

## LEGISLATIVE ASSEMBLY OF MANITOBA

Thursday, 20 May, 1982

Time — 8:00 p.m.

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

**MR. B. RANSOM:** Thank you, Mr. Speaker. This afternoon I had the opportunity to compare first of all, the reality of the situation to the rhetoric that has taken place both while the New Democratic Party was in Opposition and in the first few months of their government. I attempted to show earlier that far from the New Democratic Party inheriting a government that had a restricted or a diminished fiscal capacity compared to what it had been four years before, that actually the New Democratic Party coming into government had inherited a government that had stronger fiscal capacity than it had before.

Mr. Speaker, I also attempted to deal, to some extent, in some detail with the promises which the New Democratic Party had made in Opposition and had made during the election, and attempted to point out to the government that they will be judged on the basis of how well they fulfill the promises which had been made. Fulfilling some of those promises is going to be very difficult. This is a difficult time economically in Manitoba and in Canada and in the western world. Mr. Speaker, we had said that was the case; we've said that was the case for some time, that conditions had changed in the world in the past few years. But while the members opposite were in Opposition they may have realized that but they didn't want to acknowledge it, at least on the surface. Perhaps, they didn't realize it but they should realize it now and, if I might be so bold as to offer them some advice, Mr. Speaker, I would suggest that they deal with the problems they have at hand; that they cease to look back and blame the previous administration for what has happened, or to debate the fact that the previous administration had a \$252 million deficit, or even that President Reagan's policies are creating some difficulties for them. They should attempt to deal with the problems they have, if they have a philosophy to be applied — well, I don't agree with that philosophy, they're going to have to do something to put it to work. They're going to have to have a strategy and that strategy isn't outlined in the Budget. Maybe it will come but I tell the members opposite there is no strategy in that Budget. Mr. Speaker, the members opposite make much of the principle of equity and social justice, of ability to pay and that sort of thing which, without going into the details of phrases such as that, everyone, everyone is going to agree to.

But with respect to the taxation policy that is outlined in the Budget, Mr. Speaker, let me just take a few minutes to look at what the Budget says, relative to what the Budget actually does. Under the taxation policy on Page 13 of the Budget it says, "Our Government is firmly committed to the principle of ability to pay in taxation." Well, that's a principle that we all would want to be committed to, but what did the Budget actually do in putting in this payroll tax? Is that a tax that truly meets the measure, the test of ability to pay? I say, Mr. Speaker, that it doesn't because that

tax is going to apply to a great many businesses, for example, whether they're incorporated businesses or whether they're individual people, partnerships doing business. There are many of those that are in extreme financial difficulty and a further impost of 1.5 percent on their payroll is the last thing they need, and it's the last thing that they can afford. It's not based on the ability to pay, those people that are most able to pay this tax will suffer the least from it. The large successful corporation that pays tax at a high rate, they will be least affected by this tax; the business that is on the verge of bankruptcy will be the most affected by this tax. How does that tax meet the test of the ability to pay? I don't understand that, Mr. Speaker. As I pointed out earlier this afternoon, how can one proceed to deal with the problem of unemployment, by putting a tax on employment? When somebody creates employment, you're going to tax them — an employment tax — that's what this is. I fail to see the strategy of how that works to develop the economy of this province.

It says in the Budget, again, Mr. Speaker, on Page 15 at the bottom: "The effects are spread widely, yet those on fixed incomes will not be affected." Mr. Speaker, those on fixed incomes will not be affected by this tax? They will be, Sir, because this tax will contribute to inflation; this tax will contribute to the price of food; this tax will contribute to the price of clothing. People on fixed income will be affected by this tax, very definitely, and so the tax on those two measures fails, in my view, to meet the test which the Minister of Finance has set out.

Let me say another thing about this tax, Mr. Speaker. On Page 15, the government, in the Budget said, "But the reimposition of premiums in this province is a deterrent to health care our government will never countenance." Mr. Speaker, this is, in effect, a health care premium. The Minister of Finance has gone out of his way frequently to compare this tax to what is happening in Alberta, Ontario and B.C. He takes great care to say that this levy is really no different than the levy that is on in Ontario, Alberta and British Columbia. This is a health care premium and this tax is going to be passed on to the employees in many cases. The Budget acknowledges that; it says there will be tax passed on to the employees, and we've seen examples already of companies saying, we are so hard-pressed that we are going to have no alternative but to either pass this on or to lay people off. Mr. Speaker, I don't think that government over there wanted to impose a health care premium, and I ask them to look very carefully at this, as to whether or not that hasn't actually been the case.

Mr. Speaker, the concept of equity and social justice that the members opposite like to talk about and which I think, and say again, most people can subscribe to providing they can come to some agreement about what that means. Those are things that we want to pursue as well as the members opposite but let's point out, let's understand that you cannot have the concepts of equity and social justice applied if you do not have a viable economy to support them. That is where these members opposite are going to encour-

ter difficulty. We know they are committed to those concepts of equity and social justice; we acknowledge that. We really don't think they are any more compassionate than we are, but we acknowledge that they are committed to it. What they perhaps do not pay enough attention to is the reality of what is going to bring about economic development. How do you sustain and apply those principles of equity and social justice if you don't have economic development?

