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of the
Legislative Assembly of Manitoba

**DEBATES
and
PROCEEDINGS**

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LEGISLATIVE ASSEMBLY OF MANITOBA

Tuesday, February 27, 1979

Time: 8:00 p.m.

MR. SPEAKER: The Honourable Member for St. Matthews has 29 minutes.

MR. DOMINO: Thank you, Mr. Speaker. Mr. Speaker, when I was interrupted by the 5:30 dinner hour recess, I was making the point that the policies that are being followed in Manitoba, the policy of restraint of the present government of Manitoba, is not an isolated policy, that we are not the odd man out, that indeed there are lots of examples all over the world, in this country and in North America, in western Europe, of other governments which are advocating and following the same type of policies, policies that are necessary if we are going reorganize and straighten out our economy and begin once again to increase the amount of productivity.

I brought forward some examples and I would like to continue in the same vein. I would like to quote from a Winnipeg Tribune article and the article quotes at length from a chap named Jean Pierre Poulliet who is a specialist at the Organization for Economic Co-operation and Development in Paris, and I begin the quote from this gentleman. He says: "You have a mixed pattern in Europe but it all points in the same direction as Proposition 13. Governments are recognizing that they cannot have economic recovery without incentives to investments and one of the best ways to do this is to shift away from the government sector."

Let me quote further from the article. This article, by the way, which was in last week's Winnipeg Tribune, was written by a man named Robert Hershey for The New York Time's news service. Mr. Hershey says: "In the last few years, a time marked by recession and high inflation in most countries, much research has been done on the effects of public spending. Two Oxford University economists, Mr. Walter Ellett and Mr. Robert Bacon, examined government spending's effect on industrial structures and decided that this spending tends to cripple growth rates of western economies by checking the private sector's investment and its ability to create jobs. The Hudson Institute of Europe came to a similar conclusion in a report issued earlier this year, as has David Smith of Britain's National Westminster Bank."

These people are eminent economists. They are not the red-necked yahoos we so often hear about from members opposite. To be exact, I wonder if members opposite do any reading of anything other than MacLean's magazine. They probably only read MacLean's on those infrequent occasions when they happen to take a cheap shot at our Premier.

Members opposite have been calling this government all kinds of names now for a year and a half. They somehow think that they are going to drive us away with a few names. But when they refer to our economic policies as backward or out of date, I wonder if they would like to apply the same label to the prominent economists I've quoted and to those governments, not just one, but a whole series of governments, state, provincial and national in western Europe and North America who are advocating and following the very same policies that the Government of Manitoba is trying to implement. I doubt that they would try that.

Mr. Speaker, I would suggest that based on the evidence, this government is not out of step with reality but rather it is the opposition who are living in the past. It is the opposition who failed to keep up with the time, who failed to keep up with their study of economics. They are the ones who are out of date, not the government.

Mr. Speaker, I am proud of this government's efforts to reduce the role of government bureaucracy in our economy. I am proud of this government's efforts to restrain spending. It's not easy and we know it. It's not the kind of thing that's politically sexy, it's tough and I mean it's even tougher when you get people on the other side of the House distorting what's happening and playing for all it's worth wringing every last tear out of that bedsheet type of politics. —(Interjections)— Bacon slices, too, I'm told by members here. I realize it's a difficult task.

When I was campaigning for the election last fall and I told people door to door we were going to restrain government spending, we were going to reduce the number of civil servants if we could and we were going to do everything we could to reduce the role of government. People looked at me and said, "I might believe you young man but all my years of experience tell me that politicians of whatever stripe never do things like that. They never seem to be able to muster courage to cut back government." And from what I've seen and from what I've heard from the members opposite

I can see why those people believe that. Because after eight years of the NDP Party government, it's no wonder people believe it's impossible to restrain spending. Because they didn't try at all. Every time a problem came up they grabbed together a wad of the taxpayers money and threw the money at the problem hoping the problem would go away.

The people have become very cynical. They don't believe it's possible to restrain spending to reduce government. But slowly and surely we are convincing them. We are showing that it is possible with a bit of hard work. And I can see why, because what really happened over the last few years was that the people elected, a bunch of NDP monks and expected those monks to take a part in the monastery. Well, it's impossible.

I think at this point, that after a year and one-half of Progressive Conservative government in Manitoba, I'm particularly proud of our Premier because I think he has supplied this government more than anyone else, he has supplied this government with a sense of direction that is badly needed and that direction of this government in case any members of this House at this point are unaware of it, the direction of our government is towards a smaller bureaucracy, the direction of our government is towards less government interference in the lives of people. To quote from the Premier last night, "less bureaucratic imperialism."

I would like to spend just a few minutes talking about, for the edification of the members opposite, why we need at this point to limit bureaucracy and to limit the public sector imperialism. And the main reason in one short sentence is simply that the public sector is not productive. I only wish the Member for Inkster who assures me he is always here, I wish he was here this evening to hear this. Because during the last fifty years we have seen a steadily increasing concentration of spending power in the hands of bureaucrats and in the hands of the government. The supposition has always been that there are lots of services that can be more efficiently produced by state monopoly than by the market. However, all across the Western World productivity per person in government has been steadily declining while productivity per person in most free market industries over the last 25 years has more than doubled.

I wish some members opposite instead of getting up and continually attempting to throw names at us and call us names, I wish they would get up and answer those kind of questions, address themselves to issues like that.

In spite of all the technological process that has been made that should have allowed us, even in our public service bureaucracies, to increase the efficiency, we've seen just the opposite. The productivity per person has gone down. You might ask yourselves why. Why do we have this breakdown of public sector productivity? I'm not about to suggest, and I don't want anyone else to imply from what I am saying that the breakdown in public sector productivity has come about because public servants are lazy or because public servants are corrupt or because public servants are stupid. Because just the opposite is indeed fact.

Today our public servants are better educated than ever before. They are more energetic and they are articulate. But these people are working in an environment where cost-efficient methods are very difficult to achieve and I'm sure that if you were to talk to any of the members in the Treasury Bench, you would soon discover just indeed how difficult it has been.

The main reason why bureaucratic production of services and goods rarely work is that decision makers in an efficient productive system in today's world of rapidly changing technology, these decision makers have to ask themselves a question. Continually they have to ask this question: What is the best quickly changing and labour saving technology that I should use to accomplish any particular given task? Typically in a state bureaucracy, decision making falls into the hands of people who are very apt at explaining that anybody who keeps asking these kind of questions is being a bad colleague because he is constantly rocking the boat. Well, I say, thank God that in Manitoba we finally have a government and we finally have a Cabinet which is willing to make these hard decisions, which is willing to rock the boats.

Now, in some big business corporations where they have layer upon layer of management, the same problem evolves, the same problem that public sector bureaucracy falls victim to happens to some companies. However, when corporations go this route, they go bust, or they are taken over by more aggressive, more efficient companies. But state bureaucracies are not allowed to improve by death. Therefore they carry on expanding even when the productivity per worker totally disappears as is often the case in many state bureaucracies.

We're lucky and we're fortunate in Manitoba that we do have a Premier and a Cabinet and a Government that has the courage and has shown the courage to put to death those parts of our bureaucracy which deserve it because they are not productive and they are producing nothing.

In closing, Mr. Speaker, I would like to say that we have finally in this province, after eight years of seeing a government that refused to make the hard decisions, that refused to cope with these problems, we finally have a government in this province which is willing to tackle the problem of

the unproductive parts of the Civil Service. We have a government which will deal with the bureaucracy, which will work towards steadily improving the bureaucratic structure and making it more efficient. Because in a time of slow growth, if you want to improve the life standards of people, if you want to make life better for people, you are going to have to squeeze every bit of efficiency you can out of the resources we have already committed.

