for it. Yes, indeed they will.

So, Mr. Speaker, I condemn this new government. I condemn you for not having the intelligence and secondly, the ability, and that is what is more frightening, in not having the ability in your government to come up with any new ideas, any new direction, any new innovative approaches to the Manitoba economy other than, Mr. Speaker, borrowing a tax from the Province of Quebec and putting a payroll tax on all Manitobans. A very, very, very good test that the Manitoba people will respond to in this first Budget, a shallow and deceitful document in this Budget, Mr. Speaker, a shallow and deceitful treatment of the people of Manitoba, one that the people of Manitoba will remember over the next three years in watching this government and one that they will recall fondly every time they fill out their employment slips and pay this government the payroll tax. They will remember and they will not support this government the next time they come to the election with no direction such as they are representing, no new ideas and no ability to deal with the economy of Manitoba.

**MR. SPEAKER:** Order please. The Honourable Minister of Municipal Affairs on a point of order.

**HON. A. ADAM:** On a point of order, the honourable member has a habit of using unparliamentary words whenever he rises to speak and he has just used one, "deceiving" the people of Manitoba. He shouldn't use that word, Mr. Speaker.

**MR. SPEAKER:** Order please, order please. Order please. For the information of the honourable member who raised the point and the honourable member who used a word similar to "deceive," I can advise members that the word "deceive" is in the list of unparliamentary words and it is also in a list of words not ruled to be unparliamentary. So it would seem the word is both allowed and prohibited. It's up to the House which way they want it to be handled — in the meantime, the Honourable Member for Pembina.

**MR. D. ORCHARD:** Mr. Speaker, maybe the Opposition might let me start again. Thank you.

Mr. Speaker, maybe the use of deceitful is not parliamentary in the context I use it, but I have checked Beauchesne and I tried to stay within what was accepted parliamentary language and possibly I might indicate a direct quote from some constituents of mine who consider this and they have said to me that this Budget is, indeed, a very shallow and deceitful document. They are not proud of this government and they are not confident that this government can offer anything of value to Manitoba except a larger deficit, more taxation and no new approach to the Manitoba economy.

Thank you, Mr. Speaker.

**MR. SPEAKER:** The Honourable Member for Burrows.

**MR. C. SANTOS:** Thank you, Mr. Speaker. The reference of the Member for Pembina to the word "chauvinism" reminds me of some kind of taxation system in an African country called Swaziland. In Swaziland, if you're a male and married, or if you are married but you limit yourself to one wife, you pay a tax of \$4.40 per annum. But if you should decide to take an additional wife, you can take as many as you can provided you can support them, there is a ceiling, though, of \$12.90. So you pay an additional tax of \$4.20 per wife that you take, but after you reach the ceiling of \$12.90, any additional wife will come tax free.

Mr. Speaker, I know of only one way by which we can raise taxes and still benefit the taxpayer. The only way I can think about of raising money is to tax every unparliamentary word that is uttered in this Chamber.

**MR. SPEAKER:** Order please.

**MR. C. SANTOS:** Certainly, it will increase the deference and respect of the people of Manitoba who are, I would say, disappointed at the performance of some of our members in this hallowed hall of this Legislative Assembly. All I'm echoing, Mr. Speaker, is my sentiment as an adherent lover of our parliamentary institutions.

In support of the first Budget of the New Democratic Party Government of the Province of Manitoba, I would like to confine my remarks into three interrelated points. One, I like to try to explain in a systematic way how come that we have big government in our contemporary society intruding into the economy, into the everyday activity and lives of the citizens of the community. Second, I would like to look into the expenditure side of the Budget, find and identify some rational criteria in trying to evaluate whether this Budget is a good or a rational Budget. Finally, I'd like to go into the expenditure side of the Budget and look at the item of priorities of the specific budgetary allocations in order to learn more about the political objectives and commitments of the government that is now in control of the Province of Manitoba, the New Democratic Party in charge of the governmental machinery of this province.

If we try to identify the causes of big government and the increase in governmental activity, we can see that the first thing that we notice is there is an increasing general level of a rising standard of living among all the people in all the western world and because of that they have a generally rising level of expectation about the kind of services that they are entitled to. The people always look upon the government to provide for all these services, so we are expecting good and better schools, good and better hospitals, research facilities, health and sanitary inspections, all of the things that we need in order to continue to maintain our generally higher level of standard of living.

The second cause of big government is, of course, the emergence of interest groups pursuing their own particularistic interest and so we have labour pursuing the interests of labour as against management; so we have the agricultural sector as against the industrial sector in this society; we have the consumer groups as against the producers group. In all of these conflicts of interest in our society, somebody has to come and mediate and resolve this conflict in a peace-

ful and orderly way, and the only institution in our society that is capable of doing that is the government. So, the second cause or price of big government is our demand that the government resolve our conflicts of interest in our society among individuals and among groups.

As a result of this increasing urbanization and industrialization in our society, there are of course certain dislocations that are taking place and the individual feels insecure sociologically and economically. So, we have witnessed what the sociologists are calling alienation or anomie and there are also certain economic dislocations such as depressions that we are suffering through at the present time.

The farmers, for example, would like some kind of a security and so they demand crop insurance. The workers would also like some kind of an economic security and they demand Workers Compensation, a minimum wage law. The lenders of money demand some kind of security and so they demand mortgage insurance to protect them from all this risk of uncertainty in our terrible society and in our terrible environment. They call upon the government to perform all these functions.

Now, in view of the fact that the higher standard of living, the conflict of interest in our society and our desire to shift the risk to the government, how can the government meet all these functions, all these activities? Obviously, the government needs resources. Obviously, the government needs money. How can the government raise money? How can the government raise the necessary funds in order to carry on the activities that are imposed on the lap of government.

There are three ways by which the government can raise the necessary public funds; by printing money or in some other way, directly creating money if it is within the jurisdiction of the particular level of government; by borrowing and thirdly; by raising taxes or imposing new taxes.

Let us look at each of these individual ways of raising public funds. If the government should decide to do it the simple way and simply print money, what will happen? There will be more dollars, you can imagine, more dollar bills chasing a few hot dogs in the supermarket and you'll need a bagful of money to buy a loaf of bread. That is what is known as too much money chasing too few goods and it is known and called by economists as the demand pool inflation.

Should the government decide to raise public funds by means of borrowing, the resultant effect would be that there will be an increase in interest rates for the lenders, and when interest rates increase and some of the businessmen cannot repay their demand loan, what would they do? They will cut down production and when they do cuts on some production, what will they do? They will lay off some people and unemployment will increase.

If the government should decide to follow the third method and use the power of taxation in order to raise public funds, what will happen? There will be a general increase in the price level of wages and salaries because those people with bargaining political power will fight the tax increase and see to it that they maintain their after tax level of income, but those who have less bargaining power in our society will just have to take the bargain. So, labour will demand higher salary

levels and will get it because it has bargaining power, but the unorganized segment of our society cannot and it will suffer and there will be unemployment in the segment of society who are less capable of protecting themselves.

So, whatever method the government uses, there will be some effect in the economic system. There will be generally higher levels of prices and unemployment and especially the productive capacity of the country is not increasing as well as the supply of money, then there will be dislocations and depressions in our economic system. The only way we can offset somehow the effect of inflation, whether it is the demand pool or sell or push type of inflation — by the way, sell or push type of inflation is the type where the employer will simply increase the price of his product because he has to pay a large amount of labour costs, not because it is justified by the increase in demand from the consumer groups. That is another type of inflation and it will lead to what economists are calling now as instagnation, a stagnant economy and at the same time a rising level of unemployment.

This is the situation now in our society and our economic system, and because these governmental services, these governmental functions are essential, they have to be done, they have to be performed, but resources have to be obtained somewhere and this reminds me of what David Colbert said about taxation power. He said, "The art of taxing is similar to the art of plucking feathers from a live goose. You have to know the technique to be able to obtain the greatest amount of feathers with the least amount of squawks."

Certainly, each affected group will try to protect itself and the politicians are astute enough. They know which group in society their support, their political career, depends on and they will try to protect the interests of these groups because if they squawk, the politician will get the flack. So, he will try to do his best that those who squawk the most in society are those who are taxed the least.

Therefore, any revenue side of the Budget must satisfy certain rational objective criteria or otherwise there will be inequalities and inequities in our society. What are these objective criteria of a good taxation system? The first and primary criteria is tax equity. Tax equity means a fair deal to the taxpayer on the part of the taxing government. It has two aspects, what are known as horizontal tax equity, which means that those similarly situated in the same economic circumstances should share the same tax burdens. The economic circumstances are defined as belonging to the same group with a certain level of income which include rents, interests, annuities and other sources of income, the same group having the same amount of property, the same group having the same certain specified family size or the same group belonging to a specific age category. As long as they belong to the same category or the same classification, they should be taxed with the same rate. That will satisfy horizontal equity in taxation.

A complementary principle is what is known as vertical equity in taxation, which means every individual, differently situated in different economic circumstances, should proportionately receive differential tax treatment. This is just the other side of the coin. If you don't belong to the same tax category, then you

should be taxed in a different way. This principle of equity is based, of course, on the Latin maxim which says, "All those who share in the benefit should share in the burden." — "Cujus est commodum ejus est onus." Whoever shares in the benefits of civilization should also equitably share in the burden of taxation because taxation is the price we pay for our civilized existence.