Let me go back for a moment to the information which I placed on the record this afternoon concerning Capital Expenditures of Manitoba Hydro during the 1970s, and I know that the members opposite like to look back on those years as the golden years of the NDP, the last four years, on an average was very close, in terms of '81-82 dollars, to \$600 million a year going into Hydro development. Mr. Speaker, that is almost an Alcan a year. That gives you some concept of the amount of money that was being injected into the economy in those last four years of the NDP administration. So make no mistake that despite the initiatives that the members opposite have been taking, and they may be good initiatives on their own — the Main Street Manitoba Program, the Critical Home Repair and that sort of thing — bear in mind we're talking about in the 1970s, close to \$600 million a year going into economic development. These members opposite have a problem in trying to sustain economic activity. They should not be doing things that are going to deter the private sector from investing in Manitoba. I know there are members opposite who really don't like to acknowledge the role that the private sector plays; I think there are others over there who do recognize the important role that the private sector plays. Don't scare it away because you are not going to be able to tax enough or borrow enough to generate the economic activity that will allow you to fulfill the promises which you have made, which will allow you to implement those principles of equity and social justice.

So, Mr. Speaker, the members opposite have a problem. For the sake of Manitoba and the sake of the citizens of Manitoba, I wish them luck in being able to have some economic activity generated in this province. The best way to do it, despite what was said during the election about not wanting to rely on mega projects and on multinationals, corporations that had headquarters outside of Canada or in Montreal or whatever is to overlook that rhetoric that you expressed during the campaign and realize that you must come to some agreement on the Western Power Inter-Tie or the Western Grid. You must come to some agreement with Alcan or with some other aluminum company to have a smelter here in Manitoba or you are not going to have the kind of economic activity in this province which could be here and which the people of Manitoba deserve and expect and which kind of developments were very close to reality in the time of the election last fall.

Thank you.

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

**HON. H. PAWLEY:** Thank you very much, Mr. Deputy Speaker. First, I must commend you on doing an excellent job as Deputy Speaker during the absence

of the Speaker. I know that all members on this side, and I'm sure all members on the opposite side, have appreciated how well you have performed over the last few difficult days during the Budget Debate.

Mr. Deputy Speaker, I was somewhat perplexed and I believe members on this side were perplexed as a whole, and I suspect a goodly number on the opposing benches were indeed surprised, and probably the Leader of the Opposition himself, when this afternoon I believe at about 3:45 p.m., the Member for Minnedosa moved a further amendment to the amendment of the Opposition.

Now, Mr. Deputy Speaker, I have sat in this Chamber for a goodly number of years since 1969 and I must indicate I cannot recall — now it may be that the Member for Concordia who has been here since 1966 can recall — an instance where there has been obviously so much disorder and confusion in the ranks of the Opposition that they'd amend their own amendment.

I can't fathom, Mr. Deputy Speaker, why the words, "and has imposed a payroll tax on Manitobans which will impede economic recovery and contribute to higher unemployment," how the members could have forgotten to have included that in the original amendment. Why, Mr. Deputy Speaker, at the last moment would the Member for Minnedosa rush into the House, stay for about seven minutes and move an amendment on behalf of the Opposition — or probably it's only part of the Opposition because I believe they are now quite splintered in their own ranks — move an amendment to an amendment, not to a third party's amendment, but to their own amendment and to their own leader's amendment. Mr. Speaker, I do feel some pangs of feeling for the Leader of the Opposition to be placed in such an awkward and untenable position by members of his own party. Mr. Speaker, I can only assume that it's part and parcel of a power play by the former Minister of Finance for the leadership's chair of the Leader of the Opposition.

I would like to commence my remarks with a very pleasant task this evening and it's not every evening and every address that one has a pleasant task to perform. My task, indeed, is one to congratulate my colleague, the Minister of Finance, for an excellent job that he has performed in introducing his first Budget.

These are most difficult times, hard economic times and Finance Ministers in every province in Canada are finding indeed it is a most difficult time to be a Minister of Finance in any provincial administration. Our Minister of Finance was elected but only two-and-one-half years ago in the Constituency of Rossmere and, Mr. Deputy Speaker, his Budget has demonstrated an intelligence, a dedication and an integrity which I say to you compares so very well with that of his predecessors in his portfolio. I commend him for a job that has been well done.

I have listened carefully to the remarks by the Leader of the Opposition who opened, indeed, debate on the Budget in this House and I have followed as well, carefully, the contributions that have been made by his colleagues across the way. You know it's been only five-and-one-half months since they were the government of the Province of Manitoba — five-and-one-half months. Mr. Speaker, they brought to this Chamber for this debate, four years of experience as

having been the government of the Province of Manitoba, 1977 to 1981. I expected, therefore, Mr. Deputy Speaker, and I say this not lightly to you, but a reasoned, a well articulated, a reflective statement of their party's economic analysis and an alternative program for our province. I had indeed expected that, Mr. Deputy Speaker, and I had looked forward to receiving that contribution from the Leader of the Opposition and from his colleagues. Mr. Speaker, it is for me indeed to be understating it when I say to you tonight, I was sadly disappointed.

In fact, Mr. Deputy Speaker, I find that Conservatives even in the Province of Manitoba are expressing to me their disappointment at the contribution that has been made by the Opposition in this Budget Debate. I'm finding even more Manitobans who feel no strong attachment to any particular party, and certainly not one of the two major parties have been seriously disappointed by the lack of contribution on the part of the Opposition to this Budget Debate.

Indeed, I must begin to ask myself whether or not the speech by the Leader of the Opposition was prepared before the Minister of Finance introduced his Budget to this Chamber. I must ask myself that. In fact, Mr. Deputy Speaker, I must ask if much of that speech was not prepared before the year 1982. In fact, I believe, and members present that were in this Chamber prior to the last election can indeed confirm, I think we have heard identical speeches from the Leader of the Opposition in 1976, 1977 and 1981.

Unfortunately, it seems though the seasons change, although the faces in this Chamber change, and my they've changed since the last Budget went last year. So much for the better they have changed and they'll change for the better after the next election too, Mr. Deputy Speaker. Although the economic situation is changing and it is changing year by year in Canada, in Manitoba, and although we grow older and, hopefully, most of us grow a little wiser from year to year, yet the views and the speeches from the Leader of the Opposition and from other members across the way remain unchanged and as timeless as indeed those speeches were carved in stone.