Members opposite don't address themselves to those kind of questions. They are more worried about whether it is one piece of bacon or two pieces of bacon or how often the bed sheets are changed. I'll tell you that there won't even be any bacon and there won't be any bed sheets at all unless we can make our entire economic system more efficient.

So, Mr. Speaker, in closing, I would like to challenge the members opposite to address themselves to some basic questions like that, not to fool around with these red herrings and these issues that are meaningless. Let's deal with some of the substantive issues that we have to face. Let's deal with about how we can make ourselves all more prosperous. Thank you, Mr. Speaker.

MR. SPEAKER: The Honourable Member for Churchill.

MR. COWAN: Thank you, Mr. Speaker. It is customary to extend greetings and congratulations during one's reply to the Throne Speech, so I would like to assure you, Mr. Speaker, that I will do so in the customary manner, but I would not wish you to infer that it is done out of mere adherence to the tradition, rather that it is done in more sincerity than adherence. I find it especially gratifying, Mr. Speaker, to find yourself continuing to occupy your exalted position in this House for I have grown comfortable in the knowledge that I can rely upon you from time to time for guidance during my deliberations in these Chambers.

Once again, Mr. Speaker, I have the privilege of congratulating the Mover and the Seconder to the Throne Speech. Unfortunately, Sir, once again, their task was complicated; their task was made that much more difficult by the lack of depth that their government provided them with in that Throne Speech, but their efforts were valiant and their efforts were much appreciated by this side of the House. And of course, this year, congratulations must extend beyond the House to go beyond these Chambers, to the previous Leader of the Opposition, now the Governor-General of Canada. I am certain that he will play as significant a role as Governor-General as he has for so many years in these Chambers on both sides of the House.

Which brings us to the new Leader of the Opposition, the Member for Selkirk. In the few months since he has taken on his new role as Leader of the Opposition, my respect for not only his ability but for his sincerity and his honesty has grown substantially. I consider it an honour to serve as a member of the opposition with the Member for Selkirk as our leader. I wish him every success in his new role and, Mr. Speaker, I might serve notice that I intend to wish him even more success in a few short years as the Premier of this province.

Having said all that, I would like to speak about the so-called Throne Speech that has dominated the proceedings of these Chambers for the past eight days. I think, quite frankly, Mr. Speaker, that it has been given more attention than it deserves and it amazes me that it has been able to sustain as much debate, for being such an inconsequential document. It is a classic example, Mr. Speaker, of much ado about nothing.

But the Throne Speech, while it is a weak document as it stands, does not exist in a vacuum. It has to be put into the proper perspective, Mr. Speaker, and seeing how it is supposed to be a timely document, we must put it into the perspective of the times.

To fully understand the Throne Speech, we must first fully understand the times in which it was written. So out of deference to the government, for I shall follow their example for the next few moments by beginning my remarks by regressing, the example that they seem to have shown us by beginning their government as regressing, I'll continue on.

Several months ago a substantial document surfaced and was made public. It was put together by a research team headed by Mr. Brad McKenzie out of the School of Social Work at the University of Manitoba. That document proved some very peculiar but predictable socio-economic patterns were developing in Northern Manitoba. It also, Mr. Speaker, provoked some very peculiar but predictable responses from the Member for Thompson, the then Minister for Northern Affairs and Renewal Resources.

The document in question was a lengthy and extremely well prepared effort to document those costs that are being inflicted on the people of Manitoba by government and private industry cutbacks in the North. The initial response by the Member for Thompson occurred during the research phase of putting that document together. The Minister seems to have interpreted that his responsibility to his constituents and to his government demanded that he stifle any bad news or any documentation of the horror stories that his ex-boss INCO and his present government the Tories have perpetrated on Thompson and all of Northern Manitoba.

The report quite specifically states that his, the Minister of Northern Affairs' interference appeared to result in some hesitation on the part of a few agencies to provide the researchers with data and information. But in spite of this alleged interference, Mr. Speaker, the document was completed and the document was published and it did lay out some very serious problems that have been created by INCO cutbacks and have been intensified by government cutbacks in the North. Now this very same Minister, the one that seemed to want to play such an active role during the research phase of the project, albeit a negative role, now that Minister has lost his tongue.

When confronted with the details of the report his comment was to say that he would study it. And we have heard very little since. Granted we may understand the Minister to be a slow learner but this is ridiculous. We've heard nothing since those few months ago. What the Minister can't muffle he obviously decides to try to ignore. But enough of the Minister's peculiar but predictable actions. The significant impact of the study, the title of which, Mr. Speaker, serves as an understatement of the wealth of the material that is contained within, the title being "Thompson and Cutbacks", a social impact assessment.

That document researches, catalogues, and conclusively proves that some very peculiar but very predictable problems seem to follow on the heels of major economic upheavals such as we have seen throughout the tenure of this government. Economic cutbacks that result in social problems that have been linked historically in an inverse relationship. The social and economic costs that were created by INCO, created by private industry now have to be borne by the public, by the taxpayers. Without going into great detail of that report, Mr. Speaker, because those who wish to go into the detail can find the report at the university and can do so.

I would just like to review the assessment of the social impact of the cutbacks in Thompson very briefly as put out in this report. The document proves that increased welfare expenditures increased unemployment insurance payouts, increased crime rates, increased child abuse cases, increased hospital admissions for persons suffering from depression, increased cases of marital breakdown, and increased general levels of stress, have followed on the heels of the cutbacks by both government and private industry in Thompson.

Simplistically put, Mr. Speaker, the INCO cutbacks and the government cutbacks have created a general level of suffering in the north, and the public now has to pay for it. And we paid dearly for using the data from this report, which compares similar periods previous to the cutback in 1977 to similar periods in 1978 we discovered the following: Welfare expenditure, when adjusted for population loss during that period, increased by 59 percent. Unemployment insurance payouts increased by 100 percent when adjusted for population loss. Criminal code offences increased at an adjusted rate of 29 percent. Non-criminal code offences increased by an adjusted rate of 43 percent. There was a survey that was conducted during the preparation of that report and 30 percent of the respondents to that survey commissioned by the researchers, reported that they were, in 1978, living under greater than average stress, and a full 40 percent reported increased levels of stress for the past year.

It would be a disservice to the authors not to comment briefly on their recommendations, and the recommendations, I might add, are worthier than the brief comment that I have time to give them tonight, so I would like to serve notice on the government side that we will be bringing these recommendations up from time to time during the course of this Session.

The research group recommendations, Mr. Speaker, included continued monitoring of the impact of the cutbacks by the government. It asked for legislation to provide economic assistance during economic fluctuations for single industry towns, and among others, it called for increased regulation of companies including mandatory responsibility for meeting some of the social costs arising from decisions to curtail operations. And as I said previously, we hope to discuss these in greater detail throughout the Session.

But now for this time, I want to talk about another related report. A study done by the United States government and completed in October of 1976, the title of which is estimating the social costs of national economic policy, implications for mental and physical health, and criminal aggression. Unfortunately, from the actions of this government, it seems to escape their attention. But using data going back over the last 30 year period, it also documents what is happening in northern Manitoba by comparing what is happening in the United States. And before going into the detail of the study, the statistics of such, I would like to take a moment to relate the essence of the researcher's conclusion and I quote from the report: "Policy planners know for example, that contractionary economic policies generate unemployment. In turn, this unemployment will reduce incomes and output, and enlarge federal budget deficits as tax receipts fall and outlays raise for jobless benefits." They also know that unemployment creates stressful situations for laid off workers and their families, and stress has been recognized as a major contributor to a variety of physical and mental illnesses.