Listen, gentlemen, I would like now to go into the expenditure side of the Budget. The expenditure side of the Budget will reveal the priorities of the government in power. If you look at the budgetary item in the expenditure side of the Budget, it will reveal to you the political objectives of the government and the underlying philosophy of any party that is in control of the governmental machinery.

Now, let us look at the expenditure side of the Schroeder Budget, which I think is very well conceived. The first item of priority on the expenditure side of the Budget is the field of health. Thirty-two percent of the total expenditure for the fiscal year 1982-83 goes to the field of health. This means that the New Democratic Party Government of Manitoba has placed the highest priority, the highest emphasis on the health of Manitobans, on the health of its own people. Health is next to life. Without health, your life may just be a vegetable kind of existence. You may possess all the material goods in the world. You may possess all the piles of money in the bank but if you have ulcers or other kinds of sickness and you are confined in bed, are you truly rich? Of course not. The truly wealthy man is the healthy man because he has the power to enjoy the blessings of this world.

The second priority in the expenditure item of the government is Education. 20 percent of the total expenditure budget of the government goes to the field of Education. The great philosopher Dionysius said, "The education of the youth is the solid foundation of this state." We are investing in the future of our children and in the future of our country when we put priority to the field of Education. If education is the search for the truth and if truth can make men truly free, then education is the key to true human freedom.

Let me tell you why. If you are an uneducated person, if you are an educated individual, nobody can steal that from you. Nobody can steal your education. Your money can be stolen, your property can be subject to foreclosures, but your knowledge and your education stays with you as long as you're alive and your education will give you certain skills. No matter what changes there are in the environmental conditions, in the uncertainty of the economy, you are able to adopt and adjust yourself to the changing situation of your existence. Therefore, education gives us some kind of freedom from hunger, from economic want, as well as freedom from the uncertainties of life. That's why education is important and we have placed, accordingly, the proper emphasis on the field of Education in our expenditure budget.

The third item of expenditure in the Budget of this present government is devoted to the field of Economic and Resource Development and Highways. Now, this is investing in future economic development, in future industrial progress. If we have to develop this province, this country, we have to develop the productive capacities. Alberta and Saskatchewan

may have their Heritage Funds. They have their money; we don't. But we have the best heritage of all — the national patrimony of this province. What I have in mind is our resources in terms of the hydro-electric power. As long as the snow is falling and it is melting, as long as our rivers are running and as long as our generating stations are operating, we shall always have in perpetuity the source of energy that annually renews itself continually and will never be exhausted because it is renewable and nonexhaustible. That is why, as a matter of principle, we as a party subjected to selling this national patrimony to some foreign corporations. This party thought that there would be a few jobs that in the short run would be good, but in the long run, will truly be a disservice to the people of this province and for the generations to come. Mr. Speaker, there is an honest difference of opinions among reasonable men who can differ honestly in issues of great importance, such as the matter of how to deal with the national patrimony of the Province of Manitoba. I say that to sell any of our national patrimony is to sell your birthright for a plate of beans.

Mr. Speaker, in view of this fact, we know the priorities of this government. We know that the disconcert with people, with the health of people, with the education of people, with the economic development to feed people, because we put people above all and any material gains in life. Because we want to protect and preserve the patrimony of this country, we also want our children to enjoy the same thing that we have been endeavouring to preserve and maintain for them. But there's another objective that we should always bear in mind and it is the preservation of our democratic institutions of government. We have witnessed so many developing countries in the world who have abused their democratic rights and therefore people have to resort to other means in order to achieve their ends. When the ballot ceased to work, the bullet will have to operate. This is true in all of the developing countries. As a matter of principle, any right that we abuse is a right that we risk we will lose some day. That's why I feel so bad when we abuse a right to discuss and debate in the Legislative Hall of this Assembly, because of the parliamentary tradition. I have a sentimental attachment to the parliamentary tradition in the sense that it can facilitate a peaceful and orderly exchange of power without blood or violence. But if we abuse our rights, we're going to lose them.

The most important thing that any government can do to act as the protector of its own people is to preserve certain underlying principles that are enduring for long periods of time. This is the principle of social justice. Because our society can only be as strong as the weakest element, the weakest link in that society, we have to be very careful about those weakest links in our society — those who are least able to fend for themselves. Social justice is the principle which asserts that because we are not all born equal, or we are born with equal facilities and equal talents, there are certain groups of people in our society who are least able to protect themselves. Those are the weakest link in our society; we have a moral obligation to look out for them.

Therefore, social justice demands, in the distribution of goods, services, and resources in this society,

that the more affluent ones have a moral obligation to see to it that these inequalities in social and economic opportunities should be so arranged so as that we can give the greatest benefit to the least advantaged.

I support this Budget because it is doing exactly just that; I support this Budget which is an enlightened and rational Budget. We have tested it by the objective criteria of rationality and it passed. We have tested it by looking into the objectives and goals of government and it has satisfied that requirement. We shall, in order to preserve our democratic tradition, one more thing we have to bear in mind is to preserve equality of economic and social opportunity for all kinds of people so that they will be confined by the rules of our parliamentary system and they will not deviate from those rules so as to endanger the peaceful and orderly, political, social and economic structure of this society that we have loved so much.

I thank you, Mr. Speaker.

**MR. SPEAKER:** The Honourable Member for Minnedosa.

**MR. D. BLAKE:** Mr. Speaker, it's a pleasure to get up and speak during this Budget Debate. It's sometimes an advantage to speak early and have all the things said that haven't been said a dozen times as is the case when you speak later on in the Budget Debate. So I hope that I will not be too lengthy and will not cover too much ground that has been covered before.

Mr. Speaker, I want to say a word, first of all, about the delivery of the Budget; I think the Budget was delivered in a style that was sort of smug. They sat across the way like the cats that had swallowed the canaries, figuring that they had pulled a real coup in not announcing a sales tax increase and instead coming on with a wage tax that we have heard so much about, not only from this side, but from editorial comments and from the business community. I'll say a little more about that later on.

Mr. Speaker, the effects of this particular wage tax will be felt throughout the community in total. It will be felt by old age pensioners, it'll be felt by others on fixed income, it'll be felt by those supporting families, those supporting businesses and those in the farming community that are purchasing agricultural supplies. So the wage tax is going to be something that will, I think, come back to haunt this government although they felt at the time when it was announced that it was a neat trick and that it was going to solve all of their problems. —(Interjection)— I've just been informed by the new parliamentary expert from Ste. Rose, Mr. Speaker, that "trick" is an unparliamentary word, so I withdraw that and substitute "they felt it was a neat move." But to quote from an editorial, Mr. Speaker, "The payroll tax of 1.5 percent is risky business, given the fragile state of many businesses in Manitoba. There is a possibility this levy will further worsen the economic outlook for those employers whose businesses are labour intensive." That is very, very true, Mr. Speaker, and I just wanted to emphasize that point.

It's been mentioned by others on this side of the House that the Budget was a kick in the teeth for business and agriculture. I think that is a fairly strong term but it does sum up the feelings of those of us on

this side. An increase of 20 percent in spending at a time when there is some move afoot throughout the land to hold the line that I think the 20-percent increase in spending is rather excessive, and I think the government is going to have a very, very difficult time in trying to raise funds to cover it.

The Member for St. James, the Minister of Natural Resources, mentioned in his remarks — I can't quote him exactly but something to the point that everyone knows that the governments have to raise money to cover their spending. That's a good statement, but that's not what's happening with this government. They're not raising enough money. They're going to run into an acknowledged deficit of \$355 million, and I haven't listed all of the various other millions that they have told us they're going to spend that aren't covered there, so we know the deficit is going to be way way more than that, probably \$400 million. That is not in keeping with a hold the line, or try to hold-the-line operation.

The member that just spoke, the Member for Burrows, mentioned about what we must hand on to our children. I couldn't help but think then, Mr. Speaker, that this is what we're handing on to our children — massive deficits and debts that we'll probably never ever recover from unless there is such a turnaround in the economy such as we haven't seen for years and years and years, so I don't think that is something we intended to turn over to our children.

Mr. Speaker, without running through all of the items that were in the Budget, I do want to mention the tax on gasohol although the change is maybe not going to be all that severe. Here was a move by the former administration that attracted a Canadian employee-owned company into our province and into our area, and they have done a superb job in opening a defunct plant, providing excellent jobs, excellent working conditions and the incentive that was provided by some relief on that tax structure enabled that company to get operating here. It is the first plant in Canada, the only one to date although there are others being built, so it's obviously a field that others are getting into.

The reason that they're here, I think, has been good for Manitoba. The reason that they're here is very clear; it's been good for Manitoba. It has certainly been good for our constituency and I just hope that this government is not going to get a little overexuberant and start taxing them out of business because there are other jurisdictions that are looking for businesses. This company is pretty nationally based and will be free to move throughout the Canadian sphere.

There is continual research going on; there is a possibility that this plant could be enlarged. They have the facilities at Minnedosa. There could be a research facility built in there to go into the cellulose operation that we would welcome in our area because it is going to create extra jobs. Here was a perfect example of where government incentives or government seed money can start an operation that would become successful and would be of tremendous benefit to the area. Mr. Speaker, the plant had to import considerable product from the United States that there was no tax relief on and I know they have several millions to recover before they get back their original investment to get that plant going. It would

appear that they are not going to receive much help from this government.