One expects upon entering this Chamber to see that the large statues that we have in this Chamber, lawmakers of old — I remember the former Member for Winnipeg Centre, who is no longer with us, often pointing to the statues of the lawmakers — and, indeed, when we observe the paintings that adorn the ceiling of this Chamber, we must indeed wonder why they're not references by the Leader of the Opposition to King Choy Foods. We must indeed wonder.

I know it is customary for the First Minister to rebut the arguments that are put forth by the Opposition. It would be a familiar exercise to tackle the main body of the Opposition speeches, but I regret that such an exercise on my part this evening would be just as irrelevant to the situation of Manitoba as it is today, as indeed the speeches across the way have been irrelevant over the past 10 days. I recognize that some comments were indeed directed at the Budget and I intend to deal specifically with those comments as I progress through my address.

However, the members opposite were so reluctant to confuse themselves with the facts that the Leader of the Opposition stated — and I would ask members

across the way to note this and to check on page 2438 of Hansard, and I quote: "That he did not know of any other jurisdiction in Canada that is embarking on spending increases equivalent to those in Manitoba." That's what the Leader of the Opposition said in his opening remarks. Well, eight provincial Budgets have been presented so far this year. In two provinces, spending is expected to rise by more than 20 percent. Those provinces are Conservative Alberta, which — (Interjection) — the Leader of the Opposition says they can afford it. The Leader of the Opposition obviously isn't brought up to date that Alberta is facing a \$2.5 billion deficit this year, a \$2.5 billion deficit.

Mr. Deputy Speaker, just so that honourable members across the way don't have to sharpen their pencils in calculating that percentage increase, it comes to 27.3 and I wouldn't want to trouble the poor Member for Sturgeon Creek in making those calculations, so they are there for his benefit, 27.3 percent. New Brunswick, a 22.3 percent increase and yet the Leader of the Opposition said he knew of no other jurisdiction in Canada in which there had been spending estimates in excess of that which were introduced in this Chamber.

In Saskatchewan we have just had an election and the members across the way are very gleeful over that, but the Saskatchewan Budget was condemned by the people of the Province of Saskatchewan as being too stingy for the people of the province when it called for a 16 percent spending increase too stingy. In fact, only British Columbia and Nova Scotia are providing for spending increases of less than 10 percent. Even so, the British Columbia deficit will increase because their revenue is growing even more slowly.

Mr. Deputy Speaker, I hear some comments about Manitoba. At least I am not wandering off to the European continent and discussing the French Budget, as was done earlier this afternoon. On the same page — I just want to comment for a moment because I think something should be said at some point because there is a lot said about Commies and Reds. Mr. Speaker, it would be just as unwise and foolhardy and irresponsibly reckless for me to call, less so I would say, members across the way Fascists as indeed for them to call us Communists on this side.

On the same page the Honourable Leader of the Opposition stated that other governments are lowering or trying to maintain the present tax level. Yes, that's what the Leader of the Opposition said. Once again, the Leader of the Opposition wandered a long distance from the facts, as news reports from British Columbia, Ontario and Nova Scotia well demonstrate.

The Leader of the Opposition makes much about the provincial deficit in this province. — (Interjection) — Mr. Deputy Speaker, if the Leader of the Opposition will note, what we criticized again and again was not deficit spending during difficult economic times, what we condemned indeed was a party that claimed to support balanced budgeting. It claimed to support surpluses, avoidance of deficits at any cost and then did the very opposite when they had a chance in government. That's what we condemned. — (Interjection) —

Yes, and the Leader of the Opposition makes much argument about — as we just heard — unmanageable, about our deficit being some way unique. The facts

are that the deficits for the years 1982-83 are presently projected to be larger in all provinces in Canada with the exception of Prince Edward Island and yes, Saskatchewan. I wonder for how long that will be in Saskatchewan.

In fact the deficit is growing more quickly than ours in five out of seven of these provinces and British Columbia's, for the information of members across the way, is growing by 29 percent. Facts like these can only be ignored by a Neo-Conservative ideological party, one that is so rooted and so planted in its philosophy as indeed is the case with some unfortunate people that are deeply planted in a bucket of cement. Only a political party that has lost all touch with reality could look at the present economic situation and say that one possible alternative would have been severe restraint on spending. Yet the comments of the Leader of the Opposition, the Leader of the Progressive Conservative Party in the Province of Manitoba, led to no other conclusion.

Mr. Speaker, the time calls for an expansionary fiscal policy on the part of provincial governments and that is the policy which this government has chosen. Now there may very well be some across the way that will protest loudly that they don't want restraint. For example, moments before the Leader of the Opposition rose to speak, his Deputy Leader said that no one, and I repeat, no one is suggesting that cutbacks be entertained in our health care and in our educational systems. Yes. Well, those account for 52 percent of the total spending, Mr. Speaker, so perhaps we can assume that the cutbacks which the Conservative Party is advocating relate only to the other 48 percent. Actually, it should be 43 percent because 5 percent represents public debt, payment of which has mainly incurred by the previous government and which cannot be reduced, so we are down to 43 percent.

The cuts then come to total spending on a remainder in the Budget of \$1.2 billion and that is representing housing, income assistance, community services, economic and resource development, highways, direct local government assistance, general services. Opposition remarks would indicate that they want to see all tax increases eliminated and the deficit at least frozen at last year's level. That's the only message that I can draw from what honourable members across the way have been saying; that would result in a spending cutback of \$200 million. Yet I do not believe we have heard so much as a single meaningful suggestion from across the way proposing spending reductions in departments which deliver these programs.