And so we see the patterns of the cutbacks in Thompson, following those patterns of many

similar cutbacks in other countries. Policy planners, indeed, know this full well, Mr. Speaker, which only goes to show from the actions of the members opposite the total lack of policy planning that takes place in their government. And, their ignorance or at best, Mr. Speaker, to be kind, their indifference has cost this province dearly. But back to the details of the U.S. report. Analysing economic trends since the forties it proved that some very peculiar but predictable patterns followed during times of economic cutbacks.

It showed that for every sustained 1 percent increase in the unemployment rates the following results would accompany it. The suicide rate would increase significantly over the year of the cutbacks and for the subsequent five years afterwards with the results being cumulative. It showed that 4.1 percent of all the suicides in the fifth year following that sustained 1 percent increase could be directly linked to the impact of that rise in unemployment five years earlier. It also showed that the number of state mental hospitalizations for males increased. And in the fifth year also, Mr. Speaker, 4.3 percent of the total number of all such admissions could be directly linked to the 1 percent increase in the unemployment rate five years previously. In the fifth year following this sustained increase 4 percent of the state prison admissions could be linked; 1.9 percent of the cases of cirrhosis of the liver could be linked to that initial increase; 1.9 percent of the mortality of the deaths due to the cardiovascular or renal disease could be directly linked to that 1 percent increase in unemployment. And 1.9 percent of all the total mortality of the United States of America could be linked to that 1 percent increase five years earlier. This sort of tragedy, this sort of waste, and mismanagement of our most precious of resources, our human resources, is the ultimate of horror stories, Mr. Speaker. And it is also economic waste and economic mismanagement.

Again I quote from the report Mr. Speaker, "The 1.4 percent rise in unemployment during 1970," and the United States experienced a 1.4 percent rise during that year, "has cost our society," and they are speaking about the U.S., "nearly \$7 billion in lost income due to illness, mortality and in added state prison and mental hospital outlays." To this must be added public outlays of some \$2.8 billion annually over the 1970 to 1975 period for jobless and welfare payments associated with the sustained 1.4 percent rise in unemployment during the 1970s.

And it goes on to total out the public cost of that 1.4 percent increase in dollar terms. One year, in 1970, of 1.4 percent increased unemployment, cost the U.S. economy \$21 billion. As the author of the report so aptly puts it, Mr. Speaker, even a 1 percent increase in unemployment creates a legacy of stress, of aggression and of illness affecting society long into the future.

It happens in the United States, Mr. Speaker, it happens in northern Manitoba. Those same costs, albeit on a lesser scale, are occurring in Churchill, in Thompson, in Lynn Lake, in Gillam and in Sundance in northern Manitoba. Mr. Speaker, over the past sixteen months the government has literally decimated northern Manitoba. It has an interesting history, that word decimate. It comes from an old Roman custom of applying discipline and punishment by putting people in a community in a line and pulling out every tenth person and eliminating them. Utterly appropriate for these days of metrification I might add. But the Tories, like Romans of old, have put the north under the siege and then they have decimated it. And so the depopulation, the job loss, the skill drain, and it is the highly skilled workers who are out migrating, Mr. Speaker. This government by their very actions are pushing the tradespeople out of the north and out of this province because there are no jobs for them in Winnipeg. They are doing all this at a time when very serious shortages of skilled workers are projected for the very near future. And these workers, these skilled workers, will not come back to this province willingly. It's a classic example of once bitten, twice shy.

So now we find the cutbacks, the firings, the layoffs, and the now famous attritions have had its peculiar, but predictable results and costs and they can be documented. Between October of 1977 and January of 1979, and it should be obvious why I picked that period, Mr. Speaker, those five communities that I mentioned previously lost nearly 3,500, most of them skilled. They've lost approximately 600 students, those five communities. And in total those five communities suffered a depopulation of nearly persons. These figures take on an even greater significance when viewed in totality and there is no pun intended on yesterday's event —when viewed in totality for northern Manitoba as a whole, because it represents from a government that promised increased mining opportunity in the Province it represents a 15 percent decrease in the mining work force. There are 15 percent fewer miners and affiliated workers in the mining work force in Manitoba than there were in October of 1977.

It represents a 70 percent decrease in the Hydro work force. It represents nearly a 4 percent decrease in non-treaty school population in northern Manitoba. And given that there is an annual 3 per cent average growth in the reserve communities, it is a net loss of 5,000 persons to the north resulting in a 7.3 per cent decrease in population. And we have the accompanying social costs and they too are not hard to document, Mr. Speaker.

In the Thompson region, which includes all five of those communities that I previously mentioned, Thompson, Lynn Lake, Gillam, Sundance, includes all those communities, in that region alone there

was a 17.5 per cent drop in population. Five thousand fewer persons. But the welfare expenditures instead of going down, Mr. Speaker, went up. Five thousand fewer persons and for the first two quarters of 1978-79 there was a \$294,000 increase in welfare payouts to the Thompson region, excuse me, \$2,000, \$940,000 (sic) more than there was in a similar period for 1977-78. It indicates, Mr. Speaker, a 40.8 per cent absolute increase in welfare payouts. We have a 17.5 per cent decrease in population. One would expect the welfare payouts to go down because there would be fewer people in the area, yet we have a 40.8 percent increase in the payouts and when that is adjusted for the population loss, Mr. Speaker, the increase equals 54.3 percent, so that is the actual increase — 54.3 percent for welfare payouts in those communities. And when one examines that expenditure in more detail, it becomes even more enlightening. The major increases, both in caseload and in dollar expenditures, showed up in two categories — the employable category and the Mothers' Allowance category. A 41.5 percent absolute increase in expenditures for those people on social assistance in the employable category, which can only indicate to us, Mr. Speaker, that more and more persons, who are willing and capable to work, can't find jobs, can't find employment, so what we have is more and more workers chasing fewer and fewer jobs, until exhausted and finally defeated by that because the jobs aren't there, Mr. Speaker, they go on welfare.

A corresponding 46.4 percent increase in expenditures occurred in the category of Mothers' Allowance, which confirms our earlier fears and is in keeping with the two previous studies I mentioned. It confirms our earlier fears that cutbacks and layoffs and firings and attritions are increasing stress in the north and the subsequent result of that is a breakdown of the nuclear family, separations and divorces. It's proof-positive of the negative effects that the private industry, in this case, mostly the multi-nationals and their lackies, the government, are having on northern Manitoba.

When we talk about increased social cost, when we talk about increased welfare payouts, Mr. Speaker, when we talk about increased unemployment insurance payouts and the strain on our social services, Mr. Speaker, we are talking about big money. For the year 1978 in northern Manitoba, unemployment insurance payouts and welfare expenditures combined, totalled \$13,329,800.00 and for every one percent increase in those payouts, Mr. Speaker, we are talking about costing the taxpayer \$133,298.00 for every one percent increase. And let us examine, for the moment, why these costs are escalating. They are escalating in large part, Mr. Speaker, so that Inco can made more profits. A copy of Inco's 1978 Annual Report came into my possession yesterday, Mr. Speaker, and there are some interesting facts contained within that I would like to share with the House. For, even although profits were down in 1978, as compared to 1977 and years previous, they still equalled over \$77 million for that one year. The net earnings for Inco for 1978 were \$77,800,000.00, and most of that, Mr. Speaker, was made because they made the conscious boardroom decision to sacrifice their workers before they sacrificed their profits, or perhaps I should say, they made the unconscionable boardroom decision to sacrifice Canadian workers before they sacrifice their profits, for, in 1978, according to the report, Mr. Speaker, Inco's work force dropped by some 5,000 workers.