So what I am saying, Mr. Speaker, is I just hope this government doesn't get overenthusiastic in trying to grab some of that extra revenue too quickly when they see a plant operating as successfully as that one is. It is a well known fact, the officials of the company announced at the time that they fully expected the tax would reappear once that product became accepted and they got their operation in full swing. So I am just cautioning this government to some degree not to get too anxious to get their hands on that tax dollar until this plant, which is an ideal Canadian operation, gets really on its feet and gets going.

Mr. Speaker, as I had mentioned earlier that the idea of this Budget at this particular time of chronic unemployment should have been directed at the creation of jobs. We have heard so much about what happened in Ontario and the previous Budget there. Well, the No. 1 aim of that Budget was to create jobs, even though they increased taxes to some degree and they're going to have a deficit, the main thrust of it was to create jobs.

We have seen announcements from the government benches on what they are going to do to provide student employment. We don't think it is as good of a plan as the one we had; it's not going to provide as many jobs. They are going to insist on vocation-oriented types of jobs and I can't really see that being of any help to a student that wants to earn a few dollars to get it through school. I have heard the Attorney-General on this side of the House, the former Attorney-General, remark one day that he picked up garbage when he was getting his law degree, so I don't think vocation-oriented jobs are really going to be helpful to a student that wants to earn a few dollars to enable him to get back to university next year and to get through.

The massive layoffs are of tremendous concern to all of us, Mr. Speaker, the layoffs in the north. We hope that a great number of them are temporary. We know that a great number of them are created through economic conditions that saw a soft mineral market and saw great stockpiles. The massive layoffs that we are now seeing in the railway shops on both CNR and CPR are not encouraging to our particular economy.

We needed a great thrust to create some employment, Mr. Speaker. We needed the Alcan plant; we need it now. The Minister of Mines met with the Stonewall Chamber of Commerce last night, found out how badly they want it, how badly their economy is suffering and their businesses. We need the Potash Mine and I would say there is probably slim chance of that coming into being now. —(Interjection)— We didn't know that last fall. A little expert from Springfield is chirping from his seat, Mr. Speaker, that we knew that last fall. I still maintain that mineral is there, whether we are going to squeeze that last dollar out of the people to bring it out of the ground such as our members opposite want to do, or whether we don't. We can provide hundreds and hundreds of jobs in Western Manitoba that are greatly needed and sorely needed out there, Mr. Speaker.

The Grid and the Limestone operation, we have heard so much about that throughout the whole Budget Debate — very, very important to the economy

of this province. There was nothing in the Budget whatsoever to give us any indication of an economic thrust for the next few years; the direction this government was going to take; what they were going to do to turn the economy around. We heard an awful lot about it last October and last November during the election campaign, how they had the great master plan that was going to turn the economy around, how they were going to recreate all the jobs that have been lost and bring back all the people that had left Manitoba.

What have we got? Massive layoffs, every day you pick up the paper. Bankruptcies, they announce a Mickey Mouse program to provide the interest rate relief. The Interest Rate Relief Program, I say, Mr. Speaker, is going to benefit a handful of people in Manitoba and those that get it, I know, are going to need it and they are going to be grateful for it. We announced a plan to provide some mortgage assistance that was meaningful, not a bandaid program such as you have announced here. There was a program announced in Ottawa awhile ago that your cohorts in Ottawa voted the government out on. That mortgage deductibility would have provided more relief for your mortgage owners that are suffering here than any program you've come up with or anything else. So don't talk about what programs we might have put forth that would help the people.

Mr. Speaker, we have to have programs that are going to create jobs in Manitoba. There was nothing in this Budget to create employment; there was nothing in this program that was going to give encouragement to the people in Thompson, the people in Flin Flon, in the northern areas. There was nothing there that was going to give them encouragement to the people in Thompson, the people in Flin Flon, and the Northern areas. There was nothing there that was going to give them encouragement to look forward, a few years down the road, to a bright future. They may be faced next year with further lay-offs, that we don't know. We hope that doesn't happen.

But, Mr. Speaker, what we were looking for in this Budget was something that was going to give some encouragement to those that are on unemployment insurance now, or those that are looking to better themselves and find something more to their liking, or where there was a chance of some future advancement; jobs that maybe were of a technical nature that provided a better than nominal income. Those are the plants like Alcan, the potash mine, the Limestone Generating Station. These particular developments are the ones that create jobs that are going to provide lasting and economic benefits to this province. There was nothing whatsoever in this Budget that would indicate there was any move in that direction to provide that kind of an economic thrust.

There is no question about it, as someone has just mentioned — the Member for Emerson — they are mentally bankrupt. They brought in a cute little Budget with a few little dainties in there that were going to tantalize the voter; try and keep a few election promises however shallow they might have been. There are an awful lot of them that haven't been kept to any degree but there was nothing whatsoever in there to encourage those who were looking for a working future in Manitoba.

There was much in there for those that might look forward to some other kind of a future in Manitoba and I would qualify that because I don't think the particular wage tax is going to help those that might want to retire in Manitoba because they are now going to be feeling that 1.5 percent in all of their purchases, whether it be for food, produce or whatever. That was something that hadn't been intended, I am sure, by this government. So it was a neat move, Mr. Speaker, — I won't refer to it as a trick — but it was a neat move. But it's not going to fool the taxpayers of this province because they were looking for something a little better; they were looking for something that was going to provide employment, something that was going to give some encouragement to the young people of this province to stay here and work here and build their future in Manitoba. There was nothing in this Budget to give them that encouragement at all.

So, Mr. Speaker, it is a Budget that was bereft, as was mentioned earlier, of any economic thrust that was going to be beneficial to the young people and to the working province.

So therefore, Mr. Speaker, I move, seconded by the Honourable Member for Swan River, that the amendment be amended by adding after the word "Manitobans," the following words: "and has imposed a payroll tax on Manitobans which will impede the economic recovery and contribute to higher unemployment."

Thank you very much, Mr. Speaker.

**MOTION presented.**

**MR. DEPUTY SPEAKER, Jerry T. Storie:** The Honourable Member for Turtle Mountain.

**MR. B. RANSOM:** Mr. Speaker, I would like to advise you that under Rule 33(2)(a) that I will be speaking on this amendment on behalf of the Opposition and will be taking advantage of the opportunity to speak for more than 40 minutes.

**MR. DEPUTY SPEAKER:** The Honourable Member for Springfield on a point of order.

**MR. A. ANSTETT:** Mr. Speaker, I raise a question with regard to the designation rule under Section 33(2), and would ask for your assistance and your guidance in the interpretation of that rule with respect to the one hour notice required for designation? The requirement under (2)(a) provides that the member on his behalf has given prior notice of the designation to the Speaker.

**MR. DEPUTY SPEAKER:** I will accept the words of the Honourable Member for Turtle Mountain as notice.

**MR. A. RANSOM:** Thank you, Mr. Speaker. I do welcome the opportunity to speak on this Budget Debate without constraint of having to try and fit within the specified time interval, because sometimes when one wants to make a point it's good to be able to pursue it to the point where those people to which you are appealing, have some sense of the point that's attempted to be made.

Mr. Speaker, the Budget which a government presents is the single most important document that gov-

ernment presents during the course of a year, because the Budget outlines the economic strategy which the government is going to be pursuing over the course of the next year. It asks from parliament, from the Legislature, for the right to raise revenues to cover the expenditures which the government hopes to make during the year and that, of course, is the essence of parliament — seeking the right to raise money. Hopefully, that document does outline a strategy which the government intends to follow and so it is a document that requires very careful study and debate.

While I perhaps agree to some extent with the comments that were made by the Member for Burrows, that occasionally in our discussion of the Budget and on discussion of other items in the Legislature, we do perhaps depart somewhat from the standard of decorum that we might, on sober second thought, like to have. So I am going to attempt in my review of the Budget today, Mr. Speaker, to do so in a rational and noninflammatory fashion and hopefully we'll be able to provide a fairly detailed review of this Budget.

I'd like to start with some quotations, Mr. Speaker, because I've had a concern all along about the way that this government had been presenting the situation which they inherited when they assumed office last November 30th, because I think there has been some misconception left with the public as to what the situation was that was inherited by the government last November 30th. I start with one of the things, Mr. Speaker, that leads me to this conclusion, and this was an article in the Winnipeg Free Press on November 27, 1981. The headline is "Tories Leave \$253 Million Headache," and then down the page there is a quote from Premier-Elect Howard Pawley. This is a direct quotation in this article in the paper which says and I quote: "Certainly, the public has been misled." This was a reference to the deficit which that government was about to inherit three days later. "Certainly, the public has been misled," the Premier-Elect said.

Then, Mr. Speaker, another quotation as well which bears upon this same subject and this appears on Page 239 of Hansard on Tuesday, the 9th of March, 1982, and again I'm quoting from the speech by the Honourable First Minister in addressing the Throne Speech. He said, "This province, however, is less able to take advantage of the prosperity today than indeed was the case back in 1977." Well, Sir, that is one more comment which I would like to refer to later.

