

**THE LEGISLATIVE ASSEMBLY OF MANITOBA**  
**2:30 o'clock, Monday, June 1, 1970**

Opening Prayer by Mr. Speaker.

MR. SPEAKER: Presenting Petitions; Reading and Receiving Petitions; Presenting Reports by Standing and Special Committees; Notices of Motion.

INTRODUCTION OF BILLS

MR. SPEAKER: The Honourable Minister of Youth and Education.

HON. SAUL A. MILLER (Minister of Youth and Education)(Seven Oaks) introduced Bill No. 113, An Act to amend The Public Schools Act (2).

MR. MILLER introduced Bill No. 119, An Act to amend The Teachers' Pensions Act. (Recommended by His Honour the Lieutenant-Governor).

INTRODUCTION OF GUESTS

MR. SPEAKER: I should like to direct the attention of the honourable members to the gallery where we have with us 107 Grade 6 students of the Assiniboine South Centre Schools. These students are under the direction of Mr. Young, Miss Goldenberg and Miss Regnier. These schools are represented from the South Centre of Winnipeg, various areas of South Centre. Also in the gallery are 85 Grade 6 students from Greenway School and Dauphin Elementary School. Greenway School is hosting the Dauphin School. All students are under the direction of Mrs. Stein of Greenway School. Greenway School is located in the constituency of the Honourable Member for St. Matthews. Dauphin School is located in the constituency of the Honourable Minister of Tourism and Recreation.

On behalf of all the Honourable Members of the Legislative Assembly, we welcome you here this afternoon.

ORAL QUESTION PERIOD

MR. SPEAKER: The Honourable Member for River Heights.

MR. SIDNEY SPIVAK, Q.C. (River Heights): Well, Mr. Speaker, my question is for the Minister of Finance who's not in his seat, so I'll address it to the -- he is now approaching his seat and I think he has notice that this question was going to be asked. I wonder if he would care to make a comment in connection with the freeing of the Canadian dollar and its effect on Manitoba.

HON. SAUL CHERNIACK, Q.C. (Minister of Finance)(St. Johns): Mr. Speaker, I would care to make a comment and I'd just quote, seeing the Honourable Member for River Heights walk in, I went to the telephone to check on my notes which I neglected to bring up. I expect I will be making comment before we go into Orders of the Day. If I don't have my notes, I'll make a comment anyway.

MR. SPEAKER: The Honourable House Leader of the Liberal Party.

MR. GORDON E. JOHNSTON (Portage la Prairie): Mr. Speaker, my question is for the Minister of Education. In view of the difficulties experienced with the Winnipeg School Division, does the Minister of Education have any plans to intervene and settle the matter?

MR. MILLER: Mr. Speaker, the department is watching the situation; we are not presently planning on intervention. As members may be aware, conciliation did not succeed. Both parties, either the School Board or the Teachers Society or the Teachers Association can ask for arbitration, and if they do, either party does ask for it, I will certainly appoint an arbitrator on the case.

MR. SPEAKER: The Honourable Member for Churchill.

MR. GORDON W. BEARD (Churchill): Mr. Speaker, I wonder if the House Leader could give us some idea of how many more bills have yet to come?

HON. SIDNEY GREEN, Q.C. (Minister of Mines and Natural Resources)(Inkster): Mr. Speaker, I did promise that that information will be forthcoming and it still will be, but I can't give it now.

MR. SPEAKER: The Honourable Member for Lakeside.

MR. HARRY ENNS (Lakeside): Mr. Speaker, I wonder if I could direct a question to the Honourable the House Leader. Could he also indicate at the time he's searching up the matter requested by the Member for Churchill, whether or not the Committee on Agriculture will be convened during this session?

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MR. GREEN: My impression is that it would be and I think that notice will be given very shortly for that committee.

MR. SPEAKER: The Honourable Member for Lakeside.

MR. ENNS: Mr. Speaker, I direct a question to the Honourable the Minister of Finance. I wonder if he could indicate to the House what specific reports are expected in July that will help further determine the course of Manitoba Hydro with respect to northern development.

MR. CHERNIACK: Mr. Speaker, the honourable member and I were in the same room with the Hydro officials and that question would have been more intelligently asked of Mr. Cass-Beggs than of me.

MR. ENNS: Well, Mr. Speaker, a supplementary question. After the experience of this morning I am quite prepared to express my continuing ignorance about northern Hydro development in Manitoba. Does the Minister of Finance -- is the Minister of Finance aware of any specific reports that Manitoba Hydro is expecting in July that prevented him from giving us any meaningful information this morning?

MR. CHERNIACK: Mr. Speaker, I understood, as should have the Member for Lakeside, that there are studies going on right now by the Task Force within Hydro and it was made clear to me, unless the honourable member wasn't listening and therefore not to him, that there are studies going on within Hydro which will have more meaning sometime in July. Now that's the way I understood Mr. Cass-Beggs and I accepted that understanding I received. If the honourable member had a different understanding, I can't help that.

MR. ENNS: A supplementary question, Mr. Speaker. It's the Minister's understanding then that the reports that I asked for are the internal task force studies carried on by Hydro. I simply asked a question, Mr. Speaker.....

MR. CHERNIACK: That's my impression.

MR. ENNS: Thank you.

MR. SPEAKER: The Honourable Member for Wolseley.

MR. LEONARD H. CLAYDON (Wolseley): Mr. Speaker, I have two questions. The first one is to the Minister of Health and Social Services. I wonder if he can inform the House what progress is being made towards the inclusion of physiotherapists in Medicare?

HON. RENE E. TOUPIN (Minister of Health and Social Services)(Springfield): Mr. Speaker, I was warned of this, I was asked privately more than once, and I will say publicly now in this House that this is being considered by Cabinet. We have asked the Hospital Commission to come back with a cost analysis of this, and once this is done it will be seriously considered by Cabinet and the House will be informed.

MR. CLAYDON: Another question, Mr. Speaker. Could you inform us as to when this may come into effect?

MR. TOUPIN: Mr. Speaker, I have to answer to the honourable members of this House that this is a matter of policy. I can't really bring my own personal opinion to this House at this time.

MR. SPEAKER: The Honourable Member for Brandon West.

MR. EDWARD MCGILL (Brandon West): Mr. Speaker, my question is directed to the First Minister. With reference to a recent press report on appointments to the Land Value Appraisal Commission, does the First Minister consider it ethical or appropriate that a Minister of the Crown should appoint his father to a board over which he has authority?

HON. ED. SCHREYER (Premier)(Rossmere): Well, Mr. Speaker, I'm not sure that the question is properly put. The Minister of Government Services is the one who recommended the appointment to Cabinet and I do not believe that the other Minister in question expressed a view on the matter one way or the other.

MR. SPEAKER: The Honourable Member for Wolseley.

MR. CLAYDON: Mr. Speaker, I have a question for the Minister of Government Services. The Canadian Save the Children Fund have been given notice to vacate the Auditorium. Could you tell us what action the province proposes in trying to relocate these people? They are finding it very difficult to find new quarters.

HON. RUSSELL PAULLEY (Minister of Government Services)(Transcona): Mr. Speaker, the answer is, as my honourable friend is aware, that the government of the Province of Manitoba, or the Province of Manitoba more correctly, has purchased the Civic Auditorium and that notice is being given to all of those who are occupants of the fact and the request that they should obtain alternative accommodation as quickly as possible. I want to say, Mr. Speaker, that the government will be as considerate as possible to all of the present tenants

(MR. PAULLEY cont'd). . . . in the building and render whatever service we can to bring about their relocation insofar as accommodation is concerned.

MR. SPEAKER: The Honourable Member for Wolseley.

MR. CLAYDON: I have a question of the same Minister, Mr. Speaker. Would he consider an extension of the time that these people have been given notice to vacate appropriate under the circumstances?

MR. PAULLEY: Yes, Mr. Speaker.

MR. SPEAKER: The Honourable Member for Roblin.

MR. J. WALLY MCKENZIE (Roblin): Mr. Speaker, I'll direct my question to the Minister of Government Services. Are there any other blood relations or relatives of the Treasury benches being considered for appointment to Boards or Commissions?

MR. SCHREYER: Mr. Speaker, the Minister of Government Services may wish to answer in fuller elaboration after I have finished. In the meantime, let me, in reply to my honourable friend, remind him simply that I don't recall that there was any crisis of conscience with the previous administration when a brother of one of the former Cabinet Ministers was appointed to some social welfare agency under the aegis of the Government of Manitoba, and I'm not sure that there was anything much said about it by the Opposition of that day. So the Honourable Member for Roblin would be well advised to ponder the parallel of the two situations.

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

MR. WALTER WEIR (Leader of the Opposition)(Minnedosa): Mr. Speaker, does the First Minister not recognize the difference between an appointment to a Board or a Commission and an appointment within the Civil Service under the meanings of the Civil Service Act?

MR. SCHREYER: Not really, Mr. Speaker, when in both cases there was some experience in the course of years of work and training and employment.

MR. SPEAKER: The Honourable Member for River Heights.

MR. SPIVAK: Well, Mr. Speaker, my question is a supplemental to the question of the Member for Wolseley in connection with the Winnipeg Auditorium and the notice given to the tenants to leave, I believe by March 1st. Will the Minister of Government Services confirm the fact that it is intended to renovate the Auditorium to be able to house the auto insurance corporation if and when it is formed?

MR. PAULLEY: It is the intention, Mr. Speaker, it is the intention of the government to make whatever renovations are necessary for the accommodation of any business of government, and the insinuation of my honourable friend of course is most obvious.

MR. SPIVAK: Well, answer the question.

MR. PAULLEY: I did answer it.

MR. SPEAKER: The Honourable Minister of Finance.

MR. CHERNIACK: Mr. Speaker, I'd like, now I have my notes, to reply to the question from the Honourable Member for River Heights, who agreed with me yesterday that he would be asking the question today -- (Interjection) -- yesterday.

MR. PAULLEY: Were you together yesterday?

MR. CHERNIACK: Yes, we were together yesterday and I unfortunately missed seeing the Honourable the Leader of the Official Opposition who left just before I came. Socially I mix with all sorts of people.

Mr. Speaker, we are all of course concerned with borrowing costs and the indication of the possibility, or the probability of lower interest rates is of course pleasing, I'm sure, to all members of the House. This change in bank rate would indicate an easing of the monetary policy in Canada with lower interest rates eventually appearing for provinces and for municipalities, and of course for private individuals and industry. We all know that there is still quite a volume of financing to be done but it may require a little time for a really lower trend in interest rates to become evident.

From another standpoint, I suppose one could observe that traditionally the west has always wanted low tariffs. The Canadian dollar is moving upward in value. I understand that as of this morning the London exchange opened first and was quoting the Canadian dollar at par with the U. S. dollar. In Canada, the last I heard about an hour ago was about 97 1/2 cents, so it would appear to be a trend fluctuating upwards from 97 cents to the U. S. dollar, about a four percent difference in valuation.

Now this could be interpreted as a general tariff reduction of four percent on all imports and may be of some help, if import prices do go down, then provided that the businessman

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(MR. CHERNIACK cont'd.). . . . passes on the savings, this type of savings to the consumer, this may have that effect as if it were reduced tariffs on imports. On the other hand, our exporters will probably face some stiffer competition in world markets and our home industry may face new competition from cheaper imports. These are the traditional ways, that I learned, that economists say they make a positive statement and then they say "on the other hand" and give you the other one, but these of course are the complexities of this kind of a change.

For Manitobans it may well affect our mineral and manufacturing industries and the sales of wheat and other agricultural products to the extent that these sales may depend on world markets. In other words, while the change is like a drop in tariffs for imports, the similarity stops right there. Our exports may be adversely affected as they would not necessarily be in the face of a normal tariff change.

If the change were to slow down the economic activity, it could work its way through to depress Manitoba's revenues themselves. Almost any major economic move can have some quite opposite effects both good and bad. It may eventually be good for us in terms of lower interest costs and certainly it does make it easier for us to service our foreign dollar debt, but as I said, it may also act to reduce our revenue prospects.

But speaking generally, Mr. Speaker, I'm glad to see that Canada is now able to plan her own affairs more readily since we are now relieved from the cramping restrictions that were imposed by a fixed exchange rate. I feel, however, that Canada must pay close attention to the height that our dollar may reach or to the low to which it may fall. In other words, I am sure we have to be watching for the possibility of the need of some form of controls on what may be a floating rate, and when I say we, I mean we Canadians not we the people of Manitoba through the Manitoba Government.

Of course Mr. Benson did state that this afternoon he would be making certain announcements in the House of Commons which would contain some supplementary proposals to minimize the adverse effect on the economy, and we will of course be waiting anxiously to hear what he will be proposing. May I say also, Mr. Speaker, that the Minister of Industry and Commerce discussed this briefly and he had some views too that he thought he could present in further elaboration of the answer that I have given to the Honourable Member for River Heights.

HON. LEONARD S. EVANS (Minister of Industry and Commerce)(Brandon East): Mr. Speaker, really a lengthy paper could be written concerning the possible effects of the announcement by the Federal Minister respecting the freeing of the Canadian exchange rate. I feel that it is a bit early at this point in time to decide just at what level the rate will settle down at, and although there has been an immediate increase in the exchange value of the Canadian dollar, the foreign value of the Canadian dollar, I think that it's still a bit early to decide on whether we're going to have a Canadian dollar that is substantially more valuable than it has been up until now, and therefore, obviously, the effects on our exports is going to depend to what degree the Canadian dollar is actually going to be more valuable than it is at the moment. So I think we will have to wait some time to determine the new level.

Obviously, as the Minister of Finance has stated, evaluation could have an important adverse effect on our exports, particularly in the upper mid-western U. S. area, because a more valuable Canadian dollar means that it is more expensive to sell Canadian goods abroad. On the other hand, one could view the increased value of the dollar as somewhat helping to offset the inflationary effects that we see rampant in our economy today. That is, normally speaking, it should mean that it would be cheaper for domestic consumers, Canadians and Manitobans, to purchase foreign goods, and to that extent it could cause some lessening of inflationary effects. Again, I would state that it depends on exactly what level the Canadian dollar intends to settle at.