We can document, and this would be a conservative estimate, 4,000 workers from Sudbury and from Thompson, 4,000 of the Inco work force from those two communities have been laid off or fired. It is not the least bit ironic to note that, in the same year, the number of workers in Guatemala was 874, according to their report and the number of workers in Indonesia was 3,455, which shows they had 4,329 workers in those two countries while reducing their work force in Manitoba and Ontario by 4,000. And it's interesting to note that this government . . . my seatmate, the Member from Transcona, mentioned earlier a document that they had been sending around to their various constituencies and in it — I don't have a copy but I seem to remember that they said one of the benefits of their government was increased mining exploration. For people living in northern Manitoba, it says on the record —(Interjection)— Thank you, Mr. Speaker, my time spent on the customary congratulations was not ill-spent, I see. It says in here, on the record, building a better Manitoba for people living in northern Manitoba, increased mining exploration.

Mr. Speaker, in 1977 Inco spent \$23,800,000 on exploration. In 1978, they spent \$14,800,000.00. I'm wondering where that money for that increased exploration is coming from. It is also interesting, as well as enlightening, to note that, in 1978, we, as taxpayers of Manitoba, were forced to bear these added costs of unemployment and welfare payouts because Inco wants to maintain those \$77 million-a-year profits. The social cost we, as taxpayers, are forced to pay, is because, primarily, of the deplorable manner in which Inco treats its workforce. It's just our way of subsidizing their \$77 million profits.

The cruel irony of it all, Mr. Speaker, is that they want us to believe that they need those profits so they can create jobs for Canadian workers and it just doesn't pan out. They really expect us to believe, and their friends, this government, expects us to believe that bald-faced lie, that incredible con that they need those \$77 million profits so they can create jobs. Mr. Speaker, those \$77 million

profits meant a loss of 4,000 jobs to this country. I would hate to think what would happen if they made \$150 million profits in that year, but I digress for a moment, Mr. Speaker, back to the impact of the cutbacks.

Again in the Thompson region, for the same 1977 to 1978 periods, which I described previously, we witness a 23.6 percent increase in social assistance caseloads. Adjusted again for the population loss, it means that 35.4 percent more people are on social assistance than there were a year ago because there aren't enough jobs to go around.

It's interesting to note that in the NorMan region, which is a region similar to the Thompson region in many social economic aspects, we have — except one thing, Mr. Speaker, it is now experiencing stable economic growth — in that region, over the same period, instead of having these forty and fifty percent increases, we have a three percent increase in welfare payouts. So, a region that is experiencing economic stability has a three percent increase, a region that is experiencing cutbacks, layoffs, firings and attritions has 50 percent increases. — (Interjections) — But there is more to the problem, Mr. Speaker, than just the increased cost to the public in payouts.

There are reduced revenues to the province, for if we take into account, Mr. Speaker, the lost income from the mining force layoffs, the lost income from the Hydro layoffs, the lost income from the service industry layoffs and the government layoffs, as the businesses shut down and the workers are sucked out of this province by the economic vacuum created by the contractionary economic policies of both private industry in northern Manitoba and this government. When all that is computed, Mr. Speaker, the loss, the dollar loss in wages to this province is \$19,820,000 and that's not peanuts, Mr. Speaker. That is waste and mismanagement of the greatest magnitude, more than \$20 million of purchasing power driven from northern Manitoba, driven from the province as a whole.

Mr. Speaker, that's the loss for the last fourteen months. It is continuing, because the downswing in northern Manitoba has not ended because this government refuses to do anything to end it. And it will not end until they take positive action. And the workers that are leaving the north; let us not kid ourselves, they are not getting jobs in Winnipeg. A quick example which is indicative of the overall general trend, IBEW Local 2035 lost 135 workers in Gillam since this government took office, from Hydro cutbacks. And during the winter months, this month in particular, Mr. Speaker, they would normally have 70 members on their unemployment list or 8 percent of their total membership would be unemployed due to winter layoffs.

They now have 170 members on their unemployment list, 20 percent. And during these winter months they would normally have 20 workers who had been forced out of the province to find work elsewhere because work wasn't here, on what they call travelling permits. They now have 40 workers outside of the province, double the number, so what do we have? We have a loss of 135 workers in Gillam, we have 100 unemployed in Winnipeg that shouldn't be unemployed normally, and we have 20 that have been forced out of the province, so we can assume that 15 of those workers have found work. And that is indicative of the trend throughout the trades.

For the sake of debate, Mr. Speaker, let us assume that only 50 percent of those that are losing jobs in northern Manitoba have been lucky enough to find jobs at similar income levels as they had earned in the north. And let us assume that the other half are existing on Unemployment Insurance. If that were the case — and I suggest it's a rosier picture than really exists and my guess would be that only 25 percent had found work — but if that was the case, then we would have a total dollar loss of \$1,000,759 — tax dollars — both Federal and Provincial for the province and a country as a whole due to the contractionary economic policies or non-policies of that government. So there we have it, Mr. Speaker. This government, because of their refusal to meet the demands of government, because of their refusal to govern, and worse than that, because of their aggravation of the economic conditions in northern Manitoba, have cost the province millions upon millions of dollars. And that, sir, is the real waste, and that, sir, is the real mismanagement and the waste in human terms exceeds it by all bounds, Mr. Speaker.

And the real horror story is that because they have defaulted as a government, the people in my constituency, the people in the Member for Thompson's constituency, and the Member for Rupertsland and the Member for The Pas and the Member for Flin Flon have to pay in human terms, and the people of the province of Manitoba and the people of Canada as a country are forced to bear the burden of these economic losses. So, Mr. Speaker, with one minute left, I assume, I would just like to finish by saying, Mr. Speaker, that the economic waste, the economic mismanagement is easy to document and it demands more from this government than the cute terms or phrases to say that they will study and probe it. It demands action and it is time for action. They have been in government long enough to get their feet wet. Let them use them to move us towards a better economic future that they have so rudely promised us.

MR. SPEAKER: The Honourable Minister of Highways.

MR. ENNS: Thank you, Mr. Speaker. But as, of course, always tempted, after listening to an immediate speaker to leave some of your own prepared thoughts and notes and respond immediately to the speech just made. But, sir, that recitation of forty minutes in length of doom and gloom and problems, and admittedly problems, but not one solution offered. But not one alternative offered, not one problem solved your way. A simple recitation of what admittedly is a serious problem in terms of unemployment up there. What is admittedly a serious problem and always has been a problem. Always has been in those years. But I just interrupt my speech by simply commenting on the Honourable Member for Churchill's effort. Well, Mr. Speaker, let me not do the wrong thing by neglecting you, sir, and being a privilege to be among the last in this Throne Speech to offer my congratulations to you, sir, and to offer my full support as you carry on the stewardship of this Chamber.

Likewise, of course, to the members who Moved and Seconded the Throne Speech, the Honourable Member for Springfield, the Honourable Member for Radisson. Mr. Speaker, I suppose there's no better way to indicate the kind of support that all of the members of government have for the government and for the Throne Speech before us is that we had to scramble, including myself, to be able to get into this debate. There was a dearth of speakers wanting to speak on this side, sir, in defense of and in the expounding of the Throne Speech before us, while it's notable that there are a number of speakers from a smaller number of members that have chosen not to take this occasion, one of the few occasions that this Chamber allows for a free and full debate of the issues of the day.

Well, Mr. Speaker, let me get off my chest some of the unique problems that I have as Minister of Highways and Transportation. I really want to do this by showing some empathy, and indeed extending some congratulations and condolences to the Honourable Member for Ste. Rose, who has been selected as the highway critic for his party in the coming session.