A third one, which leads me to have this concern, is again a quotation from the First Minister on page 241 of Hansard, Tuesday, the 9th of March, 1982, and he said, "Because we have no intention or desire to raise taxes to an uncompetitive level and the outgoing government has pushed the deficit level very very close to intolerable levels."

Mr. Speaker, a further quotation to which I could refer is — this was an article in the Free Press on November 19, 1981, and it was titled "Pawley to Continue Mega Project Talks." Again, they're referring to the fiscal management, fiscal affairs of the government and the Premier-Elect was quoted as saying, "I think we should work toward a fiscally sound balanced situation."

And as a final quote here, Mr. Speaker, this is from a radio program, a CBC questionnaire program that was aired on December 3rd, and the First Minister in

this situation again referring to the deficit said, "It is still quite manageable, related to other provinces, so I would be surprised if there was any change in respect to our credit rating."

Mr. Speaker, we have this kind of conflicting talk, one position being taken by the Premier-Elect just prior to assuming responsibility for government and then moving rather quickly to a somewhat different position within a few days of assuming responsibility for government. Now, let me deal, Mr. Speaker, with what I think is the most serious allegation and that is the one where he said, "Certainly the public has been misled."

Well, Mr. Speaker, I will put on the record, once again, that our government introduced a system of quarterly reports, whereby at every quarter the Department of Finance tells the public how the business has been going, if I can use that term, with respect to revenues and expenditures, so that at the end of June, the end of September and the end of December, there is some understanding of the fiscal plan, how the fiscal plan of the government was proceeding. That was brought in, Sir, by our government in order that people would know, because we countered the situation in the past where in 1977, for instance, the public and the Opposition were under the impression that there was going to be a deficit of, on combined Current and Capital, I believe \$129 million in total.

It really wasn't under those circumstances until this party got into power in October of 1977 that they received a report from the Minister of Finance at that time which told us that in fact there was a projected deficit of \$225 million at minimum and further expenditures beyond that to which firm commitments had not yet been made. So indeed, Sir, the public at that time was not aware of that extra, approximately \$100 million, and that was of course money that was going to be spent on the operating side, Mr. Speaker.

**MR. DEPUTY SPEAKER:** Order.

**MR. B. RANSOM:** So, Mr. Speaker, we brought in a system of reporting that would tell the public and would tell the Legislature where things were at and so there was nothing hidden. There was nothing hidden, Sir. The Budget which I introduced in this Legislature last spring projected a deficit of \$219 million and there were a number of Special Warrants passed in the meantime which give indication of course as to what the additional spending might be. Sir, during the election campaign there was never any question raised to me as Minister of Finance what the deficit was at that time. The members opposite weren't especially interested in what the deficit was, but when the quarterly report for the second quarter was filed at the end of November, which was the normal period of time that it takes to put together the quarterly report, it estimated a deficit, I believe, of \$252.8 million which was hardly a great significant divergence from the 219, certainly not a shocking divergence from the \$219 million which had been projected in April.

So for the Premier-Elect at that time to say that the public had been misled, I think, was an effort really to try and cloud the issue at the time because they knew what the situation was, Mr. Speaker. They had made

commitments knowing what the circumstances were and so they thought that they would try and cloud the issue by making these statements. When we got a look at the books, we saw what kind of a deficit that they were facing. Since that time, they have made references that the fiscal capacity of the province had been damaged by four years of Conservative Government, that the government is now in a less advantageous position to be able to exploit the circumstances than they were in 1977.

Mr. Speaker, let me put a few figures on the record again and I admit, Sir, that I have already placed some of these figures on the record, but they don't seem to have been understood and I am going to take the opportunity to do so once again. I am going to compare 1977 with 1981. In 1977, the growth rate according to the Conference Board for the Province of Manitoba was 0.8 percent. That was the year the Conservatives took over from the previous New Democratic administration. The latest projection for the growth rate in Manitoba in 1981 made by the same Conference Board is 3.6 percent, 0.8 in 1977, 3.6 percent in 1981. I don't judge that to be an economy that has been somehow damaged during that interval of time.

Secondly, the rate of unemployment when we assumed government in 1977 was 5.9 percent. It was 6 percent when the honourable members opposite assumed government, a very slight increase. It had been down in the interim, but it was a very slight increase, approximately the same.

Then, perhaps, another figure that needs to be looked at very carefully was the debt servicing cost. I have heard reference recently to the cost of the debt as a percentage of the expenditures of government. Well, Sir, in the Budget that was presented in 1977 by the previous New Democratic administration, debt servicing costs were estimated at 4.2 percent. In the Budget presented last year by our administration, debt servicing costs were 4 percent, not much change, but down as a percentage of a government's expenditures rather than up.

Let's talk about the deficit itself a bit, Mr. Speaker, because the members opposite did make much of the deficit last year. I appreciate their position from a political point of view because our government had said and we believed that it is desirable over the long run to balance the Budget. We tried to do that and clearly we weren't successful. We changed the direction that it was going and reduced it for two years running and in the third year it was still substantially below that which we had inherited, less than half, but in the final year we projected a deficit of \$219 million and the members opposite had a great time in criticizing our government for that. But let us just look at what the deficit is going to be at the end of 1981-82 and what it was at the end of 1977-78 in terms of 1981 dollars, because in this time of rapid inflation you really have to make some comparisons in terms of inflation. On that basis, the \$252 million deficit which we are advised is going to be the case for the end of March in 1982, the comparable figure at the end of March, 1978, would have been approximately \$275 million, so in terms of currency of the same value, there was a larger deficit in 1978 than there was in 1982. I should also point out that of that deficit approx-

imately 58 percent in '77-78 was due to Operating; this year at the end of 1982 only about 25 percent of that deficit is due to Operating Expenditures, the rest was due to Capital.

Two more figures, Mr. Speaker, that I think are worthy of attention also; that is that debt as a percentage of the gross provincial product. In 1977 the total direct and guaranteed debt of the province was approximately 42 percent of the gross provincial product of that year. The debt in the year past as a percentage of the gross provincial product was down to 36 percent.

One final thing, Mr. Speaker, in looking at the taxation structure that existed when we assumed government in '77, as compared to the taxation structure which the members opposite inherited in 1981, the taxation structure in 1981 was more competitive with other jurisdictions in Canada, and was less onerous on the people of Manitoba, and produced less revenue as well, of course. But it was more competitive; the tax on small business, for instance, had been reduced by 2 percentage points; personal income tax had been reduced by 2 percentage points; the gift and succession duties had been eliminated; the corporation capital tax had a substantially higher minimum level; things like the mineral acreage tax were totally eliminated.

So our position, Sir, is that the members Opposite did not inherit a government fiscal situation that had been impaired by four years of Conservative Government; they inherited a government that was stronger fiscally, financially, than the government which we inherited in 1977. I don't know by what measure the honourable members opposite are able to say that they were misled about what happened, or that somehow the government is now not able to take advantage of the opportunities that come along because its fiscal capacity has been impaired. I don't know how they can say that.

Mr. Speaker, so where are we going in 1982-83? I don't really wish to dwell in the past that much because I don't think that's productive. I only do that to set the record straight. If any of my figures are inaccurate, are used in a misleading way, Sir, I trust that the members opposite will refute them. I don't believe they are. I believe it's an accurate portrayal of the fiscal situation. So where are we going? Where are we going in 1982 and '83? Well, the same government led by the First Minister who said I think we should work toward a fiscally sound, balanced situation. He also had said that the outgoing government has pushed the deficit level very, very close to intolerable levels.

Now, what do we have? What do we have from that government, Sir? We have a deficit that is projected at \$334 million but we know, Sir, that deficit is going to be much higher than that because we know that there are very significant items that are not included in the expenditures, one of them, for example, being the amount of money that it's going to take to settle with the Manitoba Government Employees Association. I understand why it's not there; I don't criticize the government for not putting it there. But no one should believe that \$334 million is really an accurate projection of what that deficit is going to be because it's going to take substantially more than \$20 million to be

injected into the expenditures of that government just to cover off that one settlement, and all of the health care contracts that are coming up that must be settled. There's only a nominal amount in the expenditures of the government, Mr. Speaker, and so the deficit is going to be much, much higher than \$334 million. This is perhaps understandable but I have to bear in mind what the First Minister had said.

Now the deficit this year, as a percentage of expenditures of the government, is likely to be at least 13.7 percent. Well, there was a figure that perhaps I didn't mention before, is that the deficit in 1981 was 10 percent as a percentage of government expenditures, as opposed to 12 percent when we took over in 1977. So we had reduced the deficit as a percentage of expenditures, but this year it's going to be back up past the 12 where it was when we took over. It's likely to be, I would guess, in the range of 13.7 percent.

What has happened to the taxation structure of the province in this Budget? Mr. Speaker, last year we introduced a Budget which was basically a stand-pat Budget in terms of taxation. We made some small increases in liquor taxes, and cigarette taxes, but that's all, rather small. I think a couple of minor reductions in taxation as well. But we recognized that under those circumstances that was something that had to be done and the deficit was something that we had to accept. Bear in mind the deficit had some \$70 million in it that was going to lift the tax burden from the municipalities, which was really simply a shifting of a tax load from one level of government to another. But we did that and we left business in a competitive position; we left the economy in a competitive position.

