

LEGISLATIVE ASSEMBLY OF MANITOBA

Wednesday, February 21, 1990.

The House met at 1:30 p.m.

PRAYERS

ROUTINE PROCEEDINGS

PRESENTING REPORTS BY STANDING AND SPECIAL COMMITTEES

Mr. Edward Helwer (Chairman of Committees): Mr. Speaker, I beg to present the First Report of the Committee on Public Utilities and Natural Resources.

Mr. Clerk (William Remnant): Your Standing Committee on Public Utilities and Natural Resources presents the following as their First Report:

Your Committee met on Tuesday, February 20, 1990, at 10 a.m., in Room 254 of the Legislative Building to consider Bills referred. On February 20, 1990, your Committee elected Mr. Helwer as Chairman.

Your Committee has considered:

Bill No. 81 The Environment Amendment Act;
Loi modifiant la Loi sur
l'environnement;

Bill No. 82 The Dangerous Goods Handling and
Transportation Amendment Act; Loi
modifiant la Loi sur la manutention
et le transport des marchandises
dangereuses;

And has agreed to report the same without amendment.

All of which is respectfully submitted.

Mr. Helwer: Mr. Speaker, I move, seconded by the Honourable Member for Minnedosa (Mr. Gilleshammer), that the report of the committee be received.

MOTION presented and carried.

INTRODUCTION OF GUESTS

Mr. Speaker: Prior to Oral Questions, may I direct attention of Honourable Members to the Speaker's Gallery where we have with us today Mr. Rostyslav Bratun, who is an M.P. for the Ukraine to the Congress of Peoples Deputies in the U.S.S.R.

On behalf of all Honourable Members, I welcome you here this afternoon.

Also with us this afternoon in the public gallery, from the Darwin School, we have thirty Grade 9 students. They are under the direction of Tim Watters. This school is located in the constituency of the Honourable Minister of Urban Affairs (Mr. Ducharme).

On behalf of all Honourable Members, I welcome you here this afternoon.

ORAL QUESTION PERIOD

Federal Budget Impact Health Care

Mrs. Sharon Carstairs (Leader of the Opposition): Mr. Speaker, since the Mulroney Government came to power in this nation we have watched with horror the breakup of our country. First it was the Free Trade Agreement, supported by my honourable colleagues on the other side, which did not meet any of the expectations laid out before the Canadian people. Then it was the Meech Lake Accord, also supported by my colleagues on the other side until the people of this province showed them the error of their ways. Then last year we watched them destroy rural communities with base closures and VIA cutbacks. Now we see the true agenda of the federal Conservative Party—

Some Honourable Members: Oh, oh!

Mr. Speaker: Order, please. Order.

Mrs. Carstairs: —an agenda which obviously says you can cut back on health care and education in this nation. Will the Finance Minister (Mr. Manness) tell this House what cutbacks he anticipates in health and post-secondary education as a result of the \$77 million robbed by his federal cousins out of this province?

* (1335)

Hon. Clayton Manness (Minister of Finance): Well, Mr. Speaker, the Leader of the Opposition, who seems to have a penchant for the flair for the dramatic, accuses me, seems to at least want to accuse me, and the Government of Manitoba for Michael Wilson's budget as of yesterday.

Mr. Speaker, let me indicate—

Some Honourable Members: Oh, oh!

Mr. Speaker: Order, please; order, please. The Honourable Minister of Finance.

Mr. Manness: Mr. Speaker, we will be held accountable for our actions in bringing down our budget where of course we asked Manitobans to support our decreases in taxes, we asked them to decrease a moderation in expenditure growth, which by the way the Liberals over 240 hours of Estimates review day after day after day have asked us to spend more and more and more and more. Manitobans know that we set up a savings account in support of days when times would be a little tougher. But let me say, Mr. Speaker, what this Government has never done is insisted like the Member opposite that senior citizens should leave personal care homes in support of reduction in expenditures.

Wednesday, February 21, 1990

Progressive Conservative Party Agenda

Mrs. Sharon Carstairs (Leader of the Opposition):

Well, no, Mr. Speaker, but this particular political Party of which they happen to be Members does issue letters in which it talks about secret agendas, in which they talk about the fact that they need a clear majority to put this agenda before the people. Would the First Minister like to tell the people of this province exactly why he needs a clear majority to put forward this particular mandate and what it entails, more cutbacks for health and education?

Some Honourable Members: Oh, oh!

Mr. Speaker: The Honourable First Minister. Order, please; order, please. The Honourable First Minister.

Hon. Gary Filmon (Premier): Mr. Speaker, what we are asking Manitobans to give us support for is first, to reduce taxes, because the Liberals voted against that, they voted against reduction of taxes; second, to reduce the deficit, because the Liberals voted against that too. We cannot look to the Liberals for support for those kinds of good initiatives to build this province strong. They vote against tax reductions, they vote against reducing the deficit, and instead, what do they ask for? Spend, spend, spend and raise taxes, day after day after day. Since we have been here during this Session they have advocated that we increase \$900 million of increased spending and increased taxes, and the Leader of the Liberal Party (Mrs. Carstairs) has not learned her lesson. Just as recently as last evening she spoke about what she would do in response to the Michael Wilson budget.

When the Minister of Finance (Mr. Manness) said he found it hard to see how the province could increase any taxes at all, the Liberal Leader Sharon Carstairs said he will probably have no option. That is the Liberal response to everything. John Turner said he had no option. John Turner said he had no option but to appoint Trudeau's messengers to the Senate and all of those patronage—she would have no option but to raise taxes, Mr. Speaker. That is what we get out of the Liberals.

Some Honourable Members: Oh, oh!

Mr. Speaker: Order, please; order, please. The Honourable Leader of the Opposition.

Mrs. Carstairs: The people of Canada have been betrayed by the federal Conservative Government who told them in '84 things which quite frankly simply have not come into being. They told us our health and social programs were a sacred trust.

Would the First Minister (Mr. Filmon) of this province tell us what he means by, and I will quote, without a clear majority the next and more difficult phase of the PC program to restore a much needed pro-business environment in Manitoba cannot be effectively implemented. Does he also call for health and social cuts in this province?

Mr. Filmon: Mr. Speaker—

Some Honourable Members: Oh, oh!

* (1340)

Mr. Speaker: Order, please.

Mr. Filmon: —the record is very, very clear. We have reduced taxes to business, the payroll tax. The Liberals voted against that. We have reduced taxes to individual Manitobans, \$61 million of tax breaks on our personal taxes. The Liberals voted against it. We have reduced the deficit in this province to the lowest level in a decade. The Liberals voted against it. Those are the kinds of measures that we want to create for a better environment in this province, and the Liberals voted against it. Compare that when she talks about the federal Conservatives not keeping their word.

What about Pierre Trudeau running for election in 1980 when he said no 18 cent increase on gas and he increased it 40 cents a gallon, Mr. Speaker. That is what he increased the tax. Pierre Trudeau, whom she worshipped, does not know the meaning of truth.

Federal Budget Impact Health Care

Mrs. Sharon Carstairs (Leader of the Opposition):

The Prime Minister of this nation in his campaign in 1984 also talked about no new taxes, and he has increased the taxes 31 times and if you include the GST, 32 times. They have done it on the backs of the provinces in health and post-secondary education.

Now where is this province going to get the funding to maintain the level of service in health and post-secondary education for vulnerable people in our province?

Hon. Gary Filmon (Premier): Mr. Speaker, the Leader of the Liberal Party (Mrs. Carstairs) makes my point precisely. When it comes to taxes this Government has reduced taxes consistently since it has been in Government. This provincial Conservative Government has reduced taxes to farmers by removing education taxes on farmers, has reduced taxes to businesses by removing the payroll tax from some 70 percent of those who were paying it, has reduced taxes to individuals. Sixty-one million dollars in tax savings to individual Manitobans and the Liberals have voted against it time after time after time.

I have to tell you, Mr. Speaker, that I take great umbrage at the statement that this Liberal Leader made when she says in the paper today, we have done our bit towards cutting the deficit in the Province of Manitoba. She voted against the reduction of the deficit in the provincial budget this year. She voted against tax breaks to Manitobans and I say, Madam, you have nothing to take in terms of credit for this, you voted against the Government—

Mr. Speaker: Order, please; order, please. The Honourable Leader of the Opposition.

Mrs. Carstairs: The waiting lists for surgery in this province have gone from three months to eight months. There have never been as many people in the halls of our hospitals. We have 88 beds ready to take very needed acute care beds away and give them to personal care patients. In terms of 88 beds that lie there day after day ready to take those patients, this Government says they will not move in that area, they will not make decisions. What are they going to do, and how are they going to do it when they have \$77 million left?

Mr. Filmon: Mr. Speaker, I will tell you one thing this Government will not do. It will not, as the Leader of the Liberal Party (Mrs. Carstairs) has suggested, throw out 40 percent of the people who are currently in personal care homes in this province, and throw them out on the street. This Liberal Leader's priorities are all wet. She said in Minnedosa, and I quote, 40 percent of people presently residing in personal care homes do not need to be there. These people require less than 20 minutes of care per day and they should be living at home. That is the most irresponsible statement that has been made in this province—

Mr. Speaker: Order, please; order, please. The Honourable Leader of the Opposition.

* (1345)

Mrs. Carstairs: Mr. Speaker, appropriate care for our seniors should be the challenge of all political Parties. Regrettably, it is not one accepted by the Government opposite.

Some Honourable Members: Oh, oh!

Mr. Speaker: Order, please.

Mrs. Carstairs: Mr. Speaker, we have not received an answer yet. What is this Government going to do? I think it is fascinating that this Government takes a cut of \$77 million and accepts it, and does not have a single idea of how they are going to provide for the ill and the needed students of this province. Will they give us one answer today as to how they are going to deal with this crisis?

Mr. Filmon: Mr. Speaker, our Minister of Finance (Mr. Manness) addressed the budget yesterday, and he and I have both addressed the budget today. The Minister of Finance said, our worst fears were realized. He said the federal Government failed miserably to choose its priorities properly. He and I have both said that this budget is unacceptable because it transfers the deficit problem of the federal Government onto the provinces. It attacks health care, it attacks post-secondary education, the priorities that we have set, Mr. Speaker.

At least we understand what is in the budget so that we can speak knowledgeably about what we think is offensive, what we think is unacceptable in this budget.

The Leader of the Opposition (Mrs. Carstairs) goes and picks a matter out of the budget and she says they have cut funding to Western Diversification. Nothing of the sort, it is not anywhere in the budget

and she makes an issue of it. As usual the Leader of the Opposition knows nothing about what she talks, and that is why we have a problem here. We have a problem of Government here because the Opposition is so ineffective and so incompetent—

Mr. Speaker: Order, please.

Federal Budget Impact Health Care

Mr. Gary Doer (Leader of the Second Opposition): This is a fairly serious issue, perhaps we could have—

Some Honourable Members: Oh, oh!

Mr. Speaker: Order, please.

Mr. Doer: Mr. Speaker, health care and post-secondary education as a national program are the two distinguishing features of our Canadian identity, the heart and soul of our country that we believe is being consistently Americanized by the Mulroney-Wilson Progressive Conservative Government in Ottawa.

On November 6, we pleaded with the Premier (Mr. Filmon) to please raise the issue of health care at the First Ministers' meeting. We asked him to go head-to-head and toe-to-toe with the Prime Minister of the country because we had been cut back \$100 million in the last budget.

In the Premier's statement to the Prime Minister on November 8 and 9, he said, and I quote: we want to have further discussions on items like health services and health care financing because hereto your Government, the Prime Minister's Government, has taken some promising steps and we want to work with you to make them as effective as possible.

My question to the Premier (Mr. Filmon) is: is the result of yesterday's budget a result of not standing up to the Prime Minister and standing up for Medicare, as articulated in his own statement to the Prime Minister? When will the Premier start standing up for health care services not only in this province but in Ottawa when he faces the Prime Minister?

Hon. Gary Filmon (Premier): When I spoke at the First Ministers' Conference, I raised many issues with the Prime Minister. I raised with him the issues of the cuts to the military bases in Manitoba and I said to him, among other things, 38 percent of the total personnel reductions in the country will have to be borne by Manitoba. Thirty-eight percent is hardly fair, 38 percent is hardly balanced. Then I talked to him about the cuts to VIA that will lead to additional impacts on our national highway system, and then I talked with him about the GST and I said I would not support it now or anytime in any form, not publicly, not privately.

I raised many, many issues and he knows that I had a heated exchange with the Prime Minister. I might tell him that through all these matters we have also had discussion between the Finance Ministers, we have also had discussion amongst Ministers, because we said

Wednesday, February 21, 1990

that the federal Government has a responsibility to health care and to post-secondary education. They ought not to offload it onto the backs of the provinces.

I say to him, Mr. Speaker, that each and every province in this country has been carrying the same message. What has happened to each and every province? Ontario, \$378 million lost in EPF, another \$100 million lost in the Canada Assistance Plan, Alberta has had major losses in the Canada Assistance Plan - (interjection)-

* (1350)

Impact Labour Force

Mr. Speaker: Order, please; order, please. The Honourable Member for Concordia.

Mr. Gary Doer (Leader of the Second Opposition):

Mr. Speaker, if the \$100 million cut last year was promising, I wonder what the Premier (Mr. Filmon) is going to say to the Prime Minister head-to-head next time. The record is fairly clear. I have a further question to the Premier. The federal Government, the Tory Conservative Government with a Tory budget for Tory Canada is predicting a 12 percent increase in their own documents for corporate profits in 1991 under Michael Wilson's budget. It is declaring a loss in real personal disposable income, a net decline. My question to the Premier, how many thousands of jobs are we going to lose with this Conservative agenda of profits for corporations and wage decreases for people across Canada with his planned recession?

Hon. Gary Filmon (Premier): Mr. Speaker - (interjection)-

Mr. Speaker: Order, please. The Honourable First Minister.

Mr. Filmon: Within this province we are committed to manage our resources wisely. We are committed to bring in a budget that is reasonable, a budget that is moderate, that takes into account all of the very severe constraints under which we must operate, Mr. Speaker. These are not constraints, I might indicate, that are new to this province. I can recall, as the Member knows full well, that his administration was faced with a major reduction by the Trudeau Government in Ottawa in terms of their equalization on a unilateral basis. They changed the formula, they changed the legislation for equalization payments that impacted dramatically on this province.

The fact of the matter is that over and over again we as a Government have to make difficult and serious choices. We have done so in two budgets. In those two budgets we have reduced taxes to individuals, to farmers, and of course to small businesses. At the same time we have reduced the deficit. At the same time we have worked co-operatively to try and create a better climate for investment. We are working on labour legislation right now with no assistance of course from the New Democrats, Mr. Speaker.- (interjection)-

Health Care Underspending

Mr. Speaker: Order, please. The Honourable Member for Concordia.

Mr. Gary Doer (Leader of the Second Opposition):

Mr. Speaker, I have a further question to the Premier (Mr. Filmon). We have seen in the last budget a \$28 million underspending in health. We have seen in this budget a further \$28 million underspending in health in the first nine months of this year. My question to the Premier is: Why are we seeing some 75 beds being closed in St. Boniface Hospital for one week at the end of March when elective surgery is very, very critical? People need the surgical beds. Is that because of the underspending of his Government or is it because of some other reason that we do not know of?

Hon. Gary Filmon (Premier): Mr. Speaker, the hospital portion of the budget, if the Member wants to look into it, has been very close to fully spent in all cases. Those are the areas of services to people, and we have increased operating time, and we have increased opportunities for funding for those hospitals to be able to do that. I might tell you that we will compare our record on health care to the New Democrats any time, because for the last year before we took Government they had frozen capital spending in this province so that we could not in fact build the kinds of new facilities that we have built, in terms of additions to hospitals in Morden, expansions in Erickson, expansions that are going on at Gimli personal care homes and so on.

We have brought in, in conjunction with the budgets that we just spoke of earlier that not only reduced taxes and reduced the deficit, but the most ambitious capital budget in health care in our province's history, Mr. Speaker. We have done all that because we believe that health care is a priority, and we will continue to make it a priority, unlike the New Democrats who froze capital spending.- (interjection)-

* (1355)

Deer Lodge Hospital Acute Care Beds

Mr. Speaker: Order, please. The Honourable Member for Concordia.

Mr. Gary Doer (Leader of the Second Opposition):

Mr. Speaker, in following up on that, we recognize that there are 85 vacant beds that were built by somebody. I guess they just came from "manna from heaven." I guess they just sprinkled down from the stars, built by the New Democratic Government.

My question to the Premier (Mr. Filmon) is, there are a lot of fears going on now in terms of the health care system. The elective surgery lists are increasing. We have the federal attack on Medicare, which I believe will result in the end of Medicare if something does not change. Will the Premier open up the 85 beds at Deer Lodge Hospital? They are absolutely needed by

Wednesday, February 21, 1990

the patients that are sitting in the hallways across Manitoba. Will he review the St. Boniface situation? A needed elective surgery is required by the patients and citizens of Manitoba. We cannot afford those beds to be closed.

Hon. Gary Filmon (Premier): Mr. Speaker, the Member has a very short memory. When he was in Government, his NDP administration permanently closed over 100 beds in this province, permanently closed affected communities such as Brandon, affected communities throughout our province, including of course the City of Winnipeg. That was their idea of priority. That was their way of dealing with deficits in hospitals. They went to the hospital boards and they said, you can close those beds so that you can get down to your budgetary restraints that we have placed upon you. That is the kind of priority treatment that they gave health care in this province, and I tell you it is unacceptable. It was unacceptable to the people of Manitoba under their administration, and they turfed them out unceremoniously because of those kinds of priorities.

Progressive Conservative Party Agenda

Mr. Reg Alcock (Osborne): Mr. Speaker, in 1984 Michael Wilson said no new taxes; in 1985 he said the deficit would be at \$18 billion by the end of the decade; in 1988 he talked about health care being a sacred trust, and once the election was over with, we saw the real agenda. We see a Government that is more committed to providing funding to defence than they are for health care in this country, but we did not see that until after they had their election.

My question to the Premier (Mr. Filmon) is, what is meant by this statement: Without a clear majority, the next and more difficult phase of the PC program cannot be effectively implemented. What is the more difficult phase of your program?

Hon. Gary Filmon (Premier): Mr. Speaker, of course when Pierre Trudeau was elected federally he told the people that he was absolutely—

Some Honourable Members: Oh, oh!

Mr. Speaker: Order, please; order, please. The Honourable First Minister.— (interjection)—

Mr. Filmon: Mr. Speaker, the Member has raised the federal agenda so I am raising the federal agenda to remind him. The fact of the matter is that back in 1974 Pierre Elliott Trudeau told the people of Canada no wage and price controls, absolutely not, no wage and price controls, and as soon as he had his majority Government he brought in wage and price controls. In 1980 he told the people of Canada, no 18 cent a gallon increase in taxes on gasoline, and within two years he had raised it by 40 cents a gallon. He did not tell the people of Alberta he was going to bring in the National Energy Program that devastated western Canada—

Some Honourable Members: Oh, oh!

Mr. Speaker: Order, please; order, please. The Honourable First Minister, take your seat, please. Order, please. The Honourable Member for Osborne.

Mr. Alcock: Mr. Speaker, on February 7 of this year Mr. Merv Jones, the business co-ordinator of the PC Manitoba Fund said, without a clear majority, the next and more difficult phase of the PC program cannot be effectively implemented.

My question is to the Finance Minister this time. What is the next phase?

Some Honourable Members: Oh, oh!

Mr. Speaker: Order, please; order, please. The Honourable Member's question is repeating in substance a question which was previously asked and therefore is out of order. The Honourable Member, kindly rephrase his question.

Some Honourable Members: Oh, oh!

Mr. Speaker: Order. The Honourable Member for Osborne.

An Honourable Member: What was Phase 1?

Mr. Speaker: Order.

* (1400)

Mr. Alcock: Mr. Speaker, the Finance Minister (Mr. Manness) has talked at length about Phase 1. Will he now today tell us what Phase 2 is of his economic plan for this province?

Mr. Filmon: Mr. Speaker, Phase 2 is to do an even better job than Phase 1.

Mr. Speaker, in Phase 1 we reduced the deficit. The Liberals voted against it. In Phase 1 we reduced taxes to small businesses, the payroll tax, to farmers the education tax on farm land, to individual Manitobans \$61 million of income tax cuts. The Liberals voted against it.

Mr. Speaker, it is becoming quite evident that to do more for the people of this province, we cannot have the constant negativism of the Liberal Party who vote against everything. Phase 2 is that they vote with us.

Some Honourable Members: Hear, hear!

Mr. Speaker: Order, please; order, please. The Honourable Member for Osborne.

Mr. Alcock: Mr. Speaker, certain geographic locations will be very cold before that occurs.

Mr. Speaker, Phase 1 produced very long lines at the hospitals. Phase 1 produced a record number of bankruptcies. Phase 1 produced—now, 18,000 Manitobans moving out of this province, that is what Phase 1 produced.