Well, Mr. Speaker, I want him to understand that I understand how difficult his party and his leader are going to make his job. Mr. Speaker, for 15 months now the New Democratic Party has gone on record officially, unofficially, and on every other occasion they can find to say how wrong, how bad it is to build roads in Manitoba. And I understand, Mr. Speaker, today they said we should even build roads without any shoulders. But, Mr. Speaker, I understand the difficulty that the Honourable Member for Ste. Rose is going to have, and I want to offer him my support to begin with. I will attempt to make his job easier, Mr. Speaker.

But, Mr. Speaker, as you are my witness and there are other members who are my witness, you know it is a difficult job for me as minister responsible to attempt to provide for all Manitobans the requirements in terms of service transportation in this province. But Sir, we remember all too well, and the Member for Roblin remembers better than anybody else, that the former premier of this province, the former leader of the New Democratic Party, in front of many hundreds of people stood and said, "Unless you vote for the New Democratic Party, don't expect any consideration from this government." That is what the report as can many attitude and the actions . . . Mr. Speaker, I can members sitting here report, that is one promise the other government kept. That's one promise the other government kept.

Well Mr. Speaker, I want to assure you, Sir, as my witness, and in front of my honourable friends opposite, particularly the Honourable Member for Ste. Rose, the Honourable Member for Brokenhead, The Leader of the Opposition. And Sir, my Christian faith and principles will teach me when I get slapped in one cheek, to turn the other cheek. When I'm asked to walk one mile, I'll walk two miles and pave one while I'm doing it.

But let's put the highways budget in its proper context, to some extent, and perhaps let it rest. The highways in 1969 spent some 16 percent of the provincial revenues. In the intervening eight years that slid down to 8 percent, and what has happened is we have brought it back up to 9 percent. Now, if the New Democratic Party officially wants to go on public record as they have for the last 15 months, and tell the province, the people, and particularly rural Manitoba that spending \$1.00 on a road is foolishly spent, to make road improvements is the last of your priorities, then Sir, you will continue to see the benches filled with honourable members of the Conservative party for a long time.

Mr. Speaker, in offering my congratulations to members of this Chamber, such as the Mover, the Second, and yourself, Sir, I have not forgotten the congratulations due to the Leader of the Opposition. I have chosen to speak to him now rather than at the outset of the speech because I have a difference of opinion with some of my colleagues on this subject and indeed, more surprisingly with some of the members of the news media, that of late have suggested that perhaps some of the reason for an apparent disorientation, or some bewilderment, a lack of cohesiveness on the part of the opposition. To date, in functioning as an effective opposition, perhaps lays on

the shoulders as the responsibility of the new leader. Well Sir, I don't believe that, I have the greatest respect for my former constituent, the Honourable Member for Selkirk, and I believe, I truly believe that he is as well equipped for the job that he has accepted, the responsibility he has accepted, and that any lack of direction, any lack of cohesiveness on the part of the loyal opposition does not lie, is not reflected in any way by the lack of ability or lack of talent on the part of the now Leader of the Opposition. Sir, the problem is more serious for them, and I would like to outline that briefly.

We have to understand that the first two sessions of this Legislature, and I count the mini session and the last session as the first two sessions; to some extent I suppose you could still say we were playing the kind of ball game that they had some familiarity with the rules.

The burning issues of the last session was such a bill like Family Law and what we were going to do with it, and they could collect the kind of support, the kind of activist support of a small minority of very active people in this province, all in a bill like that, and hope to influence the outcome of that bill. And they acted, and they appeared as a cohesive opposition during that session.

I suppose it could be said, Mr. Speaker, that the first full year of the fiscal responsibility exercised by this government had honourable members opposite honestly believing that this government had overstepped itself. That the kind of measures taken by this government would, in fact, not be accepted by the people of Manitoba. Well, Mr. Speaker, what has happened of course, in the interim time is that these issues have faded, and they have disappeared. Mr. Speaker, it's exemplified in no better way than when this same women's coalition group fondly embraced the Attorney-General and my Premier. For what? For the position they took on Family Law at the Constitutional Conference. I think that's a demonstration of how things change in the world and in the province from time to time.

Mr. Speaker, what of course has also changed and by far the most significant change, and this is really so wonderful that this happens in a free and open society, is the dawning, the enlightenment of a great number of people that the restraint measures, fiscal responsibility, size and how government spends money is necessary. The kind of actions taken by this government have the quiet, and whole-hearted support of growing numbers of Manitobans, not lessening. Mr. Speaker, that realization that is dawning on members opposite also, somewhat slowly, somewhat painfully, that is what's causing their bewilderment, Sir. And that is why they have to kind of draw back as the First Minister said in his speech last night, "Back to the standbys for the bench marks of support.

Mr. Speaker, how best can I describe it? I suppose the best way I can describe it is the kind of reaction that the news media, the international media now I speak of is presently caught up with some of the serious events that are taking place in the world today. To be more specific, I refer to our own people's corporation, the CBC. For instance, if the question wasn't so serious, I'm sure I'm not the only one that has noticed it, but in any event if I had, then I invite you to go home when you watch the late night news, the zing is out of their news reporting, the zap isn't there, there is no moral indignation, there is no righteousness. They can't identify what's right and what's wrong in the world when they report on the serious events in Iran.

Now, they know that there is a revolution that's occurred there. But this rather old chap with a long-flowing beard that's running around the country, chopping off right arms doesn't quite fit into the popular accepted mold of a people's front revolution. You know, if there were at least a few Cuban troops around there somewhere, the CBC would know how to report it. And so, they tend to flounder around.

Mr. Speaker, much more serious, we have a bloody war going on between two freedom-loving Democratic Republics of this world, and again the CBC in their moral indignation which they felt so comfortable with for a whole decade are floundering. Thousands of people are being killed. In fact, Mr. Speaker, some of us can remember when on cold winter evenings, when we didn't have better things to do than even the honourable members of the opposition would from time to time join in demonstration to throw a few eggs at the U. S. Embassy on Donald Street. Because we all knew who was right and who was wrong, and you see what's bothering the international leftist leaning liberal press and media organizations of this world is they haven't been able to identify the bad guy and the good guy. In the meantime, thousands of people are being killed, and it is a serious situation.

Mr. Speaker, in a similar way what is bothering the opposition today, and really what is the root cause of their difficulty and what is going to be their continuing cause, because they find it hard to believe that all of a sudden, Conservatives happen to be in tune and in time with what is going on in the world, what is going on in this country, and what is going on in this province. And, Mr. Speaker, it is demonstrated during this Throne Speech debate. We have not rehearsed our speeches among ourselves, and least of all with the member that spoke earlier this evening, the Member for Wellington. But he was speaking in much the same tone as what I am speaking

about in terms of the acceptance and the realization, not just in Manitoba, not just in Canada, but in all the western nations of the world, the necessity for bringing inflation and exercising some monetary control.

Mr. Speaker, that is their problem and that, I reiterate, does not reflect on the Honourable Member for Selkirk and his capability as a leader of that party, their problem is far more serious. Mr. Speaker, the real tragedy, and the real problem for the honourable members opposite, is this understanding on the part of so many more people than they themselves want to admit, that fiscal responsibility is necessary. Mr. Speaker, they are demonstrating again and they will go through it again because they have no other benchmarks to hold themselves on to. We had the bed sheet debate last time, we are on to the two-strip, three-strip bacon debate this time, but we'll carry on with that. But the real horror stories, and, Sir, we are responsible for not having exposed them, not having told that story fully.

