



Third Session - Thirty-Fifth Legislature
of the
Legislative Assembly of Manitoba

**DEBATES
and
PROCEEDINGS
(HANSARD)**

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MANITOBA LEGISLATIVE ASSEMBLY
Thirty-Fifth Legislature

Members, Constituencies and Political Affiliation

NAME	CONSTITUENCY	PARTY
ALCOCK, Reg	Osborne	Liberal
ASHTON, Steve	Thompson	NDP
BARRETT, Becky	Wellington	NDP
CARSTAIRS, Sharon	River Heights	Liberal
CERILLI, Marianne	Radisson	NDP
CHEEMA, Guizar	The Maples	Liberal
CHOMIAK, Dave	Kildonan	NDP
CONNERY, Edward	Portage la Prairie	PC
CUMMINGS, Glen, Hon.	Ste. Rose	PC
DACQUAY, Louise	Seine River	PC
DERKACH, Leonard, Hon.	Roblin-Russell	PC
DEWAR, Gregory	Selkirk	NDP
DOER, Gary	Concordia	NDP
DOWNEY, James, Hon.	Arthur-Virden	PC
DRIEDGER, Albert, Hon.	Steinbach	PC
DUCHARME, Gerry, Hon.	Riel	PC
EDWARDS, Paul	St. James	Liberal
ENNS, Harry, Hon.	Lakeside	PC
ERNST, Jim, Hon.	Charleswood	PC
EVANS, Clif	Interlake	NDP
EVANS, Leonard S.	Brandon East	NDP
FILMON, Gary, Hon.	Tuxedo	PC
FINDLAY, Glen, Hon.	Springfield	PC
FRIESEN, Jean	Wolseley	NDP
GAUDRY, Nell	St. Boniface	Liberal
GILLESHAMMER, Harold, Hon.	Minnedosa	PC
HARPER, Elijah	Rupertsland	NDP
HELWER, Edward R.	Gimli	PC
HICKES, George	Point Douglas	NDP
LAMOUREUX, Kevin	Inkster	Liberal
LATHLIN, Oscar	The Pas	NDP
LAURENDEAU, Marcel	St. Norbert	PC
MALOWAY, Jim	Elmwood	NDP
MANNESSE, Clayton, Hon.	Morris	PC
MARTINDALE, Doug	Burrows	NDP
McALPINE, Gerry	Sturgeon Creek	PC
McCRAE, James, Hon.	Brandon West	PC
McINTOSH, Linda, Hon.	Assiniboia	PC
MITCHELSON, Bonnie, Hon.	River East	PC
NEUFELD, Harold	Rossmere	PC
ORCHARD, Donald, Hon.	Pembina	PC
PENNER, Jack	Emerson	PC
PLOHMAN, John	Dauphin	NDP
PRAZNIK, Darren, Hon.	Lac du Bonnet	PC
REID, Daryl	Transcona	NDP
REIMER, Jack	Niakwa	PC
RENDER, Shirley	St. Vital	PC
ROCAN, Denis, Hon.	Gladstone	PC
ROSE, Bob	Turtle Mountain	PC
SANTOS, Conrad	Broadway	NDP
STEFANSON, Eric, Hon.	Kirkfield Park	PC
STORIE, Jerry	Flin Flon	NDP
SVEINSON, Ben	La Verendrye	PC
VODREY, Rosemary, Hon.	Fort Garry	PC
WASYLYCIA-LEIS, Judy	St. Johns	NDP
WOWCHUK, Rosann	Swan River	NDP

LEGISLATIVE ASSEMBLY OF MANITOBA

Thursday, March 19, 1992

The House met at 1:30 p.m.

PRAYERS

ROUTINE PROCEEDINGS

PRESENTING PETITIONS

Mr. Daryl Reid (Transcona): I beg to present the petition of E.V. Schneiderat, L. Andrée, Cameron Bonham and others requesting the Minister of Justice (Mr. McCrae) call upon the Parliament of Canada to amend the Criminal Code to prevent the release of individuals where there is substantial likelihood of further family violence.

Mr. Gregory Dewar (Selkirk): I beg to present the petition of James Forsman, Brenda Perry, Stephen McBride and others requesting that government show a strong commitment to dealing with child abuse by considering restoring the Fight Back Against Child Abuse campaign.

Mr. Elijah Harper (Rupert's Land): I beg to present the petition of Robert Rae, John Duck, Stewart Cook and others requesting the government show its strong commitment to aboriginal self-government by considering reversing its position on the AJI by supporting the recommendations within its jurisdiction and implementing a separate and parallel justice system.