There are many other factors that have to be taken into account when one wishes to examine the effect of exchange rate. If one had the time, one could lecture on the elasticity of demand for exports, and this has a great bearing on to what extent the changing value of exports do affect the demand for such exports. If there's inelastic demand for the exports, conceivably the changing price of the export would have very little bearing on the volume demanded of that export, in fact a higher price of the export could even increase revenues to the exporter.

The other point I wish to reiterate really in support of what the Minister of Finance has stated is that the floating exchange rate technique, as opposed to a fixed exchange rate technique, means that the Federal Government is now in a position to pursue an independent monetary and fiscal policy. The pressures, the cyclical pressures on our economy will now be

(MR. EVANS cont'd.). . . . . felt on the exchange rate level rather than via interest rates of the Bank of Canada or via government expenditure fluctuations, and one would hope that now that the Federal Government, at least for the time being, has a floating exchange rate policy, that they will exercise good judgment in bringing forth a wise fiscal and monetary policy that will offset any possible adverse effects of a higher value to the Canadian dollar. There is some indication that this may be on its way. There is an indication that interest rates are on the way down, and as all members will agree, lower interest rates will mean eventually higher levels of investment and I would hope that there will be a continuing trend towards lower interest rates.

In addition, I would hope that the announcement that Mr. Benson proposes to make will be good news with respect to fiscal policy. That is, I hope that the Federal Government will announce an increase in Federal Government expenditures, particularly in Western Canada, to offset any possible adverse effect of an increased value of the Canadian dollar.

MR. SPEAKER: The Honourable Member for River Heights.

MR. SPIVAK: Mr. Speaker, this is not for the purpose of debating. I thank the Minister for his statement, the Minister of Finance, and we'll have a chance in the estimates to obviously discuss this, but let me just ask him directly this question. In the Manitoba context, is it not your view, or is it not the government's view that the rise that is occurring will in fact mean less job opportunities that will in fact develop in the next period of time in Manitoba.

MR. EVANS: Mr. Speaker, the honourable member is correct. If we do have a higher exchange rate, if the Canadian dollar is more valuable it will lessen, it will dampen the effects on our export trade and consequently will back up into the factories, it will back up into more unemployment. This is what I meant when I said that I sincerely hope that Mr. Benson meant what he said when he proposed that he would make further announcements of fiscal policy and monetary policy which would have an offsetting effect. What I'm suggesting therefore, Mr. Speaker, is that if the rate of interest charged by the central bank would work its way through to general lending policy in the economy so that investors had to pay much less for borrowings, then that could offset the effects of a higher valued Canadian dollar, in fact it could more than offset it. It depends on what -- it's really up to the Federal Government to make up its mind what it wants to do.

MR. SPIVAK: Mr. Speaker, my question then is a supplementary to the question to the Minister of Industry and Commerce. I have one other question, which is not related, to the Minister of Finance but on the same subject. Either the Minister of Finance or the Minister of Industry could indicate, is it the intention of the government to communicate with the Federal Government and Mr. Benson to be in a position to present a Manitoba point of view with respect to the decision that's been made and the possible effects that can occur to the Manitoba economy in the event the process was to be arrived at as has been discussed in the House this afternoon.

MR. CHERNIACK: Mr. Speaker, I'll just answer briefly to say Mr. Benson will be here on Thursday; he'll be spending Friday and Saturday with us. I'm certain we'll have an opportunity to discuss these very important points with him.

#### ROYAL ASSENT

DEPUTY SERGEANT-AT-ARMS: His Honour the Lieutenant-Governor.

MR. SPEAKER: May it please Your Honour: The Legislative Assembly, at its present Session, passed several Bills which, in the name of the Assembly, I present to Your Honour and to which Bills I respectfully request Your Honour's assent.

MR. CLERK:

(No. 8) - An Act to amend The Garage Keepers Act.

(No. 9) - An Act to amend The Highways Protection Act.

(No. 11) - An Act to amend An Act to incorporate the Sinking Fund Trustees of the Winnipeg School Division Number One.

(No. 15) - An Act to amend The Companies Act.

(No. 18) - An Act to amend The Marriage Act.

(No. 24) - An Act to amend The Highway Traffic Act.

(No. 27) - An Act to amend The Mineral Exploration Assistance Act.

(No. 28) - An Act to amend the Mining and Metallurgy Compensation Act.

(No. 32) - An Act to amend The Predator Control Act.

(No. 35) - The Manitoba Centennial Day Act.

(No. 40) - The Executive Government Organization Act.

(MR. CLERK cont'd.)

- (No. 41) - An Act to amend The Garnishment Act.
- (No. 42) - An Act to amend The Land Acquisition Act.
- (No. 51) - An Act to amend The Child Welfare Act.
- (No. 54) - An Act to amend The Liquor Control Act (2).
- (No. 57) - An Act to amend The Public Schools Finance Board Act.
- (No. 58) - An Act to amend The Securities Act.
- (No. 59) - An Act to amend The School Attendance Act.
- (No. 60) - An Act to amend The County Courts Act.
- (No. 69) - An Act to amend The Regulations Act.
- (No. 74) - An Act to amend The Financial Administration Act.

In Her Majesty's name, His Honour the Lieutenant-Governor doth assent to these Bills.

#### ORAL QUESTION PERIOD

MR. SPEAKER: The Honourable Member for River Heights.

MR. SPIVAK: Mr. Speaker, I have one more question to the Minister of Finance. Is it the government's intention, in view of the announcement today or in view of the announcement over the weekend, is it the government's intention to purchase futures of the American money market, or in connection with American money, in order to be in a position to pay at the best rate the interest rates that would have to be paid on monies borrowed by the government which must be paid in American dollars.

MR. CHERNIAK: I'm sure the honourable member will be happy to know that last week the government refused to purchase futures on the American market a week ago, and I think that the honourable member will be pleased to hear that. He may also be pleased to hear that a few weeks ago the government instructed that the \$12 million borrowed in Belgium should be converted from U.S. dollars to Canadian dollars. And having said that, I will also make the confession that I was not even knowledgeable of those two decisions that were made. They were made by my deputy and I will certainly, on the basis of his record, lean very heavily on his opinion as to what the next step should be.

MR. SPEAKER: The Honourable Member for Morris.

MR. WARNER H. JORGENSEN (Morris): Mr. Speaker, I should like to direct my question to the Minister of Agriculture. My question is, in the light of the decision that has been taken by Ottawa, the exchange rate of the dollar, that will mean of course that there will be an immediate decline in the price of wheat and a further deterioration of the position of the farmer. Will the Minister make sure that when representation is made to Ottawa to discuss the impact of the changes that this matter will be taken into consideration and the farmers' position will be placed before the government at Ottawa.

HON. SAMUEL USKIW (Minister of Agriculture) (Lac du Bonnet): Well I think, Mr. Speaker, it's logical to assume that all matters of concern to Manitoba will be discussed.

MR. JORGENSEN: ... from the fact that it wasn't mentioned by either of the two members who spoke on this subject on the other side of the House.

#### ORDERS OF THE DAY - MOTIONS FOR PAPERS

MR. SPEAKER: Orders for Return. The Honourable Member for Ste. Rose.

MR. LEONARD A. BARKMAN (La Verendrye): Mr. Speaker, in the absence of the member, I beg to move, seconded by the Honourable Member for Assinibola, that an Order of the House do issue for a Return showing with regard to 'The Manitoba Hydro Electric Board, Nelson River D.C. Transmission Lines clearing of Rights-of-Way Minago River to Gillam Portion, tenders and contracts' the following details for each separate tender and/or contract:

- (1) The date on which tenders were called.
- (2) The closing dates for each tender.
- (3) The date on which the contracts were awarded.
- (4) The date on which the work was to commence.
- (5) The date on which the work was to be completed.
- (6) To whom each contract was awarded.
- (7) The amount of each contract.
- (8) The date on which work actually commenced on each contract.
- (9) The date on which work was completed on each contract.

(MR. BARKMAN cont'd.)

(10) The details of any additional work granted to any one of the contractors either by contract or hourly payment or other, giving the amount paid by the date awarded, the dates on which work commenced and ended, the basis of payment (that is open tender, negotiated contract or hourly rate), the location of the work, and the nature of the work.

(11) The details of any additional work granted to anyone else with regard to these clearing contracts or for roads in the vicinity of these contracts giving the same details as in 10 above.

MR. SPEAKER presented the motion.

MR. SPEAKER: The Honourable Minister of Finance.

MR. CHERNIACK: No problem, Mr. Speaker.

MR. SPEAKER put the question and after a voice vote declared the motion carried.

MR. SPEAKER: Order for Return. The Honourable Member for La Verendrye.

MR. BARKMAN: Mr. Speaker, I wish to have this held over till first Private Members' Day. (Agreed)

MR. SPEAKER: The Honourable Minister of Finance.

MR. CHERNIACK: I beg to move, seconded by the Honourable the Minister of Industry and Commerce, that Mr. Speaker do now leave the Chair and the House resolve itself into a committee to consider of the supply to be granted to Her Majesty.

MR. SPEAKER presented the motion.

#### MATTER OF GRIEVANCE

MR. SPEAKER: The Honourable Member for Elmwood.

MR. RUSSELL DOERN (Elmwood): Mr. Speaker, I rise on a question of grievance. During the past couple of weeks in this Legislature, and particularly in speeches made in our city, it seems to me that the whole question of academic freedom needs some discussion and perhaps some defence, because I think that certain members of this House have made statements which jeopardize the right of teachers to speak freely on issues of current importance and the same in regard to certain people who have visited our cities. For example, there was a cartoon appearing in the Free Press on May 26th, by the talented Mr. Peter Kuch, which attempted to indicate that students in our schools, by illustration, are being fed government propaganda.

There was a statement made by the Leader of the Social Credit Party or the Ralliement Créditiste, Réal Caouette, that he felt that in Canadian universities and in the University of Manitoba that teachers are putting forth the views of Lenin and Marx while overlooking those of Social Credit. And he said you could go to any university and find it very difficult to -- well, in fact I'll quote him. He said as follows: "You'll find books by Marx and Lenin, all sorts of communist books, but there's not one book about Social Credit. They don't want Douglas taught to our children." Well, my honourable friend the Member for Crescentwood says the University of Manitoba Library has all kinds of publications by Major Douglas. I certainly have browsed into that volume without being affected and I would agree -- (Interjection) -- infected perhaps I should have said. I would agree with Mr. Caouette that there probably is a need for some of Major Douglas' writings to be in the schools because I don't see any reason why they shouldn't be there. I think the reason they're not and the reason that there are books on the communist founders in some of the libraries is because of the impact, the world impact that some of those writings of Marx and others have had on international history, whereas I'm not as certain about the significance of Major Douglas although he did have some bearing I think in New Zealand and of course in the provinces of Alberta and British Columbia.

I was also at a dinner recently where I heard the President of the Canadian Chamber of Commerce, Mr. J. Allan Taylor, also make certain statements which implied that there's an anti-business line being taught, or that business isn't being given a fair shake or something like that. But I must say that out of all those statements the ones that I most regret and the ones that I most deplore are some statements made in this Chamber. I don't like to single out members but I must refer to the Member for Riel and the Member for Lakeside, who in their questioning seemed to imply, or made statements which led one to clearly follow their logic to the suggestion that not only were certain issues being discussed in the classroom, as I think is in order - and I wish to deal with that in a moment - but the implication to me at least was very clear, that these gentlemen were hinting that it wasn't coming from the teacher as an individual but the hint was made that the government was sanctioning or suggesting or ordering that New

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(MR. DOERN cont'd.). . . . Democratic Party policies and thinking be put into the schools, and I think that's deplorable, Mr. Speaker.

MR. ENNS: So do I. So do I.

MR. DOERN: I have a fair respect . . . .

MR. ENNS: So do we.

MR. DOERN: I have a fair respect for my two young friends but I must say that I think their logic is pretty insidious, and if they in fact did say that, I'd like to hear them explain that at greater length because I say that they are totally wrong and I think should be reprimanded for falsehood.

Mr. Speaker, this really to me falls under the question of academic freedom. We have in this Legislature recently passed a measure, some nine or ten months ago, to lower the voting age, and I say that the implication of that on the school system is this, that the fact that young students are now able to vote necessitates and obligates the schools and the department to have the students discuss current issues; that the students must, in the classroom and out of the classroom, learn about political life by discussing current issues.

They cannot do this by studying — well, they certainly I think should be familiar with historical issues, but I don't see any particular value in the kind of discussions that often take place in our schools. I think they're useful academically where the teacher says, "Now let's discuss the question of race relations in the United States," and then there's a discussion and everyone agrees that the American Negro has been given a bad deal and that issue is then laid to rest. And then the same is done for South Africa, all the while a holier than thou feeling creeping in, and then issues are discussed on reciprocity and historical issues some ten, twenty, thirty, fifty, a hundred years old. It would seem to me that it's in the current issues, in the current affairs that the real interest of young people is demonstrated in the classroom and I think it is very bad to challenge the right of people to deal with current issues.

Now I do not deny that if the concern of some honourable members is that certain teachers — and I don't know of any — that if a teacher in discussing an issue is attempting to convey a particular point of view consistently and, let's say, under the table, I don't deny that that person should be reprimanded. I don't know about this Legislature doing it as I have to agree with the Minister who I think made a very good statement. I believe the Premier as well said that there were proper channels or long established channels of the teacher, principal, superintendent and school division, etc.

There are teachers from every political stripe in this province at the university and in the high schools. I recall one of the last staffs that I taught on, two of my best friends on that department, one was a lifelong Conservative who was a very staunch monarchist and talked with great enthusiasm of the Crown and of tradition and so on, another a Liberal and a third myself, and I don't find this unusual at all.