Now, Mr. Speaker, what is all this talk about priorities, what is all this talk about not having the available space for our jails or our correctional institutes? But it was more important to build a \$4 million garage for our cars for civil servants, when it is now apparent to everybody, including the sports jocks that write for the papers, that maybe it should be a good place to have kids run races in, except that you don't build that kind of a building, you don't put that kind of hydraulic equipment into a building like that just to run it as an indoor track. But the people are beginning to understand that, they now realize that services are carrying on. They realize that business is carrying on, and we really don't need that garage; it's that simple.

Mr. Speaker, that collaboration that the previous administration in conjunction with their Liberal colleagues, when they built that massive complex at Churchill for some \$14 million, to \$16 million or \$17 million. But, Mr. Speaker, nobody denies a need for those kinds of improvements or amenities in that isolated community, but the tragic question is when we talk about horror stories, when we talk about fiscal management of money, they built that building on the assurance that that was going to cost them something like \$230, \$240 a year to maintain which was within the fiscal capacity of the LGD of Churchill, but the bill is coming in, sir, at \$1 million a year to operate that facility and the people aren't there any more. A million dollars a year, sir. That bill's a personal care home every year, sir. Two years it builds a correctional institute, sir. A million dollars a year that we are just . . . You know, Mr. Speaker, it defies imagination, defies imagination.

Now, Mr. Speaker, let's raise the question that is of concern to everybody, that is of concern to the honourable minister responsible with respect to corrections. What we are faced with under these kind of problems is a re-examination of fiscal priorities and spending of money. I find it, Mr. Speaker, inconceivable that my colleague, the Minister of Education in the very excellent community colleges that we have in the province of Manitoba, and they are not cheap facilities — Red River Community College, Keewatin and The Pas — through which at any given time are over 7000 students. The former Minister of Education will correct me if I'm a little loosey-goosey with my figures. But I understand that — that's roughly the case. Seven thousand of our finest young people that the Minister of Education is teaching in the finest of institutions with the finest of equipment, everything from hair dressers to big diesel equipment, plus another several thousands of adult people that can use those facilities in the evenings. I would suggest training some ten to twelve thousand Manitobans in those facilities at a cost of some \$24 million. I find it inconceivable that our sense of priorities are such that when it comes to housing, 850 persons, Manitobans, who temporarily are at odds with the law and have to be incarcerated, that that should cost the same amount of money. That that should cost the same amount of money. 800 people in jail cost as much as 7000 students, 10,000, 12,000 if you count the adult people taking advantage of those institutions. There is something basically wrong.

Put it in another way, sir, I find it mind-boggling — to use a phrase the former First Minister of this House often likes to use — that the Winnipeg Inn, the Hilton or the Red Oak Inn in Brandon or the International Inn of my colleagues, can build the finest luxury room for something like \$25,000 or \$30,000, that we are currently building the finest modern acute care bed hospital in this city, Seven Oaks Hospital, with all its life-saving equipment and tools and everything like that. And that's cost \$65 thousand to build, that room. And yet to house a youngster who is not sick, who has disobeyed a law and is going to be incarcerated for two weeks or ten days or three months, to build him a room it costs \$95 thousand, and there is something wrong. There is something wrong with those kind of priorities. There is something wrong with those kind of priorities.

Well, Mr. Speaker, now that's the alternative. But, sir, I apologize to nobody, least of all the people of this province that reconsideration and a review of our spending power is taking place. I don't suggest for a minute that the current situation should stay as it is. I think immediate solutions can and ought to be found, and I know the Minister is being encouraged to do that. But I don't apologize, certainly not to honourable members opposite, but more important to the taxpayers of

this province, for deferring those kind of expenditures.

Mr. Speaker, that leads us to really the biggest horror story of it all, and we haven't told that story as well as we might, because it is, Mr. Speaker, a difficult story to tell. Somehow, when we speak in millions of dollars, you know it's hard to understand, it's hard really to get a handle on it. For that reason very often and we often do that, certainly we did that when we were in Opposition, we find it more convenient and more effective quite often to choose on the little item. You know, on the bed sheet. On the toilet that didn't work. Or on the difference between one strip or two strips or three strips of bacon. That's admittedly a tactic on the part of the honourable members opposite that they could work. But the true and real horror story, the true and real horror story is our provincial debt and the absolute refusal on the part of members opposite to attempt to (a) recognize it as a problem and to . . . we've listened to eight days of debate now, and not from one, not from one speaker, Mr. Speaker, have we heard any suggestion that that ought to be a concern of a government, of any government.

Mr. Speaker, we are asking Manitoba citizens to pay just on the interest in this year of our Lord 1979, \$54 million of interest to service our debt. \$54 million dollars. That's more money than the entire Department of Agriculture spends, that's more money than the entire Attorney-General's department spends, that's more money than we spend on the Department of Corrections, that's more money than — we can slip Fitness and Tourism and goodness knows what else into that. That's how much we are paying, that's what we are paying on interest alone. As my colleague, the House Leader says, that could buy a bit of bacon all right — that could buy a fair number of slices of bacon.

Now, Mr. Speaker, the Opposition indeed, ever since one of their former leaders, I believe it was in the 1973 election really got on the . . . he thought he had a real good slogan when he started talking about support to the private sector, to the industrial and the businesses of Canada as being corporate welfare. And we've heard it during this debate. Now, Mr. Speaker, who does the Opposition think this \$54 million in interest is going to? A handful of financial homes or houses in Zurich? In London? In Tokyo? And yes, I have to admit, as of this year, it's going to embellish the fund of Peter Lougheed's Heritage Fund. Is that what your goal is? To see that that handful of financial houses on Wall Street, New York, in Zurich, Switzerland, in London or in Tokyo receive not \$54 million dollars a year in interest? Do you want it to be \$80 million in interest? You want it to be \$100 million dollars in interest? That's all you've been talking about. That's province, Mr. Speaker. Mr. Speaker, far more serious, far more serious is our national scene, where the interest alone and I'm again speaking only of interest. Sir, we pay that \$54 million and we don't get our debt down by one cent. Not one cent. And we as Canadians are paying \$8 billion to service our national debt. \$8 billion. And that has happened in the last decade.

Now, Mr. Speaker, my honourable friends opposite take a great deal of responsibility for that. They, in coalition with their bed-partners the Liberal government, they kept that government in power in 1973 through the minority years and God forbid that that should happen, but if there should be another minority government, they will do it again. The NDP Party will support unequivocally the Liberal Party. There's no question about that. An NDP vote is a Liberal vote. We know that. We know that, Mr. Speaker. So that, let's not speak of party principle, let's not speak of party belief, let's speak of the facts of life as we know them, Mr. Speaker, the facts of life that we know them.

Mr. Speaker, and what does this kind of massive borrowing do to the citizens of this province, the citizens of this country? Well, Mr. Speaker, the hypocrisy that comes forth when honourable members opposite stand up and plead and stand up and chastise my colleague, my friend, the Honourable Minister of Health and Social Development about the fact that he has to raise the per diem rates in some of our personal care homes by 75 cents or a dollar, is there any one of them prepared to take any of the responsibility for the other dollar that you are proposing to take off them and have taken off them every year by virtue of inflation?

Mr. Speaker, there is a short term benefit that we gain from the devalued dollar. Certainly in our agricultural resource industry, perhaps we experience that most, but it is a short-term gain. Let's not fool ourselves. Let's not fool ourselves that that devalued dollar at its present level is a healthy sign for Canada. But what it means, is that those people who can defend themselves least are being hurt most. And you know, Mr. Speaker, I should be on that side of the House making that kind of a statement. I should be on that side of the House making that kind of statement, but it is the most truthful statement made with this respect if you are concerning yourself with those who are least able to defend themselves.