Wednesday, February 21, 1990

Economic Growth Budget Request

Mr. Reg Alcock (Osborne): The Finance Minister yesterday spoke about sharing. He spoke about sharing the pain that comes from this federal Government. I would like to ask him about his plans. I would like to ask him when we are going to see a fiscal plan for this province, when he is going to bring forward a budget for this province.

Hon. Clayton Manness (Minister of Finance): Mr. Speaker, 240 hours devoted to Estimates of all the departments of Government. The Member opposite as the Finance Critic did not ask me one question on fiscal policy, on general economic policy in this province.

Indeed his Members, for 240 hours, asked this Government to spend more in virtually every department of Government. So when the Member says, what is the new way? What is the new approach? I tell him it will be some of what we have gone through in support of trying and trying to minimize the expenditure growth of Government, and trying to reduce taxes even further, and trying to reduce taxes to individuals and businesses to a greater extent to develop an economic climate in this province so that more jobs will be created. That is what Phase 2 will be.

Mr. Alcock: Mr. Speaker, if there is to be pain, if people are going to have to tighten their belts and cut back they need to know now so they can make those adjustments now, not halfway or three-quarters of the way through the fiscal year.

I wrote to this Minister two weeks ago offering our support to accommodate him in bringing forward a new budget. He has yet to reply. He has yet to offer any—if he wants—

Some Honourable Members: Oh, oh!

Mr. Speaker: Order, please; order, please. The Honourable Member for Osborne.

Mr. Alcock: If he believes what he says, if he believes that we have to let people know so they can plan also, if he believes in good management, we need a budget before the end of the first quarter. I ask the Finance Minister (Mr. Manness) when will we see a budget for the 1991 year?

Mr. Manness: Mr. Speaker, a precondition to the setting of any budget date, of course, is that by necessity we complete the agenda's work on this Session. The Member obviously knows, having been involved in Government, that it takes—pardon me, having been part of the Public Service, he knows that budgeting takes several months. He also knows that.

So for him to say that the provincial Government should have ready to lay before Manitobans a budget where in other provinces they have had the opportunity to have been working on that type of document for the past five months, whereas, Members of this Government have basically, through the actions of the

Liberals, been chained to this Legislature and been denied that opportunity to plan. For him to ask now for that type of budget within the space of a month totally is without reason.

Federal Budget Impact Labour

Mr. Leonard Evans (Brandon East): Mr. Speaker, the Canadian economy and Canadians are—

Some Honourable Members: Oh, oh!

Mr. Speaker: Order, please. The Honourable Member for Brandon East.

Mr. Leonard Evans: Mr. Speaker, I have a question for the Minister of Finance (Mr. Manness). The Canadian economy and Canadians are suffering because of Tory right-wing policies, including high interest rates and a shift in the burden of taxation from the wealthy and from corporations on to average Canadians. The spending cuts in yesterday's federal budget will slow down the Manitoba economy even further and cause unemployment to rise.

Mr. Speaker, my question is to the Minister of Finance. The budget predicts a loss of 100,000 jobs per year for the next three years in Canada. Can the Minister of Finance tell us how many jobs will be lost in Manitoba in the next three years?

Hon. Clayton Manness (Minister of Finance): Mr. Speaker, let me indicate at this point, I, too, am very concerned with forecasts of inflation rates. I see them as having a severe negative economic impact on our province. The economic slowdown of the federal Minister of Finance discussed yesterday, he forecasted the economy nationally will grow somewhere in the rate of 1 percent. We know by all the other forecasts that Manitoba's economic growth over the next year will be above the national average. We take some comfort in that and yet we fully recognize that we have to set a stable base for economic growth in the future. That can only be done through a number of measures, all which have been part of Phase 1, all of which have been rejected by the Liberal Opposition.

I say to the Member opposite, if he finds fault with our approach, I say to him that is why he is part of the third Party in this House and why today we are Government.

Manufacturing Industry Western Diversification Fund

Mr. Leonard Evans (Brandon East): I have a supplementary question to the Minister of Industry (Mr. Ernst). According to the latest labour force survey, Mr. Speaker, Manitoba has 5,000 fewer manufacturing jobs than a year ago, a drop of 8.1 percent. In fact our manufacturing industry is shrinking very quickly.

Can the Minister of Industry advise the House on the extent to which the elimination of the Western Diversification grants will reduce job creation in manufacturing in Manitoba even further?

Hon. Jim Ernst (Minister of Industry, Trade and Tourism): Mr. Speaker, first of all, we have had a 105 percent increase in manufacturing investment in the Province of Manitoba. That is not shrinking at all. That is a record in this country.

Mr. Speaker, with respect to the Western Diversification Program, nothing has been cut from the Western Diversification Program. If the Honourable Member from Brandon East (Mr. Leonard Evans) knew, 80 to 85 percent of funding under Western Diversification over the past two and a half years has in fact been loan and loan guarantee programs, not grants.

Federal Budget Impact Education

Mr. Leonard Evans (Brandon East): The fact is we are still losing jobs in the manufacturing industry.

I have a supplementary question to the Minister of Education. In this budget that we received yesterday the federal Government has frozen established programs funding to the provinces, including Manitoba. Certainly this will have very negative consequences for our post-secondary education programs.

Can the Minister of Education (Mr. Derkach) tell us whether there was any consultation between Ottawa and himself, his office? Will the Minister of Education ensure that there will be no reduction or curtailment of provincial funding of Manitoba universities?

Hon. Clayton Manness (Minister of Finance): Mr. Speaker, let me reiterate that I had several opportunities to make the point with the federal Minister of Finance before he drew his budget that we were very concerned about what impact his decisions might have on EPF funding.

Let me further indicate that in response to not only his question but many others, I would have given anything to have helped Mr. Wilson craft the budget, because it would have been much different. EPF funding would not have been attacked in the fashion it was.

I can indicate to him that there were no discussions between the Department of Education and the federal Government, but certainly there were many between the Department of Finance and the federal Government with respect to post-secondary education funding, a process that was no different than what we inherited from his Government when he was part of the Executive Council.

* (1410)

Federal Budget Impact Health Care

Mr. Gulzar Cheema (Kildonan): Mr. Speaker, my question is for the Premier (Mr. Filmon).

Mr. Speaker, health care continues to suffer from a Tory disease. Lineups for surgical procedures, placement in personal care homes, extended-care

facilities, heart surgery and speech therapy continue to grow. Corridors are full with patients waiting for beds, and patients are dying in elevators. Now finally Michael Wilson with his Tory surgical knife has cut the bloodline for our health care system.

Mr. Speaker, can the Premier (Mr. Filmon) tell us how they are going to maintain the present health care system which is already underfunded and is crippled, how are they going to maintain it with \$100 million less?

Hon. Gary Filmon (Premier): Mr. Speaker, in 1988 we brought in a budget that provided for increases to health care that were double the rate of inflation and that Member for Kildonan and his colleagues voted against it. In 1989 we brought in a budget that called for increases to health care of over 7 percent and he, the Member for Kildonan, and all of his colleagues voted against it.

Mr. Speaker, we have brought in the most ambitious health care capital spending program in the history of this province and he and his Liberal colleagues voted against it.

I tell you, Mr. Speaker, that these people on the Liberal benches feign indignation about the federal transfer cuts. At the same time when they have an opportunity to do something positive for health care in this province they vote against it. We will not have any of their solutions.

Mr. Cheema: Both the Governments, this Government and the Tory Government in Ottawa, have a common disease that would only be cured by the voters of Manitoba.

Can the Premier (Mr. Filmon) tell us what services they are going to cut to satisfy the wrong-headed approach by Michael Wilson who has cut the transfer payment for the health care system? Canada is known for the unique health care system which his partner has cut in half.

Mr. Filmon: Mr. Speaker, I can assure him that we will not make the mindless cuts that his Leader of the Party proposed when she said in Minnedosa that she would turf 40 percent of our elderly people out of personal care beds in this province. I quote, because I want him to know exactly what she said, quote: Forty percent of people presently residing in personal care homes do not need to be there. These people require less than 20 minutes of care per day. They should be living at home.

Mr. Speaker, we would not treat our elderly so callously, so shamelessly. We would not—

Mr. Speaker: Order, please; order, please.

Health Care User Fees

Mr. Gulzar Cheema (Kildonan): Can the Premier (Mr. Filmon) assure this House that no user fees will be forced upon Manitobans for health services to

resuscitate the failing heart of his Tory partners in Ottawa?

Hon. Gary Filmon (Premier): I have to remind the Liberal Health Critic for Kildonan of what response his Leader gave yesterday when our Minister of Finance (Mr. Manness) said he found it hard to see how the province could increase any taxes at all, quote: Liberal Leader Sharon Carstairs said he will probably have no option if health and education programs are to be preserved.

The Liberals see no option but to increase taxes and fees, Mr. Speaker. We say that we are going to do what we have done in the past. We are going to manage wisely and we are going to have the benefit of our Fiscal Stabilization Fund to help us through this difficult time, despite the fact that the Liberals voted against that fund.- (interjection)-

Mr. Speaker: Order, please. Time for Oral Questions has expired.- (interjection)- Order, please.

I should inform the House that I have received notice of two matters of urgent public importance which Honourable Members wish to raise today. I shall be recognizing the Honourable Member for Concordia (Mr. Doer) first, because his notice was filed first, but prior to doing that I would allow Members wishing to make non-political statements to ask for leave of the House.

NON-POLITICAL STATEMENTS

Mr. Mark Minenko (Seven Oaks): Mr. Speaker, would I have leave to make a non-political statement?

Mr. Speaker: Would the Honourable Member for Seven Oaks have leave to make a non-political statement? (Agreed) The Honourable Member for Seven Oaks.

Mr. Minenko: Mr. Speaker, Rostyslav Bratun is a recently elected deputy from Lviv, Ukraine, to the Congress of Peoples Deputies, U.S.S.R. He is presently a member of the Supreme Soviet's Committee on International Relations and a member of the Ukrainian Parliamentary Club.

As a founding member of the Popular Movement of Ukrainian for Perebudova, also known as Rukh, he was elected in 1989, despite the discriminatory practices aimed at his campaign. Rostyslav Bratun is by profession a poet and editor. He has also been an active member of Tovarystvo Leva and of the ecology movement in the Ukraine.

As a writer and politician, Mr. Bratun has done a great deal to bring to the attention of his countrymen the injustices of the past and the need for Ukraine and Ukrainians to work toward the necessary changes to the present day political and social life of the Ukraine. He was an originator of the platform position of the Ukrainian deputies on the recognition of historical symbols of the Ukraine, which include the Ukrainian national blue and yellow flag and the trident logo.

Mr. Speaker, Mr. Bratun comes to Winnipeg as part of his North American speaking tour and I call on all

Honourable Members of the Manitoba Legislative Assembly to join with me in welcoming Mr. Rostyslav Bratun.

Mr. Speaker: Does the Honourable Minister of Natural Resources (Mr. Enns) have leave to make a non-political statement? Does the Honourable Member have leave? (Agreed) The Honourable Minister.

Hon. Harry Enns (Minister of Natural Resources): I am delighted, on behalf of the Government, to acknowledge and to welcome our visitor from the Ukraine. Manitoba of course has a very proud background of people of Ukrainian ancestry coming to this province, indeed so many coming to western Canada. We have adorning, on the grounds of our beautiful Legislative Building, the statue of course commemorating one of the Ukraine's finest sons in the person of Taras Shevchenko. Over the years we have had an empathy for the continued efforts in the Ukraine for self-expression, for a greater degree of autonomy. We watch with interest these days at the events that are unfolding. It is a privilege to associate the Government of Manitoba with the wishes and the aspirations of the people of the Ukraine and we ask our visitor to take these special greetings with him. Thank you.

Mr. Speaker: Does the Honourable Member for the Interlake (Mr. Uruski) have leave to make a non-political statement? (Agreed) The Honourable Member for Interlake.

Mr. Bill Uruski (Interlake): I, too, on behalf of our caucus, would like to share our greetings and best wishes to our visitor from the Ukraine. I know we want to share with the comments of the Member for Seven Oaks (Mr. Minenko) and the Minister of Natural Resources (Mr. Enns). I want to say in my native tongue: (Ukrainian spoken)

(Translation)

Let us move (shake up) our nation.

(English)

For all the people of Ukraine in seeking out their self-determination, we are with you and congratulations. Thank you.

Mr. Speaker: I would ask the Honourable Member for Interlake to provide translation to Hansard. I thank the Honourable Member.

MATTER OF URGENT PUBLIC IMPORTANCE

Mr. Gary Doer (Leader of the Second Opposition): Mr. Speaker, I move, seconded by the Member for Brandon East (Mr. Leonard Evans), that under Rule 27, the ordinary business of the House be set aside to

debate a matter of urgent public importance, namely, the effects of the federal budget on Manitoba in the areas of health care, education, programs for aboriginal people, Legal Aid, social housing and other services supported in whole or in part by the federal funds.

Some Honourable Members: Oh, oh!

Mr. Speaker: Order, please.

Mr. Paul Edwards (St. James): Mr. Speaker, on a point of order. The Minister of Consumer and Corporate Affairs (Mr. Connery) has just shouted from his seat—and I believe all Members heard it—a derogatory comment referring to the issue of strip-searches. He is obviously referring to my comments yesterday about the strip-searches of children at Portage la Prairie jail. I find that comment extremely offensive. I think most Honourable Members will have heard the comment, and I would ask for a withdrawal.

Mr. Speaker: Order, please. The Honourable Minister of Co-operative, Consumer and Corporate Affairs.

* (1420)

Hon. Edward Connery (Minister of Co-operative, Consumer and Corporate Affairs): Well, I guess the Member for St. James (Mr. Edwards) naturally is very sensitive to his capabilities within here. Yes, I said that obviously if they did a strip-search of his brain and found nothing, and I apologize for that comment.

Mr. Speaker: Order, please. I would like to thank the Honourable Minister.

Mr. Speaker: Order, please. Before determining whether the motion meets the requirements of our Rule 27, the Honourable Member for Concordia (Mr. Doer) will have five minutes to state his case for urgency of debate on this matter. A spokesperson for each of the other Parties will also have five minutes to address the position of their Party respecting the urgency of this matter. The Honourable Member for Concordia.

Mr. Doer: Mr. Speaker, I respect the inflection in terms of the urgency of this debate. This is obviously the first occasion under Rule 27 to move this matter. The federal budget was tabled in the federal House of Commons yesterday.

Mr. Speaker, there can be no more urgent matter for the people of Manitoba than the health care system that is delivered by the provincial Government and partially funded by the federal Government. There can be no more urgent matter, because it is the highest priority item before the people of Manitoba by any provincial administration, because it is the service that requires the most funds from any Government, and it is the service that affects more Manitobans' lives from birth to well-being to death than any other matter before this Chamber.

It is obviously urgent and important to the people of Manitoba that this Chamber develop not only a debate on this issue, but a unity on fighting on behalf of Manitobans and the health care system that we deliver provincially through, in part, a national contribution, a national contribution in an urgent way that has been cut through a freeze yesterday, as the Minister of Finance (Mr. Manness) has said, as the Liberal Leader (Mrs. Carstairs) has said, and that we have said, has been unprecedented in terms of its treatment in the federal budget yesterday. In terms of urgency, we may be looking at the most important debate, since the beginning of Medicare, this afternoon if this debate goes forward and therefore there can be no more urgent matter than that.

Mr. Speaker, our health care system in Canada I believe is the finest in the world. Partisan politics aside, I believe the health care system in Manitoba, a universal health care system free of premiums, an accessible health care system free of user fees, is one, if not the best, health care system in Canada. Yes, we will argue on the edges from time to time about the challenges to that health care system, but all of us are proud to say that we are part of a Canadian and Manitoba health care system.

Let there be no question of the urgency, Mr. Speaker. If a federal Government is able to get away with a freeze on their share of our health care funding it is the beginning of the end of the national Medicare program and the national health care program which this Legislature delivers. For the reason alone of our health care system I would suggest to you with the greatest of respect, Sir, and all Members, that this indeed is an absolutely urgent matter for the people of Manitoba. It is the matter that the people of Manitoba are talking about in their coffee shops, in their homes, in their communities, on their farms and in the various business premises across this province.

We also have other matters listed in the resolution. The education system—again education and health care represents some two-thirds spending of this Legislature and, therefore, any erosion and freeze on post-secondary education is urgent, Sir, for purposes of Manitobans.

We have the issue of aboriginal people that is also affected and citizens of our province. We could go on to Legal Aid and social housing, but of course there is no other appropriate occasion to speak on this resolution. The federal budget came down yesterday, and I think, judging from the comments of the Minister of Health (Mr. Orchard), and judging from the comments of the Premier (Mr. Filmon) today, judging from the comments of the Opposition and ourselves, that we should be united, Sir, in our support of this emergency debate. We should be united, Sir, in terms of the urgency of this debate because there can be no greater priority than the human services that we receive that are directly affected by our federal budget yesterday.

Mr. Speaker, we deliver the programs. We in this Chamber deliver those programs, and Sir, the urgency of those freezes is absolutely critical. As I mentioned previously, this is our opportunity to debate. There is no other readily available opportunity. Sir, we think we

will not only be serving the Members of this Chamber well by proceeding with this debate, but we will be serving the people of Manitoba well, because they too have a lot of questions about where we are going and how we are going to get there. I think it is consistent with all the public statements made by all of us. I think that debate should not just take place in the media rooms and in the press conferences. It is important and urgent that debate also take place in this Chamber by representatives from all 57 constituencies. Thank you very much, Mr. Speaker.

Mr. Reg Alcock (Opposition House Leader): Mr. Speaker, I am going to speak in support of this motion on behalf of our Party. We would like to see this debate go ahead. I would like to devote the time I have to addressing the question of the urgency.

The federal Government, Mr. Speaker, supplies a third of the financial support to provincial operations. It is not a small player in the decision-making that we have to undergo here in the province. When we have a shock, such as we have had yesterday to those revenues, it forces all sorts of very important changes, policy changes and operational changes that the Minister of Finance (Mr. Manness) and the Cabinet must be in on today.

We have already seen and raised concerns about Government actions in slowing down the rate of expenditure, in hiding cuts. I think it is very important right now, in light of this shock, that we get the true picture before the people of Manitoba as quickly as possible. The real concern is the impact of this on what is happening here in Manitoba, at a time when our economy is in very serious trouble, at a time when we are losing jobs, when retail sales are declining, when across a whole range of indicators there are signs that we are sinking faster than the national economy into recession, and we may stay longer in it.

The next year does not promise to be a happy one here in this province, Mr. Speaker. The sooner we begin to address ourselves to this and the sooner we begin to find solutions to these problems, the better it will be for all Manitobans. I think it is extremely important that we have this debate today.

The Member for Concordia (Mr. Doer) references not just the health care one. The health care situation is particularly disturbing when you stop and think that in making decisions about expenditure, Mr. Speaker, you are making decisions about your priorities.

At a time when the entire world is experiencing a reduction in tensions, at a time when the U.S. Government and the national Government should be talking about a peace dividend, that language is starting to be used where we begin to wind down our investments in armaments, and we begin to look at social services and look at redistributing wealth and helping people in this country, we in Canada are going exactly the opposite way.

We are allowing defence expenditures, we are allowing the rearmament of our armed forces to increase by 5 percent a year, and we are cutting our health care by \$1.8 billion. It is a completely

unacceptable set of priorities from the federal Government's side. It is one that we must resist as a province, and it is one that we must send a very clear message to Ottawa on.

The other part of it, Mr. Speaker, is not just health care, it is education. I mean we are suffering right now from an increasing movement of young, talented working-age people outside of this province. As we allow our education system to deteriorate we are simply going to see that rate of movement increase.

One does not have to talk very long to people in this province to meet people who have lost members of their family, or have lost friends, or have lost other colleagues in the various professions who have moved out because of a diminished range of opportunities here.

* (1430)

There is more. When we look at the priorities of the federal Government, Mr. Speaker, they have cut home care for veterans, and they have also increased the housing fees for veterans that require social housing. Now that is going to force increased expenditures here, as those home care services are withdrawn from veterans federally. We are going to have to pick that up. That is going to put an additional burden.

So I think it is very important that we have a debate and a discussion now so we can give some very clear direction to the Government as to how we want them to make their decisions and what we want them to prioritize. So I would encourage you, Mr. Speaker, to exercise your authority and to allow this debate to proceed.

Hon. James McCrae (Government House Leader): Mr. Speaker, for a variety of reasons, I think it is very important that we have a debate today, too. I am not convinced, however, that the Honourable Member for Concordia (Mr. Doer) has met the conditions set down in the Rules. Rather than get into a technical debate about the Rules, I would rather waive the Rules so we can have this important debate today.

I think it is important that we place on the record for other Honourable Members to hear but also for Manitobans to hear about or read about that we, as a Government in this province, all Honourable Members I am assuming, have some pretty serious concerns about the budget brought down yesterday by the Honourable Michael Wilson, Minister of Finance for Canada. We maintain that budget has failed to meet any possible criteria in terms of treating the provinces fairly.

We think the federal Government should treat itself in the same way that it would treat other jurisdictions. We fail to see that the federal Government has done that by offloading, as it has, such significant expenses on to the provinces. So that is a basic and fundamental part of the federal budget that we take issue with. We think that the federal Government has failed in this budget by placing more responsibility on jurisdictions who do not share in the blame for the difficulties that we, as a country, find ourselves in.