What this Budget does, Sir, has placed the Manitoba economy in a less competitive position than it was before, so that in addition to incurring this large deficit they also have impaired the capacity of the economy of the province to function. Unfortunately, the increased expenditures of this government are basically not going towards wealth-producing activities. The expenditures are primarily going to keep the plant operating, which we acknowledge; the plant has to be kept operating. There is room for debate on what kind of a job they've done of that but basically that's what the money is going for. It's really not going towards Capital expenditures.

Now the government had an opportunity here when they assumed responsibility for government last November, they had a choice. They could have looked carefully at reducing their expenditures but they didn't. Just so it isn't my statement that's being taken as being an opportunity to reduce taxes, Sir, I would like to quote from one of the Members of the Treasury Bench opposite. This was a statement that was made indeed in this very Budget Debate by the Honourable Minister of Natural Resources, and it appears on page 2448 of Hansard, Wednesday, 12th of May, he said and I quote, "We found \$152 million in the Estimates that were unnecessary, that didn't come before this House this Session." Talk about balanced Budget and restraint. We found, Mr. Speaker, when the honourable leader talks about good government, \$81 million in Supplementary Estimates had to be passed by a Cabinet of this government that they had not provided for in their Budget. Don't take it from me, take it from the Minister of Natural Resources. He said there were

\$152 million of unnecessary expenditures before the government.

Then I would like further to quote, Mr. Speaker, if I might, from a speech given to the Brandon Chamber of Commerce by the First Minister. This speech was given on March 17th, and I can quote from the notes in front of me because he said, "Well, upon taking office, my colleagues and I found that Estimates had been prepared under the previous government but that the election preparations and election campaign had delayed by several months the review of those Estimates." Then he said, "We had a few weeks for the review process that usually takes several months. Some changes could be made but for the most part, it was not possible for the new Estimates to reflect the priorities and the direction of the new government. We were able to make some reductions." That's the end of the quotation, Mr. Speaker.

Now here we have a situation where the Minister of Natural Resources says there was \$152 million of unnecessary expenditures. The First Minister has said, "the only reason we were not able to cut that further is we didn't have time." Well, Mr. Speaker, really, is this the government that isn't prepared to take time to review the spending of the departments in order to save that \$152 million and avoid the imposition of a payroll tax which is only going to raise an estimated amount of \$70 million this year? I find that difficult to believe because we took over government in 1977, a month difference but, Sir, not only were we able at that time to pare the expenditures of government for the next year so that there was a 0 percent increase in expenditures the following year, we took time between October and March of that year to cut the projected deficit from 225 million down to 191 million. Now, that's not easy, Mr. Speaker, that requires a lot of hard work, and I need only point out that in the Budget where the government plans to spend \$2.83 billion, you really only had to shave about 2 percent off that spending to make it unnecessary to impose a payroll tax, because that payroll tax only talks about revenue of 70 million, but it doesn't talk about the offsets that are promised - the tax that's taken out of one pocket and put into the other by this tax.

So we don't know at this point, really how much money is going to be raised but I am certain that it is not going to be \$70 million. So by hard work and paring those expenditures, that tax didn't have to be introduced. Imagine what they could have gained, Sir, by way of popular acclaim, if they had gone out to the public and said, not only are we going to have to face the possibility of putting on a sales tax increase but we may also have to put on a payroll tax, and then they could have come in and said, we're not going to do either. Think what great fellows they would have been for doing that. That would have been even better.

So, Sir, that was an option that they had but evidently they didn't have time to pursue that —(Interjection)— the Member for Thompson says, what would be cut? Let me just tell the Member for Thompson what's involved because I happened to be on Treasury Board for three years and was Chairman of Treasury Board for a couple of years, and it has to be done line-by-line-by-line, again and again and again. I know that didn't happen because all the members on the Treasury Bench over there know that

all the critics over here have the preliminary Estimates books that were put together by the departments, and we know exactly how many dollars were proposed to be spent before it ever went to Treasury Board for review.

So all we need do, Sir, is go through the books and go through the Estimates before us and see the vast number of appropriations where that government opposite simply accepted the recommendation that the bureaucrats gave and rubber-stamped it —(Interjection)— to tell the Member for Thompson in the time that's available, Sir, and I don't wish to prevail upon the time of the First Minister, but the Member for Thompson should realize that is a process which takes weeks of hard work and tough decisions and, Sir, they didn't do it. They didn't do it, that's all. They weren't prepared to make those decisions.

I have heard much from the members opposite about how, on the one hand, we are criticizing them for not spending more money to fulfill their promises and on the other hand, we are criticizing them for spending too much money. They don't like that kind of criticism. Let me tell you how it is possible to intellectually take that position, Sir. This government is going to be judged, not on the basis of what candor on the part of the First Minister now reveals to be a situation they face, they are going to be judged according to the promises which they made —(Interjection)— the Member for Thompson comes back with the balanced Budget. I admit we said we would balance the Budget, we didn't do it. We lost the election and I'm sorry. Okay?

Now they are the government and they are going to have to make the decisions. They have made the promises and if they made promises which required the expenditure of far more money than the government was able to afford, that's not our fault, we didn't make the promises. But when I hear comments rightfully made by the Member for Burrows, for instance, about the decorum of the House and I hear the First Minister talk about cynicism in the political process, Sir, I don't know of anything that does more to create cynicism than to have promises made which are not kept and which clearly become evident in the light of time, that it was never intended that they be kept.

If promises are made and efforts are made to keep the promises and people understand that it was simply not possible, that is one thing; but if they believe that a promise was made cynically and that there had been no intention to keep it, then they pay the price. Without singing out something that this government has done, I think I can single out the 18 cents that the Liberal Party in February of 1980 said that people didn't have to pay; that is an example of that kind of cynical promise.

Now the members opposite will have to examine their promises and see if they have any of that kind of promise hidden away. The promises that they made were very appealing to the people because they said that no farmer was going to lose his farm as a consequence of high interest rates; they said that no homeowner was going to lose their home as a consequence of high interest rates; no business was going to go bankrupt because of the consequences of high interest rates; they said that they would be able to turn the economy around. They are going to have diffi-

culty, Sir, in keeping those promises. I am going to return to those later.

When we are on the subject of cynicism, I could perhaps refer to another area. Some of the new members opposite perhaps won't be quite as familiar with this as those of us who sat here for four years are familiar with it, and that is, we heard nothing but criticism for four years about what had happened to the basic services that people get in this province. The health care system had been practically destroyed; Education had been set back goodness knows how far. We listened in this Chamber to comments about dirty sheets and not enough strips of bacon week after week, year after year and the New Democratic Party in the federal election of May of 1979 and the Liberal Party of the day as well, were able to convince the electorate in the federal election that indeed there had been cutbacks and diversion of funds into building highways rather than going into the health care system.

It turned out after a few months and after the Federal Conservatives hadn't been able to win a majority of government, it came out that indeed there hadn't been any diversion of funds, but by that time of course the purpose of that rumour had already been achieved. The same thing was used in the election of 1981 and there is ample evidence of that in the material that the New Democratic Party put out about what had happened to the health care and educational system and the basic services.

So one would have assumed that one of the immediate priorities of this government would have been to restore that system. We are going to have to spend some money to restore the health care system and the educational system, but no, that's not what we hear now. What do we hear now from the First Minister? And I am going to quote again from a speech that the First Minister made to the 51st Annual Convention of the Manitoba Chambers of Commerce on April 25th and he said, "I think it's fair to say that our first months in office have been devoted to preserving the economic and social fabric of our province." That's one of his quotes. He then goes on to say in the same speech, "The single most important decision we have made to date was to maintain public services." He comes back to it again in the next page of the same speech, "We have maintained services at levels comparable to that enjoyed in neighbouring provinces. I think this is essential if we are to keep young people in Manitoba and continue attracting others to live and work here." This is the First Minister speaking, speaking about that system of health care and education and basic social services which they maintained for four years had been, if not destroyed, certainly seriously eroded.

Maybe, Sir, it's just that they didn't really understand and when they got into government and began to look at it perhaps they did realize that the system was there, because now it's the system that they want to maintain. That raises certain questions in the mind of the public as to just how candid is this government when they were in Opposition or now in government, because it becomes quite evident that many of the charges that were laid while that government was in Opposition now, by their own admission, were not true - not by our statement, by their statement. Their objective, now, is to maintain the system that we

expanded and made more efficient and said over four years that we were making more efficient and it was necessary to make reductions in expenditures here and there, but it was possible to do it and still maintain the level of services. We said that; they didn't believe us. Well, now they believe it. But what's the public going to think at that kind of thing? So I can understand why the First Minister when he spoke to the Brandon Chamber of Commerce about the necessity of trying to prevent an attitude of cynicism from creeping into the public view of government, I can understand why he might be concerned about that.

Now the thing that is perhaps of most significance in the long term is a question of the economic leadership that this government is providing. I question, of course, how much leadership really is being provided, but we have to assume that there is, indeed, some economic thrust and I would like to spend some time looking at that, especially relative to the promises that the members opposite made when they were in Opposition. I have quite a folder here of promises that the members opposite made. Some they may recognize, some they may not, because I think there were promises made by individual members, candidates opposite, that perhaps others weren't aware of.