Mr. Speaker, high inflation, high interest rates don't bother the big business and the big moneyed people of this world that much. They can roll with the punches, they re-invest their money, they get their high interest returns back on their investments. It's the retired railway worker, the retired farmer, the retired person who lives on fixed income who finds his dollar, his savings, his pension

plan steadily eroding, that is being hurt the most. So, Mr. Speaker, without any fear of contradiction, I say that my premier and this government is every day exhibiting a greater and a more truthful concern about the ordinary folk, as the Minister of Agriculture now likes to coin the phrase. About the little people — the people that can't defend themselves as easily, that all that clutter of nonsense and garbage that we've heard these last eight days on this Throne Speech. — (Interjection) — Yes, and we have ten years, we have eight years and ten years of the coalition Liberal-New Democratic policy of mismanagement in this country to thank for it. There's no question about that.

Mr. Speaker, in 1965 or '63, I believe the last Conservative national budget, the entire budget of expenditure was \$8 billion, or in that figure . . . \$8 or \$9 billion. \$6 billion — my member who ought to know, who was there, tells me. \$6 billion. Now I know that we've done that exercise in this House too, about going back a decade and so far like that. But, Sir, does it not concern any of you, the rate of acceleration? Well, obviously it doesn't. Obviously it doesn't. Mr. Speaker, I can suggest, as I have suggested and I will suggest some time one of the reasons why it does not concern you. I know some of those answers too. But I won't engage in that exercise on this occasion. Suffice to say, Mr. Speaker, is that, as I said earlier, the people of Manitoba don't necessarily understand it exactly and I don't blame them, because the whole fiscal financing policies can get pretty complex. They don't particularly have to be able to cross every "t" and dot every "i," but they do understand, they do understand with an increasing degree of apprehension, with an increasing degree of nervousness, that it has to stop and that there has to be a change in direction.

Mr. Speaker, just today in the press, and I'm not one for quoting the press all that much, they generally don't give me that much to quote from but, interesting comment though, of the recent gallup poll, and it indicates that today 18 percent asked the question. The question being, speaking of the future, which do you think will be the biggest threat to Canada in the years to come, big business, big labour, or big government? And the answer is big business is feared by 18 percent of Canada's population now as being the biggest threat. Big labour is feared by 34 percent of the Canada population. Big government is feared by 37 percent.

And that's a remarkable change from just three years ago because that same question was asked by gallup in 1975. In 1975 the response was thus: Big business' 20 percent; big labour, 36 percent; and big government, 29 percent.

So, Mr. Speaker, in three years, the concern and the perception of the Canadian people is that they have more to fear from big government. And when they say big government, Mr. Speaker, they don't really mean that big government is going to get into their bedrooms and rattle them out of there and put them in a concentration camp. That's not what they really mean here. What they mean by that is this uncontrollable expenses, erosion of their money, erosion of their savings, erosion of what they perceive to be their future. That's what they believe. Incidentally, Mr. Speaker, it's by coincidence, I suppose, that the fear by the Canadian people of big business being at 18 percent happens to coincide pretty well with the national support for the N.D.P. is I suppose just coincidental.

Mr. Speaker, I use those stats simply to indicate that the concern that the honourable members opposite have and will continue to have, they will continue to be disorientated, they will continue to be bewildered in attempting to successfully mount an attack that will clearly indicate an alternative choice to government. For one simple reason, because time is on our side in this question. Time is on our side and the perception of the kind of Canada and the kind of province that Manitobans want happens to be more of the kind of government, the kind of province that we paint for them and the kind of direction we wish to take them.

Mr. Speaker, I have absolutely no hesitation that when the considerable amount of meat within that Throne speech that has been glibly passed off by members opposite. Because of course that's understandable, they don't want to deal with any of the issues that are contained within the Throne speech. They don't want to deal with the issues that the Minister of Education is dealing with in that Throne speech. They are still smarting, they are still smarting after the after effects of having so successfully introduced aid to private and provincial parochial schools last session that they dare not talk, they dare not tackle any measure that the unonourable Minister of Education brings in this House, they dare not tackle any question that he brings into this House. They are not prepared to really take a hard look at the kind of expansion and, albeit, the word was often used in the Throne speech, modest or moderate — but that's in keeping with our means — but the kind of new avenues and new approaches that the Minister of Health was taking in that Throne Speech.

And of course, sir, I come back to where I started. They simply abhor the thought that the Department of Highways, God forbid, should build another road in this province. Mr. Speaker, I offer to my friend, the Honourable Member for Ste. Rose who is my highway critic, that despite

the screaming and the opposition of his party and his leader, I will try to build a road in your constituency. I will try to build a road in the Honourable Member from Brokenhead's constituency. —(Interjection)— Well, maybe by then I will have to run out because, you know, I have to understand the pressures that he is operating under. Sir, I don't wish to make the job any more difficult for the Member for Ste. Rose. He's had a difficult winter lying under some tarpaulins or what have you for a period of time and in the part of the country where I come from when you're lying under a tarpaulin there is usually a mound of dirt beside you, but anyway, I am glad to see that he is back in the House and I am glad to see that he at least knows that between him and I there is an empathy, an understanding for each other's role. I will do my best to assist him and I will tell you what, I will make a deal with you, I'll meet you in the hall occasionally and we can talk about highways out of earshot from your leader and from the rest of your party colleagues because I appreciate the fact that the official position of the New Democratic Party is: No. 1, don't build a road if you don't possibly have to and if you do, for goodness sake, don't build it with shoulders. That was enunciated this afternoon by the Honourable Member for Transcona who suggested that to us.

Well, Mr. Speaker, let me simply come back with the genesis of my remarks. I believe that the new leader of the opposition will fulfill his task capably. I don't believe that they had any better choice to make on the other side. However, Mr. Speaker, I believe that it will be of no avail because the root of their problem on the other side lies, not entirely within some of the suggestions that I have made today, but surely partially, Sir. They are disorientated, they are bewildered, and they have lost some of their familiar benchmarks to identify themselves with and all they have — yes, bewitched, bewildered, and bothered — and all they have left, sir, is to do precisely what the First Minister said last night. They have to rely on the old hoary benchmarks and guidelines that they are more familiar with. Spend more money, there is a bottomless pit and no fiscal responsibility. Mr. Speaker, that tactic won't work in 1979, that tactic won't work more importantly in in 1982.

MR. SPEAKER: Are you ready for the question? The Honourable Member for Brandon East.

MR. EVANS: All right, Mr. Speaker, over the last few days we've been amused on this side. In fact, the people of Manitoba have been amused by the fantastic number of economic myths that we hear from members of the opposition. Pure, simple, economic myths because somehow or other they think that there is some relationship between deficit spending and inflation. Somehow or other they think they're, . . . Well, Mr. Speaker the laughs on the other side display the ignorance of the honourable members.

The fact is, Mr. Speaker, that we have had in this country a considerable amount of inflation thanks to the price of international oil going up, thanks to the price of agriculture prices going up in North America, thanks to a lot of factors that are beyond our control. And I say to this government in the thirty seconds that I have left, you can have a hundred million dollar surplus, you can have a three hundred million dollar surplus on account and you won't stop inflation one iota. Inflation will still be here. It will be an eight percent or nine percent or ten per cent but you will not get rid of it by eliminating deficit spending. You will not get rid of it by eliminating deficit spending.