There are certain criticisms that can be made about our present school system that can come from New Democrats, and I will cite only two. (1) For example, some of our textbooks in the high schools I think unfairly treat — and I've mentioned this before to my honourable friend the Member for Rhineland — that if he were to look as I have looked at some of our Grade 11 texts, at the treatment of the Social Credit Party and the treatment of the CCF and the New Democratic Party, then there is cause for justifiable complaint because most of the texts are — well, they're being replaced right now, but I know up until two or three years ago many of these texts were written twenty or thirty years ago. These two political parties, the government of B.C. and Alberta, the Government of Manitoba, are relegated in very small type in a few lines referred to under such exciting phrases as splinter parties or third parties or minor parties or insignificant parties or the implication being non-existent parties.

I also would like to hear some of my friends on the other side who no doubt were in office at the time when that marvelous program was placed into our high schools to show the virtues and the values of the free enterprise system because it was felt that there was a lack of this in the school, and so a Junior Achievement Program was put into the schools. I would like to hear my honourable friends defend the inclusion of that program which is very one-sided, which does not say anything about trade unions or cooperatives, etc.

Mr. Speaker, I think that there is a confusion by some members of the Opposition, deliberate or unintentional. They are confusing the actions of the government, the actions of the government of the day with the actions of the New Democratic Party when it was in Opposition. They still fail to recall, they still take the position taken by the Leader of the Official Opposition that somehow or other the people of Manitoba were asleep when they voted last year. They

(MR. DOERN cont'd.). . . . still feel that they are the natural leaders and that they are the government because they've been the government. They still find it hard to adjust and to realize that when people are discussing issues in the classroom like South Indian Lake, which has been a raging issue at the University of Manitoba in The Manitoban and other newspapers and is discussed in high schools, etc. I suppose, and questions of auto insurance, they fail to realize that they are discussing the actions of the government and that the government is the New Democratic Party. That's where their problem is, Mr. Speaker. They still think that the classroom discussion is on academic questions by an Opposition party. I would like to point that out to them. I think instead of less discussion on current issues there must of necessity be more.

MR. WEIR: Both sides.

MR. DOERN: Both sides, I agree - I certainly agree. The Leader of the Official Opposition is correct that it is fair to discuss issues, it is fair to hand out pamphlets from a political party and from the Opposition - both sides. We will hand out, or you give me the pamphlets and I'll send them to people who are teaching, or you can send them yourself to anybody who is teaching and the teachers who are discussing issues will hand out propaganda from both sides. They don't even have to really worry about the case of the auto insurance people because that's being done in a massive program of radio and newspaper advertising. All sorts of money are being spent in that cause and I would like to deal with that at some other time. It's nice to have money.

So, Mr. Speaker, I simply say this, that any teacher, whether he's in high school or in university, in my judgment has the right and the obligation to discuss current questions, and that includes current political questions .....

MR. WEIR: Both sides.

MR. DOERN: .... both sides, providing that of course this is given a fair treatment, and if speakers are brought in, then I think that speakers should be brought in who present the spectrum of political opinion. I think that it is regrettable that some of the members of the Opposition have taken singular instances, have taken isolated instances, tried to tie them together and tried to hammer the government with some sinister plot; tried to take one or two instances and say, instead of these being the actions of individual teachers which they clearly were, tried to indicate that the Department of Education is pushing a line down through the department and into the classrooms. That, Mr. Speaker, I think is untrue and I think it's unfortunate. I also think that their very statements have in a sense challenged, or perhaps made it necessary for members of this Assembly to take a strong stand in favour of academic freedom because they have questioned that privilege and I defend it.

MR. SPEAKER: The Honourable Member for Lakeside.

MR. ENNS: Mr. Speaker, insofar as the honourable member knows that I can't speak nor can the Honourable Member for Riel, I wonder if he would grant permission for me to speak on his grievance.

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

MR. WEIR: ..... question before the Member for St. Matthews speaks. I wonder if the Member for Elmwood would say that he believes in the examples that have been used in the House, that both sides have been presented. In terms of the classroom and the paraphernalia that was handed out in the classrooms, were both sides presented.

MR. DOERN: Mr. Speaker, I am not fully familiar with -- I mean I only listened to statements made here and I have read press reports and so on. I can tell you this, that I believe that teachers have integrity and I believe that teachers know their responsibility. I am not certain as to whether or not in the particular instance raised by the Member for Riel whether fair treatment was given to both sides. My impression is that it was, and the reason for the problem was not so much the issue itself as it was the statement of the young lady in class which I think was a clear case of insubordination. But let me say this on that particular issue. My understanding from a conversation with a teacher a few days ago is that as a result of that instance that several teachers at Tec-Voc, I believe that's the school in question, have resigned as a result of the way that issue was treated.

MR. WEIR: Mr. Speaker, if the member would permit another question, might I not ask him if he didn't think it would be appropriate if he did make himself familiar with the circumstances before he spoke like he has?

MR. SPEAKER: Are you ready for the question?

MR. HENRY J. EINARSON (Rock Lake): Mr. Speaker, I wonder if the honourable member would permit another question. I'm just wondering if I understood him correctly when he said the particular young lady in Tec-Voc whether it was a case of insubordination -- did I understand you correctly? -- (Interjection) -- A supplementary. Do you consider this as insubordination, when a committee brings a topic like that before the class by a teacher, is the student not entitled to ask a question of the teacher?

MR. DOERN: Certainly. My understanding of the case is this, and I stand subject to correction, but I think it's perfectly in order for a teacher to pass out pamphlets like that in a discussion.

MR. WEIR: Both sides.

MR. DOERN: Both sides, sure. Where are the other pamphlets? Do you have them?

MR. WEIR: That's a good question.

MR. DOERN: And my understanding is this, that when the pamphlets were passed out that some sort of statement was made along the lines of is the NDP paying you to do this? Now you may interpret that any way you like, but I think - and I think it's a matter of interpretation - but you would have to know the context of the statement and so on. It was either a factual statement or else it was simply a question of being rather cheeky. I take the latter interpretation.

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

MR. WALLY JOHANSSON (St. Matthews): Mr. Chairman, I also intend to speak on a matter of grievance which is associated with that of the Honourable Member for Elmwood. I wish to discuss the matter of indoctrination in the high school and the whole question of freedom of enquiry for both student and teacher. -- (Interjection) -- No one's protesting yet.

MR. JAMES H. BILTON (Swan River): Mr. Speaker, on a point of order, I wonder if this is in order that the same subject can be discussed in this manner in the one day?

MR. GREEN: Mr. Speaker, on the point of order, I believe that this type of discussion took place earlier in the session. Any member, my understanding is, can rise on a point of grievance and, if he wishes, express the same grievance.

MR. BILTON: Mr. Speaker, it's my understanding that a grievance will be on one subject and one subject only. It looks as though we're going to hear a rendition of the same type of subject.

MR. JOHANSSON: Mr. Speaker, on the point of order, I will be pursuing a different tack than the previous member.

MR. DOERN: Mr. Speaker, on the point of order, I believe it's fully within order to have an endless number of speakers on the same topic on the same day. It's only on a second or third day that the same debate on that topic cannot be repeated.

MR. WEIR: Mr. Speaker, I think that what the honourable member for Elmwood says is correct, but I think that one subject is all that can be heard one day. There seemed to be an indication that we were going to have a speech on a second type of grievance which I would think might be outside of the rules.

MR. SPEAKER: I would certainly like to take the matter under advisement as to whether the Honourable Member for St. Matthews may speak on the same grievance as had been spoken on by previous member.

MR. GREEN: Mr. Speaker, before you take the matter under advisement, and I only rise now because it may be that the honourable member -- there may be so few occasions on which to speak that he might not be here the next time he may do so . . . .

MR. BILTON: On a point of order. How can the Honourable Leader of the House speak when you've already suggested what you're going to do. You said you were going to take it under advisement and that ends the matter for this moment.

MR. GREEN: Well, Mr. Speaker, you have made no ruling. You have indicated you would like to take it under advisement, but I would urge you to recall at an earlier debate in this House that not one speaker but my recollection is three speakers, the Honourable Member for Fort Garry, another honourable member who I can't recall at this point and myself, all spoke on a subject relating to a grievance on the same day - on the same subject or a different subject.

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

MR. JOHANSSON: Thank you, Mr. Speaker. The honourable members for Lakeside and St. Vital - pardon me, Riel, have been quite self-righteous on several occasions lately in

(MR. JOHANSSON cont'd.). . . . asking questions of the Minister of Education relating to a question of indoctrination in the schools, and I must confess that I am a little puzzled by their self-righteousness. However, regardless, I want to discuss primarily the activities of the Junior Achievement Program which has been carried on in our schools, among high school students in the City of Winnipeg since 1963.

The Junior Achievement Program of course is one run by the fine organization set up, I understand, by the Junior Chamber of Commerce, and I would like first of all to discuss what the program is. I'll read from the brochure provided by Junior Achievement - I don't want to slant in any way my statements of their function or their purpose. What is Junior Achievement? "It is a learning-by-doing, practical, economic education program in which high school students organize and manage their own small scale businesses under the guidance of adult advisors from business and industry. By doing so, they learn business principles and gain first hand experience about private enterprise."

Now, isn't that nice? How do these Junior Achievement Enterprises operate? I'll just briefly outline from the brochure again what they do. "Each Junior Achievement Program is organized in the fall as a corporate structure. There are from 15 to 20 youngsters in each company. They are the Board of Directors, the working force, the sales staff. They select the product to make or service to render. They capitalize their business through public sale of capital stock at \$1.00 a share. They pay themselves salaries and wages as management and the working force," and so on. So these are little model companies which are set up.

The program, as I said, was set up in 1963 by a number of local businessmen and the program was set up for a certain purpose, a purpose which the organization outlined in another pamphlet which is called "Teenage Business Program on Junior Achievement," and I would like to again just briefly read from the pamphlet the purposes, the benefits of this program. Let's let the pamphlet speak for itself. "Benefits to Young People" - and listen carefully, this is a beautiful statement. "The teenagers in Junior Achievement develop a realistic understanding of America's free enterprise system" - America's free enterprise system, this is an American pamphlet that they use - "an understanding that is essential to them as they assume their future roles as employees" - I imagine this trains them to be good employees - "employers, community leader and intelligent voter." Intelligent voter.

Now I wonder what it teaches them about intelligent voting. "Through their experience they realize the importance of free enterprise, the future economic growth of our country. They discover that a business career is creative and exciting, and they gain a clearer insight into the responsibility and rewards of personal initiative."

MR. ENNS: That's the whole problem.... you fellows admitting which side you're on then the air is cleared, but up to now you've been denying that. You're not Socialist, oh no.

MR. JOHANSSON: This is simply a statement of the benefits to young people. As voters, they learn the great benefits of the free enterprise system of America. A continuation of that quote. "When alert youngsters understand the role of business in our society, when they see how risk capital creates new jobs and products, businessmen, stockholders and employees everywhere benefit."

Another quote. "Benefits to Business." Not only does this program benefit the youngsters but it also benefits the business community who support the program. Now what are these benefits? Again let's read this pamphlet which describes the benefits. "Benefits to Business - Every person to whom the Achievers sell their company's stock or product becomes aware of the interest that business is showing in the youngsters of their community through Junior Achievement." So this displays to the community at large the benign and helpful nature of the business community. "Stockholders have an opportunity to see their money create products, jobs and payrolls. They also learn why people are entitled to a profit or return on the money which they invest in a new enterprise. The graphic demonstration that Achievers receive of the difficult-to-explain concepts of capital and profit" - these are difficult concepts to explain so they explain these concepts through learning by doing, by allowing these youngsters to take part in a model company - 'helps them to develop a sympathetic understanding of our business system, an understanding that is so vital to America's continuing growth and prosperity.'

MR. JACOB M. FROESE (Rhineland): Nothing about bankruptcy?

MR. JOHANSSON: Nothing about bankruptcy - no. These then -- (Interjection) -- No, no picture of Major Douglas; there's not even a picture of John Rockefeller here or E. P. Taylor.

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(MR. JOHANSSON cont'd.). . .

This program is an example of a program that's been carried on in our schools since 1963. This is the period of course when our friends opposite were running the government, when the Member for Riel was Minister - pardon me, no he was only Minister of Education after '63, but this program was going on in our schools while the Member for Riel was Minister of Education and I have heard no protests from the members opposite about this program being carried on.

The model corporation, the model company described in the pamphlet is interesting. It assumes a system of perfect competition, which of course doesn't exist in the modern world so it's an unrealistic model. The members of the company are both board of directors and working force at the same time - board of directors and working force. This sounds like an example of workers' capitalism doesn't it? They sell their capital stock apparently at \$1.00 a share and they sell only one share, from what I understand, to each person. So again, just like the real world, you've got a beautiful wide distribution of stock, no centralization of control of stock, no majority stockholders, every stockholder holds one share. It's a very realistic description of the modern corporate system isn't it?

MR. ENNS: And how well it works.

MR. JOHANSSON: Well, apparently this particular project doesn't work too well because I have here a clipping from the Winnipeg Free Press. . . .

A MEMBER: You can't always believe that.

MR. JOHANSSON: . . . Winnipeg Free Press which quotes - I don't have the date on this, I'd have to check back to get the date. But this is an article some month or so ago which states the following: "D. G. Smith, President of the Young People's Business Education Organization, said 'increased mobility of young people and their greater sophistication accounted for the marked decline in membership, particularly in the last two years'." Apparently in the last two years enrollment in the program has dropped to about half of what it was, so apparently - and this is a good sign - young people are becoming very astute, considerably more sophisticated in recognizing what they are being fed in the schools and elsewhere. This program, I think it's perfectly obvious, is a system of very crude indoctrination. I think any socialist would hesitate to feed something similar supporting our beliefs to students.

MR. ENNS: Are you throwing it out?