I know this morning in the Public Utilities Committee when my colleague from Pembina referred to a promise with respect to Hydro services, the Minister of Energy and Mines didn't seem to be aware of that commitment which had been made — and I'm not going to take these in any particular order, Mr. Speaker — but I'm going to place a number of them on the record because, as I say, this government will be judged relative to how they perform with respect to the promises that they made and the commitment that they made to the electorate of Manitoba. I believe that this article was written - I believe it stemmed from the statement that the now First Minister made - perhaps the day that the election was called and the then Leader of the Opposition said, and I quote, "Manitoba did not have to suffer this decline. Population growth, economic growth, community development, job creation, manufacturing, private investment and all the other aspects of a healthy province could have continued to maintain the relatively high levels achieved under the former NDP government."

Well, aside from the accuracy of that statement, I think what is significant about this statement is that the then Leader of the Opposition was saying, it isn't outside factors that are involved here; I don't see President Reagan's name appearing here; it wasn't Ontario and it wasn't Nova Scotia or Saskatchewan either. He was saying that the fault of what was taking place was the fault of the Conservative Government. Well, fine. That's a legitimate position for him to take, but it follows from that then, that it is within the realm of the Provincial Government to be able to correct the difficulties which the provincial economy faced.

Then in an article that appeared in the Free Press during the election — this one was headed, "Pawley Vows to End Welfare Philosophy." He said a number of things here, he said, "I don't think there is any group in Manitoba that feels more betrayed by the Lyon Conservatives' economic failure than does the small business community in this province." Well, we'll see how the small business community judges the actions

that have been taken by this government in the first six months, Sir.

He said also and I quote, "I can tell you today that the NDP Government will not rely on a few large companies for economic leadership in this province." I gather from that statement that it was the intention of the New Democratic Party not to rely on things like an aluminum smelter or a potash mine or the Western Power Grid but that, indeed, they would be able to bring about this sort of ground swell of little developments here and there that would buoy up the economy of Manitoba. Again, I guess that's a theory that could be defended but so far we haven't seen too much result.

Then — and this is not a quote, this is a summary of a position that was taken by one Ingeborg Boyens who wrote this article so I can't totally vouch for whether this is an act or a portrayal of what he said it on — but she said, "Pawley told students the revitalization of the economy, NDP style, was essential if they hoped to be able to stay in Manitoba." So evidently there is an NDP style of revitalizing the economy which either hasn't been developed yet or is not revealed to members on this side of the House. But we're watching for that because that certainly indicated to people in Manitoba what they could expect from an N.D. Party government.

I acknowledge that there were people who left this province. There were a lot of people who left this province to seek employment elsewhere, especially in Saskatchewan and Alberta. So the prospect of this kind of promise had to be appealing. This promise was made in Thompson, and of course we know what happened in Thompson in 1977; there were large reductions in the work force in Thompson and people had to leave and the economy was depressed, and the situation remains still in serious condition. So this must have been an appealing promise and I'm sure that those people are going to want to hold the First Minister and the government and the Member for Thompson responsible for that kind of thing. They're waiting for the NDP revitalization of the economy in order that they may have employment.

Another article, this one in the Brandon Sun, back as far as September 6th of 1980, where it's headlined, "Pawley Blames Tories for Ill Economy." Again no reference to the outside factors. No — (Interjection) — well, Reagan wasn't even in office then, and I'm sure they didn't want to begin to criticize President Carter for the impact that the U.S. economy was having on them. It was the Tory government. I'll just quote very briefly the first paragraph, Mr. Speaker, which says "Government restraint policies" — (Interjection) — Mr. Speaker, I'm going to have to have some assistance here in keeping order. The first paragraph says, "Government restraint policies are to blame for Manitoba's continued poor economic performance, Opposition Leader Howard Pawley says." Now that again, indicates to me that if, indeed, it was the economic restraint policies of the Conservative Government that were responsible for the ills, then that government should be able to correct those ills simply by easing off on the restraint policies of the government.

Perhaps that's what we're seeing; perhaps that's why we are looking at a deficit that's going to go, I guess, to \$400 million, and perhaps that's why we are

seeing expenditures that I'll go on record, Mr. Speaker, as saying will approach a 20 percent increase before this fiscal year is out. So maybe that is the strategy then that the honourable members are using to revitalize the economy; that may be the NDP strategy. We'll look for the results, and we'll hope that there will be positive results because we want to see this economy prosper as much as the honourable members opposite. It just seems to be some difference of opinion as to how that can be best brought about.

Well, there are some more promises here, Sir, that were made with respect to the economy and help to people in difficult circumstances. This had kind of a catchy title to it, too. I acknowledge that the New Democrats had some good advertising people — I think they probably were better than ours. I know that they feel they deserved the contract that they awarded them then in government since. But this said, something to come home to, a home. Well, you know, that's kind of good. But they promised the Emergency Interest Rate Relief Program in which they said the two-year program will ensure that no Manitoban is forced to lose their home, farm, or small business due to abnormally high interest rates. That's a promise that has been discussed in this House many times, and I can assure you it's going to be discussed many times again over the next four years. But it's quite evident that at this point in time, that isn't happening, Mr. Speaker, because this piece of advertising material didn't say that this wasn't going to apply to a farmer that grossed more than \$70,000 a year.

Most of us who have some familiarity with agriculture know that the vast majority of what one might call viable farms, viable family farms, have got a gross revenue of over \$70,000.00. So those people were led to believe that there was help coming for them — (Interjection) — the Member for Springfield seems to have some difficulty with the concept that 20 percent of the farmers might produce the vast proportion, the vast majority of the agricultural produce on his farm, Mr. Speaker, in this province. I ask him to look at the information, to look at the statistics and see what proportion of the commercial farms produced 90 percent of the food and the agricultural products that are produced in this province. It's a very low percentage and those people are totally excluded from this program — almost totally excluded from this program. They weren't told that they were going to be excluded from this program. Mr. Speaker, I can tell you right now there are people who are losing their farms. There are farms being lost, there are people being forced out of farming; there are people who can't get operating credit to keep going. They wonder where the promise is that this government made.

The people who are going to get help, and we don't know how many yet because I don't think there has been a nickel flowed through this program, not one. They have been in government for six months and they promised immediate emergency relief, that even those farmers who are going to get some benefit from this program weren't told that it didn't apply to all their land, it only applies to the home quarter. Well, Mr. Speaker, I appeal to the members opposite, in the name of reason, is there going to be a viable commercial farm that is going to be able to stay in business on a quarter section if they aren't in intensive agriculture,

in market gardening, or perhaps in poultry production or hog production? The cattle producers and the grain producers and the forage producers, that's not going to save them. Mr. Speaker, this program falls so far short of the promises that were made. I hope they reap the whirlwind of that kind of promise; and businesses, no business.

Now they didn't say that if you grossed more than \$350,000 it was not going to apply. Mr. Speaker, how many businesses that have the opportunity to generate enough wealth to maintain even a family operation, or to maintain any outside employees, are going to be able to do that on less than \$350,000 gross revenue? Very few. Go out to the country. Go out there and see where these people are in business and see the people that are being forced out of business, the car dealers, the equipment dealers, for instance. You know, a combine these days can sell for \$100,000.00.

Mr. Speaker, they also promised debt moratorium legislation. They said this would be done on an emergency basis. Now, Mr. Speaker, I don't know that debt moratorium legislation is really the way to go; I don't know that it is going to solve the difficulties that people have. But let me just go back a little bit to the previous Session where frequently - the members opposite when they were in Opposition - would stand up and say, are you going to bring in debt moratorium legislation? You should have it ready. You should have debt moratorium legislation ready to introduce into this Legislature. Well, fine, that's a position and they talked about it in the election and again it has an appeal to the public.

Go to a person who is in financial difficulty and tell them, you don't have to pay your debts; you are not going to have to pay your debts. Now to a person who is in a desperate situation that is going to be very appealing and it was going to be done right away. Remember, Mr. Speaker, there was going to be an emergency Session of the Legislature to do a lot of these things which didn't come to pass.

Last week, I stood in this House and I asked the Attorney-General, does the Attorney-General intend to introduce debt moratorium legislation this Session? No. Knowing the promise that had been made, Mr. Speaker, I asked the Attorney-General again, has debt moratorium legislation been prepared; has it been drafted and ready for introduction? No. Mr. Speaker, what does that do to combat the cynicism that people feel towards the political system? I think that sort of thing does far more to damage the credibility of our parliamentary system than - with deference to the Member for Burrows - than does the lapsing into the occasional unparliamentary procedure, decorum, that takes place in this House.

This same piece of literature, Mr. Speaker, ends up saying: "The NDP is committed to turning around the economic decline of the last four years but emergency action is required now. With your support, it will be done." —(Interjection)— What that said, Mr. Speaker, was no farm, no business, no homeowner, it will be done. Well, what have we seen? On an emergency basis, it will be done. The then Leader of the Opposition said with respect to help for beef producers he said, this is something that is needed right away. This isn't going to be allowed to drag on for weeks and

months. Well, what's happened? We all know what's happened to that, Mr. Speaker.

Here is another promise that was made a little over a year ago, this is March 12th, 1981. It is the New Democratic Party Caucus rag which says, "Small Business Needs a Break." This is the same party that just imposed the payroll tax on small business. But a year ago in March, small business needed a break and they said, "There are better ways to help business. One would be an interest rate reduction program similar to Saskatchewan's that would lower rates by up to 4 percent in smaller centres and up to 2 percent in large towns and cities." That does sound good. The Member for Dauphin says, it sounds good. You bet.