READING AND RECEIVING PETITIONS

Mr. Speaker: I have reviewed the petition of the honourable member, and it complies with the privileges and the practices of the House and complies with the rules. Is it the will of the House to have the petition read?

The petition of the undersigned citizens of the province of Manitoba humbly sheweth:

THAT child abuse is a crime abhorred by all good citizens of our society, but nonetheless it exists in today's world; and

It is the responsibility of the government to recognize and deal with this most vicious of crimes; and

Programs like the Fight Back Against Child Abuse campaign raise public awareness and necessary funds to deal with crime; and

The decision to terminate the Fight Back Against Child Abuse campaign will hamper the efforts of all good citizens to help abused children.

WHEREFORE your petitioners humbly pray that the Legislature of the province of Manitoba may be pleased to request that the government of Manitoba show a strong commitment to deal with Child Abuse by considering restoring the Fight Back Against Child Abuse campaign. (Ms. Barrett)

I have reviewed the petition of the honourable member, and it complies with the privileges and practices of the House and complies with the rules. Is it the will of the House to have the petition read?

The petition of the undersigned citizens of the province of Manitoba humbly sheweth:

THAT child abuse is a crime abhorred by all good citizens of our society, but nonetheless it exists in today's world; and

It is the responsibility of the government to recognize and deal with this most vicious of crimes; and

Programs like the Fight Back Against Child Abuse campaign raise public awareness and necessary funds to deal with crime; and

The decision to terminate the Fight Back Against Child Abuse campaign will hamper the efforts of all good citizens to help abused children.

WHEREFORE your petitioners humbly pray that the Legislature of the province of Manitoba may be pleased to request that the government of Manitoba show a strong commitment to deal with Child Abuse by considering restoring the Fight Back Against Child Abuse campaign. (Mr. Hickey)

I have reviewed the petition of the honourable member, and it complies with the privileges and practices of the House and complies with the rules. Is it the will of the House to have the petition read?

The petition of the undersigned citizens of the province of Manitoba humbly sheweth:

THAT the bail review provisions in the Criminal Code of Canada currently set out that accused offenders, including those suspected of conjugal or family violence, be released unless it can be proven that the individual is a danger to society at large or it is likely that the accused person will not reappear in court; and

The problem of conjugal and family violence is a matter of grave concern for all Canadians and requires a multifaceted approach to ensure that those at risk, particularly women and children, be protected from further harm.

WHEREFORE your petitioners humbly pray that the Legislature of the province of Manitoba may be pleased to request that the Minister of Justice (Mr. McCrae) call upon the Parliament of Canada to amend the Criminal Code of Canada to permit the courts to prevent the release of individuals where it is shown that there is a substantial likelihood of further conjugal or family violence being perpetrated. (Ms. Cerilli)

* (1335)

Introduction of Guests

Mr. Speaker: Prior to Oral Questions, may I direct the attention of honourable members to the gallery, where we have with us this afternoon, from the Oakenwald School, twenty-eight Grade 5 students, and they are under the direction of Mary-Ann Mitchler. This school is located in the constituency of the honourable Minister of Education and Training (Mrs. Vodrey).

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

ORAL QUESTION PERIOD

Tourism Statistics Decline

Mr. Gary Doer (Leader of the Opposition): Mr. Speaker, revenues in the last provincial budget presented in this Chamber and being debated daily are basically flat right throughout the government budget. One of the issues dealing with revenue in Manitoba, of course, is our tourism industry. It is a billion-dollar industry in this province. It employs a number of people throughout the service sector and

other sectors in our economy and is generally one of the growing industries of the world.

Mr. Speaker, we have reviewed recent statistics and have been monitoring the situation. The decline in tourism from other countries in Manitoba right now stands at 14.5 percent.

I would ask the Premier (Mr. Filmon): Why are we having this kind of decline in Manitoba over the last year? How many jobs have been lost with this decline in tourism activity in the province? I would ask the Premier that question as Chair of the Economic Committee of Cabinet.

Hon. Eric Stefanson (Minister of Industry, Trade and Tourism): Mr. Speaker, I should point out to the honourable member that U.S. visitations for most Canadian provinces are in fact down in 1991. Several reasons have affected that which I do not think I need to go into today. More importantly, we are addressing specific aspects of our 1992 campaign that we feel will improve the attractions for U.S. visitations.