MR. JOHANSSON: Are we throwing it out? Well, I'll come to that in a moment. The Minister of Education has a number of options open to him. One thing he could do with this program which is currently being carried on in our schools and out of it - but there is activity going on in the schools and I have checked this out very carefully, I have the evidence - one option the Minister would have would be to do away with it. I wouldn't personally favour this; I would prefer to leave it operating as it is operating now. The reason I would prefer to leave it in operation is because I would prefer in the schools a system of free enquiry, a free market of ideas, free competition, which the honourable members opposite seem to love greatly. I wouldn't want to remove this organization from the schools, but at the same time I would allow other organizations to present their ideas to the students. I think this is fair in a free enquiry, a free market in ideas. I would, for example, think that we might let an organization which might be called Socialist Achievement operate in the schools.

A MEMBER: Why don't you just get some Mao exchange students over for a while?

MR. JOHANSSON: The honourable member seems to be obsessed with Mao. I'll send him a copy of my little red book called "Quotations from Chairman Diefenbaker." There's even a chapter in there on the running dogs of U.S. materialism. However, I think for example we could let model co-ops be set up in the schools. I think that model trade unions could be set up. After all, what would be better for students to participate in than, let's say, a model trade union? I would be in favour of allowing political clubs to be formed in schools. I would like to see Conservative political clubs, Liberal political clubs, NDP political clubs.

A MEMBER: Social Credit?

MR. JOHANSSON: Social Credit. Whatever the students want to set up, I think they should be allowed to set up. -- (Interjection) -- Pardon?

MR. EINARSON: They call you the New Drastic Party now.

MR. JOHANSSON: I think there should be a system of free enquiry and I would hope -- the Minister has said in answer to questions from the Opposition, the Minister has said that the school board should be allowed to make the final determination in matters such as the issue

(MR. JOHANNSON cont'd.), . . . . brought up by the Member for Riel -- I would hope that he would change that policy and I would hope that he would guarantee that students would, in every school division, that students would have opportunity for free enquiry into all economic systems, into all political systems. Let them make the choice. I think we can assume they have a certain native intelligence - I assume they do. They are going to have to vote at 18; they must be acquiring legal responsibility at 18; they will be able to run as candidates at 18, so certainly they have to think through very carefully the choices they are going to have to make and I think this would be good experience for them.

Now if the Minister were to adopt this change in policy, and I hope he will, I would hope that he would publicize it so that all organizations who would be interested would know of their rights within the educational system and would take advantage of their rights and bring about a real system of free enquiry in the schools.

MR. SPEAKER: The Honourable Member for Osborne.

MR. IAN TURNBULL (Osborne): Would the member permit a question? Are there adult sponsors to Junior Achievement?

MR. JOHANNSON: Yes, I have the lists from a copy of a letter sent -- pardon me, a presentation made before the Winnipeg School Division in 1963. I have a list of the president, treasurer, secretary, finance committee and directors, and it reads like the "Who's Who" of the Winnipeg business world.

MR. TURNBULL: A supplementary question, Mr. Speaker. Are these adult sponsors members of the Conservative party?

MR. SPEAKER put the question and after a voice vote declared the motion carried and the House resolved itself into a Committee of Supply with the Honourable Member for Elmwood in the Chair.

#### COMMITTEE OF SUPPLY

MR. CHAIRMAN: We are now at 73 hours and 10 minutes. The Department of Industry and Commerce. The Honourable Minister.

MR. EVANS: Thank you, Mr. Chairman. During my absence from the House last Thursday or Friday, I guess it was Friday, a question was asked pertaining to a comment made by a local economist respecting the state of the Manitoba economy, and I'd like to take two minutes to point out that that particular analysis was based on only a couple of indicators, notably investment intentions and housing investment.

First of all, I wanted to point out to members of the House that the investment figures are those referred to as investment intention figures. In other words, they're subject to considerable amendments over the course of the year; in fact there are revisions made I believe throughout the year by quarters, so there's a great difference between intentions and actuality. However, be that as it may, the figure that is estimated for 1970 is still a fairly substantial figure. The figure of investment intentions is equivalent to Manitoba's share of population of the Canadian total. In other words, the Manitoba share of the Canadian population is 4.7 percent and the estimate of Canadian investment intentions shows that Manitoba would receive 4.7 percent which is pretty well in line with our share of population distribution.

Now the figure estimated for 1970 is 1,087 million dollars. While in a preliminary fashion it is slightly below last year, it is still considerably higher than 1968. In 1968 - and this is an actual figure, not an estimate - the figure for Manitoba was only 1,051 and in 1967 it was only \$947 million, so that by and large it still shows a healthy level of investment intentions in the province.

I would like to point out that dwelling starts in Canada in the first three months of this year, January, February and March, are down by 43 percent compared with 1969. On the other hand, Manitoba's dwelling starts are only off by 26 1/2 percent. In other words, while there has been some slowdown because of the recession I would suggest in the North American economy, I believe that Manitoba's position vis-a-vis the rest of Canada, at least in this respect, is holding up very well.

Again, I would suggest, the latest figures on unemployment for January through March stands at 4.5 percent in Manitoba compared with the Canadian average of 6.4 percent, so we're well below the Canadian average of unemployment. Factory shipments are also holding up very well. We now have another month to look at. We have the first three months of this year, where Manitoba factory shipments show an increase of 6.1 percent over the 1969 experience.

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(MR. EVANS cont'd.). . . . while for Canada as a whole, factory shipments are only up by 1.8 percent. So surely this is good news.

I would also like to refer to the recent report of Dunn and Bradstreet which indicates that in the first quarter of 1970 Manitoba had a recorded low level of business failures. In fact the business failures were lower in the first quarter of this year than they have been since the end of 1968. Therefore, I'm prepared to debate the question of the situation of the Manitoba economy. It could be better but it is not as bad as indicated by that particular article or that particular analysis.

One other matter I'd like to point out to members of the House and that is with respect to the government's role in supporting the regional carrier TransAir. The Honourable Member from River Heights who raised the question, I believe now has a letter from that company where that company states categorically, where TransAir has stated categorically in a recent letter to the Honourable Member from River Heights that they are satisfied with the assistance and cooperation that the Department of Industry and Commerce and other members of this government has given that particular company, so I don't think there's any question of lack of support of our regional carrier.

MR. CHAIRMAN: The Honourable Member for River Heights.

MR. SPIVAK: Mr. Speaker, listening to the honourable Minister one must be blinded with the statistics that he's given us which indicates how well the economy is going, but I think we have to be realistic about one thing; we have 70,000 people who are looking for jobs. We recognize that as a result of the change, and it was admitted in this House just a little while earlier, that as a result of the change with respect to the Canadian dollar we face a more serious position. We are in the process of nationalizing an industry and knocking out several thousand people out of their jobs, so it would seem to me that notwithstanding the fact that the statistics have been presented and the fact that we have some bright spots, there are danger signals, which is the point that we've been making on this side for some time, and it ill behoves the government to continue on its program of trying to force people out of jobs at a particular time when we require all the job formation we can to be able to hold our people in this province and to be able to provide opportunities for them.

Now one interesting statistic that was not mentioned was the movement of population outside of the province, and I would appreciate it at one time if the Minister would be prepared to indicate how this quarter compares to the last quarter and whether the acceleration that existed in the last six months of the past year is in fact being continued in terms of out-migration.

Now, Mr. Chairman, I intend to bring up and deal with four specific items and I'll do it very very briefly. I think they should be put on the record. I know we want to move on to other estimates and I should like to just deal with them as briefly as I can.

First, may I inform the Minister and the other members on the opposite side that when the Manitoba Development Fund Act is brought in to this House with its amendments, it will be the intention of this side to introduce amendments which will provide for full disclosure on those items in which the government intends to purchase equity, those firms which the government intends to finance and purchase equity. I think, Mr. Chairman, we've reached a point where the people in this province are entitled to know the full financial affairs of those companies in which the interest is being purchased. This becomes extremely important for an assessment as to the judgment of the government in entering into a position whereby the government is now purchasing, as a shareholder, equity into a company, and it is relevant in terms of the nature and responsibility of the members in this House. So I would inform the Honourable Minister that at the appropriate time when the Development Fund Act is brought in with its amendments, we will be moving such an amendment. The second item.....

MR. EVANS: . . . ask the honourable member a question. I can see - you know, I can appreciate your interest and intent here, but does not the honourable member feel that the disclosure which he is referring to may have some detrimental effect on a particular company concerned? You know, do you not have any fear that you may be hurting that individual company?

MR. SPIVAK: Mr. Chairman, I want to assure the Honourable Minister than when I was on the other side I made many speeches in which I indicated that the manner in which the Fund operated, the privacy, the confidentiality was a necessity, but there is a great distinction between financing an institution and buying equity. Buying equity means that the government is a partner; buying equity means that the government in fact can either share in the profits or also

(MR. SPIVAK cont'd.). . . . share in the loss. I think the distinction is very significant and significant enough to warrant the opportunity for the people of the province to make a judgment of the government's operation in this particular area and the government responsibility.

So therefore it would seem - and I may say to the honourable Minister with respect to the present or the few situations that have arisen already in which the government has purchased equity, even his own statements in Brandon, which indicates that he's running around trying to help those companies that are in trouble, would I think warrant a proper review here of what in fact the government is intending.

Now there has to be a clear distinction between a government attempt to finance an industry that's in difficulty and the purchasing of equity as part of a new government program which the Minister and the others on the opposite side have announced as being the government program to encourage an expansion in industrial development, and based on the announcements that have been made, it would appear that it's necessary for us to be in a position to make some judgment. There are rumours about certain firms and I don't think that we should be put in a position of not knowing fully the details at the time a negotiation is completed for purchasing of equity. We've had the announcement of Western Flyer Coach. If the Minister is prepared to stand up and say that isn't really purchasing equity, that really is a method of financing, and rather than hypothecate the shares we've in fact accomplished it this way, then that's one thing; but if in fact we are going to now announce the government policy of purchasing equity, then I think there has to be disclosure to the members of this House and to the people in the province.

Now the second item I'd like to deal with, Mr. Chairman, has to do with the City of Winnipeg Industrial Development Board and the whole concept of regional development. And I'd like to explain it in a very brief manner. We provide in the estimates of the Department of Industry and Commerce for regional corporations to be supported by a grant from the province, which are matching grants, which allows them to be able to fund a development of a regional corporation who in fact hire professionals and do work within the region to try and enhance the economic development of the region.

We do not have this support for the Metropolitan Area of Greater Winnipeg. Greater Winnipeg has its own Industrial Development Board and has operated for some time with its Industrial Development Board and has achieved a great deal of progress as a result of the operations of the Board, and during my experience, the relationship between the Industrial Development Board and its officers and the department and the government was very satisfactory. But it would seem to me that the time has come for the province to have a matching grant with the Metropolitan Greater Winnipeg municipalities and the City of Winnipeg and the other cities involved so that the Industrial Development Board would be given the opportunity to participate in the same way that the regional development corporations have been given an opportunity to participate with government assistance.

This would amount to, I would think, approximately a \$200, 000 grant, applying the existing formula for the other regional development corporations of Westman, Parklands, Pembina Valley, Norman, Eastman. We are talking about a 40 cent per person or per head grant which would mean that if the cities involved, the Metropolitan area of Greater Winnipeg was to match it, there would be pooled together \$400, 000 for additional or increased activities in economic development.

I think the importance of it becomes extremely -- well, it's of great significance when we make the assessment that has to be made of what likely has happened in industrial development in the Metropolitan area of Greater Winnipeg. We require in Greater Winnipeg an economic development plan. We have a downtown plan but we do not have an industrial development plan, and what was needed is the opportunity to have supporting evidence developed and presented to in fact have almost a miniature equivalent of a TED Report - and they can call it whatever name they want - which will analyze the existing resources, which will deal with the impediments to economic development, and will in fact catalogue and identify the economic opportunities for Greater Winnipeg and which will give the opportunity for supporting research to be done by the Industrial Development Board in the same way that the regional corporations function.

Now, Mr. Chairman, if you recall, the regional development corporation has a matching grant from the province, puts in so much money, hires a professional who attempts to try and attract industrial activity to his area. He deals with specific industries just as members of the Department of Industry and Commerce do. He in fact may undertake, as a regional corporation

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(MR. SPIVAK cont'd.). . . . may very well do, specific studies, and this comes out of the total budget that is allocated both from the contributions of the area municipalities and the towns and cities and the contribution of the province.

Now the City of Winnipeg, or Metropolitan Winnipeg in this respect was ignored because it did have an industrial development board and there was in fact a desire on the part of the members who framed this policy to ensure that there was decentralization of industrial activity throughout the province. But we now have a very significant change. We have the Department of Regional Expansion which is now formed within the Federal Government, a new policy which will allow direct grants to be given to the Metropolitan area of Greater Winnipeg, and it would seem to me we've reached the time whereby the City of Winnipeg and the City of St. James, the City of St. Boniface, the City of Transcona, and all the other municipalities should not be put in a discriminatory position and should be given the same rights as the other regions in Manitoba. So I would hope, although I doubt if it's in the estimates of the Minister, he may very well confirm that it is, but I would hope that if it is not, there will be consideration given to this possibility.

Now, Mr. Chairman, the third item I'd like to bring up, and reference has been made to it, has to do with the Winnipeg Auditorium. Mention has been made of a convention facility for Greater Winnipeg. The Minister of Finance in a few remarks in this committee suggested that at the appropriate time when private investment would reach a certain level, it was conceivable that the government would proceed. He indicated as well that there are a number of developers, each one of whom would like the government to enter into building the convention facility.

Now may I say something like -- something very simply. Winnipeg, Manitoba needs a convention facility of major proportion now. It will enhance and increase our tourist potential; there's no question of it. We are talking about a small capital investment. We know that additional commercial activity will be generated as a result of that, both in the business activity and in the tourist area particularly, particularly the number of hotels. The question with government is which comes first, private enterprise or government initiative. At this particular time, it would appear to me that a convention facility is extremely important and there should be action now, but in addition to that, the government has committed one other act which I think requires serious consideration and which requires action by them now.