I would like to be able to get my loans at 4 percent less than the rate that's going. I live in one of those small towns in Manitoba but I haven't seen it and, Mr. Speaker, not only have I not seen this 4 percent which they said was required, I haven't found a single person yet who even qualifies under the programs which they did bring in but I'm waiting.

I am waiting for my chance to meet that person so I can talk to him about how helpful this program is. So there's another promise that was made, Mr. Speaker. I remember the First Minister when he was in the Opposition a year ago or so saying: "A promise made is a debt unpaid." Well, there are a lot of outstanding debts among the members opposite. Now, maybe they have time, maybe there is time yet because I acknowledge, Mr. Speaker, that they have only been in government for six months, so there is yet time to fulfill these promises that were made. But I won't forget that, "A promise made is a debt unpaid." That was a good line that the First Minister had there, I'm not sure where he got it, but it was a pretty good line.

There were other promises made of course, Mr. Speaker. In fact, there is a whole compendium of promises that were made and I don't plan to go into too much detail about this one because it's been used frequently and I think probably all members opposite now are familiar with this and know what some of the promises are.

But for the record, Sir, I have to identify this as a New Democratic Party election document which was entitled, "A Clear Choice for Manitobans - Policies of the Manitoba New Democratic Party," and inside the first page there is a picture of the now First Minister, a very stern, serious person the First Minister, clearly a man of commitment who had every intention of fulfilling the commitments that were made in this document. Let me deal just a little bit then with some of the promises that were made, Mr. Speaker.

One of the foremost is that he said - why don't I just read the introduction that was signed by the First Minister - because I wouldn't want to be accused of taking any part of this out of context. So it is entitled, "Great People, Great Future," so far so good. "We can build a dynamic future in Manitoba; we can turn around the harsh economic circumstances of the past four years; we can tap our sources of energy wisely with ManOil and Manitoba Hydro; we can develop programs to guarantee that no Manitobans lose their homes or farms due to high interest rates; we can provide interest rate relief and an economic climate to ensure that small business stays in business; we can ensure that Manitoba's farms remain in the hands of

Manitoba farmers through the development of an effective Farmlands Protection Act; we can improve the quality of life in small towns and rural communities. Manitobans are great people; together we can build a great future. That's a promise that we can guarantee," and it's signed by Howard Pawley. It has a nice ring to it, no doubt.

But inside, and I'll just refer to a few of these again because these are the things that the New Democrats promised and I have to keep coming back to that. I am sorry if there is repetition, Mr. Speaker, but this is what was promised. They said, "An NDP government would take action to get Manitoba's troubled economy moving again. Tough economic action in the areas of energy, resources, housing and agriculture would restore vitality to the provincial economy." Well, that's a very clear indication to me and a clear indication to the public, more importantly at the time to the voters, that the New Democratic Party was indeed capable of turning the economy around. This was going to be an activist government; this was going to be a government that would use the fiscal capacity of the government to stimulate the economy and to get things rolling again. That is what was promised.

Well, there are many others in here which I may come back to later, Mr. Speaker, but there is one. —(Interjection)— The Member for Springfield says, do it now. This relates back to something I said earlier about the health care system. I will just revert to that at the moment. It says: "Our health care system has been allowed to deteriorate over the last four years." Further down it says, "Manitoba New Democrats would restore the health care system." Well remember, Mr. Speaker, that was the same health care system that the First Minister in speaking at Brandon on three different occasions in his speech said, "we want to maintain this level of services that's available."

Now, Mr. Speaker, those were all promises that were made prior to the election. I suppose there was a possibility, certainly it was something that we entertained, that the members opposite weren't going to be in government and perhaps in making some of these commitments that was a thought that they had in mind as well, so one could understand it. But they won the election, they're here, they're government.

Then what did the First Minister say? He said back in December for instance, and I think this is significant, this was after he took office and this was after the Cabinet had retreated to Hecla Island for a meeting and on the News Service release of December 11th, I quote, said: "Economic development policy will be considered in some depth in the next two months." This is a quotation in the press release: "so that Manitobans can act together to deal with this critical situation." That was the end of the quotation. Then he said: "We are facing, in the immediate term, hard economic times." He added: "The Federal Government is responsible for dealing with this overall, so we will be developing an economic position in relationship to the Federal Government. But having said that, we will not sit back as a province and say, there is little we can do."

So he had only gone part-way from saying that it was solely the responsibility of the Provincial Government in the previous four years. He had gone part-way toward saying that it was now the Federal Gov-

ernment — and I don't believe that President Reagan appeared in this press release — but the Federal Government did. He said we're not going to sit back, and so we still had thoughts that they were going to do something.

Well, he said in a press release on February 5th, "Mr. Pawley said Manitoba intends to pursue major resource development projects in the energy sector, in forestry and in the mineral sector, including resumption of Nelson River Hydro development, all of which will require substantial investment benefiting the economy of the nation." That was a rather attractive promise that was made to the people of Manitoba as well because the public remembered that the buoyant economic times of the early and the mid-1970s, when hundreds of millions of dollars were being spent in this province on Hydro development. They had been led to believe that our government had stopped that just because we didn't want to spend the money; we were afraid to invest in Manitoba's future.

Well, they convinced some of the people of that, but they promised that it was going to resume immediately. Mr. Speaker, now we have discovered that it is not going to resume on any economically sound basis; it is not going to resume in the short term unless those members opposite are able to conclude some of the economic initiatives that this party took when we were in government.

The First Minister said he's not going to rely on major projects to buoy up the economy of this province, but if they're not able to conclude one of those agreements - we've been told by Hydro officials, Sir, that Limestone is not going to be required until 1992 at the earliest and if they're successful in completing the MANDAN Agreement, it's not going to be required until 1996. Now, does that demonstrate the level of understanding that the members opposite had about Hydro development, that they would make that kind of promise even after being in government for some period of time?

That last promise was made on February 5th, Mr. Speaker. I believe that in that period of time the First Minister must have found time to speak with his Chairman of Manitoba Hydro, Mr. Cherniack, the former New Democratic Party member. Surely he had time to talk with him and to meet with the Chief Executive Officer and to talk to his Minister of Energy and find out really what the situation was with respect to Hydro development. But that promise was made; that's another debt unpaid and those debts go back into the 1970's too, Mr. Speaker, but that's another story. So that's the kind of promise that was being made both during and after the election.

We have a situation, again, with respect to Hydro. This is from an article, "Manitoba Changes Will Come Slowly." I think it's from the Financial Times; it said, "A question was put to the First Minister: Is a new generating station at Limestone contingent on these other projects such as the Alcan Smelter? Answer: No, it is not. We must not become dependent on decision-makers outside the province."

Then another piece of New Democratic Party literature, Mr. Speaker. This was the Manitoba Report, the report from the Legislature 1980 and '81 Session and one of the headlines is: "Hydro Could Start Now." This is sent out at the termination of the Session last

year. It was sent out sometime after that, I'm told, perhaps as late as October - I don't immediately see a date but following the Session. "Hydro Could Start Now." Well, I wonder, is that a promise? Is that a promise that was made by the New Democratic Party or is that something that just sneaked out from the propaganda wing that the party is now not going to stand behind?

Mr Speaker, what have we seen? This was a government that was going to be activist. They were going to get the economy rolling and what have we seen from them in terms of initiative? Far from following their philosophy and from fulfilling their promises, they have said things, Mr. Speaker, and I refer to the Budget. On the first page of the Budget where one of the goals was - and this is the first - this is a partial quote, ". . . to make certain we can take early advantage of a national recovery when it takes place . . . ." Then we go on to page 3, "My colleagues and I are striving to help Manitoba weather that storm with minimal damage for the time when clear sailing is possible once more." Page 7: "It is vitally important that Provincial Government stimulus takes place to protect our basic strength and enhance our ability to take advantage of national economic recovery when it comes." Page 10: "In the meantime, as I said earlier, we have a clear responsibility to provide sustaining support for our own economy to ensure that when national conditions improve we in Manitoba will be in a position to move forward strongly."

Mr. Speaker, this is not an activist government that believed in carrying out their promises; this government is on standby. That's what they're doing. All of these things that were said about us when we were in government; all of the things that were said about us, those are all out the window evidently. Now, it's not possible for this government to fulfill its promises; they're on standby. They're going to wait now and hope that as the national economy rushes by they're going to throw out the hook and see if they can latch onto it. In the meantime —(Interjection)— ah, the Member for Thompson says, what happened to us guys? I can tell you what happened, Mr. Speaker. We were enhancing that basic system of health care and education and services to the people of Manitoba which they now acknowledge simply needs to be maintained. Well, again, Mr. Speaker, where is the economic strategy? —(Interjection)— This is why I was waiting for this Budget. I wanted to see the economic strategy that was to appear here and you know the people who sat through the Budget that I gave last year might have found that the only thing that was really attractive about this one was that it was short.