We, as Progressive Conservatives in Manitoba, recognize the problems that the federal Government has. We recognize where those problems began. We recognize that the problems have not been dealt with effectively enough in the past and in the recent past, but I find it passing strange that the Members of the Liberal Party should want to debate any matters relating to budget.

The NDP have long since lost whatever credibility they once enjoyed anyway, so we will leave them out, although they are quite entitled to take part in the debate, of course. It is Members of the Liberal Party that I want to call attention to. That is the other reason that I think it is important for us to have this debate today, Mr. Speaker.

Now having said that we on this side would waive the Rules, I would like to have a couple more minutes to explain why it is we would like to waive the Rules so that we can have this debate. I have already discussed my reluctance to want to discuss the technical requirements set down in the Rules, because I do not feel those requirements are met in the application today.

So for other and very important reasons, we want to agree to have that debate. We want to talk about how important it is to have a decrease in expenditure growth, how we have not seen the kind of evidence of that we would like to, but we have seen it in Manitoba.

Where do the Liberals in Manitoba stand on decreases in expenditure growth? When they had a chance to stand, what did they do? They stood against reductions in expenditure growth. When they had a chance to stand to their feet and support a rainy day fund for this province—and Mr. Speaker, it is raining now. The Members have been telling us it has been raining for the last number of months. I am telling you today, as of today, it is raining, but where was the Liberal Party when it came to voting in favour of a \$200 million rainy day fund? Well, they were against that; they just wanted to spend that, plus another \$700 million. That is how they wanted to buy their way out of difficulties, buy their way out of short-term political difficulties, but not long-term planning for the future. The Liberals do not stand for that; they stand for something else altogether.

Where did the Liberals stand, Mr. Speaker, when it came to a reduction in the deficit in Manitoba? Where did they stand when it came to reducing personal taxes for Manitobans right across this country? Where did they stand when it came to removal of the education tax to benefit farmers in Manitoba? Where did they stand when it came to the removal of the payroll tax? I want to have the opportunity to discuss that and other matters, so for that reason, we would agree to waive the Rules to allow this debate to proceed.

Mr. Speaker: The Honourable Member for Concordia (Mr. Doer) did provide me with the notice required by our Rules. I have listened carefully to the advice of Honourable Members respecting the urgency of debating this matter today and thank them for their assistance.

There are certain other opportunities under which these might be debated at some point in the future.

These include the second and third reading debates on Supply Bills, grievances and the concurrence debate in the Committee of Supply.

It is, however, very uncertain when these debates will occur. Therefore, I am of the opinion, in the words of Beauchesne's, Citation 389, that this matter, and I quote, is "so pressing that the public interest will suffer if it is not given immediate attention."

I note also that there appears to be a general wish of the House to have a debate on this matter. I am, therefore, ruling the Honourable Member's motion in order as a matter of urgent public importance. The Honourable Member for Concordia.

Mr. Doer: Mr. Speaker, thank you for the excellent ruling, in our opinion. I believe it is a ruling -(interjection)-

Mr. Speaker: Order, please. Therefore, the question before the House is, shall the debate proceed?

Some Honourable Members: Agreed.

Mr. Speaker: Agreed. Anybody opposed? No. The ayes have it. The Honourable Member for Concordia.

Mr. Doer: Thank you again, Mr. Speaker, I believe that the ruling on the urgency of the matter is consistent with what we are elected to debate and perform in this Chamber. As I said in the argument for the debate, or the presentation on the debate, there can be no greater function that this House has to perform than the administration of many of the services that were directly affected yesterday in the announced budget.

I believe that we should debate this issue in terms of the specifics on how it affects Manitobans. We should also debate the issue, Mr. Speaker, from a perspective of where we approach public life and what public policy we hold dear to ourselves, because we are dealing with a certain set of decisions that has a certain set of values. They have a certain set of values based, one would presume, on a particular political philosophy, and that was articulated in the budget that was presented yesterday by the federal Minister of Finance, which will affect I believe all citizens of Manitoba.

Mr. Speaker, I have said before and I will say it again, because I think it is important to say the same thing in this Chamber as one says in responses to the media, that I believe this is the second clear free trade budget that we have seen in Canada in the last ten months. I know the Minister of Finance (Mr. Manness) may quarrel with that, and I look forward to his analysis of this budget.

This is the second budget since the Free Trade Agreement has been signed. I think it is worth noting in those two budgets what the accumulated effect is on Manitobans and Canadians. In the first budget, Mr. Speaker, a number of changes were made, many of which were not predicted to be made before the election of 1988, that affected some of the very basic symbols of Canada: VIA Rail, unemployment insurance, clawbacks and pensions for senior citizens, regional development programs being expanded and by

definition being eroded through that expansion period. Those are some of the very important symbols of why Canada is Canada, why we are different in values and different in quality of life, I believe, from Americans.

Of course some of us argued that we did not want to go to a level playing field. We like the kind of things that were unique in Canada. We do not mind looking at getting rid of some tariffs. We do not mind in terms of an intelligent trade. We are not foolish when it comes to a changing world, but we did not want a trade agreement to determine the kind of symbols and values of our country. Tariffs and the intelligent elimination of some of those things, yes, but not some of the other matters that we hold near and dear to our hearts.

Mr. Speaker, that budget came down and we read the Economic Council of Canada's analysis that the GST was absolutely essential, which was also part of last year's budget, to implement the Free Trade Agreement. That is not New Democratic rhetoric or Liberal rhetoric or Conservative rhetoric, that is the Economic Council of Canada saying that the only way that we can implement the Free Trade Agreement is by removal of the manufacturers sales tax and then the implementation of the GST.

* (1440)

(Mr. William Chornopyski, Deputy Speaker, in the Chair)

That is what we saw last year, Mr. Deputy Speaker, the first shoe, in my opinion. I mean the ludicrous statement of the Finance Minister to say there are no tax increases in this budget when he is tabling a budget for the '90-91 fiscal year, which includes the first quarter of 1991, or the last quarter of his budget is the first quarter when the GST is introduced, is patently dishonest in my opinion, patently dishonest to the consumers and businesses and farms and people of Manitoba. In fact there are people even having their taxes collected now for the '90-91 fiscal year in terms of that budget.

This year, Mr. Deputy Speaker, we see a different set of priorities but the same agenda, I believe, and the same philosophy of the Progressive Conservative Government. I say Progressive Conservative Government in this Chamber not to be partisan about it, but it is a federal Progressive Conservative Government that is on a post-free-trade economic strategy. That free trade strategy was supported by these provincial Conservatives, plain and simple. We disagreed with them. I think it is good to have philosophical disagreements.

Mr. Deputy Speaker, the second shoe fell yesterday. The heart and soul of Canada, again in terms of why we are different than Americans, is we have a national Medicare program, a cost-shared program between the federal and provincial Governments. We have a system of federal funding for post-secondary education. We do not have a situation like they have in the United States in post-secondary education where only the rich in Arkansas can go to universities.

Our provinces, like Newfoundland, get the same type of funding for post-secondary education, in terms of

the federal supports, that other provinces do, unlike the Americans, where they have very wealthy states that have a certain set of institutions for post-secondary education, and states in the United States that have much less wealth have much worse standards for education and post-secondary education. It perpetuates a situation which does not allow people to get out of the rut and grow in opportunity and chances in society.

Mr. Deputy Speaker, Medicare is another reason why we are Canadians and why we are different. It is a program in Canada that costs less than the American program—I think the latest numbers are about 9 percent of GDP compared to about 11.5 for the Americans—that has also as its feature that if you have the worst heart problem you get the best heart surgery. It is not as if you have the biggest wallet you get the best heart surgery. You do not turn people away at the doors of our hospitals.

I know this is redundant, but I think it is important in this debate, because we are dealing with a fundamental institution in Canada. You do not turn people away at the doorway of the hospitals in this country, because we have a different set of values than other countries and a different set of values than our American cousins to the south, who turn away 35 million people, who do not have the ability to have a universal health care program.

That is the essence of this debate. We are at a critical crossroads. In fact I think we were at a crossroads even last year in the federal budget on health care. My sources were telling me in Ottawa that Tellier, the Prime Minister's chief of staff—one of his chiefs of staff besides Stanley Hartt—was running around saying that they were going to cut transfers to provinces in the area of health care.

I rose in this House on November 6 and said, please, raise this at the First Ministers' meeting, fight the \$100 million cutback in health care last year, go head to head with the Prime Minister.

When we saw the First Ministers' meeting, the Prime Minister threw down the gauntlet. Anybody who was there could see that he was establishing the environment under which his Minister of Finance was going to cut health care and post-secondary education. He quoted the per capita debt of British Columbia as the lowest, Newfoundland as the highest and Manitoba, of course, as somewhere in-between versus the federal Government.

He did not present an option of whether he should cut health care versus interest rates. The Prime Minister very clearly made the statement about referenced health care, post-secondary education and transfer to provinces in his statement at the First Ministers' meeting. Then we saw our Premier (Mr. Filmon) say that he applauded the discussions and actions going on with the health care services in Canada—page 14 of his statement.

Mr. Deputy Speaker, I believe in solidarity now, and I believed in solidarity on Meech Lake then. You have to have some anticipation. You have to have some antenna. You have to anticipate what is going to happen

and fight it before it happens, because this group in Ottawa will roll right over you if you do not see it coming and you do not try to stop it ahead of time.

I find it passing strange—then we hear our worst fears have been realized.

An Honourable Member: It is catchy.

Mr. Doer: It is catchy, but it is unlike the Minister of Finance, because is he saying he was naive in November? Was he saying he trusted Mulroney when he read, as a Cabinet Minister, the document.

He sat beside the Premier at the First Ministers' meeting when the Premier said, oh, we trust the federal Government on health services, and we think they are doing good work. Why did he not expunge that from the report after we were cut a \$100 million in five years? Not only does he cut us last year, we say it is very promising.

I think the Conservatives have to do a little soul-searching. I know it is great political damage control to act like you are not a Conservative now, sort of act a little differently, and my greatest fears -(interjection)-

Mr. Deputy Speaker, I know you are a Conservative and you are a free-trade, post-free trade agenda, you are on an Americanization of this country, you are on the free market system that has winners and losers like the United States does, not the more moderate society that we are used to in Canada.

We are definitely -(interjection)- well, Mr. Deputy Speaker, the Minister of Finance (Mr. Manness), and that is why it is good to have these debates, it is good to get him away from some of the spin doctors in the Premier's Office who are watching him very carefully. I watched them walking him around, they do not want him to say what he really feels.

You know, I thought it was quite interesting because he was saying how mad he was, but he did not look mad yesterday. Sometimes television is very interesting because what you say and what you look like you are saying are two different things. I asked innocent bystanders yesterday, does this guy look mad or angry? Does he look like he sounds when he—I mean it made a good headline in the Free Press today—is angry and mad at the cutback on our health care and post-secondary education? Maybe these people were wrong, but they said, no, he really does not.

Whether we like it or not, there were some choices to be made in this federal budget. We could have lowered the interest rates 2 percent which would have raised three times more than the cutback in health and post-secondary education this year; and, yes, the dollar would have gone down a bit; and, yes, inflation may go up a bit. I say that is a better priority than raising corporate profits in 1991, which has been tabled in this Chamber. It is a Conservative budget by a Conservative Government and the Conservatives have a lot of answers to provide to the people of Manitoba on this budget in terms of the quality of life in our province.

Thank you very much.

Mrs. Sharon Carstairs (Leader of the Opposition): Mr. Deputy Speaker, I am glad that this debate has been recognized by all three Parties and by the Speaker as an essential act today to let our federal Government know the disintegration of health care and post-secondary education is nothing short of a betrayal of the Canadian people.

We have been experiencing in the last few years a number of initiatives by the federal Government for which they achieved and received neither a mandate nor the approval of the Canadian people. I begin along with the free trade debate, because the vast majority of Canadians voted against the Free Trade Agreement as signed by one Brian Mulroney. They did not believe that we got access to American markets and they were right. We did not. They did not believe that it was going to be a fair and equitable system and they were right.

We have watched since that time things as sacred to the Canadian people as the Wheat Board, gradually being eroded under the administration of the federal Conservative Government in order that they can harmonize our relationships with the United States.

* (1450)

We saw it again with the changes that they would like to have passed, unemployment insurance, so that it would be closer to the social security system of the United States, but much less responsive to the needs of Canadians and particularly those vulnerable Canadians who find themselves unemployed.

No sooner did we have to deal with that agenda item of the federal Conservative Government but we were faced with the Meech Lake Accord, a document which has done nothing but divide us since the moment of its passage, which has set Canadians against Canadians, language groups unfortunately against language groups, those newer Canadians against older and more established Canadians, and our aboriginal peoples not considered at all, more of an agenda that would seek to divide Canadians rather than unite Canadians.

We saw that in particular in the last budget, Mr. Deputy Speaker, when we saw that base closures took place in communities like Summerside, P.E.I., and Portage la Prairie, Manitoba, base closures which affected the entire economic vitality of those communities, and yet without a concern for those communities they were slashed. Base closures were to be made. One suggestion was that they close the base in downtown Toronto where there would have been little economic effect in that community of very high employment and not unemployment. No; they chose not to do that.

They continued the scenario of breaking and disintegrating this country by things like cutting VIA Rail and denying access to transportation to people in some communities where there was no alternative service readily available to them. Now we are hit with yet again another scenario, this one which cuts so fundamentally to the Canadian body politic.

Canadian people believe in fairness. That is why we have a national Medicare program, because it is fair. Canadians understand that illness strikes families with no respect as to their income levels, that a debilitating illness can hit a wealthy family and it can hit a poor family. It can hit a middle-class family. We have evolved a system whereby we treat those patients equally. There are no two classes of the delivery of health care in our nation. When we passed a national Medicare program in 1965, it was greeted by Canadian people with great joy, because to them it epitomized fairness and equity.

Well yesterday the federal Conservative Government dealt a severe blow to that system. When you have cuts amounting in real dollars to some \$77 million in Manitoba, then the Government finds itself in a most difficult situation. How can it maintain its health care system?

In a report of the Winnipeg 2000, one of the areas which it indicates is very much at crisis is the issue of education. How can we ensure that a larger proportion of our young people not only stay in high school, but go on for post-secondary training either at the community colleges or at the university level. How are you going to ensure that kind of training by this kind of cutback? I know every one of us has experienced young people saying to us, I cannot learn in a situation where there are 150 or 200 or 300 students in a class. I cannot get to see my professor. I cannot find out where I am having problems. I do not get anything out of a course I watch on videotape. That is what our students are experiencing.

With this kind of cutback and the withdrawal if you will of the federal Government from a recognition of its responsibilities to our young people you are going to see further erosion. Tragically, it will affect those provinces that are less well off. Already our budgets are huge in Education and in Health because we have no other choice if we want to guarantee an equivalent level of service. We have watched our health care budget move up from 29 percent to 32 percent to 34 percent of our entire budget. It will have to move up even further as a result of yesterday's cuts. Education, unfortunately, has seen its percentage erode because of the necessity of putting more and more monies into Health. Now that erosion is likely to continue because of the demands upon the system.

Yet right now is the time when we desperately need to educate our young people. Perhaps what is saddest is that it has betrayed the entire concept of equalization. I realize that equalization payments per se were not cut yesterday by the budget. When you cut health and post-secondary education you have in fact made provinces less equal today than they were yesterday, because that is the nature of provincial budgeting.

What is going to happen in Newfoundland for example, Mr. Deputy Speaker, where they already have horrendous rates of unemployment, where the drain on their dollars to support a health care system and a post-secondary education system are already enormous? Manitoba's problems, while large, somehow pale when one compares them to Newfoundland.

Yet we are all Canadians and our federal Government is supposed to recognize that as Canadians we are

equal. That young child in an outport in Newfoundland should indeed be entitled to the same education and the same health care as a child in downtown Toronto. We saw that erosion in the Meech Lake Accord. We are seeing it again in this budget that does not recognize a federal Government's responsibility to its citizenry. That, Mr. Deputy Speaker, is the sad part about yesterday's budget. It was also sad that we did not speak aggressively.

Mr. Deputy Speaker, all too often the Finance Minister said he was prepared to accept zero increases. When you give that signal to the federal Government, as he did loudly and clearly over and over and over again, then what do you expect them to do? That is where we have been unable in this province to stand up to the federal Government. We are so cautious of offending, we are so fearful of making them angry that we do not let them know that Manitobans are suffering. That is what they must hear, and they must hear it from all of us today in the loudest and clearest terms, so that Manitoba is on the record united against these federal Government cutbacks.

Hon. Clayton Manness (Minister of Finance): Mr. Deputy Speaker, it is a pleasure to rise in my place and speak today on the matter. Although some Members of this House would have Manitobans believe it was the responsibility of the provincial Government and indeed the responsibility of myself as the provincial Minister of Finance, I want to assure those that read the record that I had no input in writing Michael Wilson's budget. I wish in some respects that I had; I would have written it differently. I have to put that on the record.

Mr. Deputy Speaker, I would first like to address the comments of the Leader of the third Party (Mr. Doer). The thesis of his comments is that this is a free trade budget. This is a payoff to the Americans for their accepting the Free Trade Agreement. The NDP always like to have somebody to blame. For my early years in politics, it was always the corporate welfare-bum syndrome. Everything to blame, you always blamed it on the corporate welfare bum. Now we have a situation where all the ills of the country are as a result of the Free Trade Agreement. I am not going to spend a lot of time on that.

I would like to indicate for the House, and for anybody that wishes to know, that our Government will continue to support the concept of Medicare.

* (1500)

The Member for Concordia (Mr. Doer) though talks about the crossroads. He said last year is when the crossroads was reached in Medicare. Mr. Deputy Speaker, I say that is wrong. The crossroads in some respects is a wide crossroads of Medicare, and I do not think that we have gone through it yet. I know we reached it long before last year. We reached it when Governments across this country, of all political stripes, decided that the support of a good concept of universal health care, that we were not going to take the costs associated with that and pay for them in the year that the services were being provided. That is when the

Wednesday, February 21, 1990

crossroads of Medicare were reached, not last year's budget. The Member knows that to be true.

I ask the question, is it at risk? Not in Manitoba, if we continue to govern and practise good management and we continue to practise deficit reduction, then it is not at risk.

Mr. Deputy Speaker, if it continues to be, if it is at risk elsewhere, it is because of the collective debt built up of years of Government, of NDP Government wherever they have governed, of Liberal Government wherever they have governed, and Conservative Governments wherever they have governed and chosen not to address this incredible growing debt problem that we have.

I sense, in my view at least, the presentation made by the Member for Concordia (Mr. Doer) is one of his poorer representations to this House.—(interjection)—He says, well, I was not mad enough. I do not have the character of hollering and screaming. That is not my nature. He says, I attempt to use more logic and reason. I can tell you, by any definition of logic or reason, my task as the Minister of Finance has been made \$80 million more difficult as a result of the federal budget of yesterday.

I tell you I am very concerned, and for the Member for Concordia to state otherwise is foolhardy. Again I reiterate, if he senses that hollering and screaming would have made some difference to Michael Wilson, if he can really build that argument and can convince me, I will assure him that next time I will holler and scream because I do not like to have a task that is any more difficult than it is at the best of times, and believe me it is much more difficult today.

Mr. Deputy Speaker, the Leader of the Liberal Party (Mrs. Carstairs) parrots many of the arguments used by the Leader of the third Party (Mr. Doer). One would almost think that they are sharing some information and that they had decided they were going to come with two barrels, unload it at the same time.

Let me say that the Leader of the Liberal Party does a great job of setting out the problem. Of course, I can remember when I was in school and we used to take the studying of methodology and how it was we would solve problems. Of course, we are always taught the first thing you do is define the problem. Yet the manuals will show you that the time devoted to defining a problem sometimes is three-quarters of the whole effort. It was 100 percent of the whole effort from the Leader of the Liberal Party today. She did a good job of setting out the problem. She provided absolutely no solution, none whatsoever. I did not hear her talk about taxation. I did not hear her talk about compounding interest and the tremendous scourge it can be upon all of us regardless of what our endeavours are. She did not say anything about wealth creation. She did not share with us her solution on how it is the national income should continue to increase, because the Member for River Heights (Mrs. Carstairs) has absolutely no solution.

She talks about equalizations—and let me assure her, in some respects, the equalization formula has been

impacted. Let me indicate that we have some grave concerns with respect to equalization, because we seem to have hit our own cap. Because the national wealth is not increasing, the national pie of equalization is not increasing significantly at all and beyond that, Quebec's share, because this Province of Manitoba relative to other recipient provinces is doing relatively better. Our share of the equalization pie is not going to grow. As a matter of fact, it may mildly reduce.

Mr. Deputy Speaker, she accused me of saying that zero percent increases were acceptable. How can the Leader of a credible political Party stand in her place and attribute that to me? I have never said that. I wonder how it is that somebody can stand in their place and make such an error of fact. I have never acclaimed that a zero percent increase was acceptable to me as the Minister of Finance.