The government has undertaken to renovate, as of March 1st, the Winnipeg Auditorium and the facility will not be available, as I understand it, for any function after March or April of next year. There were approximately 195 functions - excuse me, 135 functions that were held in 1968 at the Winnipeg Auditorium. Many of them were not specifically related to convention facility, but nevertheless did involve either regional meetings or regional functions which brought people into Greater Winnipeg, or in turn brought in officials from outside of Manitoba and thus assisted in the increase of the tourist dollar and the expense dollar paid in Manitoba.

Now the government, for reasons best known to itself, is now prepared to wipe the Auditorium out of existence; it is not prepared to commit itself for a facility that would at least take up what is being lost by the Auditorium being discontinued. It would seem to me that if we want to talk about planning, this was pretty bad planning, because I could have, and I think many other people of this province and city would have accepted the discontinuing of the Winnipeg Auditorium but only if a convention facility was committed and would be in fact completed and available before, before the Auditorium was to be discontinued.

Now my understanding is that there were a number of functions that were booked beyond March of last year, that the organizations and individuals concerned have been given notice that they have to find other facilities, and I'm sure that there are going to be some tourist and convention facilities that are not going to be functioning in Manitoba that could have been if the Auditorium facility was here. I cannot for the life of me understand why the province would have taken this position, even in its desperate need to find facilities for the auto insurance corporation whenever it's formed, why they would have taken the position of having to take over the Auditorium, wipe out its use for the citizens of this province and the citizens of Winnipeg, and at the same time not commit itself wholeheartedly and directly to the development of a convention facility which is needed and which would take up what the Auditorium has lost and will be losing for the next couple of years.

Mr. Chairman, we need action on a convention facility now, not next session or the session after. It will take several years before that facility will be built, and if we examine the downtown situation and we examine the capital investment statistical information, which the

(MR. SPIVAK cont'd) . . . . Minister of Industry and Commerce may want to ignore but in which in reality is a significant figure, we must recognize that as a government there is a necessity -- at least there is a necessity on the part of the government to try and prime the economic pump as best it can and that a convention facility is a small amount of money that can achieve a great deal of good and should be accomplished as soon as possible.

Now the next item I would like to talk about, Mr. Chairman, and I'm rushing so that the Minister will be able to answer and possibly we can move on to some other estimates, is this whole general debate on the TED Report, the merits of it and the whole thrust of the opposition in connection with job opportunities. Anyone who has witnessed what's happened in Quebec in the last couple of months recognized that jobs became a pretty important factor to the people of Quebec. In the final analysis, jobs probably became as important as the whole issue of separation, and the truth of the matter is this, that a Premier has been elected who has committed himself to job formation in that province. He has committed himself to saying that he will analyze every government program and he'll determine its priorities on the basis of whether it will or will not create a job, and if it will not create jobs then it's going to go low on the priority.

Now it's amazing to me in our particular situation that no one on the other side has been prepared to stand up and say the same thing. It's amazing to me that no one on the opposite side has been prepared to stand up, nor has the First Minister been prepared to stand up and say that jobs are the most important thing in Manitoba, because frankly, Mr. Chairman, they are the most important thing right today. -- (Interjection) -- When did we find that out? I'll tell the Honourable Minister of Agriculture. We started to find that out when we didn't have the job formation developing. And do you know when that happened? That happened about eight months ago, nine months ago. Well, the Honourable Minister of Municipal Affairs who is not in his seat seems to laugh. You know, this can be supported by statistical information, and if you want to look at the statistics you can look at them. And the question will be, well why would this possibly happen?

The Member for Portage la Prairie in the committee the other day said that there is a responsibility on the part of the government to understand that it has to have some kind of rapport in relationship with the business community and it cannot continually antagonize or ignore them. I'm suggesting that if this process continues, the job formation that is needed is not going to be developed and what will happen will be the continual outflow from this province of the people who, because they cannot find jobs, are in fact not going to be in a position to get them in Manitoba and are going to have to leave.

And I want to tell the Minister of Municipal Affairs that it will be on his head for the several thousand people whose lives will be touched and affected by his action in connection with auto insurance who are not going to be employed by the government, albeit the few hundred people they may employ, who are going to have to find jobs in industries, jobs that they cannot find, or if they're fortunate enough in being able to find, they are going to push other people down the scale. And I want to tell the Minister of Municipal Affairs that the direct effect of it will be that the people who are on the low end of the economic scale, the people who do not have the skills, people who are in fact in the labouring force and who are just common labourers, they are the ones who are going to find that the job opportunities are not going to be available and the Minister of Transportation, with all the people he may hire in his transportation and highway matters, isn't going to be able to take the opportunity to give them jobs and they are the people who are going to be . . .

MR. CHAIRMAN: May I just point out to the honourable member - I don't wish to curb his comments - but we have spent well over 11 hours on the Minister's salary and he did indicate he wasn't going to engage in repetition. It seems to me that this issue has been discussed for hours between the Member for River Heights and the Minister himself, and I would ask him not, for the sake of repetition, to repeat the arguments once more.

MR. SPIVAK: Well, Mr. Chairman, my purpose in doing this was to indicate that the Premier of Quebec, the new Premier of Quebec has taken jobs as a top priority. Quebec has produced a report which is called "Towards Economic Objectives and the Development Strategy for Quebec" that has almost the same wording and almost sounds like the TED Report, and if anyone examines — I haven't had an opportunity to examine the report but I have examined the Globe and Mail summary of it, and I may indicate to those who are sort of critical of the TED Report on the other side that in effect what they basically suggest is that they have set targets

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(MR. SPIVAK cont'd) . . . . which are a little bit beyond their grasp on the basis that they will influence the actual achievement of the target; that they have in fact based it on the same kind of information that we based, or we had asked the TED Report to base their report; that it was done with all the segments in society who are responsible for the development of job opportunities, and it would appear to me that the Premier of Quebec is now undertaking this as his responsibility and as a target which he attempts to achieve.

Now there's one other item and it was brought up by the reference to TransAir and the letter that was received, and I have received a letter from I guess the President of TransAir indicating that the government had supported their position. - and I think that's correct, I'm not suggesting and I did not suggest that the government did not support their position when they requested it - but it would seem to me that there was an obligation on the part of the government on that occasion to have stood up for TransAir without having to be asked by them or anybody else.

But I must say, Mr. Chairman, I have a letter in front of me from Frontier Airlines and that letter indicates that the Minister has not even replied to their communication. I wonder when he intends to reply to their communication and their request for some support in front of the appropriate bodies in Canada to allow Frontier to be able to have the trans-border crossing. Surely they're entitled to receive a reply from a letter that was sent, I guess several weeks ago, and surely they're entitled to know the government's position. If the government is intending to support it, fine; if they're not intending to support it, at least tell them. I would think that we would have to have some determination of policy to be able to argue this further. But I simply suggest to the Minister that while TransAir may have known that the government was supporting them even though they didn't officially communicate, Frontier Airlines isn't in the same position.

MR. CHAIRMAN: The Honourable Minister.

MR. EVANS: Mr. Speaker, I do not intend to enter into lengthy argument with the honourable member and I'm not going to repeat our position on Frontier. I have stated time and time again that we are interested in promoting air transport in and out of Manitoba inasmuch as that may have some bearing on our development, and I don't accept any criticism with respect to Frontier Airlines.

The member made a number of suggestions, a number of which we've already considered and are considering, including his suggestion with respect to the Industrial Development Board of Greater Winnipeg and in effect turning it into a regional development corporation for Metro Winnipeg, and I've had some discussion as a matter of fact with the people from that organization.

I would like to make reference however to his allegation that we are not concerned with job creation. This is absolute nonsense. Indeed, the fact that we have expressed interest in taking an equity position in companies is for that very purpose, and I think our position in this matter, demonstrating the fact that we are prepared to take an equity position is demonstrating that we are in the business of creating jobs. We've been in the business of creating jobs for Western Flyer Coach; we have been in the business of protecting and creating jobs for Versatile Manufacturing and there will be many other instances, and I think it's a gross misrepresentation of the facts to say that we're not interested in job creation.

I would like to make one other point which is extremely important, and that is I would like to refute the allegation that any population loss is as a result of our government policies or because of the particular administration that exists at this time. I could point to the province west of us, namely the Province of Saskatchewan, which has a Premier who is very doctrinaire in his support of the free enterprise philosophy. If any Premier in this country has a very doctrinaire position on free enterprise and the belief of the capitalistic system, it surely is the Premier of Saskatchewan, and I'd like to point out, and I have dozens and dozens of statistical tables to show this, that the population loss from Saskatchewan is far greater than that from Manitoba.

There has been an outward migration from Manitoba for many years because this is still largely an agricultural economy and many parts of this province were dependent upon agriculture. There is a technological change taking place and there is therefore depopulation of the rural areas. I therefore reject entirely his thesis or his suggestion or allegation that population loss is a result of government policy. The fact of the matter is there's a heck of a lot more population loss, substantially greater, in fact I don't have the statistics in front of me,

(MR. EVANS cont'd) . . . . I should expect ten to fifteen times greater from that free enterprise province or the free enterprise administration of the Province of Saskatchewan. There's no relationship whatsoever; in fact the reverse is true. I suggest that if we hadn't taken the position we have been taking lately in providing equity for companies there might be even fewer jobs than there are today.

MR. SPIVAK: Mr. Chairman, I wonder if the Honourable Minister would answer one question. Would he be prepared to recommend when he introduces the Development Fund amendment, recommend that there be disclosure of those positions in which the government takes equity?

MR. EVANS: Well I for one am not, you know, from the point of view of a public servant, am not adverse to disclosing funds or disclosing details, financial details where public funds are involved, but I am concerned and I think - I wasn't in the House previously as the honourable member knows - but I understand the honourable member was very, very concerned about disclosing anything because it might hurt the company. I know you are going to say, well there's distinction between a loan and an equity position, and I know what the distinction is, but the fact of the matter is that it could still adversely affect the company and therefore adversely affect economic development. Now are you prepared to take that chance? You're talking about job creation. Are you prepared to insist that we as the government do something, that we in the government take the position of ultimate full disclosure of all details of the company regardless of the economic consequences, because I think there may be some adverse economic consequences.

MR. SPIVAK: Mr. Chairman, I must tell the honourable member he's the one who said that we are doing our utmost to try and hold job opportunities here and we in fact are taking equity to do that. Now that's very interesting for him to say it but I don't know what he's talking about, and one of the things that we have to understand here, if he's going to make that representation in this House, is that we on this side have a right to know what he's talking about and we have a right to know what judgment he's made in arriving at that conclusion. Now he may very well be correct, but I don't know that.

The one thing that happened with the Development Fund when it was a loan fund was that there was a Board of Directors who were making that judgment and they were loaning money that was to be repaid. There's a great distinction in this. I am not prepared to accept the Minister's say-so that he has negotiated a deal or has helped in holding job opportunities here or in developing new job opportunities by taking equity without the opportunity for myself or any other member of the opposition to review that and to make that judgment, because frankly if it's a question of a business judgment, with all due respect to the Minister, he's a nice fellow, I don't trust his business judgment at all.

MR. EVANS: Oh, I see what the honourable member is concerned with. I'll make this statement right now then, that there has been no equity position taken which has not been suggested, advised and approved by the Board of Directors of the Manitoba Development Fund. In other words, Part II of the Act, whereby the Lieutenant-Governor-in-Council, namely the Cabinet, has directed the Fund to take an equity position, the Fund has taken an equity position by virtue of the decision of the Board. It's been the Board's decision, not the decision of the government per se. However, I will add that we have provided guidelines to the Fund, policy guidelines which is our prerogative, which says in effect that we would not be adverse to the Fund, the Board of Directors of the Fund, taking various equity positions if that's what's required to create jobs.

MR. SPIVAK: Just one comment then. May I say to the Honourable Minister we're going to have an opportunity to discuss this when the amendments to the Manitoba Development Fund come in, and probably this is not the appropriate time to further this discussion, but I would say that we on this side would have to look with a great deal of scrutiny as to what has happened so far in the course of events that have taken place with respect to the instructions given to the Fund, and unless there's going to be an opportunity for us to have a full discussion with the Fund Board of Directors and with the General Manager of the Fund so that we have some understanding of how this is operating, I fail to see how we on our side, based on the performance of the Minister and some members of the government and on the actions with respect to the auto insurance industry, can believe that we can trust the judgment that's being exercised in terms of purchase by equity, notwithstanding how good or how well motivated the Honourable Minister may be.

MR. CHAIRMAN: The Honourable Member for Brandon West.

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MR. EDWARD MCGILL (Brandon West): Mr. Chairman, I just have a very brief question. It relates to one of the observations of the Minister on Page 1567 of May 4th of Hansard and I found it an interesting observation. I'll just quote it briefly here. He said: "Later on this year we hope to hold a conference on strategy which will attempt to bring some of the best brains in the science of regional economics to Manitoba to discuss with everyone in the province that's interested, businessmen, government officials, consultants and so on, the problems confronting the economic development of Manitoba, but more still, better still the techniques, the strategies of development that should be pursued." I think that's a rather interesting observation, Mr. Chairman, and I just wondered if the Minister could perhaps enlarge upon that slightly. Does he have in mind at this stage some of the people that would be coming to Manitoba or who he would consider would be in the category of those that he describes, and the way in which he would enable the people of Manitoba and others to consult with a committee composed of the best brains available. I'm wondering, for instance, if Professor Watkins would be considered as one in that category able to give us his observations on how to develop regionally in Manitoba. Mr. Chairman, that briefly was just my interest in this observation and perhaps the Minister would like to comment.