The Member for St. Norbert who unfortunately has not been, to my knowledge, calling for a freeze on provincial assistance to the City of Winnipeg, and I do not believe the Member for Pembina has been rising in his place to demand a reduction in highway expenditures in the Province of Manitoba. The Member for Lakeside — I don't seem to recall his being loud in any suggestions that there be a Budget freeze in the Department of Natural Resources, and none on drainage, although I would acknowledge that he has argued that we should cut back on provincial dollars and go back on our words in respect to an office in respect to the Garrison Project.

One of the programs targeted for cutbacks, indeed, were some that were outlined by the Deputy Leader of

the Conservative Caucus, employment creation including student summer employment. Yet, I believe we've heard his colleagues in the last few days demanding for increases in same. The Member for Tuxedo has been most diligent and most faithful in ensuring that every dollar that is budgeted in the Department of Environmental Management be spent, yes. The Member for Turtle Mountain, the former Minister of Finance, has just sat down from addressing this chamber, has been consistent throughout that no amendments ought to be introduced in order to terminate the required expenditure this year of almost \$7 million in hydro rate subsidies. Yes, he's been consistent.

True enough, the Leader of the Opposition has urged us to adopt efficient government as the best possible way to reduce the deficit and avoid tax increases. This is the same member who began to shower promises like confetti upon startled Manitobans in the final week of the provincial election campaign leading up to November 17, 1981 — (Interjection) — I'm talking about Manitoba.

Conservative promises in that week alone nearly totalled \$300 million and yet it seems that their views have so hardened in the cement of Conservative philosophy that their own 18-percent spending increase last year is forgotten in the rush to demand that we cut spending without cutting programs. This feeble attempt and effort on the part of the Opposition to the Budget would be laughable if our province and our country were not in the midst of such difficult economic times. In times like these, Mr. Speaker, the Conservative representatives have failed dismally and regrettably to take up the vital issues of the day.

Mr. Speaker, I welcome your return to the Chamber, and it is particularly saddening because in previous decades the Manitoba party produced . . .

**MR. SPEAKER, J. Walding:** I'm having some difficulty in hearing the Honourable Minister speak with the background noise in here.

The Honourable First Minister.

**HON. H. PAWLEY:** It's particularly sad, Mr. Speaker, as I said, because in previous decades that Manitoba party, that Conservative Party in Manitoba produced leaders with national vision and stature in the person of John Bracken, Duff Roblin and their colleagues. They were, indeed, leaders that were capable and effective in dealing with the concerns of ordinary Manitobans. Today, the mantle of Bracken and Roblin sit on the shoulders of those who apply the philosophies of the 1920s to the 1980s, applying it over and over again.

After the unfortunate debate on Tuesday night, Mr. Speaker, I feel compelled to make a few comments and I'll offer one more comment on the Leader of the Opposition's remarks. I do so by quoting from a thoughtful article in this month's Washington Monthly, and I quote, "Rather than inform, the object is to ridicule; to entertain at the expense of others. The artful putdown substitutes style for thought. Such writing is used not as instrument for expressing thought, but for concealing it or preventing it." That quotation tells us a great deal about the sort of smart remark which has come to be identified, unfortunately, with my honour-

able friend. Remarks like the suggestion that the only people who left Manitoba were welfare recipients is something that he knows to be not true, or an earlier statement and comment that was made that they were, indeed, fired civil servants, as though he gloried in others' misfortune. The Leader of the Opposition, and those opposite who mimic him, would gain in the eyes of most Manitobans if there was more substance and less insults in their contribution to legislative debate.

Mr. Speaker, I feel quite confident in giving them this advice because I know they're incapable of following the advice anyway. You know, when I was reviewing those comparative deficit figures from other provinces, I realized that some observers would ask why Manitoba has, indeed, such a small deficit this year. If our government is truly committed to stimulating the economy, why are we just in the middle of the path? In fact, if New Democrats are truly the big spenders, shouldn't we be spending a lot more to boost the Manitoba economy? The Member for Lakeside has indicated that he, indeed, asked that question. Perhaps some members on this side of the Chamber are asking, why so cautious? The answer is clearly stated in the Budget Address itself. Most economic predictions for 1982 are being revised downward and for 1983, the forecasters are less than certain about recovery. We felt that it was essential to replace the lost federal revenues because there is no certainty that a massive international recovery or a change of heart on the part of Ottawa will make up the difference next year. This Budget preserves some flexibility, flexibility which is needed, because this year's spending Estimates had to be reviewed hastily before they were presented to this House.

Also, Mr. Speaker, we know very well that we were not elected on the basis of large social spending increases. We presented a moderate program to Manitobans; that program was endorsed. The Budget reflects that spirit of moderation, rejecting the extreme solutions of the past four years and again, the other extreme.

I know what has been troubling members across the way these last few days and it's been very, very obvious to members on this side as well as most Manitobans. They are, somebody said, demoralized. They're obviously bitter and disappointed; they're disappointed because they are regretting what they expected. They expected to see widespread public hostility and anger about this Budget and they're disappointed that they have not been able to discover that. I, for one, congratulate the Minister of Finance for reflecting so well the commitment of our party and, indeed, the wishes of the people of the Province of Manitoba.

The single most important change introduced by the Budget itself was the levy for health and post-secondary education. You know, I was told that at the Minister of Finance's press conference, the occasion of his introducing the Budget, one member of the press gallery asked on Budget night why there had been so much talk about hard decisions because the levy looked so much easier than a sales tax increase. Well, the reporters, the members opposite and others might have, indeed, felt the levy was easier, but I can assure them that no one in this government thought

we were picking an easy alternative. More fair? Yes. Less harmful to the provincial economy? Yes. Better in reflecting ability to pay? Yes. But the amount of revenue is roughly the same as would be raised by two points of sales tax and that is indicated front and centre in the Budget. The decision to raise taxes to this extent was a difficult one. That is why we felt it was important to explain the situation to Manitobans and to seek their views. Much of the speculation by those outside government focused on the sales tax; much of the speculation was understandable under the circumstances; we studied it carefully and we considered it to the very last possible moment.