The Premier (Mr. Filmon) said, and I support him totally, that the federal Government had to treat the transfers to provinces the same way they treated their own program spending. The federal Government increased all of their federal spending at the rate of 3.4 percent and yet transfers, cash transfers to the Province of Manitoba over the next year are dropping at the rate negative, negative 1.6 percent, cash, all total transfers, total transfers, down.

The Member missed my comments on equalization. Equalizations are dropping, payments are dropping; the pie is not increasing. I am telling him, I am telling the Members that indeed with respect to transfers to Manitoba vis-a-vis the federal Government expenditures on its own programs, we are worse off.

I want to give my view on the budget. The law of compound interest is massively destructive and this is going to sound a little bit like Michael Wilson, but I say to him, today, Mr. Deputy Speaker, I cannot borrow money in the Canadian market. I am trying to borrow money in the Canadian market in support of refinancing Mr. Pawley's deficit. I cannot do it because the federal Government today is in the market demanding \$40 billion, \$40 billion in one year.

I will do everything in my power, as long as I am the Minister of Finance in this province, to turn over the state of affairs of Government to whoever succeeds me, for sure, obviously a Member of a Conservative Government. I will do everything in my power to make sure that person does not have to borrow a billion dollars a year to pay the interest on our debt.

Mr. Wilson's budget was unfair. I understand his problem, but I reject his solution. If EPA transfers are to be reduced, and obviously they have been, I say then it is the federal Government's responsibility, after they have made the commitment on so many occasions that Medicare particularly is a sacred trust, particularly over two political stripes over 20 years, federal stripes, the 50-50 sharing commitment in support of health and post-secondary education, if any Government, be it federal Liberal, be it federal Conservative, God forbid if it is even a federal New Democratic Party, I say it is incumbent upon them to just not shift their problem onto the provinces, but to sit down with us, sit down with the province and dialogue and discuss how it is

that we can protect the future of Medicare and post-secondary education funding. It is so easy, it is just so easy for federal Governments to say, here, it is now your problem.

I can indicate that Premiers of all political stripes across this country, a year and a half ago, mandated Ministers of Finance and Health to come together and try and find some solution to the spiralling costs associated with health care. The Minister of Health (Mr. Orchard) and myself went to Moncton and joined with Ministers everywhere and tried to find some course that we could all travel, of all political stripes, because just to turn our heads from it represents the real threat to Medicare. The great loss of that exercise, although there was a lot of good commentary that came forward from the provinces, is that once we appeal to the federal Government to also be a major player and also be part of the process they turn their backs on us.

* (1510)

When the Member opposite says that and tries to portray that this Government particularly somehow is going to use this news to leverage back its expenditures and its commitments to health and education, let me stand in my place today, Mr. Deputy Speaker, and say most certainly that will not be the case. Yet let me also say we have a real problem. We are going to have to deal with it. We are going to have to set priorities. Obviously, given the strong commitment we have made that there will be no personal income tax increases, we still understand that we are going to have to, most delicately, weave the next budget.

That cannot be done in the space of one month, indeed, as the Member for Osborne (Mr. Alcock) will run out into the hallways and try and convince certain people that it can be done. That is an impossibility. Let me say we are now into an age of greater sharing of this difficult problem.

Mr. Deputy Speaker: The Honourable Member's time has expired. The Honourable Member for Osborne.

Mr. Alcock: Should it be Rupertsland? If it should be Rupertsland I would defer to Rupertsland to speak.—(interjection)— Yes, that is fine.

Mr. Elijah Harper (Rupertsland): Mr. Deputy Speaker, I am very pleased to take part in this important debate regarding the impact of the federal budget in respect to Manitobans and more specifically to the aboriginal people here in Manitoba.

The budget that was tabled yesterday called upon the provinces to share the burden. Also I might say that the federal Government has also called upon the aboriginal people, the First Nations of this country, to share the burden to reduce the deficit and cut down on spending.

The aboriginal people across the country, including the Province of Manitoba, cannot afford to see any cuts in their services and the programs that they rely on. We are, as aboriginal people, the poorest of the poor. Yet I often say in this Chamber, Canada with its

land and resources, the rich resources that we have in this country, we should be the most well-off people in this country.

We, as aboriginal people do not have anything further to give. We have contributed much to this country and without much recognition. We have given up our land and resources to the people of Canada, yet we are poor. We have not shared in the resources.

Today's budget that was tabled yesterday, we are still required to dig further into our pockets to support our Canadian Government who has taken our land, taken our resources and not given us a cent back.

Whereas we see in many of the Indian communities with poor housing, unemployment is high is well over 90 percent. Those communities are far remote and isolated with no roads into many of those communities.

The federal Government should be ashamed and should be chastised for not recognizing the contributions of the aboriginal people, and yet the conditions we live in, we are still called upon to share the burden in order to continue the programs for aboriginal people in this country.

It is a shame. It is immoral for a country to call upon its First Nations, people who gave up the land and the resources so that everybody in this country can benefit, and none of the aboriginal people are benefitting from the resources of this country. The treaties that we made are still outstanding, education, health, and on, and housing, those things that were promised when we gave up those promises to the federal Government. We have not seen any improvement in many of the communities, on reserves.

The situation is beyond third world countries, and yet the federal Government continues to treat the first citizens of this country as if we are equal across this country, as if we have the resources to be able to contribute to the society. I believe we have made great sacrifices already in terms of land and resources. Those resources should have been reinvested back into the community, at least those promises that were made to the aboriginal people. We have not seen those promises being fulfilled yet. We still have outstanding land issues that have to be resolved, and the federal Government has to take a lead role in this.

Yet when we discuss about Indian programs with the provincial Government, I have not heard them say what issues and also programs or action they are going to take in respect to upholding the rights of the aboriginal people. We are not necessarily asking the Canadians, the ordinary Canadians, to pay for the treaty and aboriginal rights that the Indian people have. I am not asking them that they should pay for education or health costs. What we are asking is the federal Government to live up to the promise of carrying out their promises, because through the land and resources that we gave up there, I believe they have enough money to provide those promises and live up to the promises as they were made, not through the general tax collection that the federal Government—those revenues that are collected from the ordinary people. I believe the ordinary people pay taxes so that they can receive some sort

of benefits, but for aboriginal people we have given up much, as I mentioned earlier, the land and resources for aboriginal people in this country. They should be able to get something from the land and resources that we have given up to this country.

Yet in yesterday's budget the federal Government is slashing I believe about \$100 million within the next two years off the Indian Affairs programs. The Indian people, as I mentioned earlier, cannot afford these cuts. They cannot afford to lose dollars to not go to the communities. I think there needs to be an increase of spending on many of the programs on reserves, not to increase the tax on Canadians, but rather to restructure, sort of to reorganize, the way the federal Government is spending its monies.

I believe that the federal Government has that obligation; they have that treaty obligation, they have that constitutional obligation. I believe they have that moral obligation to fill the promises that were made a long time ago. Part of the problem has been the federal Government does not treat the aboriginal people, the First Nations, as a priority in this country, and yet they boast about foreign aid, they boast about their stand in terms of human rights, but for them to look in their backyard, I believe they are speaking with forked tongue. The federal Government has to take the lead role. They must see that the first citizens of this country receive their fair share and also receive the right that they have, the right that they were promised, education, the benefits that were guaranteed under those treaties.

I chastise and I am outraged at the federal Government in terms of axing the services to Indian people in terms of reducing the deficit and cutting down their spending just through a normal course of—they treat the aboriginal people as ordinary citizens. We have not even achieved the standard of living, the living standards on reserves are third world. Yet, the federal Government asked the poorest of the poor to support their spending, to support their reduction in reducing the deficit.

* (1520)

We do not have the resources, the resources that we had were given to the federal Government, and hopefully the Indian people would have benefited. We have always maintained that the federal Government has that responsibility. They still have yet to show to the aboriginal people that they are sincere and also able to provide the appropriate resources to the aboriginal people so that we could be at the same level of service, the same standard of living as any other ordinary citizen in this country.

We have very far to go. The housing is not one of the programs that is going to be maintained. As a matter of fact, it is going to be reduced. We have housing units outstanding for families in many of the reserves. When I was in Berens River last year, we had 19 people living in one house. Yet, I see Prime Minister Mulroney stating the fact one time on TV saying that one person did not have a house or did not have a shelter, he said that is one person too many in this country. He should be travelling into many of those communities.

I ask in the Legislature today as to what plans and roles the provincial Government will be undertaking? I look forward to some of the answers and remarks by the Members of the Government—

Mr. Deputy Speaker: The Honourable Member's time has expired. The Honourable Member for Osborne.

Mr. Alcock: Mr. Deputy Speaker, I want to start just by hearkening back to a time some years ago when I was in a communications philosophy class at Simon Fraser University. The professor at the time posed the question, he said, what does it take to make a truth? In answering his own question, he said, it takes two things, it takes somebody to say something, and it takes somebody else to believe it.

Mr. Deputy Speaker, what he was talking about was the big lie. He was talking about the ability just to say the same thing over and over and over again, and that at some point that will then become reality. It does not have to be factual. It does not have to be true. It just has to be said over and over and over again and then all of a sudden it will be accepted as reality. That is what we are experiencing right now with the federal Government, Mr. Deputy Speaker, and I believe that is what we are experiencing with the provincial Government. Day after day we see them stand in this House and put things on the record that they know are not true, but in the belief that if they say it frequently enough, they will get the message out despite what the reality is, despite what the truth is.

An Honourable Member: Give us an example.

Mr. Alcock: Mr. Deputy Speaker, the Minister for Highways and Transportation (Mr. Albert Driedger) asks for an example. Well, the clearest example, the simplest example is the quote of the Leader of the Opposition relative to kicking people out of nursing homes. She never said that. She quoted a report in which she talked about the quality of life of people living in nursing homes, how they were better served at home through good quality home care. That is what she was talking about. She quoted a report that talked about 40 percent of the people in nursing homes would be better served at home if they had adequate and appropriate home care. Yet daily in this House the Members opposite stand up and they misquote her. Time after time they use the big lie to put misinformation on the record.—(interjection)—

Mr. Deputy Speaker: I have to caution the Honourable Member that the words "big lie" are unparliamentary. I would ask him not to use it again.

Mr. Alcock: Thank you, Mr. Deputy Speaker. In coming back to the federal budget there are other certain terminological inexactitudes that have been used repeatedly by the federal Finance Minister, and I would like to just come back and sort of take us through a brief history lesson.

Before Michael Wilson was elected, when he was sitting and talking about what he would do with the budget, he said, quote, we would cut spending. We

Wednesday, February 21, 1990

would not raise taxes. Tax levels in Canada are already too high.

It makes one think of our own Finance Minister. That was on March 6, 1984 in the House of Commons. Becoming Finance Minister with a majority Government, he raised taxes 31 times.

Mr. Deputy Speaker, he also went on to talk about, when he brought down his first budget on May 23, 1985, he said, our actions will directly reduce the annual deficit at the end of the decade by more than \$20 billion to \$18 billion. He did not mean it. Repeatedly year after year after year he has not met any of the commitments he has made to the people of this country. He stands in his place six years after becoming the Finance Minister in this country with his sixth budget and says, it is not my fault. I did not do it. It was those guys six years ago; they caused the problem. In much the same way I hear our Finance Minister stand in his place and talk about this Government, talk about the Pawley administration, and yet if you applied our federal Finance Minister's own criteria to deficit expenditures and debt to the Pawley Government you would find that it ran a balanced budget most of the time.

Mr. Deputy Speaker, I must tell you that I am absolutely astounded at a federal Government that can increase spending for armaments and decrease spending for health care. I simply cannot find it within myself to find anything acceptable about that action. When they began this though, our Finance Minister had a comment about it. When the federal Government first took the action on health care, our Finance Minister said, I do not want to be part of the mass effort to work and speak out against the federal Government. I object to our province talking about needs for health care without considering the deficit.

Our Finance Minister then did not speak out for us. His Leader and he have expressed only concern about the federal Government, only concern about the problems that they have. Our Finance Minister on January 17 of this year said, I am entirely sympathetic with Ottawa's fiscal plight. Ottawa is on the verge of bankruptcy. They are in dire straits. It is true, Mr. Deputy Speaker, after six years of incompetent administration they are in very dire straits, but they are still making choices.

They make choices every day. They made a choice yesterday. The choice was to spend more on defence and less on health care; more on defence armaments to support eastern manufacturers and less on veterans. They are taking money away from veterans who have social housing. Why? Why are veterans in social housing? Because they cannot afford to be any place else, and yet they are raising the cost of that to those veterans, veterans who need home care. They are reducing that program by some \$18 million, yet they are spending 5 percent a year more on rearming. Why?

You have to ask yourself why are we doing this at a time when around the world we have—yesterday it was announced that the keepers of the doomsday clock, for the first time in several decades, have moved the time back, have finally said that in fact this world is getting more peaceful, not less. What are we doing?

What is Canada doing? We are spending more on armaments and less on health. What is our Finance Minister doing, saying, well, I understand, they have a problem, we have to tighten our belts and help them?

It is not acceptable, Mr. Deputy Speaker, in a country that is as wealthy as this. Hearken back again to arguments that our Finance Minister (Mr. Manness) and the Leader of the Government, the Premier (Mr. Filmon), and others have put on the record over and over again. They talk about the NDP. They talk about six years of the highest growth in recent history. They ran a deficit.

They are talking about the federal Government also who was in power during those years of high growth and who did nothing to meet the commitments they made to us, but they made the commitments. Prior to each election, they made the commitments. Prior to each election, they stood and they said, no taxes, we are going to give you tax cuts, responsible management, good Government, increases to Government spending.

Do you remember what Michael Wilson said when he announced billions of dollars in promises in the '88 election? He said, let me quote it for you: Liberals have made election promises, Conservatives have made spending commitments.

* (1530)

Those are not election promises because we have the money in the bank and then as soon as he got elected, he cut them. As soon as he got elected, what happened to our national day care program? As soon as he got his election out of the way he moved to Phase 2. That is what this provincial Government is asking the people in Manitoba to do. It is saying, wait until Phase 2. Give us a majority Government. We gave you tax decreases.

Mr. Deputy Speaker, this Finance Minister (Mr. Manness) raised spending in this province by 7.4 percent. That is not what he says. He says he raised it by 4.5 percent. I saw him do it on TV the other night. He said, I was a good manager, I restrained spending. I only increased it by 4.5 percent.

Not factually correct. A terminological inexactitude. He raised it by 7.4 percent.

Mr. Deputy Speaker, the question I think Manitobans have to ask themselves—they have had the example of what federal Conservatives do. They can see that. That is on the record. They have seen Phase 1 of the provincial Conservative agenda. They now have the announcement of Phase 2, but they need something before they can move to Phase 2. They need a majority Government. They are not going to get it because the people of this province do not trust them any more than they trust Brian Mulroney.

Now, Mr. Deputy Speaker, look at the position that they have put agencies in by not bringing down a budget, by not issuing a financial statement in response to what the federal Government has done, by not taking advantage of the offers that they have had from this side of the House to co-operate and work with them to give them the time to work on a budget, because we are in a very serious situation right now.

We have indicated as far back as last September that we would work with them, that we would negotiate, that we would do everything we could to make it possible to manage the affairs of this House so we could get the budget back on track. They have rebuffed every one of those offers. They are afraid to do it. I think it is unacceptable, Mr. Deputy Speaker, because there are many important services that rely on knowing right now their financial position next year. Thank you very much.

Mr. Deputy Speaker: The Honourable Minister of Highways and Transportation has the floor.

Hon. Albert Driedger (Minister of Highways and Transportation): Mr. Deputy Speaker, it is with some hesitation that I enter into this debate. The reason for that is we have had a variety of emergency debates in this last Session. I have started to take them with a grain of salt as to whether we really accomplish anything with these things. Certainly today I feel that the budget came down yesterday and spokesmen from all the Parties had their say in the matter.

In fact the headlines in the Free Press said, "Manness's worst fears realized as federal PCs 'fail miserably,' Carstairs, Doer agree Wilson budget a disaster." Mr. Deputy Speaker, the budget was brought down and what we are doing here today is not going to change one iota of that budget. The time to make an impact on that budget was beforehand.

That is what our Premier (Mr. Filmon) and our Finance Minister (Mr. Manness) have done for many, many months. They have continually laid forward their cases and concerns so what we are basically doing here at this time I feel is—well, I should never say it is a waste of time in this House, but I wonder as to what kind of benefit we are getting out of this kind of a debate today other than everybody maybe express some frustration. As far as anybody getting major captions out of this politically, that is gone. Everybody has had their say in the matter. This is sort of after the fact we are going to try and resolve a problem.

If there is one Member in this House that can say that based on this debate that anything is going to change in that budget, I want them to identify themselves. If there is any Member here that can indicate by the debate today that there is going to be one change in that budget, I would like to hear that person give me that indication. Nothing will change. Nothing will change.

Also, Mr. Deputy Speaker, I listened with keen interest to the Leader of the Liberal Party (Mrs. Carstairs) of the Opposition. In her comments there was not one aspect of a solution offered. Not one solution was offered other than just being critical to some degree. In the paper as our Leader, as the Premier already so capably brought forward before during Question Period, it is very obvious that our Minister of Finance (Mr. Manness) and our Premier (Mr. Filmon) have indicated their unhappiness with the budget.

I am certainly not going to defend it, but I take great comfort in the comments made by our Finance Minister

who I would say, I think everybody in the Legislature has to agree that our Finance Minister has been the most capable Finance Minister that this province has seen for a long, long time. He is a forthright, honest individual. He has laid forward the case of the province. I think in fact that if we want to compare with other provinces, that we maybe have not fared as badly. All provinces have fared badly.

All provinces have raised their opposition, but I think that we will probably kind of come out of it better than some other provinces have. I would attribute that to the position that our Finance Minister has had with the federal Finance Minister. He has continually laid his case forward, the province's case forward, to the federal Minister. I think it is because of that there has been some consideration given. I really honestly believe that.

I believe that our Finance Minister, when he makes a statement in this House about the position that he has taken, that is a factual statement. I would challenge anybody in this House to say that he is not being factual when he presents his case and the position that he has been putting forward.

Mr. Deputy Speaker, I found it interesting that the Finance Critic from the Liberals would again bring forward the aspect of bringing forward a budget, how the Liberals would try and accommodate us to bring forward a budget as soon as possible. I would have to take that with a grain of salt, for the simple reason that the performance that we have had in this Session by the Opposition Parties combined in terms of how they dealt with the Estimate process gives me great concern as to their ability to manage anything.

I am as a rule, Mr. Deputy Speaker, not one of the more critical people in this House. I would like to think that I am sort of a moderate in some of these things, but I have a criticism that I want to lay on both Opposition Parties in the way they dealt with the Estimate process, because they floundered away the time, did not plan it. I can recall we had 240 hours when we were in Opposition, and our House Leaders -(interjection)- Oh, no, we had Members of the Liberals, as well.

Mr. Deputy Speaker, the House Leaders sat down and apportioned the time so that every department would have a certain amount of time there based on the priorities that we put on it. In the Estimates this year, in Highways, we set an all-time record of I think 27 hours. At the tail end when we finally came to the important aspects of the Department of Finance, Executive Council, under a time when economic issues are high on the agenda of everybody, we did not have any time, or the Opposition did not have any time, to deal with them. I think that is poor planning, no matter which way you cut the cake. You can blame whoever you want and see there are two Opposition Parties, then both Opposition House Leaders should have gotten together and planned the time in such a way to make it effective because that is not effective Opposition. That is not effective Opposition, and then we have to take the other things that they say with a certain amount of grain of salt.

I would like to indicate that during the Session, from time to time, when we have had emergency debates

on VIA Rail; we have had these things, basically we have accomplished very little with it. If I had listened to the Member for Dauphin (Mr. Plohman), I would have a baseball bat and I would go out there and I would raise havoc with a baseball bat. Then of course the guy with the biggest baseball bat and the strongest guy would win the case. If we applied that theory in terms of the provinces, Mr. Deputy Speaker, then B.C., Alberta and Ontario would be wielding the big baseball bat and would not have suffered as much as anybody else this time. They got cut more. So that theory does not always work.

I think the theory that we have used as Government in terms of bringing our case forward to our federal counterparts, the Minister of Finance (Mr. Manness), myself, as the Minister of Transportation, other Ministers, that we have made our point. We made it in such a way, we used reasoned approach to it and I think that has more effect than standing and screaming. I think that is why I say with a grain of salt that this debate here today is accomplishing virtually nothing other than we can vent some frustrations and put some things on the record and get at each other to some degree, and that is what this place is all about, but as far as actually accomplishing anything I have grave concern about that, Mr. Deputy Speaker.

* (1540)

I was very heartened to listen to my Minister of Finance (Mr. Manness) speaking. Incidentally, I heard him speak yesterday at a nomination meeting. Some of you, if you had the opportunity, you should avail yourself of one of his speeches when he is in the mood; it is very educational. I will tell you something, the people that were at that meeting came away feeling very positive about some of the things that we are doing as Government. It was not a matter of blasting Opposition or being critical, it was just laying out cold hard financial facts of what we are facing in this province and in this country.