MR. EVANS: Well, Mr. Chairman, we are working on the conference, we're working on the details for the conference. I had hoped it may be possible to arrange it in September. It's possible that it may have to be six, seven weeks later than that; it partly depends on well, on the various obstacles that we run into, but we are working on it, and what I said then I repeat: we intend to bring some of the best brains that are concerned with regional economic development. We haven't any firm commitments for any particular specialists in this area so therefore I'm not at liberty to disclose any names, but he mentioned Melvin Watkins. I would point out that Melvin Watkins, I don't know whether he's a regional economic specialist; however, he was seen fit to be hired by a Royal Commission under the Liberal administration, under Mr. Walter Gordon, and the fact of the matter is Mr. Watkins is mainly concerned, as far as I can make out from reading his statements, with Canada's survival as a nation; and indeed only recently, a great historian, Professor Creighton, who incidentally considers himself to be a Conservative thinker, big C as well as small c Conservative thinker, stated that people like Watkins may have the only solution to Canada's national, economic, political and social survival. Now I don't know whether he's right or not but I'm just saying, you know, don't write off Professor Watkins. He's a great academic and he's written several articles, and he has co-authored at least one book that I know of, which is a fundamental textbook in Canadian economic history. And he may have something worthwhile for us to hear, I don't know. We haven't approached him to answer your question specifically but we have many names in mind and I trust that the honourable member will be one of the Manitobans who will participate in the conference.

. . . . . Continued on next page

MR. CHAIRMAN: Resolution 62. The Honourable Member for Rock Lake .

MR. EINARSON: Well Mr. Speaker, I just have a point here I wanted to - really a question. Listening to the debate, particularly with my colleague the Member for River Heights and the Minister, I would like to just use Versatile as an example to get my question across, and as I understand it, the government has loaned this company \$6 million. That \$6 million is to be paid back by August 31st. Now if I make any comments, Mr. Minister, I stand to be corrected. After August 31st, if this money is not fully repaid, then the government takes up the option to purchase 25 percent of the share equity in that company. It also established a member on the Board of Directors which has voting powers. Now then, the question I want to ask the Minister is, supposing the Versatile do not see their way clear to pay back that loan by the 31st of August; supposing that they see their way clear to pay it back by the 31st of December of this year, and the government has taken up its equity position, the question I ask the Minister - would the government then be prepared to return that share equity back to the company after having paid their loan by the 31st of December instead of the 31st of August ?

MR. EVANS: Well Mr. Chairman, as I said a moment ago, there has been no equity position taken by the Fund which has been taken under Part II per se . All equity positions taken thus far have been at the direction of the Board of Directors of the MDF. I would point out that the government has an option to convert the loan into equity and I believe the option extends for several years, either 10 or 15 years, so we at that point in time needn't convert the loan into equity; in fact we can wait for years and years and years to do so; and I would suggest that the decision on whether or not to go for equity or to allow the company to carry on the financial situation as a loan, would be a decision that would have to be made at that time and it would depend on a number of things - on the outlook in agriculture and on the outlook for the company's prospects, you know; so I would say that the decision will have to be made by the Fund, the Board of Directors of the Fund, and I trust it will be a sound economic decision. I can't really say any more at this time.

MR. EINARSON: Well Mr. Chairman, it's a matter of a point of clarification. I understand full well that the government has the option to take up or to purchase the 25 percent in share equity, but my point is that I am wondering what is your policy, and you state while the board operates the Fund, the government still directs by policy, or can direct by policy. I am just assuming, supposing this happened that you did take up option, and supposing the company did pay back that Fund, say five months later than the target date you give them, I'm just assuming that if this happened what would be your policy position. Would you return that share equity back to the company?

MR. EVANS: Well Mr. Chairman, I have stated on several occasions that we are not taking a doctrinaire approach, we are taking a pragmatic approach to economic development. Consequently, whether it be Versatile or whatever company you are talking about, if at some subsequent time they would like to purchase back the shares of their company, then we would be prepared to let this take place. In other words, I would suggest that taking equity is a device or technique to stimulate development, or to bolster up the economy, or to bolster up a particular company, and very specifically, therefore, I would say yes, if they want to pay off the loan, if they are able to pay off the loan, by all means. In other words, I for one am suggesting that the equity technique is a means of stimulating development. In fact, the criticism of taking equity has been that, well, soon you will run out of funds. You know, it's not like a loan which is repaid, but I'm suggesting that you can get out of an equity position either by making arrangements with the company concerned or by, simply, if the shares are traded in the public market, you can simply sell your shares if you think it's wise to do so at that time and then get your cash back and use it again for another round.

MR. CHAIRMAN: The Member for Rhineland.

MR. FROESE: Mr. Chairman, I don't intend to take up too much time. I was interested in the last discussion in connection with the share equity and also to learn that the government is prepared whenever a company wishes, be it either share redemption or sale of share stock, because we must remember that if shares are not on the open market, this would mean that the government would have to apply for redemption of shares, in my opinion, and the company would then redeem them.

I have one other question and that has to do with the development corporations that have been set up throughout the provinces. To what extent are we financing these corporations and assisting them? Are we giving grants to the corporations, and who is the owner of these grants

(MR. FROESE cont'd.) . . . . if the money is not put to use, so that certain businesses do not acquire those grants, if the corporation, or if it's on a revolving fund basis, that those funds come back to the development corporation. Once a grant is issued, I take it that that becomes the property of that corporation and will remain so. Is that correct? And how much have we spent in the way of grants to the various corporations? If we could have some information on that, I would appreciate it.

MR. CHAIRMAN: The Member for River Heights.

MR. SPIVAK: Well before the Minister answers the question, I think the first part and the answer to the Honourable Member for Rock Lake has brought in something that I think has to be cleared because I think there is a great misunderstanding in this House and throughout the province of the policy of the government. What the Minister is suggesting is that the purchasing of equity in a corporation is a means to help finance the company. It is not a doctrinaire position. You are not purchasing for the sake of purchasing or for the sake of operating. You are basically saying to the company, "We are going to buy a position into the company to assist you in your financing, and we are going to in addition possibly loan additional sums of money."

Having said that, you are also saying that if in the event that the corporation does not meet its deadline, that if the shareholders do not meet their deadline in paying off whatever term obligations, short term obligations that have been assumed, that in the event they are in a position afterwards, if a company is in a position to absorb the charges and be able to pay off its obligations, the shareholders, notwithstanding the fact that there may be a rise in the company, are going to be in a position to purchase it back. Now that's what you've actually said. Now if that's the policy, that's not what's generally known in this House or throughout Manitoba; and if it isn't a policy, I think that there must be a pretty clear statement forthcoming very soon as to what you are really talking about because we are really talking about several things. We are talking about equity purchases into a company as a means of financing a company; we are talking about equity purchases in a company as a means of the people of Manitoba sharing in profit of a company. Now it's one or the other - it's not both. And so I think that the Minister better be clear in telling us what the government really intends and what policy positions have in fact been given to the Manitoba Development Fund to indicate the parameters in which they are supposed to operate in connection with this method of financing.

MR. EVANS: Mr. Speaker, I'm surprised that the - if I can deal with the last question first - that the honourable member states that there is a misunderstanding on the part of the public because I have on every occasion stated that this was a pragmatic device and that it needn't follow that we would have this equity position forever and ever and ever and a day, so that this is a position.

Now thus far there have only been three or four cases of equity participation. In each case, the company has discussed the matter with the Board of Directors of the Fund and each case has been taken on its individual merits, and various arrangements have been made which suit the individual problem - which suit the individual problem, which allow us to do what we want to do; that is, which allow us to create the expansion, the necessary expansion for what ever particular company we are talking about. This is our position, and the question of Versatile is a very special case. We have only had two or three others but in each case I think it is clear, if the company is prepared to have us move out of the equity position we are prepared to do so. Now we can have a more detailed discussion on this when we get into the amendments of the Manitoba Development Fund Act. I think that may be more appropriate. However, I have tried to make it clear where I stand.

MR. SPIVAK: I wonder if you would permit a question on this point. Are you suggesting that if the company has a loss, then obviously the share structure, if the government has bought in, will remain the same; but if the company makes a profit, then they are going to be in a position to buoy the interests of the government out?

MR. EVANS: In effect, you know, this could happen. It depends on the actual terms of the individual agreement. Normally, companies are in a loss position in the early years of operation. Maybe you think this is too generous. Maybe it is. My friend from Crescentwood would say this is capitalistic welfarism. Now it could be interpreted, you know, some people could interpret it in this way. It's a good deal for these companies, but I would remind members of the House that the Honourable Member from River Heights was suggesting outright grants, it seems to me, some weeks ago, comparable to federal regional economic expansion grants to stimulate growth, and I would suggest that I would much rather take a share of the

(MR. EVANS cont'd.) . . . . equity than to provide outright grants. I think it's much fairer to the taxpayers of Manitoba.

I wonder if I could now pass on to the question posed by the Honourable Member from Rhineland, who I think deserves some attention of the members of this House as well, and myself, with respect to who owns the regional corporations. Basically, the regional corporation is the formation of various municipalities in a given area of the province, and they join together to form the corporation under the Companies Act. Therefore, you have a corporation, a regional development corporation, which is substantially a corporation comprised of municipal support, and the municipalities provide grants, per capita grants, and we provide a matching grant at 40 cents per capita by and large. There are some slight modifications but basically it's a 40 cent per capita grant and it's on a matching basis. You asked if there were any strings attached, in so many words, to these grants, and the answer is yes, that we do review the budgets and programs of these regional development corporations - that is, the Department of Industry and Commerce reviews these budgets and programs - to see that they do conform with the corporations' terms of reference. We now have seven regional development corporations in the province encompassing the entire area of Manitoba outside of Metropolitan Winnipeg. Last year saw an increase, saw establishment of two new regional development corporations and, therefore, whereas we voted in 1969-70 \$165,000 in grants and assistance, this year, because of the establishment of the two new corporations, we have increased the grants by \$65,000 so we now have in our budget \$230,000 for these grants to these development corporations. And these, remember, are, we are talking about really operating moneys to help these organizations fulfill the role that we hope they will fulfill.

MR. CHAIRMAN: The Member for Lakeside.

MR. ENNS: Mr. Chairman, I want to get back to a little discussion that took place with respect to my colleague and the Minister, and I'm intrigued by that, Mr. Chairman, because I think it's a point that's worthwhile clarifying and, you know, I must stand here a little bit as, I'm sure, a representative of the lay opinion in Manitoba, and I was just about prepared to concede the logic of some of their arguments as advanced, for instance, when they were discussing the deals with CFI and so much public money was going to be used to promote an enterprise or to help develop an enterprise, etc. etc., that the people of Manitoba it follows should have some part to play, a recipient part to play in the terms of receiving some of the benefits, the profits, and unless the Minister can clarify what he just indicated to my friend the Honourable Member from River Heights, that this really isn't the case, that is other words, that the equity position that up-to-date is being taken by MDF and various firms mentioned, is the -- really leaves that best of all options open to the industries, in other words, if they lose money the taxpayers shell out the support money, and if they make money, then they can quickly buy back their equity, and where do the people of Manitoba through this great program benefit?

I'm just a little confused, and I'd like the Minister to confirm what he just indicated in that event, that this is in fact the policy, this is the policy that the present government, the present Minister through the arm of the MDF is pursuing, because Mr. Chairman, it then becomes very important to go back to some of those soul-searching debates that we went through on the matter and way in which the previous administration financed economic development, and developed economic development, you know, and compare that to the situation that we now seem to be seeing developing in front of our eyes, and Mr. Chairman, if they wanted to accuse -- I think the Member from Crescentwood called the whole grab-bag of programs that we had as one where the industry were really reduced down to a mooching role, getting the best of all things; but Mr. Chairman, it's unbelievable, but these boys are outdoing us in this respect and considerably, because we've never undertaken to underwrite the losses of the various developments. You know, the C.F.I. has to pay back every cent that's been loaned to them and they will, and as has been expressed by various members of the government particularly on the front bench that they will pay that back. There's never been any undertaking on the part of government or M.D.F. that we're going to just kind of help finance them along with refinancing as losses accrue, as losses accrue, and the moment that the company gets into a position of profit that the company be allowed to buy back their equity position.

I think, Mr. Chairman, that, you know, it indicates how important really these discussions are at estimates, that they do have, you know, even while the doldrum of a Monday afternoon sets in, we do glean some pretty important information, and I think we've just touched on one of

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(MR. ENNS cont'd.) . . . . these important areas this afternoon. I myself think that the Minister should, in that event, maybe we should examine it and see how we could help him; because I think maybe in that case we should be considering the expansion of some funds for the government Information Services Branch. You know, I'm sure we could offset any regional problems that we have in Manitoba, offset freight problems that we have, offset in fact even the possibility of the unpegged dollar hurting our development chances here in Manitoba, if we immediately now got our promotion material out of the various entrepreneurs in industry and private enterprise across, not only this country, indeed the world, to let them know that this government will be prepared to pay the shot as long as there's losses occurring, and then of course turn it back over to them the minute that they are in a more financially sound picture and the profits start to improve. That's Mr. Chairman, a most notable, a most notable achievement and step -- I'm not quite prepared to accept whether it's a step forward because, you know, it kind of , it has a tendency, Mr. Chairman, to take away -- I know the free enterprise system is embattled at this particular time generally, not only in this country but I suppose around the world, and I'm not so sure that it needs that kind of overt, you know, assistance from benevolent governments. But, Mr. Chairman, if that's the case, then I think that we here in Manitoba have an obligation to make sure that they know about it, that this is the policy of this government in this province, and that I can assure, I can assure you, Mr. Chairman, that if properly pursued, I don't care what the unemployment figures are in the rest of Canada but we'll have no unemployment in Manitoba. And I don't care what the economic growth is in the rest of the country, we'll have a very satisfactory growth in Manitoba. And Mr. Chairman, I would encourage the Minister to pursue this enunciation of policy, rather major policy, at this late stage in his estimates and in the House, somewhat further for the benefit not so much of members like myself, who were somewhat astounded, but I think particularly seek out the avenues open to him such as the next meeting of the Chamber of Commerce. Perhaps he could ask the Minister of Transportation to step down, not accept this speaking engagement, and have the Minister of Industry and Commerce accept it and expound on this particular facet of the program of the Department of Industry and Commerce.