But the alternative levy for health and post-secondary education had been developed in response to a very clear message. Business, labour, pensioners, farmers and others who offered their advice said they did not want the sales tax increase. They accepted the fact, as I said in Morden to the Chamber of Commerce Convention, and I quote, "Even with tax increases the province faces the likelihood of a large deficit." But they asked again and again for us to look carefully for a more fair and a more progressive alternative. Unlike the other provinces, we did find that alternative and I'm glad that we did.

Now, it would've been indeed very, very easy; it would have been the easy way out for us to have simply added to the deficit and tell ourselves that any tax increase would, indeed, be too damaging to the economy of the Province of Manitoba. That would have been the easy way out. That was an alternative, but we rejected it because it is our obligation to balance the province's fiscal and economic circumstances, circumstances that offer competing priorities. My colleagues and I are consulting about the Budget and we will continue to consult about the Budget, Mr. Speaker.

Our MLAs — in case there's any doubt by anyone in this Chamber, and I don't think there ought to be any doubt — don't need advice from the Opposition side before visiting their constituencies. The message that we're receiving is that Manitobans understand the decisions that we have to make. They appreciate the fact that this is probably as good a Budget as any Minister of Finance in any province without oil revenues could possibly introduce at this given time. They are proud of the quality making that has gone into this Budget. You know — (Interjection) — I'm going to come to that in just a few moments in my speech.

You know, I'm afraid that sometimes those of us that have been too close to this Chamber, maybe too much involved from day to day, sometimes can end up, indeed, permitting our vision to be affected by the extremism that is often preached and practised in this Chamber by some members. It began to seem that a hard decision was the same as a harsh decision, that only a cruel policy was a courageous one. People were conditioned to believe that a tough government could only mean a government that punished people severely. With this Budget I hope that we're taking another step away from that distorted, almost perverse image of public affairs.

This is a moderate province, Mr. Speaker. This is ultimately a Canadian province where residents seek compromise and a fairly central path in their affairs

and I think it's about time that provincial politics reflected that special Manitoba spirit. That is why the Minister of Finance and others on the Treasury Bench went to some lengths to hear and to consider views of the Manitoba business community and it is why we responded by accepting several of their suggestions. Unlike the former government, we do not divide the population of Manitoba into friends and enemies and then treat people accordingly. No, Mr. Speaker. Let us be thankful those days are gone and I hope forever.

Mr. Speaker, when I made that last comment about the population being divided into friends and enemies it was indeed well demonstrated by the practice and by the policies effected by the just previous government in the Province of Manitoba during their four years in office. That is why, Mr. Speaker, they were not re-elected on November 17th because they divided Manitobans into friends and enemies.

Mr. Speaker, before I turn to the economic impact of this Budget, there is one more comment I would like to make and that is really to express appreciation to the graciousness of members opposite who spoke in this Debate and noted the number of positive tax changes since last year's Budget. A substantial portion of the Budget addressed by the Minister of Finance drew applause, not only from this side of the Chamber but from the opposite side of the Chamber.

It is always a high compliment for a Minister of Finance to receive such applause and praise from the Opposition, as indeed, did our Minister of Finance receive that praise and applause when he addressed his remarks. I say that, Mr. Speaker, in paying compliment to those members of the Opposition who had a certain amount of perspective, that they were able to see this Budget in its totality and were able to respond in kind. I would like to compliment those members across the way that enjoyed that kind of perspective.

True enough, I have no doubt that those same members must have been kicking themselves for the fact that those measures were not introduced in the Budgets of the past four years. I hear laughter across the way, but those measures indeed that won that applause from members across the way were measures that had been called for by different individuals and groups over the last four years in the Manitoba community and yet those members were honest enough to single out those tax changes that pleased them and I give them credit here publicly for that, Mr. Speaker.

That sense of disappointment, which I felt during the Leader of the Opposition's speech, was most keen when I realized that he was going to conclude, unfortunately, his address without directly tackling the economic situation that presently exists in the Province of Manitoba. Oh, he did say that if re-elected he would have completed all sorts of project agreements but that statement indeed, Mr. Speaker, is even less credible now than it was on November 16th, 1981. Yet a poverty of policy that exists across the way, a blindness to provincial economic issues, which indeed crippled their one-term government, has also crippled, unfortunately, Mr. Speaker, their participation in this Debate and I regret that.

Let's look at the economic situation and how this government is responding. First, it is even more obvious today than it was a year ago that high interest

rates and the Reagan-inspired recession are causing terrible hardship for Manitobans. Mr. Speaker, there was some comment by the former Minister of Finance in this Chamber this afternoon that we never blamed Manitoba's economic situation on high interest rates; that we never questioned the monetary policy when we were in Opposition. I can recall so very well, and I'm sure you can, Mr. Speaker, last May when we questioned closely in this Chamber the former Minister of Finance in respect to his policies of supporting Ottawa's high interest rates. He told us, Mr. Speaker, and I will ship the copies of that Hansard to members across the way, that any other policy indeed would have worse consequences. I recall that very well. I recall the debate in this House when members of the then Opposition pointed out to the then government that the then government was failing in its responsibility to point out to Ottawa that its monetary policies, its tracking Washington interest rate policies, were damaging to the economy of Manitoba and of Canada.

Mr. Speaker, I'm fortunate in my party, surrounded with my colleagues as I am, that I am able to speak out as Premier of this province against that insane policy, and I will continue to call for lower interest rates and for a more independent economy until those policies are, indeed, in place in Canada as they ought to be. Yet, Manitoba could not afford to sit on its hands and merely criticize Ottawa; we learned that in 1978 and 1979.