The thing that heartened me most today was the commitment that the Minister of Finance (Mr. Manness) made indicating that there would not be an increase in personal income tax and that there would not be cutbacks in health and education, in spite of what the federal budget has done to us.

I think that should take away a lot of the criticism and concern that was expressed about our education system and about our health care system. The fact that our Minister has made that commitment I think should basically almost terminate the debate here today. The reason we are having this debate is because we are concerned what it will do to us.

I have to indicate, Mr. Deputy Speaker, that we have been very responsible in Government in the last two budgets that we have brought forward. I feel confident that the budgets that we have brought forward have been fair, that we have made every effort as Government to try and be fair, to retain the social services, education, and health services in this province. We have not touched them. We have still managed to be a responsible Government.

I expect, given the opportunity if we ever get out of here, the request of the Finance Critic from the Liberals—when he wants a budget, we have not even dealt with concurrence. We do not even know whether last year's spending, most of the money that has already been spent, whether that will even be passed. We might be at the polls before we have that. We can argue the pros and cons of when concurrence should come forward or not, but to start pushing for a budget commitment now, I find it foolhardy.

I know that for myself, as Minister of Highways and Transportation and Government Services, I have not had time to work on budget matters. I have had hardly any time on that between the commitments that we have in the House and the commitments that a Minister has, there has not really been time to work on the budgetary matters. Based on his request, we would jump up and we would throw a budget forward in a couple of weeks time, I think that is an irresponsible request.

The previous administration knows full well there is a certain amount of time that you have to spend in developing your programs and going through this with Treasury Board to develop a proper program.

Mr. Deputy Speaker, I am just getting warmed up.

Mr. Deputy Speaker: The Honourable Member's time has expired.

Mr. Albert Driedger: Just in final comment, I want to say that I do not defend the federal budget, but I feel very happy and confident that our Minister of Finance (Mr. Manness) is going to address the impact that it will have on Manitoba in such a way that the people of Manitoba will find acceptable. Thank you.

Ms. Judy Wasylycia-Leis (St. Johns): I feel it is very important, Mr. Deputy Speaker, to participate in this emergency debate, a debate here because of the initiative of the New Democratic Party, and surprisingly with the support of both Conservatives and Liberals in this House.

I say surprisingly because when we are dealing with the critical situation that is before us, as a result of yesterday's federal budget, when we look at the incredible negative impact that this federal budget will have on Manitoba society, on the fabric of our country, everything we have heard from the Conservatives in office to date reinforces the kind of direction that has been coming out of the federal Government and is certainly in line with much of the tone and the emphasis of yesterday's federal budget. It is surprising, from that point of view.

It is surprising because in the months leading up to yesterday's budget, as has been said over and over again in this House, there has been barely a whimper from Members of the Conservative Government here in Manitoba vis-a-vis the federal Government. There has been nothing but, as my Leader has said, the Member for Concordia (Mr. Doer) has said, over and over again, nothing but door-mat diplomacy.

Furthermore, Mr. Deputy Speaker, in the almost two years of Conservative Government here in Manitoba,

we have witnessed the same phenomenon that is now occurring more explicitly and directly with respect to the federal budget, an erosion of our social programs, a move away from universality in our programs, a move away from programs that are geared to addressing and achieving fairness, justice and equality, in our society.

Mr. Deputy Speaker, I am equally surprised at the Liberal participation in this debate. I am equally surprised at the tenor of their remarks, at what I would call the pretense of their outrage, hypocritical to hear from the Liberal Members in this Chamber that there is a hidden agenda in terms of the federal Conservatives and to suddenly talk about a hidden agenda of big business. Who has been in the pockets of big business in this province? Who has joined with big business in this province? Who has supported -(interjection)-

Mr. Deputy Speaker, it is clearly hitting a bit of a sore spot with the Liberals in this House. They are in a bit of a difficult position right now, given their recent positions on a number of critical issues facing working women and men in this province. Let us not forget that when it comes to the critical issues facing working women and men in this province, whether it be—

Some Honourable Members: Oh, oh!

Mr. Deputy Speaker: Order, please. Order. The Honourable Member for St. Johns.

Ms. Wasylycia-Leis: —support for final offer selection; whether it be opposition to the privatization of Manitoba Data Services; whether it be support for extension of pay equity into all sectors of our economy; whether it be support for an affordable, accessible, quality child care system, the Liberals and the Conservatives have gone hand in hand with the corporate sector in this province and have made no bones about it, Mr. Deputy Speaker. So it is surprising to see the outrage of the Liberals with respect to the federal budget.

Also, it is surprising, when one looks at the reaction of the Liberals in this House to last year's federal Conservative budget, a budget that was destructive, was harmful, was negative in terms of the fabric of our country, in terms of the sense of fairness and justice that we are all presumably trying to achieve.

Mr. Deputy Speaker, I remind Members in this House that it was the Leader of the Liberal Opposition (Mrs. Carstairs) who stood up in Selkirk, Manitoba, on May 9, 1989, and said she saw nothing wrong, did not find a lot of fault with the Government's clawback on Canada Pension and family allowance benefits to upper income Canadians, but the money is not going back to the people who need it.

Mr. Deputy Speaker, here is a Party who has supported what we are seeing in yesterday's budget, supporting the erosion of universal social programs, supported time and time again the implementation of user fees, means tests in the whole range of health care and social programs in this province and in this country.

So, Mr. Deputy Speaker, I think it is important to set the record straight when we are dealing with the kind

of emergency situation before us. It is important for Members in the Liberal Party and the Conservative Government to rethink those positions, given what is happening right across this country, given the critical nature of the federal budget.

I hope, based on the comments from the Minister of Transportation (Mr. Albert Driedger), that perhaps some lessons are being learned and perhaps there is some rethinking going on in the Conservative benches. I hope the Liberal Party Members are doing the same.

I am hoping that finally all of the Members in this House are coming to their senses with respect to any kind of destruction, dismantling of our universal health and social programs in this country and in this province. I am hoping that finally Members in this House are coming to grips with the full impact of free trade in all of its ramifications and all of its impacts in this country.

Mr. Deputy Speaker, many predicted what we saw in yesterday's federal budget. Many predicted the Americanization of our economy. Many predicted the harmonization of the move to harmonize our social and health care programs, vis-a-vis the United States.

The message was sent out loudly and clearly. Let me quote very briefly from the Canadian Manufacturers' Association, president Laurent Thibault, who said it is simply a fact that as we ask our industries to compete toe to toe with American industries, we in Canada are obviously forced to create the same conditions in Canada that exist in the United States, whether it is in the Unemployment Insurance Scheme, Workers Compensation, the cost of Government, the level of taxation or whatever.

What did we see yesterday, Mr. Deputy Speaker, but a Government deciding to cut in every possible area that affects ordinary people right across this country.

I refer also to several years ago when the Canadian Teachers' Federation said it is concerned about the downward pressure business will place on the cost of Government and warns the greatest long-term hazard to education of the Free Trade Agreement would be pressure to conform to public policy choices in the United States to keep the cost of Government competitive in the continental free market.

* (1550)

What did we see yesterday? Dramatic cuts to post-secondary education in this country. Many commentators and academics have pointed out the dangers in terms of harmonization vis-a-vis our health care system. Marjorie Cohen wrote back also several years ago in the midst of the free trade debate that in American hospitals where private management firms have acted, the full-time regular nursing staff has been reduced to a minimum while the majority of nurses are on call with their work being confined to a part-time and irregular care.

All of those warnings, all of those messages were presented to us loudly and clearly, but Members in this Government here in Manitoba did not hear them and did not act. In fact, Mr. Deputy Speaker, their Tory cousin, the Minister then responsible for Health and

Welfare, Mr. Jake Epp, said, do not worry. Do not worry about free trade in terms of social programs, because in fact as long as these social programs are being provided universally, then there is no way in which the U.S. Government or American corporation can claim that our programs are a subsidy for Canadian producers.

What did we see yesterday? The first step in the erosion of universality, the first opening of the doors to allow the Americans to claim that there is an unfair subsidy in terms of our producers versus American producers.

Mr. Deputy Speaker, the warnings have been there. Now they are at our doorsteps, and it is time that we all get together in this House and reject the kind of direction this federal budget is taking us in and to speak out once and for all on behalf of Manitobans everywhere and Canadians everywhere and fight the cuts in spending in education and health care, the cuts to the poorest of Canadians, the cuts to social housing, the cuts to programs for Canadian aboriginal people, the cuts to the regions of the country through cancellation of the Polar 8, the OSLO project and the Canadian Exploration Incentives program, the cuts to Canadian institutions like CBC and Telefilm, the sell off of valuable Canadian assets which secure our future, like Petro-Canada, not only secure our future, but contribute to the cultural fabric of the country to the very identity of what it means to be Canadian.

Mr. Deputy Speaker, to be Canadian is to provide a system of fairness and justice for all citizens in our country. When we look specifically at an area like health care, I do not know about the rest of the Members in this House but certainly Members in the New Democratic Party believe that services like health care are so important that all citizens should have equal access to them, and equal access regardless of financial condition. Canadians look after each other. That is a system we want to preserve. That is the identity we want to hold on to. That is the reason why this emergency debate must resolve itself in terms of pressure and change at the federal level in Canada. Thank you.

Mr. Deputy Speaker: The Honourable Member's time has expired. The Honourable Member for Kildonan.

Mr. Gulzar Cheema (Kildonan): Mr. Deputy Speaker, I will keep my comments directly to the budget. I will start by saying the first and foremost important thing for which Canada is very popular to the outside world. Canada is known for two basic things. One was the VIA Rail from one corner to the other, second is the Medicare, they have attacked both of the major components of this country.

It is really sad that the Prime Minister has repeated one sentence at least 20 times for the last one month that tough medicine is required for the benefit of the people of this country. Mr. Deputy Speaker, he has given tough medicine to Manitoba. This tough medicine is going to have a side effect not for a day, for two days or three days, for a number of months and years to come. It is going to be very difficult to maintain our health care system which is already a serious problem.

Mr. Deputy Speaker, let me repeat what I said in Question Period today. I asked a very simple question to the Premier: How are you going to maintain the health care system in Manitoba with the cut of at least \$80 million or \$90 million over a period of two years?

In this House repeatedly, they have said on the record that we do not have enough money, and the Opposition is asking for too much money to spend on health care. Given that statement, how can he justify today and stand up? He said that the Minister of Highways (Mr. Albert Driedger) said we are not going to cut any program. We want to know how they are going to provide the services? They should talk to the Minister of Health (Mr. Orchard).

I just want to take a moment to wish him the best of luck because he was really injured, and we wish him an early recovery. They should speak to him, because he knows that the cost of health care has grown by 178 percent for the last 10 years and population has grown by only 6 percent. The reasons are very clear why we are having increased cost, because of the aging population, because of increasing demand, because of changing technology, and for ethical and medical legal reasons. This is not going to decrease. Health care will continue to escalate more than inflation did because of the reasons I have outlined. It is going to be very difficult for any Government to maintain the health care system if the action is taken at the present time.

There was the opportunity for the Premier (Mr. Filmon) to stand up and send a strong message to Ottawa saying that we will not accept anything less, but he failed. In this House everyday, he has become a newspaper reader rather than a Premier (Mr. Filmon). It is a shame. He should come up with the policies which are going to impact on all of us rather than reading a newspaper article everyday in this House. People will not forget that.

This administration luckily has a Finance Minister (Mr. Manness) who has good credibility. I have no doubt in that regard, Mr. Deputy Speaker, but he is only one there. I think he is failing to convince his colleagues to take action now, and they have failed miserably. He admitted that yesterday, the federal Government failed. He also failed yesterday to come up with solid answers that stand up for Manitoba. I think that is a shame.

Let me just go back to the simple aspect, I just want to address the health care. As I was saying, the health care costs are going up and for each and every surgical procedure in Manitoba the waiting period has increased and it is not going to decrease by just standing up in the House and repeating the circumstantial evidence and not giving a solid answer.

The people of Manitoba would need an answer and we are asking them to basically answer three questions. Are we going to maintain the services? Are we going to cut services? Mr. Deputy Speaker, are they going to bring the user fee?

I will go back to what the B.C. letter is saying, that with a small "c" they were okay, but they need a clear majority with a big "C" to cut our services, and they should make it clear now to the people of Manitoba

so that they should not be playing the same game as Brian Mulroney has been doing for the last six years. He is the most unpopular and most hated politician in this country right now and as of the Second World War. Mr. Deputy Speaker, it is not my statistics, statistics coming from the news media, that he is the most unpopular.

Mr. Deputy Speaker, it is unfortunate that such an important issue and we do not have a third Party to address the important issue of health care. I was saying that there are two people in this country who are mostly very unpopular because they have a different philosophy. It is Brian Mulroney and Michael Wilson, and they are part of the same family as our Premier and the Minister of Finance. They cannot separate themselves from their own family; their philosophy is the same. If they had a majority we would be in a different situation. Fortunately that did not happen and it is never going to happen for them.

Mr. Deputy Speaker, let me just repeat in my own gentle way that Michael Wilson will be known as one of the Ministers who has used a surgical knife to cut our health care system. He has cut our bloodline. It is just a starting point. Whenever you see the history of this Government, whenever they cut any program they never reinstate those programs. Who is going to serve the public of Manitoba? Is there anyone who has made a statement from this House; have we got any plans from them, Mr. Deputy Speaker? The Minister of Finance (Mr. Manness) was saying and the Minister of Highways (Mr. Albert Driedger) said that we need plans. I think you have to come up with a plan and we will tell you how to save the health care system. Do you know how much money you are wasting? Twenty-five percent of patients who are in acute care beds costing \$250 per day, just a simple calculation, and you do not have to be a genius or an accountant to count that. They are utterly wasting taxpayers dollars.

Today when my Leader said, why do you not have common sense and use those 88 beds at Deer Lodge Hospital? At least we can start saving some money, but it is not coming. They just want to wait for the pre-election time to make those statements, but we will remind them at each and every debate that they have failed to come up with plans. We know the economic situation is not very good, and the way they have done for the last two years, it is not going to improve. We are on a decline. People are moving out of Manitoba and young people who can get jobs are going out.

Let me just end up saying that we need a strong Government, Mr. Deputy Speaker. We need a change in the Government. We need a leader, a Premier, who can say things and do things and come up with a plan. I think the people of Manitoba will deliver that and the next Government will be a Liberal Government in Manitoba. Thank you.

* (1600)

Hon. Harold Neufeld (Minister of Energy and Mines): I rise to put a few words on the record on the emergency debate, a debate called for by the Opposition Party, Parties I guess, to discuss the federal budget, a budget

over which we have no control, a budget that was brought in by a Government with whom we do not necessarily agree, a budget with which we do not necessarily agree.

Mr. Deputy Speaker, the Leader of the New Democratic Party (Mr. Doer) indicated that we have one of the best health care services in the world. With this we cannot argue. We have one of the best health care services in the world. We are not discussing the health care services, we are discussing the federal budget. The health care services are provided for by the provincial Government, albeit partially funded by the federal Government. The fact that they have reduced the percentage of that funding does not sit well with us either. We do believe that they might have cut elsewhere. If I take a personal view of the federal budget, I would have preferred to see them cut where it hurts the bureaucracy in Ottawa. I would have preferred to see some empty buildings in Ottawa-Hull.

The federal Government has taken the position that the way to cut their spending, they have claimed to have attacked expenditures. Attacking expenditures does not mean reducing the payments to other levels of Government. This is what they have done. They have simply taken the transfer payments and reduced them to provinces, Manitoba being one of them. I do not believe that is the way to attack expenditures. Expenditures should be attacked not in programs but in the bureaucracy. I would like to see, as I said earlier, a few empty buildings in Ottawa-Hull. Not only would we save substantial monies in wages, we could sell the buildings and have some of that money for the programs, for programs such as health, for programs such as education.

Much has been said today, Mr. Deputy Speaker, about spending. We have heard time and time again from both Opposition Parties how we should spend more. We should spend more in home care. We should spend more in day care. We should spend more in health care. We should spend more in education. We should spend more on transportation. We should spend more everywhere, but where is the money coming from?—not one word from either of the Opposition Parties about where that money shall come from, not one word about who shall pay, not one word about who will pay, not one word about how savings might be affected through better management.

(Mr. Speaker in the Chair)

I have a problem that expenditure reductions in this House, in the Opposite side of the Chamber, are equated to program reductions. The fact that we manage a program, we manage a department and save some monies is equated to program reductions. That is not the case, Mr. Speaker. We are elected because we are deemed to be better managers. We are deemed to be better managers of the provincial coffers.

Mr. Speaker, we have heard the Opposition speak about two Parties in the Estimate period, and we should have more time. If the Liberals simply listen to the questions that were asked by the NDP, they would not have to repeat the same question in the Estimate period and we would not have to take more time for Estimates.

The eight departments that were not scrutinized may have been. Finance was not scrutinized. It may have been had the Liberals only listened to the NDP when they asked questions and not have to repeat the same question.

The Member for Osborne (Mr. Alcock) makes a point of, he will help with the budget process. He will help. He made that in Question Period today, and he has made it again in his speech this afternoon.

Mr. Speaker, the Member for Osborne was involved in the budget training process of the service agencies, these same agencies that have come now to Government—not one, not two, but every one of them with deficits which they wished Government to fund. They have deficits because the Member for Osborne (Mr. Alcock) has trained them to have deficits. You have certain expenditures that must be made and certain expenditures that must be held. Everybody, you and I in our personal households, has to stay within our own earning limits, our own revenue limits, and Government agencies are no different. They must learn to live within their means. If you cannot do that, you go broke. That is not the way we wish to go. We wish the agency to be accountable. They must be accountable.

Mr. Speaker, after 130 days of debating the Government Bills and Government expenditures, we come here after 130 days for another emergency debate, another emergency debate, over which we have no control. We have no control over the budget that came down yesterday. Nothing will happen as my colleague, the Minister of Transport, has indicated already. Nothing will come from this debate. A lot of hot words, but nothing will come of it. We will get up tomorrow morning, the budget will not have changed. The press will not have reported on the debate that went on so that is a waste of time for the Opposition.

Mr. Speaker—

An Honourable Member: Are you going to sit down right now then?

Mr. Neufeld: Now, why should I sit down? I can look down on you from here. That makes it easier. In a few months perhaps, after the next election, the Member for Seven Oaks (Mr. Minenko) will again be able to practise law full time.

Mr. Speaker, we recognize that the federal Government is bankrupt. The Opposition has indicated in their speeches that they recognize the federal Government is bankrupt. Fault does not matter when bankruptcy occurs. The people are the ones to suffer. It is important that we recognize that we are bankrupt and that we get back on track and the federal Government may well have done that. I do not agree with the way they have done that, but they have recognized. I do not agree with what they have done as a result of it, but I recognize that they do know that they are off track and they must get the ship back on the right course.

Mr. Speaker, 35 cents out of every revenue dollar the federal Government takes in goes to interest and

not to programs, the kind that we would like to see. Thirty-five cents out of every revenue dollar based on an 11 percent interest rate goes to interest. Every one point adds \$1.5 billion to the federal expenditures. With interest rates the way they are going now, the total could be much more than \$1.5 billion. If the rates go to 14 percent it is \$4.5 billion. I think it is time that we come to grips with that.

Mr. Speaker, we in Manitoba have understood. Our Government, our Party, has understood for some time that we can no longer afford to borrow. We must hold the line. We can no longer afford to live on next year's income. We can no longer afford to mortgage our children's income, our grandchildren's income. We must start to pay for our own benefits. I am not saying we should discontinue programs. I am saying, however, that there are many abuses, there are many wastes that could be improved upon. We do not have to reduce programs; we simply have to administer them in a more accountable manner. I do believe that there are substantial savings to be effected if we were to do this.

* (1610)

Mr. Speaker, unfortunately the Opposition sees the reduction of expenditures only as a reduction in programs. This is not the case necessarily. Good management will result in a reduction of expenditures without affecting the program delivery. This is what we are planning to do, and this is what I believe we have done. It is not necessary to spend, to spend, to spend. It is necessary to control. I think this is what the people of Manitoba wished from us. They wish from that side of the House and they wish from our side. They want Government to be accountable as we expect agencies to be accountable.

They expect Opposition to be accountable. It is up to you to bring in, if you believe that we have the wrong policies, if we have the wrong ideas, give us better ones. If you feel that there is money to be spent, tell us where it is coming from. We are listening. Thank you, Mr. Speaker.

Mr. Leonard Evans (Brandon East): I would like to add a few words to the debate on this important topic and say that I share with those—I guess I do not know whether I share with everyone, but many people in this House, that we are facing financial disaster in this country primarily because of the economic policies pursued by the Mulroney Government, which I would say are true neo-Conservative, not Conservative in the old traditional sense, but modern neo-Conservative. I think people like John A. Macdonald and even John Diefenbaker would probably turn over in their graves if they knew about the Free Trade Agreement and some of the things that the Mulroney Government is doing.

I think that we all share the concerns of cutbacks that affect the Province of Manitoba, whether it be regional development programs, Western Diversification Fund, whether it be the Established Program funding, which is going to hurt Manitoba to the tune of \$100 million I guess in the next two years and will therefore put a squeeze, will put pressure on a provincial Government in terms of funding post-secondary education and health care.