HON. JOSEPH P. BCROWSKI (Minister of Transportation) (Thompson): I don't want to put you out of work, Harry.

MR. EVANS: Mr. Chairman, I have spoken to Chambers of Commerce, and I've explained the very same point that I've been making this afternoon. I just hope that the members of the Chamber of Commerce aren't as unreceptive, or a little uncertain in their perceptive powers as some of the honourable members across may be. For a moment the Honourable Member for Lakeside sounded like a Socialist. I thought he was, you know, I thought he was really going to insist that this government . . .

MR. ENNS: Mr. Chairman, they're going to find me out sooner or later -- I sponsored Bill 17.

MR. EVANS: I thought he was going to insist that this government maintain its equity position forever and a day in these companies because, you know, it was a good thing that we as a province had a share of the action when the profits were being made, and I'm sure he and the Honourable Member from Crescentwood see eye to eye entirely on this matter and I'm just wondering whether the Honourable Member for Lakeside isn't interested in taking out a membership in the New Democratic Party.

MR. ENNS: I'm approachable.

MR. EVANS: I mentioned, by way of example, that it was possible that companies may not make profits in early years, and in fact for a new company this is obviously typical, isn't it? It's the norm for a new company not to be in a very profitable position in the early period. In the later period it tends to be usually, other things being equal, they usually find themselves in a better position. And I'm simply stating, and we could clarify this in greater detail in the debate of the amendment to the Manitoba Development Fund Act, that if the companies - and it depends on the actual agreement between the Fund and the company - but if the companies should so desire, we would be prepared to have the M.D.F. remove themselves from this equity position.

Now, the honourable member said, well, what is the benefit to the province? Well he actually answered the question later because he said if we follow this policy and if we told everybody in the world, maybe this is what we should do in North America and Europe but particularly perhaps in Japan and so on, that we'd have no unemployment, that we'd have a

(MR. EVANS cont'd.) . . . . phenomenal number of jobs being created and so on; and Sir, this is our intention. This is what we're intending to do. We're trying to do what the Member from River Heights is asking you to do day in and day out, and that is to provide more jobs, and this exactly is what the benefit of this suggested program is. But, on the other hand, I don't know whether I would be too happy to see us as a province just take the losses and not to balance it out with a certain number of years of profits, and maybe this would be a good suggestion to pursue; in fact I think we should look into the matter very closely. But any time you want to take a membership in the NDP, I'll be glad to sell you one myself.

MR. SPIVAK: Well surely, Mr. Chairman, we have just heard one of the most ridiculous remarks made by a Minister of a government. Are you suggesting that you're going to think about a policy that's already been announced, and you may decide whether you're going to take profits or you're going to take losses. You know, there are business firms who have had dealings now with the government, who have made certain commitments based on some understanding. As politicians in this Legislature representing the people of Manitoba we've been given to understand that there's a government policy. Now what you're suggesting is that you have no policy. You're going to take the Honourable Member for Lakeside's comments as a suggestion. Either you've given, and you've already indicated that you've instructed the Manitoba Development Fund the guidelines to follow in terms of government policy, but if you can't answer maybe the First Minister will answer: what is government policy? Is government policy to be that if, in fact, there are losses on a company in which there is equity, it will be in fact absorbed in a loss to the Crown, but if there's profits there will be the opportunity for the shareholders, depending on their decision and their discretion, to be able to buy it back. If that's the case, then this is fine; I have no objection to this; and I believe, as the Honourable Member from Lakeside does that we will probably be able to attract, you know, a great deal of industry here and we'll probably be able to have a fair development. I cannot reconcile this, mind you, with the basic philosophy of the Honourable Member for Creseentwood, who must admit with me that this is probably the greatest number of goodies that any government anywhere in the world has given to anybody. Now, I mean, either you are mistaken in your policy or you haven't got any policy, and it's about time that you determined what your policy is so that we're in a position to know it.

MR. ENNS: They're determining it now. They're determining it now.

MR. SPIVAK: Now someone, Mr. Chairman, said the last things politicians should give up are their slogans. And my suggestion, Mr. Chairman, is that the Honourable Minister of Industry and Commerce and some of the other members have been following their slogan without trying to determine what that rhetoric really meant. Now I think you have an obligation, based on the disclosure today, to at least inform us what your intention is. Is it your intention to follow the statements that you've announced? If that's your policy, then this is fine; let it be known. We on this side will understand it. I have some difficulty in believing that all members of your caucus are going to be very happy with it, but that's fine. But if it's not your policy, then surely it better be clarified right now.

MR. EVANS: Mr. Chairman, as I have stated at least twice in this debate, and as the member himself has stated, there will be ample opportunity to discuss this matter when we bring forth the amendments to the MDF Act. I think I have stated our policy rather clearly and if the honourable members are dense enough across the other side that they can't understand it, I just fail to see how I should stand up and continue to repeat myself.

MR. EINARSON: Well Mr. Chairman, I just rise again on the question that I asked earlier this afternoon, and it didn't surprise me the debate that it's created. And I want to say to the Minister that there are a lot of people in Manitoba are not aware of what this government is doing and I want to say further that some of these Ministers have the habit of going out in the country, saying one thing, and then when we want them to clarify it in this House we don't seem to be able to get it done.

Now I think the Honourable Member for Assiniboia asked a question earlier in this Session, the same question that I've asked of the Minister, but he asked it of the First Minister, and I believe the Minister of Mines and Natural Resources sort of spoke from his seat, and I don't think there was agreement amongst the front bench on this particular question that I've asked this afternoon, and I want to say that there is a definite distinction of loan and equity that is taken up by the company. I want to re-emphasize my colleagues that have spoken on this matter, and it's very important that the people of Manitoba know where they stand with this

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(MR. EINARSON cont'd.) . . . . government on that particular matter. And I'm not going to directly talk about Versatile because it's going to happen with many other industries. God forbid, if Bill 17 goes into effect what can happen in this province of Manitoba. And I think the Minister of Industry and Commerce should make himself much more definite and clear with where he stands with the people of Manitoba on industry.

MR. CHAIRMAN: Resolution 62. The Honourable Member for Rhineland.

MR. FROESE: Mr. Chairman, do I take it, then, that by exercising Part II of the Development Fund Act and acquiring equity by the government, that any losses that might accrue will still have to be paid for from the reserves or profits from the Development Fund, or would the government then step in and pay those losses from the Consolidated Revenue Fund? Because we know from the Development Fund that the total provision for losses so far is \$250,000, and on a \$6 million deal you don't have to have a great loss in shares before you can eat up the reserves that are presently held by the Development Fund. Certainly there are two sides to the question. By acquiring equity, certainly this means that there is strength in the structure of the company, the corporation, and that you're buying into the organization and that whatever monies are being offered or extended to them does not have to be repaid, and if there's profits there will be earnings; if not there will be none; and in fact if there are losses, then your equity depreciates and this would then have to be made up from either the Consolidated Revenue Fund or from the Development Fund reserves. This, I gather, is the sum and substance of the policy that they have in connection with the equity in companies, as far as I could gather this afternoon. If it is not, I think honourable members have the right to know exactly where we stand, and when we go out and discuss the Development Fund, and especially the new part of a business of acquiring equity, so that we have a clear and concise knowledge and not misinform people. Certainly I don't want to be part of a party who will misinform the people on this matter. I would like to tell them straightforward what the situation is and whether we, as government, are reliable or the Development Fund will be subject to take care of those losses, or what the situation is.

MR. EVANS: Very briefly, Mr. Chairman, if you're a shareholder and the company sustains losses, all that happens is that no profits are paid on the shares, no dividends are paid. As a shareholder, your liability is limited to the value of the share, so there's no dipping into general revenues as you're suggesting. You simply don't earn the profits or the dividends. In profitable years you get some dividends.

MR. FROESE: May I interject here? Naturally, if the value of the shares decrease and if the money that we are extending to them is still borrowed, this means that we have to put up that money and it's a loss regardless of what we call it; whether it's just depreciation of the share value at some point or other, the difference has to be paid by the people of this province.

MR. ENNS: Mr. Chairman, the debate keeps turning into more ridiculous forms as we proceed on this particular one. The Minister indicated just a little while ago that he was not going to repeat himself in response to questions from this side of the House. I want to assure the Minister, Mr. Chairman, that he need not repeat himself at all if he would simply enunciate the policy under which the Manitoba Development Fund is now operating, and particularly with the question, as they have a new board obviously with new directions, they are employing Part II of the Fund's charter to some extent, or considering it -- well, Part I, my humble colleague informs me - but the question is that they are moving what would appear to be fairly vigorously into the field of offering equity, or taking equity positions with private enterprise firms in the province and on something as important as what appears to be in the statements made by the Honourable the Minister of Industry and Commerce, that really leaves the industry in a most favourable position, that surely just a simple statement of policy should be forthcoming.

Is it the policy of the government through the MDF to allow the companies to take up their options on the equity matter as soon as they are in a profitable picture as compared to accepting equity as long as they're in the red and they're losing money? In other words, are the people - and the people of Manitoba should know that, Mr. Chairman, are we going to be funding companies and propping them up and using taxpayers' money to do this in the hope that the industry will thrive and survive and provide those jobs that I spoke about? And that in itself could well be a commendable approach. All I'm suggesting, Mr. Chairman, is the somewhat unbelievable position that's being put to us by the Minister at this particular time and so late in the game with the Fund actively involved in a number of deals - I think it's three or four deals; we're talking possibly in terms of several -- well, one deal alone we're talking six millions of dollars and a

(MR. ENNS cont'd.) . . . . great deal more, and to leave the impression with us in this Chamber, or maybe the impression that he's formulating possibly right now in his consultations with the Minister of Finance and the First Minister, that maybe just at this moment economic development policy is being born in the Province of Manitoba. Well if it is, Mr. Chairman, let us in on it; and not only us, as I said earlier, let those who are I'm sure anxious to participate in the industrial development, economic development of this province in on it, because, Mr. Chairman, I would tend to walk much more optimistically into my constituency and examine with my constituents and the businessmen within my constituency, those areas where we might indeed begin an enterprise of some sort at the expense of the taxpayers at large if we had difficulty in the first three or four years, as the Minister says, in getting started, but knowing full well that at the moment that we were in a position of profit that we could oust the government's interest and reserve for ourselves the profits from this venture.

MR. CHAIRMAN: The Honourable First Minister.

MR. SCHREYER: Mr. Chairman, it really sounds very strange to me to hear honourable members opposite ask for statements of clarification as to the policy that is going to be guiding the Manitoba Development Fund, because you know, for the entire ten years that the Fund was in existence while they formed the government, it was never possible to get clear answers to quite a number of questions, and in fact some of the answers that were given really amounted to deception; a hoax.

One of the things that I refer to in particular is the fact - and it was a fact - that for years the previous administration kept up the pretence that the Manitoba Development Fund was not subject to any policy direction or guidelines from the government on specific loans. Arm's length was the pretence. And I, since forming the government, my colleagues and I know for a fact - I have twelve witnesses - know for a fact that on certain pretty significant deals in which the Fund, the Manitoba Development Fund, was engaged there was specific, very specific direction by the government of the day as to what the Fund was or was not to do. I dare say that in the \$86 million loan transaction between the Fund and the companies involved in The Pas forest complex, there was very specific direction, and the fact that things were not exactly tidied up very well, that many aspects of that transaction were sloppy in the extreme (no fault to the companies; they were maximizing their position) the fact that many aspects were sloppy in the extreme are to be directly traceable to the previous administration. So I really can't take very seriously any admonitions from honourable members opposite as to what the proper relationship should be between the government of the day and -- (Interjection) - Well your policy was non-existent. In fact, your policy . . . .

MR. SPIVAK: You tell us what your policy is. You tell us what your policy is. This is 1970.

MR. SCHREYER: Mr. Chairman, I'm quite happy to wait here until such time as the noise from the other side stops. The fact of the matter is that what purported to be policy on the part of the previous administration was tinged with more than a little bit of deception when they kept up the pretence over the years that the relationship between the Fund and the government was one of arm's length. I say that that was deception, pure and simple. It was not that way, and I think that it's necessary to repeat that a number of times so that the message sinks in, that in terms of local businessmen from Manitoba and from the city, when they approached the Fund and the government, it may be that the government of the day told prospective borrowers, Manitoba businessmen, that they really didn't have any influence with the Fund or any way in which to make their position known to the Fund; that it was all arm's length. But I do know that on a number of major transactions there was very direct intercession and direction and intervention by the government in terms of telling the Fund what ought to be done. And one or two were messed up pretty badly, and in terms of the public interest of Manitoba the one at The Pas certainly is no exception. That one, I think, will stand out in the years ahead as an example of how not to use a public lending agency.

Now the Honourable Member for Lakeside makes some reference to the fact - and it is a fact which I am somewhat proud of, Mr. Chairman - that in certain transactions we have advised that the Fund could take up an equity position in addition to providing loan capital. You know, I was always one who thought that in the past ten or twelve years, since about 1956, that the Conservative Party had undergone some kind of metamorphosis and had sort of crawled into the Twentieth Century and adopted pretty progressive and open views with regard to such questions as economic development and the role of the Crown and the like, but I'm afraid I was

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(MR. SCHREYER cont'd.) . . . . . overly optimistic with regard to the mental condition or state or attitude of the members of the Conservative Party, because I can see that with respect to the question of possible roles for the Crown in an economic development that they have an attitude that hasn't changed much from the turn of the century; that the public purse is to be used as a milch cow by certain entrepreneurs, and particularly if they're from outside of our own province or country, then to be used as a milch cow all the more. I dare say that Manitoba businessmen have had a much more difficult time in relative terms than entrepreneurs outside of the province and outside of the country, in obtaining financing from the previous government through their instrument, which was the Fund and which they directed. And I want to repeat that again - which they directed - because the Fund was not allowed to operate in an autonomous way and indeed it could hardly be expected to, because that would be in contradiction of the entire concept of the responsibility and accountability of the Fund or any Crown agency to the government of the day.