Mr. Speaker, I want to just deviate for a moment to comment again in respect to some comments by the Member for Turtle Mountain. The setback in the economic situation took place here in 1978-1979 prior to what was taking place in other provinces in Canada. The recession hit Manitoba earlier than other provinces in Canada and, Mr. Speaker, we again repeat that it was as a result and was contributed to by the acute protracted restraint policies of the Provincial Government in the years 1978 and 1979 and now that situation is compounded by — yes, during the final year, too — the previous government's administration. They indeed were hit by the international recession, by the national recession. But the point is that it was their policies, their conservative monetary policies, their acute protracted restraint that put in motion the economic problems confronting Manitoba two years in advance of most other parts of this country.

Mr. Speaker, unlike the previous administration and contrary to what was said by the Member for Turtle Mountain again this afternoon and unlike, indeed, what might have been expected, this was not a government that upon being elected to office was prepared to sit on its hands and do nothing. This was not a government that chose to merely criticize Ottawa in respect to its monetary policies. We learned that in 1978 to 1979 that this province must act the best it can in order to, indeed, foster our provincial economy. This government has acted and this government has acted well, with interest rate relief, with Main Street Manitoba, with northern job creation, with Critical Home Repair and with other programs that address the economic situation in Manitoba.

The Leader of the Opposition spoke as though inflation was not a concern to my colleagues and I — (Interjection) — well, I'm glad to have an opportunity to take the Leader of the Opposition up on that com-

ment. If the Leader of the Opposition, Mr. Speaker —(Interjection)— I can only assume that the Leader of the Opposition failed to read the Budget before he made that statement because if he had read the Budget he would have known that his statement was profoundly incorrect.

We know and we understand there are elderly Manitobans living on fixed income who must pay a little less with each price increase; we know about families who are struggling to make ends meet with full-time wage earners. Mr. Speaker, we know, unlike the previous government, the plight under which minimum wage earners have to live in the Province of Manitoba, scraping out a very existence. We're not a dime-an-hour group when it comes to the minimum wage and those on the lowest rung of our society. Mr. Speaker, I pause for a moment and I am not pleased with what we have done for the minimum wage earners in this province, because I don't know how any family could live on \$8,000 a year in the Province of Manitoba. But what, indeed, is even more shocking, Mr. Speaker, there are still those within our society and those within the political life of our society that criticize us for trying to help those that are earning only \$8,000 a year, less than the poverty line.

There are farmers who feel that their backs are indeed to the wall because prices —(Interjection)— there are indeed those and I want to repeat, Mr. Speaker, because I know members across the way find it difficult sometimes to listen to words from this side because it certainly makes them — and I can understand that — quite uncomfortable to find out what the facts are. There are farmers increasingly finding their backs against the wall because interest and other costs seem to be increasing so much more quickly than prices. If people would know that they could only get a worthwhile job they would again have some restoration of human dignity in our midst and perhaps, worst of all, the large number of people here and elsewhere in Canada who have the sense that the future is, indeed, less secure than the present and who believe that no one really cares what happens to them.

The Leader of the Opposition has asked about inflation. Yet, Mr. Speaker, I ask you, who complained about fare freezes; who complained about fee freezes insofar as the students in Manitoba were concerned? And he cries about high prices, yet his government deliberately allowed a decline in the purchasing power of the disabled and others on provincial Social Assistance and those living on minimum wage. Mr. Speaker, it is not indeed brave, and I say this to the Honourable Member for Pembina, to let the poor get poorer and to let the rich take care of themselves. There are a few better ways to stimulate purchasing than to increase the income of those at the very bottom of the scale. It is those that are least able to cope with the economic crisis who must be the first in the priorities of any humane government, and I'm proud to say, Mr. Speaker, that indeed was the case with this government. I'm confident the vast majority of Manitobans welcomed our decisions.

In fact, if the members across the way wish to talk about inflation, let's look at the consumer price index and some of the major expenses for a family. In the first quarter of 1982, our consumer prices were increasing more slowly than the Canadian average.

That was true for food prices, the price of shelter and the price of energy. There was one exception — I want to underline that exception, Mr. Speaker, because I want to test whether honourable members across the way are really concerned about combatting inflation — and that one exception was rent. It increased here more quickly than the Canadian average. Members across the way know that we are moving in order to correct that situation.

The economic situation is more than the individual concerns I mentioned. For example, a Beef Stabilization Plan is going to strengthen the entire provincial economy as well as provide relief to producers. I must say, Mr. Speaker, that with each passing day farmers are gaining the chance to learn firsthand that Manitoba has a Minister of Agriculture who is open to their ideas and, more important, is willing to act.

**MR. DEPUTY SPEAKER:** Order please. The Honourable First Minister.

**HON. H. PAWLEY:** Mr. Speaker, honourable members across the way seem to be laughing at that comment, but I received today a release from the Manitoba Cattle Producers' Association and I quote — is Mr. Clifford a New Democrat from Dauphin? He's referring to the Minister of Agriculture — "We felt the Minister to be very receptive and interested in our ideas and our concerns," said Clifford, member of the MCPA.

Mr. Speaker, I know what is troubling members across the way. Members opposite know their faceless, scare stories that they've been attempting to circulate in this province are coming back to haunt them because the Minister of Agriculture's performance is destroying Conservative credibility in the Province of Manitoba.

Mr. Speaker, isn't there some statement, "when a pig is stuck, he squeals?" Well, that's what's troubling the members across the way. They know they're losing credibility in rural Manitoba; they know they've been losing credibility in the past few days, in the past few weeks. They're troubled, they're worried and I don't blame them for being troubled and worried.