Of course, we are concerned as well about what has been happening to taxes. I know there has not been any adjustment in taxes in this budget, but we are still living with the fact that Mulroney and Mr. Wilson last year brought in another set of tax increases, some of which are being implemented now, this very year, January and February, approximately 30 times I believe.

The other big area, of course, is the GST, the Goods and Services Tax, which is decidedly unfair to low- and middle-income Canadians. I think Canadians of all political stripes, Mr. Speaker, from coast to coast, are almost on a verge of a strike, a taxpayers' strike.

What disturbs me particularly about this budget, Mr. Speaker, is the fact that by the federal Government's own admission, it is going to eliminate 100,000 jobs in the economy. The budget document tabled by Mr. Wilson, the background information, showed that Canada would lose 100,000 jobs each year for the next three years. That is very bad news. Unfortunately Manitoba will receive some of that job loss.

Mr. Speaker, we have to remind ourselves, everyone is running around, talking about how we have to cut back here, trim there or be better managers without really paying enough attention to what is the main cause of rising deficits and therefore rising deficits contributing to increasing debt. The main cause has to be a tight money policy, a high interest rate policy pursued by the federal Government.

Mr. Speaker, with all due respect, I have two friends here beside me who are talking, and it is really hard to—

An Honourable Member: I am very sorry.

Mr. Leonard Evans: I enjoy their conversation, but at this point, if they just give me a few minutes so I can complete my remarks here.

Mr. Speaker, the Government therefore is saying to Canadians we have to cut back on our spending. We have to do more to eliminate the deficit. I would like to put forward the thesis that the deficit and the debt is not the problem that Mr. Mulroney and Mr. Wilson would have us believe. The fact is that most of the debt that Canada owes is owed to Canadians. I have some figures here. For instance, this is from the Bank of Canada Review in July of 1989, which shows the national debt being \$274 billion. Of that \$274 billion, \$21 billion was owed to the Bank of Canada in bonds denominated in Canadian dollars.

In other words, Mr. Speaker, when the Government of Canada pays out interest on the national debt, it is paying a good chunk to the Bank of Canada which is owned by the Government of Canada and which, in turn, as a Crown agency, turns over its net revenue back to the Government of Canada. What we are talking about when we talk about the huge burden of interest payments on the debt is really a transfer effect.

One element of that is monies that go to - (interjection)- the Minister of Finance (Mr. Manness) says it is nonsense. It is not nonsense. It is money that is paid to the Bank of Canada which, in turn, pays the

bulk of it back to the Government of Canada. That is the fact.- (interjection)- It is there. It shows up in the Bank of Canada balance sheet.

Secondly, Mr. Speaker, of the \$274 billion - (interjection)- if people would just listen, and we will make this case here. Another chunk of that debt, \$18 billion is owed to federal Government departments, provincial and municipal Governments, again in bonds denominated in Canadian dollars. To that extent, a good chunk of the interest on the national debt is paid to the provinces, is paid to municipal Governments, and is paid to those federal departments that happen to hold Government of Canada Bonds.

Another large chunk, \$183 billion, the largest chunk of the national debt is owed to Canadian individuals and business firms. Again, Mr. Speaker, the Government pays the interest to ordinary Canadians, Canadians who own a Canada Savings Bond own part of the national debt. You see, there is a national debt on one side, but there is also a national credit on the other and they have to equal. The fact is Canadians—sure they have a national debt, but we also have a national credit. If you own a Canadian Savings Bond, Canada Savings Bond, you get some of that interest. So some of the interest that Mr. Mulroney is concerned about is simply paid back to Canadians. It is a circular effect. It has the same transfer effect as pensions, as unemployment insurance and the like.

There are two categories owed to non-residents. There is \$42 billion owed to non-residents but here again it is held in Canadian bonds. Here again it is paid in Canadian dollars and that enables them to acquire Canadian goods and services and so on and you might say leaving less for them, for other Canadians, but nevertheless this is spent in Canada. It is a demand on Canadian goods and services.

The real problem is with the \$10 billion owed to non-residents whose debt is denominated in foreign currencies and that is about 4 percent of the total. This is the only part that corresponds genuinely to private debt. It corresponds to the debt of junior Governments, including provincial Governments. We are in a different situation than the federal Government. I would be the first to say that, but that 4 percent, it is less than 4 percent, that is the kind of debt that we think of when we normally think of private debt and the problem that private debt has for individuals or for provincial Governments. It is this area that we should be mainly concerned with.

* (1620)

The fact is, Mr. Speaker, when you look at the entire national debt you will see the bulk of the interest payments is paid to Canadians, individuals, businesses, and Government agencies and departments, because they are the people that hold that debt. So I say this is not the No. 1 problem. This is not the No. 1 problem facing Canada. The No. 1 problem facing any Government should be to maximize employment, so that men and women across Canada can have jobs, can be put to work instead of sitting at home watching television, being frustrated because they cannot get a

job—men and women, factories, mines, farms, to be put to work so we can maximize the wealth of this country. That should be the objective, not the financing, not the books that we seem to be looking at all the time.

Years ago there was an economist, a British economist before World War I, who said, money is like a veil; money is a veil over the real economy. So often we get confused by looking at the money instead of looking at the real economy, because we have to look at what goods and services are being produced and how they are distributed and how they are fairly distributed among all of us with whatever society, and not be confused all the time by the veil of money. I say the Government has a responsibility to ensure that we maximize the wealth of the country. The way do that is to ensure that there is no unemployment of men, women, of factories, mines or farms.

Mr. Speaker, the fact is that budget deficits are not responsible for high interest rates. That is a total myth. I know that is the conventional wisdom, but a high budget deficit is now responsible for high interest rates. As a matter of fact, since 1981 we have had large deficits. Throughout the '80s, from about the early '80s, we have had a diminution, we have had a decline in interest rates.

There is no correlation between what happens to interest rates and the size of the debt, the size of the deficits. There is no correlation whatsoever. Furthermore, there has been increasing capital investment in the '80s, even with large deficits. There has not been this so-called crowding-out effect that some people talk about.

Mr. Speaker, I think that what we are doing is being given a set of Tory priorities here. We are being told that this is the major problem. It was not so in the last election, it was free trade. We did not seem to be worried then about the debt and the deficit. All of a sudden that is supposed to be the big thing. As a result, we have to tighten our belts. We are told we are going to undermine Medicare, we are going to cut back on education spending, we are going to hurt our social programs; for what?

Mr. Speaker, I see my time is running out. I say the responsibility of the national Government is to raised efficient, effective demand by spending where necessary and reducing taxes where necessary so that we do put the men and women of Canada to work, the men and women of Manitoba to work, so that we maximize our economic well-being. That is our objective, and that is what we have to work for.

Mr. Laurie Evans (Fort Garry): Mr. Speaker, I have listened to quite a bit of discussion this afternoon, and some have claimed that it is an exercise in futility. Perhaps there is an element of futility in this, but I would think that it must be rather embarrassing to be a Tory today.

It is interesting to watch Members Opposite attempt to divorce themselves from their federal colleagues. I think what one has to realize is that a Tory is a Tory is a Tory, and it does not matter, they are cloned. A

Tory is a clone, and I can say, thank goodness that we have a minority Government here today.- (interjection)-

Mr. Speaker: Order, please.

Mr. Speaker: The Honourable Minister of Energy and Mines, on a point of order.

Mr. Neufeld: I just heard the Member for Fort Garry say a Tory is a Tory is a Tory, but sometimes a Tory is a Liberal.

Mr. Speaker: Order, please. The Honourable Minister does not have a point of order. This is a dispute over the facts.

Mr. Laurie Evans: I can just assure the Member opposite it is very unlikely that this Liberal—

Mr. Speaker: Order, please; order, please.

Mr. Speaker: The Honourable Member for Springfield, on a point of order.

Mr. Gilles Roch (Springfield): I would just like to point out that the Member for Rossmere, the former—

Mr. Speaker: Order, please; order, please. The Honourable Member is quite aware, he does not have a point of order.

Mr. Laurie Evans: Mr. Speaker, I do not want to get into a lot this, what I would call, rhetorical nonsense, I would just like to outline some of the concerns that I see. One of the things that was brought up by the Minister of Finance (Mr. Manness) and by the Minister of Highways (Mr. Albert Driedger) is that there is little that we can do about this budget.

The budget came down yesterday, and there is little that we can do about it today, and it is not going to change tomorrow. I think that brings up the point that I think is critical. That is, if something was going to be done about that budget, it should have been done earlier. I am not satisfied, and I am sure my colleagues are not satisfied, that the Members opposite took the initiative that they should have taken in attempting to have some impact on that federal budget.

Surely to goodness, Mr. Speaker, when we are looking at three western provinces, Manitoba, Saskatchewan and Alberta, and if you want to include the ultra-Conservatives in British Columbia, surely those four could have gotten together and presented a united front to make sure that they did have some impact on this budget. Instead, they talk about having ready access to the phone, and they can pick up the phone

and talk to their colleagues in Ottawa at any time. Obviously one of two things happen, either they pick up the phone and it is always busy or there is no answer, or they have a social call because their impact is insignificant. They are not having any impact on what is going on in Ottawa.

I would certainly support the idea of trying to see something done about the deficit, because I do not argue with the necessity of reducing the deficit. Six years ago when Michael Wilson came in as Finance Minister he was going to do something about that deficit. Today he has done absolutely nothing.

We hear the Premier of this province, in particular, tell us about Pierre Elliott Trudeau. There are things about the Government of Pierre Elliott Trudeau that many of us, including some Liberals and myself, are not particularly happy about because they ran up a deficit.

You know, Mr. Speaker, and Members opposite know what that deficit was when he stepped down. It was \$174 billion. What is it today? It is \$354 billion. So here in six years one Brian Mulroney and his people have been able to double that deficit, despite the fact that they were going to knock it down and reduce it. Now we hear him say that this year it is going to be about a half a million more than he anticipated, next year it is going to be 29 and a half and then he is going to reduce it rapidly. That is utter nonsense. If he has not been able to do it in the first six years, why is he going to all of a sudden be able to weave his magic in the next couple of years?

He has told us in his budget yesterday that he is going to be happy with that large deficit. He is going to be happy with an unemployment level of 8.5 percent. He is hoping that he can reduce the interest rate by 2 percent and bring it down from the 13 percent that it currently is to something like 11 percent, but he has lost his credibility, Mr. Speaker. He has told us that every time that he has brought out a budget: wait two or three years and everything will be settled. He has not had any impact whatsoever on that. His deficit is higher this year than it was at any time in the past where he had control of it. He is not having any impact on his deficit.

We also see in the press and we hear from the Members opposite today that they are very upset with the offloading that the federal Government is doing on the provinces. This is not something new. The Minister of Agriculture (Mr. Findlay), I think, can attest to the fact that this offloading on the provinces is not something that started yesterday. Agriculture has been one of the best examples where offloading has been going on for quite a long, long time.

We can look at the things we have lost, first of all, Mr. Speaker. One can argue the pros and cons of whether it should be discontinued or not, you can argue both sides, but we have lost the two-priced wheat system which was a minimal, minor benefit to farmers in western Canada. We have lost the interest-free cash advances on grain, once again individually not a very important issue perhaps but, in conjunction with all the other things that happened, it has been significant.

We have lost what was regarded as primarily a federal function in crop insurance until recently. Perhaps the Minister can nod his head and tell us whether or not this decision has been made or not. Will the Province of Manitoba pick up 25 percent of the total cost of crop insurance in 1990-91? That is the intent of the new legislation. Prior to that we only paid the cost of the administration. Obviously that is going to cost the province a lot more.— (interjection)— Well, it is going to cost a lot more, and I think the Minister, at one time, was reasonably satisfied that they should try to maintain that as a full federal responsibility rather than have cost-sharing with the province.

We had a drought program. Here again the Minister of Agriculture (Mr. Findlay) was going to make an attempt to keep that so it was strictly a federal fund, but he got cut off at the knees in a sense, because his neighbouring provinces were not prepared to take a common stand with Manitoba and make sure that the federal Government did not offload part of that on to the provinces.

We have a lot of these things where this offloading has taken place quite a long time ago. Those Members opposite, who in many cases are farmers, know the situation that western Canadian farmers are faced with this spring. You are going to have many farmers who, on the basis of past practice, are going to go into a lending agency this spring looking for a line of credit in order to be able to conduct their farm affairs.

I would ask the Minister of Natural Resources (Mr. Enns), what is the common line of credit that a farmer on an average-size operation needs, 75,000 or 100,000? They are going to walk in there and what are they going to have to pay for that? They are not going to get it at prime, probably not even at prime plus one.

I was talking to farmers who are anticipating finding themselves paying 15 and a quarter to 16 percent interest—

An Honourable Member: 17 and 18.

* (1630)

Mr. Laurie Evans: —17 percent if your credit is not that great, I suppose, or if the banker thinks that you are operating a relatively risky operation.

These are the type of things that farmers are going to be faced with, and where did agriculture show up in the federal budget? I do not recall seeing anything of significance related to agriculture in the federal budget. They talk about the feed board being dissolved. Well, that is insignificant to western Canada. The only thing that Michael Wilson said about agriculture is it could be covered through a contingency fund. Surely to goodness, Mr. Speaker, agriculture deserves more than to be identified as something that could be looked after as a contingency.

We do not need to be told that we have problems in western Canada. Many Members opposite and Members on this side have travelled through southern Manitoba recently, which I have done in the last couple of days again. You would think, if you did not step out

and feel the temperature, that you were talking in terms of perhaps April out there. It is black, there is no snow. A couple of warm days and they could consider going out and seeding if they were so inclined, but they probably would not seed because it is too darn dry. They could not get anything to germinate or grow.

We have had a drought and it is not an '88 drought, it is not an '89 drought. That drought in parts of western Canada and southern Manitoba have been going on for several years. Surely Mazankowski and the Minister of Finance, Wilson and the Prime Minister do not need to be told that we have a catastrophe and a bad situation in southern Manitoba. What are they going to do about it? Are they going to wait until the Minister of Agriculture can provide detailed figures from crop insurance to prove what we already know. We know where the drought occurred. Those farmers need assistance before they go out to plant this spring, not afterwards.

We also are now being asked by Grant Devine, Earl Geddes, the president of KAP, what are you going to do about a special grain payment because we are caught in the throes of the price squeeze, the war between the EEC and the Americans. We have seen now an export enhancement program of \$900 million. There is no way, regardless of what happens, unless it is a drought or a disaster across much of the production area, that we can anticipate a great improvement in grain prices.

We should be looking already at something in terms of a special grain payment to compensate for the low prices and something in the terms of a drought assistance program to compensate for the drought. One is not contingent on the other. You can have a good crop, but if it is not worth anything you are still going to have a very difficult time surviving. Nothing was said about that in the federal budget. They just ignored western Canada. They have offloaded these things on us for a long, long time and some Members opposite sound as though this is the first time this has happened. It has been going on now for several years, offloading the what should be federal responsibilities on to the provinces.

The Members opposite say, what can we do about it? Maybe there is nothing you can do about it if you are not prepared to try, but I would suggest, Mr. Speaker, -(interjection)- well, share the load, but when you get to the point that there is nothing to share there is not much point in doing that.

Perhaps it is time that Members of principle such as the Minister of Natural Resources (Mr. Enns) would stand up and say if this is the way that a federal Tory Government is going to treat us perhaps it is time that some of them took some symbolic action and maybe resigned from this Cabinet and said we cannot operate in co-operation with a federal Government of the same Tory stripe. If they are not prepared to co-operate and do something with us, let somebody else come in that can be more effective and deal more effectively with those Tories down there that will not listen to their clones from Manitoba.

Mr. Helmut Pankratz (La Verendrye): Mr. Speaker, it is also a privilege for me to take part in this debate

in regard to our emergency debate and the Third Party Leader in respect to the budget. I do not think there is anybody in this House at the present that actually agrees with the federal budget and the way it is being implemented. We naturally do feel that the federal Government to some degree is offloading and we agree with what our Finance Minister indicated and what he was recommending.

We just heard a really fire and brimstone speech from the Member for Fort Garry (Mr. Laurie Evans) that seems to have all the answers and all the solutions to our financial provincial and federal problems that we are having. But I do have to put on the record also, in 1984, when the federal Leader showed the West the finger, and when we had a \$174 billion debt, there is an interest that has to be added on, plus a deficit annually that has to be recognized. It seems to me that the Opposition Party is not realizing what dilemma they left this federal Government in in 1984, the Mulroney Government.

I am by no means agreeing with everything that the Brian Mulroney Government is doing at the present time on the federal level. There is no question about it; I would wish that the federal Government would have shown a little more restraint. That is definitely something that I would wish that we, as Members in this House, would be able to, collectively, recommend to the federal Government, that they should have shown a little more restraint, not by only offloading, but as we all realize when you get into Government that some of these things that you see so easy from being in Opposition, when you are in Government are not quite as easily to be offloaded.

I want to state something that our provincial Finance Minister (Mr. Manness)—you know, we in Government today have been wrestling with it and have been able to cut the personal income tax, have been able to reduce payroll tax—increased funding to basically all departments: health care, everything of that nature. Mr. Speaker, we all must get our house in order, and I think if one message that comes out loud and clear in our federal budget today it is that provinces will have to address their needs, and the federal Government will have to address its needs. What we were heading for is basically, like a lot of people were saying, that Canada was broke. Is that the reputation that we want to have and we want to follow?

Mr. Speaker, I also have to mention that we have today already had 130 days in this Legislature, 130 days in this Session. We have had 240 hours debating our budget and about 10 departments have not even been touched on. I think this shows that we, even on a provincial basis, should realize that we are spending the taxpayers' dollars on a day-to-day basis, which is \$67,000 a day, to keep this House open. We should be concerned about the money that we are spending and to what degree it is being spent wisely.

I believe that we are, right today already, spending this money in a very unwise situation.-(interjection)- Well, Mr. Speaker, I think when it comes to borrowing money, and like the Finance Minister has indicated, where money today—borrowing money in Canadian funds is scarce. In 1984, I believe it was, yes in 1984—

Wednesday, February 21, 1990

pardon me, in 1974—the previous administration, the NDP Government, borrowed in Swiss francs. They borrowed \$20 million in Swiss francs which today MTS has paid out, and those \$20 million today cost the Treasury Board \$73 million. That just shows us that if we go offshore in a market that we are not familiar with, and a market that is not stable, what can happen to our own finances and our own costs of borrowing.—(interjection)— That is right, that is right, the Member says what is the actual real cost of Saudi Arabia? I believe we will never know what the real cost of Saudi Arabia will be or has been. We have been—

Mr. Speaker: Order, please; order, please. The Honourable Member for Brandon East, on a point of order.

Mr. Leonard Evans: Actually, Mr. Speaker, the Member mentioned borrowing in Switzerland, and I just wondered if the Member would submit to a question right now because he is attacking borrowing from Switzerland. Would he submit to a question now? —(interjection)—

Mr. Pankratz: Mr. Speaker, I really do not know what the Member for Brandon East (Mr. Leonard Evans) was saying because there is so much noise coming from behind me that I could not—but whatever question he has, after I am through with my speech, if he has any questions I am prepared to try to answer those questions if he wants to.

Mr. Pankratz: Mr. Speaker, the Member for Brandon East (Mr. Leonard Evans) who spoke before the Member for Fort Garry (Mr. Laurie Evans) indicated that the debt that we have today, the carrying charges, were not a big impact on the economy of the provincial or, for that matter, the federal Government. We just realized from a Member who was in Government 22 months ago when we were running into \$500,000 annual deficit a year, \$500 million—pardon me, I have to get those figures right.

* (1640)

Mr. Speaker, I would like to ask the Members in this House whether they know how much \$1 billion actually is. I think most people do not realize really what \$1 billion is. If you take thousand dollar bills and pile them one on top of the other, and you take a thousand of them, that is now \$1 million. That is about eight inches thick. Now you do that times one thousand and then you have \$1 billion.

Mr. Speaker, behind my house I have a microwave tower that is 580 feet tall and to have \$1 billion stacked in thousand dollar bills is 666 feet high. When we accumulate all our debts that we have in the Province of Manitoba today we have \$12 billion worth of debt. That means we have 12 piles of thousand dollar bills, 666 feet high, 12 of them, as a debt for the Province of Manitoba right today.

Then the Member for Brandon East (Mr. Leonard Evans) has the audacity to put on the record that the debt basically has no reality to our income or the stability of the Province of Manitoba. We can see what it does to our federal Government. It disrupts —(interjection)— now the Member for Brandon East is indicating that basically the provincial debt he feels does make a difference which they imposed on us, and it is the federal debt that does not. He can maybe correct his comments later on when he is through with his speaking notes.

Mr. Speaker, I would like to touch a little bit on the cost of what this does to our health care and our post-secondary education, because I definitely believe these transfer payments are very important to the Province of Manitoba.