Are other people in other provinces and at the federal level, are they as reactionary as the Conservative Party in Manitoba when it comes to the question of some degree of Crown involvement in resource development and economic development generally? Honourable members opposite should find it interesting to note, for example, that the Federal Government about four years ago saw fit to establish a Crown corporation, Pan-Arctic Oil Limited. It is a joint venture involving both public equity and private equity capital, high degree of risk because it's resource development, exploring and drilling for oil on the Arctic slope and in the high Arctic. Now this is a high risk venture and if the Conservatives in Manitoba had been in on the decision making they would never, I assume, I have to assume, they would never have got involved, because (a) this was a risk venture, and (b) it was involving the public sector of the Crown in something that they think should be the exclusive preserve of private entrepreneurship. Well let's look at Pan-Arctic. Four years ago it was established and 45 percent of the equity capital -- the giggling, and I think that's the right word, the giggling of the Honourable Member for River Heights indicates that, yes it's a possible reflection.

MR. SPIVAK: Possible deception.

MR. SCHREYER: Forty-five percent of the Pan-Arctic Oil venture which is a . . .

MR. ENNS: We're now a long way from Manitoba.

MR. SCHREYER: Well it's a Canadian venture, and I presume that you consider yourselves as Canadian citizens. Forty-five percent of the Pan-Arctic Company is owned by the public; 45 percent of its capital, in other words it's public equity or risk capital, and the amount that was put in by the federal Crown in the initial instance was \$9 million. Since then, they have taken the decision that because the prospects of this joint public-private venture are quite good, they have decided to put in another \$22 million.

MR. ENNS: Would the Honourable First Minister permit a question at this particular juncture?

MR. SCHREYER: Yes.

MR. ENNS: Simply on the subject of Pan-Arctic, are you suggesting that the 45 percent of public involvement in Pan-Arctic can be purchased back by the private entrepreneurs involved in the other 55 percent of Pan-Arctic the moment Pan-Arctic hits oil or becomes in a profitable position?

MR. SCHREYER: No one was suggesting that in every case, Mr. Speaker, that this kind of option would be available either at the federal level or here. It's a case study approach, if my honourable friend isn't aware of that. Let me just go on to say, Mr. Chairman, that the Pan-Arctic Oil joint venture is to me a good example of the kind of things that are possible in moving to develop our own resources by maximizing the availability of investable funds in Canada.

The history of the last 20 to 25 years in our country with respect to resource development is a sad one. I say it's a sad one because of the fact that we have managed to alienate so much of our natural resources because the investment capital required to develop Canadian resources under Canadian ownership has not been available in sufficient quantity, and one of the reasons it hasn't been available is because it hasn't been directed, it hasn't been channelled toward resource development. People often say, and certainly I've seen it suggested in the media quite often, that there is a serious lack of investment capital in our country and that this is one of the main reasons why we are so dependent on foreign capital, particularly for resource development. At the same time as that is being said, Mr. Chairman, the fact is that -- and

(MR. SCHREYER cont'd.) . . . quite a number of investment houses in Canada are marshalling together investment capital and they are not putting it to work to the development of Canadian resources but are marshalling that money and using it for investment - and I suppose that's understandable under the rules of the game - they are investing this capital in the New York and American stock exchanges.

Just a matter of three or four weeks ago we had a good example, where Standard Oil of New Jersey came out with a \$450 million debenture issue, and of the 28 or so financial houses that took up the issue, over twelve of them, I believe fourteen of them, were Canadian financial houses, and one assumes that a significant proportion of the \$450 million debenture issue was taken up by institutions that were using Canadian investment capital that they had marshalled for that purpose, meaning that there was that much less investment capital available in Canada to use for resource development. And this has been the story all too often in the entire post-war period, and that is why a growing percentage of certain Canadian industries and resources are coming under other than Canadian ownership and control.

But anyway, Pan-Arctic Oil was a great and dramatic step in the right direction. I don't think that there has been enough time yet, even though it's three years, for the full importance of the Pan-Arctic experiment to sink in on the public. Obviously it hasn't sunk in on honourable members opposite. They seem to be either unaware of it or else they choose to maintain their ignorance about it, because if they were aware of it they would recognize that here was a useful mechanism, method or instrumentality of getting work done with respect to resource development, and that if it did mean involving the public sector, what was wrong with that? And it is somewhat the same attitude that motivates us with respect to -- someone mentioned the Versatile Company transaction. There are a number of others on a smaller scale, and I for one would not hesitate, would not hesitate at all. The factors that need to be checked out are checked out and show a favourable enough position to involve the public sector in joint ventures with private entrepreneurship. What applies in the case of the Federal Government in oil exploration and development in the Arctic can be applied also to resource development here in Manitoba, and in Northern Manitoba in particular. And I should add that the Northern Task Force contains a recommendation wherein it states that, because of the problems in maintaining an adequate level of resource development in Northern Manitoba, that thought should be given to the instrumentality of public sector involvement in resource development, either on its own or in a combination or joint venture with private capital. -- (Interjection) -- I don't know what obsesses the honourable member with this buy-back clause. Let me say . . .

MR. ENNS: You're the Minister that announced it . . . ago.

MR. SCHREYER: Let me say this to my honourable friend: that these contracts that have been entered into, these transactions that have been entered into between the Fund and these companies, in this case Versatile, that it was entered into knowingly by both sides and the provisions of the agreement of the contract are there to be lived with.

MR. SPIVAK: Fine. Is that your policy?

MR. ENNS: We just want clarification of it, that's all.

MR. SCHREYER: Certainly that is to be the first assumption. There may be variations from that because of extenuating circumstances, but obviously it is only reasonable to assume that where certain terms have been entered into voluntarily and knowingly by both sides, one expects that these are the terms, that all other things being equal, these are the terms that will be lived with. Now to me that is just the standard, conventional abiding by contract, to the law of contract, and why this should obsess my honourable friends leaves me very puzzled.

Now I want to go on to give some more examples, Mr. Chairman, about in what circumstances it can be useful to involve the public sector in economic development, and resource development in particular. I've already given honourable members an example in the case of Pan-Arctic. I want to go on to mention two other examples. There are actually quite a number. A number of countries in the western world have adopted this approach, this technique, this method of getting things done, but it seems to drive the fear of the Lord into honourable members opposite - at least some of them - and I suspect it's more for show than it is for what they really think.

Now let me give some more examples. I think my honourable friend will really be titillated to hear about them. I mentioned Pan-Arctic. Now I want to mention Aquitaine. Aquitaine is a company that is registered under Canadian law and does considerable business here in Canada, a lot of resource exploration, oil drilling. Aquitaine happens to be a company in which

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(MR. SCHREYER cont'd.) . . . . there is substantial French Government or 'Republic of France equity investment, operating here in Western Canada doing some exploration work off the Hudson's Bay slope. That's another example.

Another is Elk Oil, and I note that just a matter of two weeks ago a privately-owned Canadian Corporation decided that it was worthwhile and potentially profitable obviously, or they wouldn't have put the money in, invested an amount of a \$40 million purchase of a 15% interest in the Elk Oil Exploration and Production, a company that is 90% owned by the French government, the Government of France. So here we have the ridiculous situation of a company that is 90% owned by the public of France, that is chartered to do business in Canada and is bought into, a 15% share is bought into by a Canadian-based private corporation that paid 40 million bucks to get in on the action. Presumably what is okay for a publicly-owned foreign company to do is something that is heresy for a Canadian or a Manitoba-based public sector. Well if that is not so, what was your big complaint relative to Bill 17 and relative to the -- oh, I find it significant, in case honourable colleagues didn't notice, the Honourable Member for River Heights was about to spring to his feet to say that he meant something else. When I referred to Bill 17 and the great furor, the phony furor that was raised by some of his colleagues, he subsided like a deflated balloon.

MR. SPIVAK: On a point of order, I'm quite ready to rise if the Honourable First Minister is ready to let me rise.

MR. SCHREYER: Well Mr. Chairman, I would hope that he can contain himself for a while.

A MEMBER: Like till about 8:00 o'clock.

MR. SCHREYER: Well, Mr. Chairman, you know that's really quite unnecessary because the policy position of this government, and of members of this Cabinet and this government, relative to the Fund, its potential usefulness, the way in which it can be used as an instrumentality by the public to get certain things done, get certain resources developed, our policy in that respect has always been much more clear and well-known than honourable members opposite.

MR. SPIVAK: What is it?

MR. SCHREYER: It is simply this; that the Manitoba Government Fund is a public agency. It is an instrumentality to be used by the government, by the people, to get certain things done. It's as simple as that. And that does not mean that it's there to be used as a milch cow exclusively to provide loan capital to private entrepreneurship. It's there to be used for that purpose, of course it is, but it's there to be used in other ways as well. I, for one, do not accept either extreme position that government has to own and operate industry -- (Interjection) -- Well, and a few more besides that.

MR. ENNS: Oh a few more. Which ones? Tell us which ones.

MR. SCHREYER: Generally speaking, utilities; underwriting of risk for automobiles; for certain resource developments where obviously private entrepreneurship has not succeeded in developing them yet, or where private local entrepreneurs find that they just can't marshall the investment capital, the risk capital required, so they have a choice presumably of either coming to the Fund or going to a private financial institution, which they have done with not too much success in recent years - there has been a scarcity of risk capital for resource development, as honourable members opposite know - or they can always sell out to some large international corporation. The problem in the latter case, though, not only does it alienate Canadian resources from the Canadian public which owned them in the initial instance, but also usually leaves the local entrepreneur who started out on the exploration of development often-times with 10% of the action or even less, so that, you know, there is some considerable interest - and I want my honourable friends to understand this - there is some considerable interest on the part of businessmen in Manitoba and in Canada in the prospects of having a public corporation or a Crown corporation that is there to enter into joint venture arrangements with them. -- (Interjection) -- Well it doesn't amaze me, but it amazes me in this very specific respect, that when I listened last week, when I listened to your posturing and that of your leader with respect to Bill 17, I thought that either you that either the Honourable Member for Lakeside either was missing the whole point or else I had failed to comprehend something significant, and I say again that the practice of the last ten years or so, in other jurisdictions at the federal level and in other democratic countries, the history of the last ten years is replete with examples where public ownership or Crown ownership has been used as an instrumentality in resource development, so much so that they have gone beyond the borders of their own country

(MR. SCHREYER cont'd.) . . . . . into risk ventures in other countries. And as an example of that I cite Aquitaine, I cite Elk Oil Limited, private corporations only too anxious to spend 40 million bucks to get a 15% share of the action. Now that to me seems to be a pretty successfully operated Crown venture. That being so, what was the great fear and anguish that was being expressed last week by the Member for Lakeside?

Now the same principle can be applied, not just to resource development, not just to forestry or logging development, and here again we have the inconsistency of honourable members opposite. They say fit, at least the Member for Lakeside when he was Minister saw fit to issue drafting instructions - and I'm sure this is how it's done; that's the way bills usually get started, isn't it - drafting instructions were issued by the honourable member when he was Minister, asking that a bill be drafted to establish a Crown corporation, sinful creatures that they are, that would go into logging production, so that people living in near proximity of Moose Lake would be able to obtain gainful employment; there would be production coming out of the area, a payroll, and also raw material for a pulp and paper company. There is nothing wrong with the reasoning there at all. Mr. Chairman, and I presume that if some private contractors, that they had already demonstrated that there was no great rush on their part to get involved, so it was being done then by means of a Crown corporation, Moose Lake Logging Company; but if that's all right in that particular instance, why should the honourable member not envisage, or visualize other similar instances where the same kind of approach and technique might be applied? That being so, Mr. Chairman, it makes sense to so draft the legislation so that it has the kind of application that will permit of the same kind of practice to be adopted in similar circumstances in other parts of the province.

Now Moose Lake is but one community in Manitoba, and one should assume that there are many other communities, at least a number of other communities elsewhere in mid-northern Manitoba where the same kind of approach might still be adopted. The same thing can apply, if it applies to logging, forestry production, why can it not apply to a situation where you may have two or three or four Manitobans who are engaged in some resource development - it may even be mining - where they find that they have an ore body of so and so much value, but in order to develop it to production requires an input of capital far beyond what they can amass or marshall together themselves. If they go to private lending financial houses, institutions, and can't raise the money, they then either sell out to a large international corporation, either that or it sits there undeveloped; or else they can come to the Crown, and the Crown is in a position, the public is in the position through its instrumentality of a Crown agency to provide capital, either in the form of loan capital or equity capital or some - why not? - some combination of loan and equity capital, and the fact that this has been done by the Federal Government since 1965 in the case of Pan-Arctic and oil development in the high Arctic, that it's been done with great success in the case of Aquitaine and Elk Oil, is an indication to me, and I might add by the government of Finland as well in pulp and paper; they are involved by way of majority interests in the development of a pulp and paper mill on the west coast of British Columbia, and here again we have a publicly-owned corporation that is engaged in development, not just of their own country but far across the sea in some other country, and presumably it is worth their while. So something that has had such general application for the past five to ten years is an indication to me, Sir, that the Conservative opposition in this particular issue are either blind to present reality or ignorant of the developments of the last ten years.

MR. SPIVAK: Mr. Chairman, it's 5:30, but before that I wonder if I could just ask the Honourable Minister a question because we will be coming back at 8:00. I wonder if he'll be prepared to 8:00 o'clock to make the government statement on Western Flyer Coach at that time in this House. He announced that in a few days he would be making a statement. Would he be in a position to do it at 8:00 o'clock this evening?

MR. EVANS: Mr. Chairman, I can make a statement later this evening.

MR. CHAIRMAN: It is now 5:30. I am leaving the Chair to return again at 8:00 p.m. this evening.