Manitoba investment suffered a serious investment drought during the past four years. I wonder just how distant still the Member for Turtle Mountain is from the realities of Manitoba society because this afternoon he was reading out, again, statistics to try to prove that the health of the Province of Manitoba was healthy in 1978-79-80 and '81; he was reading out statistics to us in this House. It was like that Blue Sky Speech we heard two or three years ago in this Chamber. Mr. Speaker, the lack of reality — I'm a little surprised because often parties in Opposition do become a little more realistic. Obviously, they haven't been talking, they haven't yet started to talk to Manitobans and they haven't been talking to Manitobans about the experience that was inflicted upon them from 1978 to 1981, or the Member for Turtle Mountain would not have the audacity to rise in his place and to read cold statistics that are easily refuted and represent not a thing to the average person in the Province of Manitoba, that recognizes and knows many of their sons and daughters were forced to leave this province because of the lack of economic health in this province.

The difference between the New Democratic Party

of Manitoba, and the present government in the Province of Manitoba, from that of the Progressive Conservative Party of Manitoba, and the previous government in the Province of Manitoba, is we accept when, indeed, times are hard, when times are difficult and we tell Manitobans that we're facing rough and difficult economic times and we ask the support of Manitobans, particularly at this time.

We don't do, as the former Leader of the Opposition did, on a New Year's press conference, I believe it was at the latter part of 1979, when being questioned by Manitobans about the state of the Manitoba economy, snapped back that he was not worried, that he could sleep well at night. No, Mr. Speaker, every Manitoban knew that there were problems with the Manitoba economy except for the First Minister of that day and his colleagues.

We make no pretense to representing to Manitobans that the economy of the Province of Manitoba is anything but difficult, as it is throughout all of Canada today, and we ask for the support of all Manitobans in meeting the challenges that lie ahead of us in respect to the state of the present economy. Mr. Speaker, some talk about tax but if they had had their way, is there any doubt in the mind of any Manitobans, that we would not have been confronted with a 2, 3 or 4 percent increase in the sales tax if there had been a reelection of the members across the way. In fact, Mr. Speaker, I will say this —(Interjection)— somebody says they would have taxed candy like in Ontario. Mr. Speaker, I know and Manitobans know that the previous government knew that they were in trouble in the fall of 1981 politically; they knew, however, what the situation was pertaining to the economy and the state of the finances of the Province of Manitoba; they knew they had to take a chance with the election in the fall of 1981 rather than wait to June of 1982 because they knew very well that a Budget introduced by them in the spring of 1982, following upon four years of dismal performance, would have resulted in their practically being wiped from the map of the Province of Manitoba.

Manitobans suffered a serious investment drought during the past four years, Manitoba missed out on major increases, investment that took place in other parts of Canada. We said that one part of the problem was, indeed, a government that did not believe enough in Manitoba to invest in Manitoba. The 40 percent increase in Capital spending is a splendid demonstration of this government's belief and confidence in the future of Manitoba. Mr. Speaker, I'm pleased to note tonight, unlike the previous administration, that we will seek to add to the heritage created by former Premiers Campbell, Roblin and Schreyer, as noted in the Budget address by the Minister of Finance. They added to the heritage of this province and we will proceed with the task of adding to that very fine heritage that's been passed on to us by those previous three progressive Premiers in Manitoba.

This is a Budget that is geared specifically to dealing with the needs in these very, very difficult times, in particular, the authority for the \$50 million for the Manitoba Housing and Renewal Corporation is going to be very, very important in the province, in view of the fact, that we are confronted with the crushing impact that interest rates have had upon our housing

industry. There were alternatives and we know that there, indeed, were alternatives to the present Budget; that we could have avoided the imposition of the levy for Health and Post-secondary Education by taking a leaf from the book of the members opposite, because the income generated, and I underline this, is almost equivalent to the cost of this year's construction program in Health. They made the choice in 1978, Mr. Speaker, they froze construction and even if they themselves learn nothing from the experience, Manitobans learned, they learned and Manitobans remembered. This province wants to build for the future and it will build for the future.

Mr. Speaker, there are many more highlights of this Budget that I could mention but others have, indeed, done so already. Let me, instead, refer to a pledge that I made in February that we intend and we will provide good government to Manitoba. One of the first tests, Mr. Speaker, in respect to whether a government is good or not, particularly a new government, is its first Budget. Listening to eight days of Budget debate I know that we have passed that test with flying colours. We have taken actions, we have developed programs that have been directed simply and effectively to meet the urgent needs of people in our province, and, Mr. Speaker, even more important - and the Member for Turtle Mountain seemed to be ridiculing this thought earlier this afternoon, I know not why the Member for Turtle Mountain would ridicule this thought because what is so very, very important at this time in Manitoba's history when we're confronting economic difficulties with the rest of Canada and the western world - is that we're doing all that is humanly possible to preserve the strength of our social and economic fabric for the day when recovery eventually takes place again.

The most predictable aspect of the entire debate was the Leader of the Opposition's repeated references to drunken sailor which appears, by the way, to be, Mr. Speaker, a well-known theme on the part of the Leader of the Opposition because I remember him using that phrase back in the 1977 election campaign in Manitoba. Here we are five and one-half months into our government and the Leader of the Opposition is already using that phrase "drunken sailor." Yet, Mr. Speaker, as Premier of Manitoba, his orders were to abandon ship. Then he and his Cabinet colleagues, each and every one of them — the Member for Fort Garry, the Member for Lakeside, the Member for Turtle Mountain, the Member for Arthur, the Member for Pembina, The Member for Swan River — now I'm talking about the former Treasury Board and the first in line, of course, was the Member for Sturgeon Creek — they left the bridge and they spent the remainder of the voyage in the first-class lounge. Mr. Speaker, that wasn't all. You know what else? They waited all those four years for someone else to start steering the ship. They are still waiting but you know what, Mr. Speaker, Manitobans have moved beyond them. They haven't learned. I remember when we were in Opposition, it seemed we were constantly giving them advice and we received the same sort of response from members across the way, most of it personal and other; they laughed, they paid very little attention. I'm glad they didn't pay any attention; I'm glad they're still not paying any attention because it means that we're going to



be in government for a long, long, long time. Mr. Speaker, Blakeney will be back in Saskatchewan.