As a matter of fact, Mr. Speaker, the Honourable Minister referred referred to the debt load being suffered by the people in this country, not only provincially, but federally. And the fact is that the debt load has gone down in this country when you compare it to the gross national product. The debt load of all governments, federal and provincial, has been going down steadily in the last several years. The debt load that has been going up Mr. Speaker, has been on the private sector, not in the public sector, but you don't know that, you don't know that, you don't want to know that. You don't know that, you don't want to understand that. And at the same time Mr. Speaker, the money supply, the rate of increase of the money supply has been reduced and while that's been happening we still have inflation, so you've got deficits and you've got inflation, but you've also got a reduction in the money supply, so you figure that one out.

So, Mr. Speaker, I would say to my honourable friends that they have lots to learn. I only wish that I could give them a free copy of an introductory book in economics. I don't know whether they would get through the first chapter or not but I know they would try. But I would hope that in the course of our debate Mr. Speaker, that somehow, some economic reasoning in sense, and let's look at the fact, let's look at the facts instead of being misguided by economic myths that belong in the seventeenth century.

MR. SPEAKER: Order please. According to our Rule 35 at thirty minutes before closing time on the final day of debate the question on the main motion shall be put.

QUESTION put, MOTION carried.

MR. SPEAKER: The Honourable First Minister.

MR. LYON: I beg to move, seconded by the Honourable Minister of Finance, that the Address be engrossed and presented to His Honour by such members of the House as are of the Executive Council and the Mover and Seconder of the Address.

MOTION presented and carried.

MR. SPEAKER: The Honourable Minister of Finance.

MR. CRAIK: Mr. Speaker, I have a message from His Honour the Lieutenant-Governor.

MR. SPEAKER: The Lieutenant-Governor transmits to the Legislative Assembly of Manitoba Estimates of sums required for the service of the province for the fiscal year ending the 31st day of March, 1980 and recommends these Estimates to the Legislative Assembly.

The Honourable Minister of Finance.

MR. CRAIK: Mr. Speaker, I move, seconded by the Minister of Health and Community Services, that the said message, together with the Estimates accompanying same be referred to the Committee of Supply.

MOTION presented and carried.

MR. SPEAKER: The Honourable Minister of Finance.

MR. CRAIK: Mr. Speaker. I move, seconded by the Minister of Government Services, that this House will, at its next sitting, resolve itself into a Committee to consider of the Supply to be granted to Her Majesty.

MOTION presented and carried.

MR. SPEAKER: The Honourable Minister of Finance.

MR. CRAIK: Mr. Speaker, I move, seconded by the Attorney-General, that this House will, at its next sitting, resolve itself into a Committee to consider of Ways and Means for raising of the Supply to be granted to Her Majesty.

MOTION presented and carried.

MR. SPEAKER: The Honourable Minister of Finance.

MR. CRAIK: Mr. Speaker, as is customary, while the Estimate books are being distributed I would ask the permission of the House to make a short explanatory statement on the government's expenditure proposals contained in the 1979-80 Estimates fiscal year.

The main estimates for the fiscal year beginning April 1, 1979 total \$1,774,213,100.00. This represents an increase of 5.56 percent over the spending authority of 1978-79.

To ensure maximum comparability between the 1978-79 and 1979-80 estimates, a number of adjustments have been made to the 1978-79 figures. These include, first of all, amounts voted in supplementary appropriation acts, that's the supplementary supply of last year which is regular; appropriation transfers arising from department reorganization; thirdly, transfers to departments from enabling votes; fourthly, a reduction of \$6.3 million in public debt, net interest cost by including investment income related to debt retirement reserve previously shown as a revenue item. Mr. Speaker, that's comparable to netting out sinking funds. And finally, the addition of capital carry-over authority, amounting to \$30.4 million. Last year, members opposite suggested that this carry-over authority be included in the estimates, although that had not been the practice in previous years. We announced then that since capital authority, as well as current authority would lapse at the end of each fiscal year starting March 31, 1979 in accordance with proposed changes in the Financial Administration Act, the changeover would occur at this time.

Members will note that for purposes of comparison, each department's carry-over authority is specified in reconciliation statements which appear with the estimates. I should add that the inclusion

of carry-over in 1978-79 adjusted estimates produces a spending authority total which appears to be roughly \$25 million higher than the most recent projection of actual spending for the current year, as noted in the third quarter financial statement which was released recently. That statement took into account lapsing of authority and most accurately reflects the expected year-end projection for the current year.

The rate of increase in provincial expenditures next year will once again be well within the guideline established by First Ministers at their conference on the economy in February of 1978, and reaffirmed at their follow-up conference in late November of 1978. Members will recall that all 11 senior governments committed themselves at those conferences to limiting their increases in expenditures to a rate less than the rate of growth in the total output of the economy.

It's expected that Manitoba's rate of spending growth next year will once again compare favourably with those of the federal government and the other provinces. While it may not be the lowest percentage increase in the country in 1979-80, it will certainly be substantially lower than the federal government's announced target of 8.9 percent for its expenditures in the next fiscal year. And when both 1978-79 and 1979-80 are taken into account, it's quite possible that our average increase will remain the smallest or close to the smallest of any of the senior governments in Canada in the same two year period.

The main estimates for next year are reflective of the continuing determination of our administration to re-establish the principle of fiscal responsibility in the government of the province, and to reduce the demands of the public sector in the economy. We believe that the maintenance and improvement of essential services can only be guaranteed if our tax dollars are managed far more prudently than in the past. This means that spending cannot outpace revenue growth, and in fact, must be held below that rate in order to permit a gradual reduction in the deficit gap which the previous government allowed to reach in our estimation an unacceptably high level. In this connection I want to draw the members' attention to approximately \$20 million increase in public debt charges for 1979-80 — an increase which has resulted in part from exchange rate fluctuations and in part from the deficits of previous years. Inevitably, an increase of this size limits our overall flexibility as has just been pointed out by the Minister of Highways.

These constraints make it essential that the government implement management systems which ensure that ministers are continuously aware of developments affecting the province's financial position. In the preparation of the estimates for 1979-80, more effective and careful management has made it possible to provide for significant increases in excess of the overall rate of increase of the estimates for such priorities as health and community services, education, economic development and northern affairs. An important portion of the increased expenditures, under the Departments of Economic Development and Northern Affairs relate to cost-shared development agreements with the Federal Department of Regional Economic Expansion.

The province has recently concluded new agricultural and tourism agreements with DREE as well. As members can appreciate, there is considerable variation in the rate at which new and amended agreements can be implemented. To ensure flexibility in the implementation process, approximately \$9.7 million has been allocated to Appropriation 26, the Canada-Manitoba Enabling Vote in the following manner:

(a) for existing agreements, 15 percent of approved projects amounts have been transferred from implementing departments to the enabling vote and

(b) for new agreements and programs, estimated 1979-80 requirements have been included in the enabling vote in total. The enabling authority will be administered through the Department of Finance and allocated to implementing departments on the basis of cash flow requirements.

Before concluding, I want to express my appreciation publicly to my cabinet colleagues and to their officials and to the new Treasury Board staff for their co-operation and assistance in preparing these estimates. Increased responsibility for decision making within individual ministries is the key to the improved financial management system we are establishing in the government. This has been our first year, Mr. Speaker, in implementing this program where the ministers personally and individually piloted their own estimates through the final and most important stages of the estimates process. The estimates I have tabled to tonight show that this system is working, and is working exceedingly well. Mr. Speaker, I thank you.

MR. SPEAKER: The Honourable Government House Leader.

MR. JORGENSEN: Mr. Speaker, I move, seconded by the Minister of Highways that the House do now adjourn. - carried.

MOTION presented and carried.

Tuesday, February 27, 1979

MR. SPEAKER: The House is accordingly adjourned and stands adjourned until 2:30 tomorrow afternoon. (Wednesday)