Our Budget last year went on a little long, but I ask the members opposite, the new members especially, look at it, take time to read it and see if it doesn't outline what the economic situation was, what our view of some of the factors were that were at play in the economy. You don't have to agree with what's there, but it was there. We gave an indication of where we thought the economy was going; we gave an indication of how we were going to get there; we showed the people some light at the end of the tunnel. Where is it? Where is it in this document? This is supposed to be the economic strategy of the government. It isn't there. There is no economic strategy set out in this

Budget. There isn't even a projection that I can find about what they think the economy is going to do next year, even if they're going to stick a finger in the wind and make a guess, I don't see it. It is not in the Budget. I don't see ManOil in here, for instance, and remember, Mr. Speaker, that was one of the ways that this government was going to raise revenue. ManOil was going to raise the revenues that would support the services that this government was going to do. It is not here.

There are several pages that talk about taxation policy and what a way to encourage development. Who would think of encouraging employment by bringing in an employment tax, a tax on employment? Saying to all the people out there, you create employment and I am going to tax you. Isn't that a great incentive? That tax applies in many other areas, Mr. Speaker. One of the other areas where that tax applies is in Quebec which, at the moment, is the only other socialist government in Canada. It applies there; it applies in France.

Mr. Speaker, I have to tell you about that tax in France because for us here in Manitoba —(Interjection)— perhaps the member opposite will just let me digress for a few minutes, Mr. Speaker, to tell you about how this tax works in France because it is very difficult for us in our system to appreciate this. This tax applies in France, —(Interjection)— Now, Mr. Speaker, these are the same members opposite that accused the Opposition of not participating in serious debate about their Budget. This tax applies in France. It is at the point now, I understand, where the tax is almost — I can assure the Member for Ste. Rose that I can understand some things; he may doubt that but I can assure him that I can — that tax in France is almost equal to what the payroll is.

If you hire one person you are taxed almost to the same level as the salary, No 1. But, secondly, they have a vast array of inspectors in France who go about to the businesses and to the farms and they determine — listen to this, Mr. Speaker — they determine how many employees a business should have. Now should you, as a businessman, decide that they want to cut back on the number of employees that they have, you are still taxed because they have decreed that you needed that employee and, even though you have cut back, you are going to be taxed. Now that is the extent to which this sort of reasoning can go. So I simply put that on the record, Mr. Speaker, as something I find almost incredible, that this sort of thing could take place but it's a way that it can develop.

Now aside from the fact, Mr. Speaker, that we have this tax on employment in Manitoba now I would like to look at some of the economic initiatives which the government has undertaken. This again is a press release that was put out on April 1st in which the First Minister cited economic initiatives and he said: "The province recently decided to invest more than \$2 million in a new copper mine development at Trout Lake. It is seeking a joint public-private venture to modernize the ManFor facility and will launch its new oil and gas exploration company later this year."

Those were some of the economic activities that the government has initiated to this point. The Budget lists a few others as well, Mr. Speaker, and there was one that I was particularly attracted to and this, again,

was in the speech that the First Minister made to the Manitoba Chambers of Commerce in Morden. This is where he said, "Like you, we realize that this province has tremendous advantages in its abundant natural resources, well-balanced economy and above all a hardworking, co-operative population. Manitobans have proven time and time again that they will pull together in troubled times. That spirit has carried us through natural and man-made disasters and I know it will again. We also have confidence because commitments which are still being prepared for implementation, offer fresh hope. Personally, I am looking forward, as I know you are, to the start-up of Main Street Manitoba." He said, "Pete Adam had hoped he could announce that program by now but it's still being considered by Cabinet." Well this was some time ago. That's one of the economic initiatives, Mr. Speaker, that has been undertaken by that government opposite.

Let me list a few of the other initiatives and these are aside, Mr. Speaker, from those major developments that were already being negotiated by our government, which are mentioned briefly in this Budget. They go on to list the \$23 million Interest Rate Relief Program. They talk about the Job Creation Program; minimum wage is increased; major assistance to municipal governments and school divisions to ease the property tax burden; hydro rates have been frozen for the fourth consecutive year, something that our government, of course, had brought in; 17.5 million is provided for beef income and so on; 3.5 million for the Critical Home Repair Program and nothing wrong with that program, Mr. Speaker, but that is what has been cited by the government as their economic initiatives. Two million dollars into Trout Lake; 3.5 into Critical Home Repair Program; 1.5 million into Main Street Manitoba - these things are investments of tax dollars, Sir, that don't even amount in total to the 113 million that the government is going to take out of the economy. They are going to tax an extra 113 million out, and they are going to take economic initiatives like Main Street Manitoba at 1.5 million.

Well, let me give you an example of the magnitude of that type of thing. We talk about the \$2 million in Trout Lake. Look in the Budget that the Minister of Finance presented where it talks about Capital investment. Look at the fact that Hudson Bay Mining and Smelting is talking about a \$59 million investment already - 59 million - and 2 million is being put forward as an economic initiative, Sir, an economic initiative?

The Budget document makes much about the decline in investment that took place in Manitoba during our period of government, especially in the public sector. Well, Mr. Speaker, I would like to deal with that because it's relevant not only to what took place in the 1970s, but it's relevant to the economic initiatives that the government opposite is undertaking now, and perhaps the members will get some feeling from this information as to how successful their economic initiatives are likely to be. In the Natural Resources Committee a few days ago, Hydro officials provided us with some information which showed the total Capital Expenditures of Manitoba Hydro from 1972 through to 1992, the latter decade of course being estimates of what they expect. They put these figures on the basis of 1981-82 dollars so that they really are comparable. Let me tell you, Mr. Speaker, that for the last four years

- perhaps the Member for Dauphin might even be interested in hearing this - of the New Democratic Party Government in 1975, '76, '77 and '78, in '81-82 dollars, \$2.3 billion went into Hydro development; the Capital Expenditure on Hydro development, \$2.3 billion in those four years. What was there, Mr. Speaker, during the next four years? The next four years when our government was in, the total Capital Expenditures in 1981-82 dollars in that period of time was 735 million. There was over \$1.5 billion that was —(Interjection)— well, the Member for Radisson simply isn't interested in listening to the facts. These facts happen to have been prepared by Manitoba Hydro and tabled in the Committee last week by his Chairman and Chief Executive Officer. If he wishes to challenge it he should challenge it to them.

There is over \$1.5 billion went into the economy - more, 1.5 billion more went into the economy in those four years than went into the economy in our four years, simply as a consequence of Hydro development and the slowing down of it. Sir, I believe that for our four years the private-sector Capital investment total ran in the range of 600 million a year. So, what we are talking about, Sir - and the member can refer to the Budget if he wants to confirm those figures - was an amount of money that was almost equal to the total private-sector investment that went on during the four years of our administration. Was it any wonder that the economy was slowing down in that period of time? Was it any wonder that people were leaving the province to seek employment because there were billions being spent on Hydro development that employed people, employed specialists and they had to leave as it became necessary to slow that development down.

Now, that's the kind of investment, that's the kind of development that was necessary, Mr. Speaker, to sustain economic activity in the province in that period of time. That would be obviously, close to \$600 million a year in today's dollars. The government Opposite today comes to the House, comes to the Legislature, puts out press releases that say their economic initiatives are \$1.5 million for Main Street Manitoba; \$3.5 million for Critical Home Repair; and \$2 million for Trout Lake Development.

I don't say that those things are not important, Mr. Speaker, but if the members Opposite really think that those are economic initiatives that are going to turn this economy around, that are going to fulfill the promises that were made in the election, it takes hundreds of millions of dollars. Mr. Speaker, we have asked the Hydro people what set of circumstances might lead to the immediate orderly development of Hydro as was promised by the members Opposite.

The only thing that could lead to that on the basis of the information the committee was provided with, Mr. Speaker, the only thing was, they must be able to conclude the negotiations on the Western Inter-Tie. That is the thing that will get economic activity going the soonest. Alcan or another aluminum smelter, if they can do it, will also trigger activity but it won't trigger it quite as soon as concluding the Western Power Grid; there is nothing else. You can talk about electrification of railways and trolleys and they may be good ideas, and they may one day come to pass, but they're not going to allow immediate orderly development.

So, Mr. Speaker, what we come down to is the only way that this government is going to be able to fulfill the promises that they made, is to get on and pursue those projects which our government had begun to initiate and had brought to the point with respect to the Inter-Tie. I tell the Member for Radisson that the negotiations on the Western Inter-Tie were brought to the point last October, the end of October, where the then Premier of Saskatchewan said that an Interim Agreement was likely within the next few short weeks. We know, from the committee hearings, that had that Interim Agreement been entered into, that the activities would now have been under way for the immediate orderly development of Manitoba Hydro. They would have been under way if that Agreement had been signed. Now no one can say for certain that it would have been signed but Premier Blakeney thought that it could be signed in a few weeks. That would have allowed immediate orderly development.

So I tell those members opposite, especially the backbench, look at the promises that they made and see how they might be fulfilled. What kind of economic activity are you going to have to have to fulfill those promises? It isn't going to be a Main Street Manitoba, and it isn't going to be Trout Lake, and it sure isn't going to be ManOil, maybe they're backing off from it and I think they should from a philosophical point of view. But get to work to negotiate those major agreements because, despite what they might have said about our government being rushed into negotiating these agreements, that sort of thing, with an election impending; no, that wasn't it, Mr. Speaker, we'd been working on those things for years. For four years we'd been working on the Inter-Tie.

**MR. DEPUTY SPEAKER:** Order please. The hour being 5:30, I am leaving the Chair and will return at 8:00 p.m. this evening.