What is true, and I want to spell this out for members opposite because the Minister of Finance said it and he said it quite well, that we are in stormy economic weather yet, once again, there are willing hands on board that are prepared to go ahead and move ahead. That spirit of moderation and co-operation and generosity and yet a government that is prudent is, indeed, the kind of spirit, the kind of approach that best motivates Manitoba and is well reflected in the 1982 Budget. It offers protection to those who need protection. It's a good start for the responsible economic program that will benefit all Manitobans.

Mr. Speaker, I close my remarks with a plea to at least one or two members opposite, maybe one of the new members that has been less influenced. I think the Member for Gladstone strikes me as a very kindly, very decent individual. I'm looking for at least one member across the way to demonstrate that conscience, that conviction and to join with this government in these difficult times, confronting that stormy economic weather that the Minister of Finance referred to, joining with us in order to ensure that we indeed do build in Manitoba the economic and social fabric so we can ensure for Manitobans the future that the people of this province truly deserve. Mr. Speaker, we will do all that is within our power, and I trust with the assistance of members across the way, I trust that we will receive some constructive assistance, if not this year at least next year, so we can work together in order to make this a better Manitoba for all to live in.

Thank you very much, Mr. Speaker.

**MR. SPEAKER:** Order please. In accordance with our Rule 23, I'm required to put to the House all questions on the Budget at this time.

**QUESTION put on the sub amendment, MOTION defeated.**

**MR. RANSOM:** Yeas and Nays, Mr. Speaker.

**MR. SPEAKER:** Call in the members.

**A STANDING VOTE** was taken, the result being as follows:

#### YEAS

Messrs. Banman, Blake, Brown, Downey, Driedger, Enns, Filmon, Gourlay, Graham; Mrs. Hammond; Messrs. Hyde, Johnston, Kovnats, Lyon, McKenzie, Mercier, Nordman; Mrs. Oleson; Messrs. Orchard, Ransom, Sherman.

#### NAYS

Messrs. Adam, Anstett, Ashton, Bucklaschuk, Carroll, Corrin, Cowan; Mrs. Dodick; Messrs. Doern; Ms. Dolin; Messrs. Eyler, Fox, Harper; Mrs. Hemphill; Messrs. Kostyra, Lecuyer, Mackling, Malinowski, Parasiuk, Pawley, Penner; Ms. Phillips; Messrs. Plohan, Santos, Schroeder, Scott; Mrs. Smith; Messrs. Storie, Uruski, Uskiw.

**MR. CLERK:** Yeas, 21; Nays, 30.

**MR. SPEAKER:** The Sub-amendment is defeated.

**QUESTION put on the Amendment, MOTION defeated.**

**HON. S. LYON:** Same division.

**A STANDING VOTE** was taken, the result being as follows:

#### YEAS

Messrs. Banman, Blake, Brown, Downey, Driedger, Enns, Filmon, Gourlay, Graham; Mrs. Hammond; Messrs. Hyde, Johnston, Kovnats, Lyon, McKenzie, Mercier, Nordman; Mrs. Oleson; Messrs. Orchard, Ransom, Sherman.

#### NAYS

Messrs. Adam, Anstett, Ashton, Bucklaschuk, Carroll, Corrin, Cowan; Mrs. Dodick; Messrs. Doern; Ms. Dolin; Messrs. Eyler, Fox, Harper; Mrs. Hemphill; Messrs. Kostyra, Lecuyer, Mackling, Malinowski, Parasiuk, Pawley, Penner; Ms. Phillips; Messrs. Plohan, Santos, Schroeder, Scott; Mrs. Smith; Messrs. Storie, Uruski, Uskiw.

**MR. CLERK:** Yeas, 30; Nays, 21.

**MR. DEPUTY SPEAKER:** The Amendment is defeated.

**QUESTION put, MOTION carried.**

**MR. PENNER:** On Division.

**A STANDING VOTE** was taken, the result being as follows:

#### YEAS

Messrs. Adam, Anstett, Ashton, Bucklaschuk, Carroll, Corrin, Cowan; Mrs. Dodick; Messrs. Doern; Ms. Dolin; Messrs. Eyler, Fox, Harper; Mrs. Hemphill; Messrs. Kostyra, Lecuyer, Mackling, Malinowski, Parasiuk, Pawley, Penner; Ms. Phillips; Messrs. Plohan, Santos, Schroeder, Scott; Mrs. Smith; Messrs. Storie, Uruski, Uskiw.

#### NAYS

Messrs. Banman, Blake, Brown, Downey, Driedger, Enns, Filmon, Gourlay, Graham; Mrs. Hammond; Messrs. Hyde, Johnston, Kovnats, Lyon, McKenzie, Mercier, Nordman; Mrs. Oleson; Messrs. Orchard, Ransom, Sherman.

**MR. CLERK:** Yeas, 21; Nays, 30.

**MR. DEPUTY SPEAKER:** The Motion is carried.

**MR. SPEAKER:** The Honourable Government House Leader.

Thursday, 20 May, 1982

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**HON. R. PENNER:** Yes, I sense a certain consensus for calling it 10 o'clock and accordingly would move that this House do now stand adjourned.

**MOTION presented and carried** and the House adjourned and stands adjourned until 10:00 a.m. tomorrow. (Friday)