Mr. Speaker, I can also remember in 1985 when Larry Desjardins was the former Member of the Liberal Party, who then crossed the floor to the New Democratic Party and then was the Minister of Health in the New Democratic Party for quite a number of years. At that time he came to see us at the hospital board in Steinbach and he indicated we are in deep trouble with our health care services because the funding is not available to keep up the services that we are going.

I must say that this Government and this Minister of Health (Mr. Orchard) and these Ministers in charge of our finances are doing their best to cope with the present conditions. Like the Minister of Finance (Mr. Manness) already indicated, our educational system and our health care system would not be tampered with and would not be in jeopardy because of the fiscal offloading to the provinces. That is a good sign.

I think in all fairness I have to give our Government a lot of credit; they have been trying to keep the finances in order. We have a little bit of a reserve fund which was put aside and which was being criticized so much from the Opposition Members. I think now in this case they will see where that will be very convenient to be able to put your hand in the other pocket and be able to draw some money from a different reserve fund. Basically, the previous administration had drawn the money out of every opportunity possible. They had not considered the future at all and their financial dilemma that they left the province in when we took over.

Mr. Speaker, I think what the federal Government again has done is not something that we at the provincial level naturally agree with. I think it is something that the Province of Manitoba and our Finance Minister (Mr. Manness) will do everything in his power to try and cope with and see that the Province of Manitoba will be in a good situation after this. Thank you very much.

Mr. Speaker: Order, please. The Honourable Member for Brandon East.

Mr. Leonard Evans: I believe the Honourable Member agreed to answer a question.

Mr. Speaker: Order, please. The Honourable Member's time has expired. Is there leave? Agreed. The Honourable Member for Brandon East.

Wednesday, February 21, 1990

Mr. Leonard Evans: Thank you, I wonder if the Honourable Member is telling us that he is against borrowing from Switzerland. Is that what the Honourable Member is telling us? Is he against offshore borrowing? I just wanted to get that clear. I have two questions.

Mr. Pankratz: Mr. Speaker, first of all, I would be personally against borrowing, No. 1, period. Then secondly, if you must borrow, by all means it should be borrowed internally, if you can, in Canadian dollars. No. 1, we should try not to borrow money at all; that would be the best.

Mr. Speaker: Order, please. The Honourable Member for Brandon East.

Mr. Leonard Evans: My second question, is the Member aware that—

Some Honourable Members: Oh, oh!

Mr. Speaker: Order, please; order, please.

COMMITTEE CHANGES

Mr. Speaker: I will recognize the Honourable Member for Gimli with his committee changes; then I will recognize the Honourable Member for the Interlake. The Honourable Member for Gimli.

Mr. Edward Helwer (Gimli): Mr. Speaker, I move, seconded by the Member for Lakeside (Mr. Enns), that the composition of the Standing Committee on Industrial Relations for Thursday morning at 10 a.m. shall be amended as follows: Hammond for Driedger (Emerson), Helwer for Ducharme, Enns for Gilleshammer, and Burrell for McCrae.

I move again, seconded by the Member for Lakeside (Mr. Enns), that the composition of the Standing Committee on Industrial Relations for Thursday at 8 p.m. be amended as follows: Driedger (Emerson) for Helwer, Ducharme for Praznik.

Then for the Friday at 2 p.m. session: Helwer for Ducharme, Oleson for Burrell, Neufeld for Driedger.

Then for Saturday at 10 a.m.: Ernst for Oleson, Premier Filmon for Enns, Pankratz for Neufeld; and for the Saturday at 2 p.m. session, Ducharme for Premier Filmon.

Mr. Speaker: Agreed? Agreed.

The Honourable Member for Flin Flon (Mr. Storie), committee changes.

Mr. Jerry Storie (Flin Flon): Just on committee changes as well. I would like to move, seconded by the Member for The Pas (Mr. Harapiak), that the Standing Committee on Industrial Relations be amended: the Member for The Pas for the Member for Dauphin (Mr. Plohan), and the Member for Flin Flon for the Member for Concordia (Mr. Doer).

Mr. Speaker: Agreed? Agreed.

MATTER OF URGENT PUBLIC IMPORTANCE (Cont'd)

Mr. Bill Uruski (Interlake): Mr. Speaker, I am pleased to take part in this debate, because western Canadians, Manitobans in particular are, I am certain, very concerned about the slashing that is going on as a result of this federal budget to basic services to Manitobans.

Mr. Speaker, we have seen over the last number of months since the last budget, massive changes in how the federal Government treats the farm community, agriculture and rural communities in terms of their expenditures in that sector of our economy. We have seen offloading, and it was touched upon by the Liberal Agriculture Critic in crop insurance in the area of payments, drought payments, where the Minister of Agriculture (Mr. Findlay) resisted those advances and ultimately caved in, became the Conservative door mat along with his other colleagues, for his friends in Ottawa to continue the offloading. This budget just adds to that offloading, continually adding more costs to have-not provinces.

Manitoba, by all Canadian standards, receives approximately a third of its spending in education and health care from the federal Government and is considered, in terms of the national economic pie, a have-not province. This additional burden on Manitobans, not only will either reduce services which are being cut back already by the provincial Tories in health care and education, or taxes will have to be raised to keep those services at that position.

* (1650)

So, Mr. Speaker, this budget and the what I would say the apologists for the federal Government are sitting idly by and allowing the Wilson steamroller to roll over the have-not provinces and add these additional costs to Manitobans. The farm community will be particularly hit by this federal budget. While there are no measures that have been indicated in this budget that will affect the farm community, the farm community is just now going to be facing the changes out of the last budget, some \$300 million of cutbacks to agricultural spending. We have over \$200 million in the reduction in the federal fuel tax rebate to the farm community will add additional costs to the farm community.

We have had the changes in the advance payments to grain. With commercial interest rates hitting 15 to 16 percent, what we are finding is that farmers in this province, being cash short, will have a very difficult time, a greater difficulty this spring in putting in their crops.

Mr. Speaker, I wanted to get up on this one issue because yesterday, Sir, the Minister of Agriculture (Mr. Findlay) chastised me for bringing to this House what he characterized as and I quote, "false information on the basis of the questions that are raised about the farm community." On page 5414 of Hansard he says and I quote, "I am disappointed that the Member puts false information on the record. He says thousands of Manitoba farmers are facing bankruptcy." That was the

statement that I made, and then he says, for information, in '88, 26 bankruptcies and then last year 27, that is not thousands. Mr. Speaker, I said facing bankruptcies; I did not say actually declaring bankruptcy.

The Minister of Agriculture (Mr. Findlay) in this province should be aware, out of the studies that are coming forth from his colleague, the Minister of Agriculture in Ottawa, of Manitoba farms which are in financial difficulty. If we look at their own statistics—and the Minister's own department should have these statistics—we see that the total number of census farms according to the adjusted figure by the federal Government is 23,466 farms, as adjusted from the last census.

The cash flow of these farms as projected, which is income that is left over for personal spending after the expenses are there, not counting depreciation, as I have been able to determine, is cash flow under \$10,000. Virtually no family could survive on under \$10,000 of income available to them before they pay their income taxes. That is their living expenses, not counting depreciation that they may be able to claim, but they certainly cannot feed their family on depreciation.

Mr. Speaker, between 10,000 and 20,000 farmers, \$10,000 and \$20,000, 3.4 percent of those farms are in actual financial difficulty. I say that because they have equity under 50 percent. I would say that any Member in this Chamber or anywhere would say, if a farmer has less than 50 percent of his equity left remaining in his farm and actual living cash flow that is available to him is under \$20,000, they are in difficulty. Would you not say that? I am sure you would. So out of a total, just of that figure of under \$20,000 we have almost 1,800 farmers in the Province of Manitoba, by the most recent federal statistics—and this is '87—and times have worsened. This year will be a worse year.

So if we say that 1,760 farmers, I am certain by all accounts, are in financial difficulty, then certainly the Minister of Agriculture (Mr. Findlay) cannot say to the farm community, and I quote, "The farm community is very strong and healthy," when you have close to 2,000 farm families in severe financial difficulty. Let us take the over \$20,000 remaining in income. I did not use that figure, because if you use the cash flow of over \$20,000 in that figure and still have under 50 percent equity, which would be fairly serious, Mr. Speaker, you would have almost 3,050 farmers in this province who would be considered in financial difficulty.

These are figures that are put forward by the federal Department of Agriculture out of their recent survey, so the Minister of Agriculture in this province better not delude and try to make the case that somehow the farm community is carrying on very fine.

I will be the first to say, Mr. Speaker, that about three-quarters of our farmers, well, it is not quite three-quarters, it is about 68 percent, but let us say three-quarters of our farmers in this province, by all standards of calculation even though there is about 14 percent of that 70 percent, have less than \$10,000 of income for their living expenses. I am putting those in that category, so that there is about 16,000 farmers, 15,800, say 16,000 farmers who are what can be considered in reasonable financial shape.

When you start moving down from that 16 to 23, Mr. Speaker, you are looking at close to 7,500 to 8,000 farmers with some pressure on them. The Minister of Agriculture (Mr. Findlay) had better not stand up in this House and try and leave the impression in the media that somehow the farm community is doing great, because I will go around this province, use his statements and indicate to him that there are difficulties. Even his own mediation board, Sir, when one looks at the 1988 record, we had approximately 100 applications for mediation, just on mediation between January and April.

Mr. Speaker, last year, '89 year, that jumped to over 150. One could say that is a 50 percent increase in requests for mediation. Now, mediation is also—and that is under Part III, those are foreclosures. Those are not the mediation requests under Part VI of the Act that farmers come voluntarily. These are actual foreclosures that are put forward by the bank.

Mr. Speaker, this Minister of Agriculture (Mr. Findlay) has left the impression that somehow Manitoba farmers are in very good shape. He really is selling the farm community short. He is not allowing the farm community the due and the need that they have out there. Whatever aids can come, this Minister should be standing up and saying, let us use this aid to put a minimum income proposal for those farmers who are in financial difficulty and by whom more than 25 percent are under the age of 35.

Mrs. Iva Yeo (Sturgeon Creek): Mr. Speaker, I am not at all pleased to have to stand in the House to talk about the budget that was presented yesterday by the federal Finance Minister. If Mr. Wilson had used past experiences and performed better in the past, perhaps he would not have had to do the kind of thing that he has done in chopping and slashing.

I guess my greatest concern lies in the area of the needs for post-secondary education settings. Universities, community colleges and in fact vocational schools of varying kinds have had difficulties for several years now. There have been articles entitled "Reach for the Mediocre." Canada's universities are a disgrace, a national disgrace.

* (1700)

When we see articles such as those and then we hear what is going to happen or not happen to grants to universities, we cannot have great fear and concern for what may lie ahead for the future Canadians. When we think that our future lies in the hands and the minds of the young people who are today in the school system and, hopefully, many of them going on to the university systems and the community college systems, and we hear the rhetoric from the Prime Minister, we hear the great words of belief, and education is the key for tomorrow, and we realize that these are but words with very little action, very little effort and very little meaning behind them.

Anybody can stand up and say whatever they like, and the old phrase "actions speak louder than words" is more true, I believe, certainly more true in the political

world. When I have heard the words that have taken place in this very House and see, in many cases, the lack of action behind those words I realize that no more than in the political world is that phrase quite appropriate.

When I look at our own four universities in Manitoba I realize that No. 1 are programs. When I started to think about the problems of the lack of funding, even more so than we have seen in the past, and I tried to outline in my own mind what would the biggest problem be, programs was certainly the area where I think the biggest concern lies. Certainly the most obvious would be the facilities, the buildings that are located around our province, the buildings that are in many parts of our campuses actually crumbling and in tremendous need for fairly big dollars to get them back into the level of easier maintenance.

I think when we look ahead to the year 2000, which is not very far away, a mere decade, and we know that the era of technology, we are well into that particular age. When I speak with young people today who are attending the universities, young microbiology students or biochemistry students, or chemistry students who are using outdated, antiquated equipment on which to try and learn, when they are using microscopes that belong not on university campuses, but in museums. When I talk to students who are taking computer literacy courses and when they tell me that they have to go out to the campuses to wait for sometimes four and five hours to access the few computers that are located out there because the lineups are so horrendous, and because of that many of these students are saying, well who wants to go on and take further computer courses because there is not enough equipment and we cannot practise.

(Mr. Parker Burrell, Acting Speaker, in the Chair)

They sit in a classroom of 150 students, 100 to 150, and the professor may give each of these students the same assignment to be submitted on the same date, a few days hence or a week later.

The odd student has access to a personal computer. My own daughter is one of those, and she does have access to a personal computer, the one at my constituency office. Unfortunately, that personal computer is not compatible with the ones that are used at the university, so it does not help her one iota. She and a couple of her friends have found that the only time they can use the computers at the university without terrific line-ups, Saturday night—1 a.m., 2 a.m., Sunday—11 o'clock to 3 or 4 a.m., and then they have to go to university classes the next morning. We are in the technology age and that is the kind of service we can give to the young people who are keen and interested. With this budget slashing our chances of increasing the computers that are there for the use of the generation that is going to pay our pensions, hopefully. These young people are being shortchanged.

When we look to the student aid, my goodness gracious, I am sure each one of us has had students come to us and say, we have applied for student aid, we want to take courses, but the money is not there, or the bureaucracy is so horrendous that we cannot

access the money because the money is so tight that they have made it more and more difficult for students to access.

I have heard such things as sports equipment. Now one can argue, do you really need a lot of sports equipment at the universities? The kids are there to learn. But in this day and age we are talking about the whole body and the health of mind and body, and the individuals at the universities are very competitive. In order to keep that competitive edge, we need to have good sports equipment. We want to be able to keep up with other universities, other colleges, and we are certainly going to be falling behind even more so.

The same thing with music. Music is a good way for students to express themselves in a variety of ways. I know when I was a student at the University of Saskatchewan I used to enjoy going and listening to a chamber music group that practised on a Sunday afternoon. I was a lonesome Winnipeg girl living in Saskatoon. What do we have at our campuses? What can we expect to obtain when in fact the Wilson budget has chopped and slashed and is going to make it more difficult.

Teaching aids. You know we have a lot of technology that professors can use. We have overhead projectors and various machines that professors can use to enhance their teaching skills and their teaching abilities. Mr. Acting Speaker, all of these things cost dollars and, in fact in Manitoba, which my Leader has been accused of referring to Manitoba as a "have not" province, when in fact in our newspaper Manitoba was referred to as just that, a "have not" province. I do not think I live in a "have not" province. I live in a wonderful province, but unfortunately time—

An Honourable Member: Time has expired.

Mrs. Yeo: Thank you.

Mr. Jim Maloway (Elmwood): Mr. Acting Speaker, I thank the Minister for Rural Development (Mr. Penner) for allowing me to assume his turn. I am sure he will make up for it when his time comes.

The federal budget yesterday obviously has provided us with a focal point for an emergency debate today. I want to go back and spend a couple of minutes talking about the history of the Government that brought us this budget yesterday. Just two years ago, six months prior to the 1988 federal election, where was the problem with the deficit at that time?

At that time Mulroney was making promises, a billion here and a billion there, attempting to buy the electorate with their own money, as the current Government used to say when they were in Opposition, and attempting to win the by-election that Mr. Bouchard won in Quebec. There was no talk at that time about the problems with the federal deficit. Once the election was over in 1988, within six months all of these spending projects that were announced six months prior, before the election, were forgotten about, and now the deficit became a much more serious problem again. That was public enemy No. 1. What I would like to know is where was it in the run-up to that federal election?

* (1710)

I think my colleague, the Member for Brandon East (Mr. Evans), dealt in-depth a little bit earlier with the whole concept of the deficit, how relative and how relevant it is in the context of the whole economy of the country. We on this side of the House admit that deficit presents a problem to any Government, because when it gets too big in relation to the total goods and services in the country, the interest rate that has to be paid does draw down on the resources of the country.

We too recognize that there is some urgency or some need to pay some attention to the deficit. The fact of the matter is, however, that we disagree with the method by which we are to tackle the problem of the deficit. The Conservatives think that somehow if you reduce taxes to corporations, if you increase the taxes on individuals, that is their method of dealing with economic policy in this country.

We feel that there are several alternatives that the Government has. We have said for years that the Government should take several measures to reduce the deficit that up until now they have not done. One is the collection of back taxes. There is an enormous amount of money that is owed by individuals and by corporations in this country that remains outstanding and has not been collected. I believe it was Governor Dukakis in the United States, the last person I am familiar with, who ran for election on the basis that he would go out and collect those back taxes. In fact, when he became the governor, he succeeded in collecting a tremendous amount of them. It does not bode well for the people who pay taxes when certain individuals and corporations out there are allowed to slip through the loophole.

Another argument that we have had in dealing with the deficit is that we should change the tax system to eliminate loopholes for corporations. Twenty years ago there was, I believe, some sort of equilibrium in the collection of taxes as between corporations and individuals. I believe the figures that I saw were roughly perhaps 50 percent of the total taxes in the country were being brought in from corporations and another 50 percent from individuals. What has happened to those figures over the last 20 years?

The fact of the matter is that progressively over those years the percentage of the total taxes that have come in from corporations has dropped as a percentage, and from individuals as a group have increased. So what that tells me is the burden of taxation has shifted over the last 20 years more in favour of individuals as opposed to corporations. So we have suggested that we eliminate the tax loopholes and treat the tax system in the old way of a buck is a buck and tax it on that basis and collect a higher percentage from the corporations.

These are better methods of trying to reduce the deficit than purely listening to business, because that is what this Government has done in the last—well, I mean all you have to do is look at the pundits and listen to what the pundits said after the budget came out on the TV last night. You had the people from the manufacturers association saying well, we have not gone

far enough, that we should have reduced it quicker and taken deeper cuts. I think the Member for La Verendrye (Mr. Pankratz), perhaps the Member for Rossmere (Mr. Neufeld) alluded to that earlier.

There are a number of people out there in society, primarily the business community, who think that the Government did not move fast enough and far enough last night. They feel that this is a lot of window dressing and that perhaps the deficit should be slashed a lot quicker and a lot faster. What the Government has done of course is simply suggested that there are no tax increases, and that is a different issue because we know darn well that there are tax increases. I mean what is the GST if it is not a tax increase, and they are getting a free ride with the media when the media are somehow trying to sell the view to the people out there that somehow this budget came through last night with no tax increases. The GST is a tax that is being brought in.

The other element that we have to consider here is the fact that there were taxes that were brought in, in last year's budget, that are taking place right now. So in a strict sense of course they are correct in saying that there are no new taxes in that budget, but the fact of the matter is that the people in this country recognize what this budget is all about and the whole general direction that the federal Government is going into. Really, it ties in directly with the free trade deal and that whole effort of harmonization with the American economy. That is what we are really up to here.

The federal Government is doing—all of its efforts are being made with the long-term view of where the free trade deal is taking us and that is where—so we have lost control. We have lost control of our budget process, because it is really under the control of the American system. We are operating in lock step, arm in arm, with the American Government and with their system of operation and Canadians are suffering because of that.

The fact of the matter is that this Government is not sovereign anymore. If you look at the interest rates that we have in this country right now, and you have to look at the premise that the Government has used to bring in this budget, it reminds me of somebody on a teeter-totter, or a person trying to walk a balance beam. Look at the assumptions that the Finance Minister came up with yesterday. He has projected interest rates to, I believe, average in the neighbourhood of 10 or 11 percent over the next year, and we are already at what? 13, or is prime 14 right now?

His assumptions are also based on an inflation rate, I believe, that is (interjection) 4.7 the Member for Transcona (Mr. Kozak) suggests, when in fact I believe the month of January showed a 1 percent increase in the inflation rate. If you take that over a year, that would be a 12 percent inflation increase and he is suggesting 4.7. These assumptions that he is making are already not reality, it is just not there. For his scenario to work out, we are going to need interest rates dropping dramatically in the next days and weeks and couple of months, and we are going to have to see a slowdown in the inflation rate from a 12 percent inflation rate,

that last month would indicate, down to a 4 point something. The chances of his scenario working out I think are almost nil.

He is also suggesting that he is going to get the deficit down to \$28.5 billion next year. Then he shows in two years, I believe it is \$16 billion, and then in three years is \$10 billion. I wonder about that because I would have thought that a Government in mid-term would normally try to dish out all the bad medicine now and try to go for extreme cuts at this moment and then in two years sort of bring out the goodies. In effect what he is suggesting is that in fact in two or three years it is even going to be worse. The Minister of Energy (Mr. Neufeld) is suggesting the GST, and that is probably where the anticipated revenue for the future reduction of the budget is going to come from. In actual fact we still are looking at a deficit of in the \$350 billion range in total. We are going to add another \$30 billion to that, in an economy that is basically slowed down and stopped.

* (1720)

Mr. Richard Kozak (Transcona): Mr. Acting Speaker, I cannot say that I rise today with any particular enthusiasm and for a reason well expressed by the Minister of Highways (Mr. Albert Driedger). The Minister of Highways is a charming and personable gentleman and a major contributor to the debates of this Chamber, but I have to confess that I rarely find myself in agreement with him. However, I do today.

To paraphrase the earlier remarks of the Minister of Highways, the federal budget tabled today is a fait accompli and the Tory majority in Ottawa will pay absolutely no attention to anything said in this or any other provincial Legislature today.

I would like to focus the blame more precisely and suggest that Prime Minister Mulroney will in his arrogance listen to no one on any occasion and to further suggest that no one in his caucus has the intestinal fortitude to contradict him.

Indeed, the very heart of our debate this afternoon is the lack of intestinal fortitude that reigns supreme in our federal Government. As a Canadian, Mr. Acting Speaker, I am ashamed, and this is a non-partisan statement, to be forced to acknowledge the fact that we have a federal Government from which we can expect no leadership, no sign of strength, at a time when this country faces recessionary conditions that absolutely require strength of mind, intelligence and firmness of purpose from our federal Government. We see none of that and we need it.

For six years, the Party of phony fiscal responsibility, the Tories, have lectured us about a federal debt run wild. They have lectured us saying that we need firm measures to ensure that Canada's competitive position around the world is not impaired, and irreparably impaired, by a federal deficit run wild.

What do we see? Well, under the Mulroney Government, this debt run wild, to use their words, will reach \$400 billion some time in 1991—\$400 billion after six years.

This Government at the federal level continues with no remorse to serve up to us federal deficits exceeding \$30 billion. They have made no progress, Mr. Acting Speaker, in reducing the deficit and our accumulated debt position despite their firm protestations to the contrary. Shameful!

Like Manitoba's succession of weak-willed provincial Governments, both of the NDP and Conservative variety, the federal Government has missed its opportunity to use the past good performance years, the past seven years, to achieve deficit reduction, and thereby to ward off the troubles that come with a recession. If firm action had been taken over the previous seven years, we would today be able to entertain stimulative action that would benefit the citizenry of Manitoba and Canada instead of facing a restrictive federal budget that promises nothing but suffering and recession according to the technical definition of the word.

The cost of this lack of strength has been a slow agony of taxation increases, spending cuts and high interest rates which will not fail to destroy our economy in the not too distant future. I hope, Mr. Acting Speaker, that I do not have a reputation in this House for being an alarmist, but indeed, Sir, I am alarmed today. I know that my colleagues in my own Party and my friends in the other Parties to a varying degree share my alarm. Thirty-one times in the last six years we have faced tax cuts from this federal Government, this Tory Government, that have failed to make a meaningful dent in the deficit, that leave us today with another projected federal deficit of over \$30 billion.

(Mr. Speaker in the Chair)

Over that entire period this Government, a Government that preaches fiscal responsibility, instead of taking firm action has undertaken slow and agonizing spending cuts that have hardly made a dent in the deficit and that have been fully offset by the accompanying growing burden of debt servicing costs. We are no further ahead after six years of agony under the present federal Government.

At the same time, due to the lack of intestinal fortitude on the part of this Government, Canada has today lost control, I repeat, lost control over its own interest rate policy. Today this country that we like to consider great has fully \$260 billion in foreign debt outstanding, debt to foreign governments, debt to foreign banks, debt to foreign corporations, at the federal level, provincial level and, in addition, debt by businesses and individuals in Canada.

Mr. Speaker, if the debt of this country were domestic, as my good friend, the Member for Brandon East (Mr. Leonard Evans), suggests, we would today be able to set our own interest rates; we would today be able to set the level of debt we please. We would today be able to stimulate an economy that is fast sliding into recession, an economy that in Manitoba has satisfied the technical definition of recession for fully the last nine months. We are in the hands of the foreign currency markets, and we owe \$260 billion to them, thanks to the lack of will of our federal Government.

At the same time, the Japanese and West Europeans are raising their own interest rates, and they demand

a pound of flesh in interest rates from poor supplicant Canadians that are at their mercy for loans, that have the most unmanageable debt in the western world. I point out that the debt of this country far surpasses that of Brazil on a per capita basis, and I am concerned today as to where we are heading.

I want to be constructive, Mr. Speaker, and with the indulgence of the House, I would like to suggest what Finance Minister Michael Wilson can do now; I would like to suggest what Bank of Canada Governor John Crow can do now, because they can deliver a glimmer of hope. The first thing they can do is to resign ignominiously in recognition of their limited spine and their limited mental capacity that has delivered us into an impossible situation.

Secondly, Mr. Speaker, they can bring down the deficit dramatically so that confidence in the Canadian dollar can be restored, and so that interest rates could drop. They would have us believe that this is a painful process that must be accomplished at the expense of health and education programs. That is a specious argument. At the same time as the cuts we face today are being made, a 5 percent increase in the area of defence is taking place while our major alliance partners are cutting their defence budgets. There is limited scope and there is also limited dedication to introducing internal economies at the federal Government level. I would suggest that the Government should be more aggressive in that field.

* (1730)

Thirdly, and I will just say two more sentences, Mr. Speaker. The third alternative is to accept a decline of the Canadian dollar so that interest rates could fall.

These measures are despicable measures, Mr. Speaker, but they would at least offer Canadians a glimmer of hope. I would suggest to my colleagues in this House that we face these measures inevitably in any case, because of the lack of intestinal fortitude of the Mulroney Government that makes these measures the only possible measures for the salvation of our country. Thank you, Mr. Speaker.

Hon. Jack Penner (Minister of Rural Development): It really gives me no great pleasure to be able to rise today in the House to speak on an issue, I guess, that is of concern to all of us. The cuts in spending by the federal Government I suppose is something that has been welcomed by many people in this province as well as any other areas. I think it is time that we recognize the difficulty that taxpayers in this country are in. I think it is time that we recognize the huge amounts of monies required to meet the payment of interest and other expenditures in this country. Therefore, I think it is somewhat to be expected that the federal Government would move to reduce their deficit, and it should be applauded, for the reduction of the deficit.

However, I want to say, the manner in which the federal Government decided to reduce the deficit, by offloading on the provinces, is something that is simply not acceptable to us or, I believe, any other provincial

Government. I want to today express my concern about the manner in which the federal Government has attempted to bring its expenditures or a reduction of taxes in line.

I believe, in the final result, what will happen is that we as a province will be required to raise additional funds somehow, or cut expenditures to bring our expenditures in line, to keep our budgets in line, and it will cause some difficulty. The federal Government will cause some difficulty to those areas where transfers are made from the federal Government to provincial Governments in health care support, educational and other areas. I believe it is important that we recognize that the federal Government, if they had so sought to do, could very well have caused a decrease in spending in other areas that would not have affected those institutions that we hold so dear, and need.

I believe there are many areas where a Government can in fact decrease the expenditures of money without causing great difficulties to its population. Our defence system, I believe, needs some overhaul and does need some reworking and I believe there are many areas in that area where we could have in fact decreased expenditures. We could have in fact decreased our civil service in many areas of the province. There are many programs that, I believe, if a federal Government would really attempt to search out, could be deleted and therefore decrease further its expenditures.

I believe it is important to note that this budget will in fact transfer some \$25 million, 1.6 percent a year to the Province of Manitoba. It will also—while the federal Government in fact will increase its expenditures by some 3.4 percent. I say to you, Mr. Speaker, that is not acceptable.

However, I find it interesting that the somewhat glib comments that have been made by the Liberals, the Liberal Party in this House, from time to time and the way they have conducted themselves in this House, would lead me to believe that we would be much, much worse off if there was a Liberal administration in Ottawa as there was some four or five years ago. I think under the Trudeau administration, the Trudeau Liberals have left us with a legacy and have left us with a debt load that will cause many generations great concern.

I think we need to applaud Mr. Wilson and his efforts to bring that deficit and debt load down. Had the Liberal administration of the past—almost 40 years, I suppose, we had Liberal rule in this country—had they at any time done a search of expenditures and an analysis of expenditures and their operations, as this Conservative administration is doing in Ottawa, I believe that we would have a different Canada today and that we would be able to provide services to Canadians at a much, much lesser cost than we are today.

It is a clear indication to all Manitobans and to all Canadians to beware of the next time that we go to the federal polls and not allow ourselves to be drawn into even thinking of supporting the Liberal Party because it is their ineptness and their mismanagement that has led to the total chaos in economics in this country. I think we should never forget that.

I think it is also important to note the provincial Liberals in this Legislature and how they have conducted

themselves when we as a Government attempted to reduce expenditures and reduce taxation of our people. It is interesting to note that the Liberals voted against reducing income tax. The Liberals in this province voted against reducing the payroll tax. They voted against supporting the farm community. They voted against supporting and encouraging industrial development in this province. They voted against creating more jobs. I believe, Mr. Speaker, that Manitobans will take a long time in evaluating and will deal very harshly with the Liberal Party in this province.

Similarly, I think we need to reflect on what has happened in this province over the last 20 years and how the NDP administration started off its mandate some almost 20 years ago in a spend, spend, spend era, when incomes to Government were going up and up and up. There was no effort made to decrease expenditures.

It was always, we were building, and we were putting more roofs on houses. As a matter of fact, we were building monuments to ourselves, never reflecting at all at what would happen some years down the road when those monuments would start needing repairs. The infrastructure would start crumbling and the expenditures would have to be picked up by somebody. Well, Mr. Speaker, that is what we face today. We are now experiencing the legacy. We are left with the legacy of mismanagement that the NDP in this province have left us with for so many years.

I think it is important that we recognize that this Government, this Conservative administration which is only short of two years old, has cut our deficit to the point of being almost non-existent. We have contained our spending. We have done all this while providing more services, more service in health care, in education. We have provided more expenditures in protecting our environment, to increasing our social services, and yet at the same time, Mr. Speaker, we have cut taxes, and the people of Manitoba have noticed.

* (1740)

I want to close by saying that if the people of Manitoba want good Government for the next period of time they will deal very harshly with both the Liberals and the NDP. I believe that we will be in Government for many years to come. We will be able to provide good Government and good leadership for the people of Manitoba for the next 10 or 20 years.

Hon. Bonnie Mitchelson (Minister of Culture, Heritage and Recreation): Mr. Speaker, I am indeed pleased, I suppose, to be able to add my comments, not so terribly pleased that we have to spend a day in our Legislature debating and discussing the disappointment that all Members of this House feel at the federal budget that was brought down yesterday. Michael Wilson and the federal Government, I do not believe, have done a service to our country of Canada or indeed to any of the provinces across this country with reductions in transfer payments and payments that are going to affect the health and education programs throughout our country.

Mr. Speaker, I recognize and I realize that no Government can continue on spending the way the

federal Government has been spending. We attempted and are attempting to address the situation here in our Province of Manitoba by effectively coming to grips with attempting to reduce the deficit while reducing taxes. It is something that no other Government across the country has been able to do, and especially the federal Government. We are facing the same problems right here with our own local City of Winnipeg administration having to increase taxes and place an extra burden on the taxpayers of our province.

We, as a responsible Government, over the last two years have decreased the deficit, have attempted to come to grips with the legacy that we were left with years of NDP administration and mismanagement. I will go back again to the election campaign in 1988 when I knocked on doors, and the issues were reductions in take-home pay to those families that just could not bear the burden of any less money in their pockets. Autopac was just the last straw, Mr. Speaker, on a Government that had overspent and overtaxed the people of Manitoba to death where they came to a point where they said enough was enough and chose to show through the election process their disgust with the former NDP administration.

We have attempted to pick up the pieces here in Manitoba and continue on to provide a better life with more money in the taxpayers' pockets. Unfortunately, the federal Government has not chosen to recognize and to go along with our way of dealing with the deficit situation and attempting to reduce the tax burden to the people specifically here in Manitoba. We are extremely, extremely disappointed in what we have seen come from the federal Government with this last budget. In fact our worst fears I believe were realized yesterday with the bringing down of the budget.

Mr. Speaker, we all have to attempt to deal with our provincial budgets the way I think we would deal with our own households. We realize and we recognize that we cannot overspend year after year more money than we take in because we would lose everything. We would lose our houses. We would be completely bankrupt and would have to depend on the social service programs provided for in this province if we ran our households like former NDP Government ran the Province of Manitoba and also like the federal Government is running our country.

They are not coming to grips with their own problems with the size of the bureaucracy that the federal Government does support, Mr. Speaker. When you have a fairly stable population as we have had in the Province of Manitoba, when you have a stable population, and you do not have more people contributing to the tax base and to the economy, you have to take a look at the size of the bureaucracy, and whether in fact the public purse can support that bureaucracy.

Under the NDP administration, we saw the bureaucracy increase, and when you talk about bureaucrats you are talking about people who are paid with taxpayers' dollars. It is the ordinary Manitoban, if I can use that phrase, that has to bear the burden of increased taxes to support our Government system, and if you do not have an increase in population you cannot expect taxpayers to be paying more just to support the system.

Mr. Speaker, there are many problems that we are faced with having to attempt to govern, and I do know we have, as a Government, acted responsibly, tried to come to grips with the situation, but we do know what the Liberals have said time and time and time again, as they have voted against decreases in the deficit, as they have voted against decrease in taxes for the people of Manitoba. They have continually asked us, as Government, to spend more and more and more. Where do they expect that money to come from that they are asking us to spend? It is ultimately going to come out of the pockets of the taxpayers of Manitoba.

Mr. Speaker, the taxpayers told us the last election that they had had enough of an NDP administration that increased taxes to a degree where they no longer were able to even afford to bring home a pizza for their family, never mind go out for a pizza, or go out for a movie, and that is where the working people of Manitoba turned their backs on the New Democratic Party and realized that there had to be an alternative and that there was an alternative. We were elected to provide the alternative solution to what the NDP had done to the Province of Manitoba, and we are acting in a responsible way, and we would hope that the federal Government would come to grips with their problems.

I think that maybe we could ask Brian Mulroney and Michael Wilson to come to the Province of Manitoba and maybe take a few courses or classes from our Premier (Mr. Filmon) and our Minister of Finance (Mr. Manness) who have acted very responsibly over the last two years of Government, with consideration for our social services, for our education programming and for our health care programming in this Province of Manitoba.

Mr. Speaker, you know you would think, by listening to the Liberals complain about underspending, that every dollar that is allocated to the bureaucracy and to the administration of running the health care system, or the education system, should be spent. We contributed major increases to our health care programming and to our social services programming and to our education programming, but if we do not spend every dollar on administration that is allocated in the budget, because we are able to more efficiently and effectively determine how to run the programs that we increased, I do not believe that we should have to spend that . . . Can I ask you how much time I have left?

Mr. Speaker, I would like to ask the Liberals what their solution is and where would they find the \$900 million, is it? that they have asked for over the last short period of time for all of the requests that they have made? I really do feel that maybe the Leader of the Opposition (Mrs. Carstairs) should hold a news conference today and tell the people of Manitoba where, or how, she is going to tax those people to provide for all of the requests that the Liberals have asked for over the last short period of time.

* (1750)

Mr. Speaker, she makes demands and requests on this Government to provide information today. Well, I

would like her to tell the people of Manitoba today what their strategy is for long-term financial management of this province. Yes, today, so that the people of Manitoba will know what kind of a bite the Liberals would take out of their pockets; how they would empty the pockets of the people of Manitoba who are struggling and working hard to try to provide for their families.

Mr. Speaker, I just want to say that we as a Government are going to continue on the path that we are on, to manage and to govern responsibly, to look after the people of Manitoba in the way that they deserve to be looked after. I believe the people of Manitoba will give us their confidence next election to continue on the path that we are on to provide services to the people of Manitoba in a sensitive way while not increasing taxes and attempting to reduce the deficit whenever possible. Thank you.

Mr. Jerry Storie (Flin Flon): Mr. Speaker, this was an important debate; it is an important debate. I want to start off by saying that I am disappointed by the comments made by the Minister of Transportation (Mr. Albert Driedger) who suggested this was a waste of time, that no amount of words would change what the federal Government is about to do through its budget, the budget it has announced.

I think that is a tragedy. I think it shows what we have said all along, that this Government has failed miserably to send a clear message to the federal Government about Manitoba priorities. The Minister of Highways and Transportation summed it up and said, well, talking does no good. The fact is that if this Government and its Ministers had been talking to the federal Government months ago with some force, with some conviction, perhaps we could have avoided what has been a tragedy for Manitobans. This budget is a tragedy.

Mr. Speaker, we all recognize they have to deal with their deficit; no one denies that. I want to start off by saying that in comparison the previous NDP Government was a model of restraint and fiscal good management compared to this federal Government. This federal Government has taken a national deficit of \$150 billion and transferred it into \$370 billion in six years. Not only that—

An Honourable Member: That is not true.

Mr. Storie: Yes, that is true. That is true. The fact of the matter is that the federal deficit is still at \$30 billion a year, not much different when the federal Government took office. I want to compare that to the record of the NDP Government in the years 1981 to 1988.

I would appreciate some intellectual honesty on the part of the Minister of Culture, Heritage and Recreation (Mrs. Mitchelson), some intellectual honesty, because the situation was in 1988 the deficit had dropped to under \$200 million. Thanks to the previous Minister of Finance and our willingness to deal with the deficit problem, this Government as of March 31, 1989, had a surplus budget, not because of anything they did, I wish they would be honest about that, but because we bit the bullet.

Wednesday, February 21, 1990

Mr. Speaker, I want to address the federal budget. Why was the provincial Government in Manitoba required to bite the bullet? Well, because the Liberals in 1982, under Pierre Elliott Trudeau, and Brian Mulroney in 1984, hacked away at transfer payments, EPF programs, equalization programs. The Liberals started that trend, the Liberal Government started that trend, so let us not have any hypocrisy about the Liberal concern for education and health, because it was a Liberal Government that started it.

The fact of the matter is from 1982 to 1991, the end of this fiscal year, because of changes to EPF and equalization payments, the Province of Manitoba lost \$650 to \$700 million of revenue. The Minister of Culture (Mrs. Mitchelson) says, well, we are committed to maintaining services. As was the previous Government, a commitment which is much deeper, runs much deeper philosophically and traditionally in the New Democratic Party than it does in the Conservative Party. The fact of the matter is that we made some tough choices.

Mr. Speaker, let us have an example of the compassion of the Liberals and the Conservatives. In the 1988 election, did the Liberals and Conservatives talk as we did about trying to redress the balance in favour of individual taxpayers? Did they talk about giving some back because circumstances were improving? No, they did not. The Liberals and the Conservatives talked about giving a tax break to big corporations, reducing the payroll taxes. They thought that was the answer; that would stimulate our economy. The Liberals and the Tories reduced, they went ahead, they said they were going to reduce the payroll tax further than they actually did, but the Conservatives following their philosophy, to give them credit, did reduce the payroll tax. What has been the net effect of that? What has happened to the economy in Manitoba?

In 1987, there were 123 bankruptcies in the Province of Manitoba. There were more than 400 last year. So the payroll tax, the reductions that were made, the cosmetic changes that they made, did not improve the economy at all. They were fighting phantoms to begin with. The Liberals were going to reduce the payroll tax quickly once they got into office. What did the Ontario Liberal Government just do in Ontario? They just introduced a payroll tax.

I have argued long, Mr. Speaker, that there is some merit in a payroll tax, that it does do some things in terms of getting money from sectors of the economy that do not normally contribute and I reference banks, financial institutions and many other sectors, the professional sector, the federal Government. It has some merit. It is in place in Ontario, it is in place in Quebec, two Liberal Governments introduced it. The fact of the matter is the only failure has been the federal

Government. The federal Government has been a dismal failure. I think maybe we all agree today that, as a result of the last six budgets, Canada is certainly in no better circumstances, in fact most of us believe it is in a much worse situation.

The unfortunate fact is that those people who have been hurt most dramatically by the successive Tory budgets, the tax increases and the slashes in programming have not been big corporations, they are paying less tax, individuals are paying more tax. The people who are going to bear the brunt of the cuts in services, the cuts in education funding, the cuts in health funding are going to be students. The regions of the country that are going to bear the brunt of these cuts are regions like northern regions across the country and the poorer provinces, the Atlantic provinces and, yes, Manitoba.

We did not even see in the budget any reference to the fact that approximately \$350 million has been cut out of regional development programs for Manitoba—no mention of it. So, Mr. Speaker, this is a tragedy. Part of the tragedy is that this Government, who says now meekly, yes, we are opposed to it too, what the federal Government is doing, had an opportunity to do something a little bit different.

They had an opportunity to be much more forceful in presenting to the federal Government an alternative, in presenting the Manitoba case for not proceeding in the way that they did. They failed. I believe, quite honestly, that the Minister of Education (Mr. Derkach) has not said one word, not one word to the federal Government about the impact of reduced transfer payments on our universities and our colleges. Not one word.

I believe that the Minister of Northern Affairs (Mr. Downey) has yet to register any real constructive criticism of the lack of initiative when it comes to the Northern Development Agreement. I am not certain where the Minister of Natural Resources (Mr. Enns) is on the reduced Forestry Agreement, or the Minister of Energy and Mines (Mr. Neufeld) is on the reduced Mineral Development Agreement. Tremendously negative consequences for Manitoba.

This budget is a tragedy. It is a tragedy. The ancillary tragedy is that this Government has failed again miserably to defend the interests of Manitoba. Thank you, Mr. Speaker.

Mr. Speaker: Order, please. The hour being 6 p.m., the debate is terminated in accordance with Rule 21(4). This House is now adjourned and stands adjourned till 1:30 p.m. tomorrow (Thursday).