I should point out to the honourable member that in terms of our tourism trade, approximately 80 percent of our visitations come from either Manitobans or other Canadians, primarily from northwestern Ontario and from Saskatchewan. If you check the statistics in those areas, they have actually gained slightly, and the indications are that certainly as many, if not more Manitobans, are continuing to take their holidays right here in our province, recognizing all of the attractions and facilities that we have right here in our province.

The 80 percent, the solid core of our tourism industry, is in fact being maintained and in fact growing somewhat. We will address the situation in the United States. We are not unique in that because of some of the factors, our higher Canadian dollar, some of the other factors that came into play. We have a plan in place for 1992, and we anticipate a better performance in 1992. Thank you.

Mr. Doer: Mr. Speaker, the minister indicates that Manitoba is not unique. Yes, Manitoba is very unique in terms of these tourism numbers.

There is no other province that has suffered more of a decline than 5 percent from all other countries. Manitoba has three times the decline of any other province in Canada—14.9 percent from the United States, 14.5 percent from all other countries. Those are the largest declines of any other province. In fact, the next closest one is 3.4 percent.

I would ask the government and the Premier (Mr. Filmon), as Chair of the Economic Committee of Cabinet, as chair of the government committee responsible for this issue: Why is Manitoba suffering a decline in tourism three times greater than any other province in Canada?

Mr. Stefanson: Mr. Speaker, I have already pointed out to the honourable member that in part a major part of our focus was retaining and building upon the 80 percent of our industry, and we have done just that. We fared probably better than many other parts of Canada in terms of doing just that, retaining the solid core. Obviously, a swing in that particular segment can be much more devastating than the swing that the honourable member is referring to.

Another statistic I would encourage him to look at is the whole issue of Canadians going down to the United States, in terms of one- or two-day cross-border shopping, the honourable member for Flin Flon (Mr. Storie) points out. That is a problem once again for all of Canada, but I would encourage the honourable member to compare once again. While we are not pleased with those statistics, when we are comparing ourselves to other provinces, we are faring significantly better in that area, which points to the fact that, at least, more Manitobans are recognizing what we have right here in our province, Mr. Speaker.

Mr. Doer: Mr. Speaker, again to the First Minister (Mr. Filmon): Why is Manitoba—and this is a point that was raised by the member for Portage (Mr. Connery) two days ago in his speech as well—suffering in terms of tourism, fewer persons visiting Manitoba from the United States than in any other year from 1990 back to 1958? Why are we back at 1958 levels of visitations from Americans, and how many jobs are being lost with the tourism strategy of the provincial government, which is by far the worst in Canada for foreign visits?

Mr. Stefanson: Mr. Speaker, I look forward to further discussion of this entire issue during our budget process in terms of the dollars being allocated to tourism initiatives here in the province of Manitoba during 1992, as well as the new tourism agreement that has just recently been signed with the federal government, whereby some \$5 million is going to be allocated to the marketing of Manitoba and the Manitoba region.

So what I point out to the honourable member is that we anticipate significant growth in the tourism industry in 1992, and we will see improvement in that area. I encourage further debate during the budget process.

* (1340)

Abinochi Preschool Program Funding

Mr. George Hlckes (Point Douglas): My question is to the Minister responsible for Native Affairs.

The Aboriginal Justice Inquiry stated that maintaining aboriginal languages is vital in rebuilding the culture lost through years of colonization. The Abinochi preschool language program seeks to promote and strengthen this aboriginal language. The program has been praised by many groups, and its curriculum is requested by groups right across Canada and even from the United States. The minister's working group recommended that long-term funding be made available to this project.

Is the minister aware that this program will be forced to close its doors today to 30 children who are enrolled in this program?

Hon. James Downey (Minister responsible for Native Affairs): Mr. Speaker, there has been a series of meetings and considerable work done as it related to this program. In fact, this government, not the previous administration but this government, put some additional funds in a year ago, some \$64,000, to complete last year's funding and complete last year's program. At the same time, there was a letter sent in June of 1991 indicating the government would have no further funding available to them and another one sent in October with the same message.

He has to appreciate that it is very difficult to maintain the overall educational programming for everyone. There are tough choices that have to be made. We have to maintain education in a broad sense of the word. There were no additional funds, and those messages went to those individuals last June and last October.

Mr. Hlckes: It is not a very tough choice when you fund—

Mr. Speaker: Order, please.

Mr. Hlckes: Will this minister reallocate the funds to the Abinochi today or consider interim funding of

\$21,000 to the project so at least it can continue until the end of June 1992 and look at long-term funding for this valuable project to preserve aboriginal languages in Manitoba?

Mr. Downey: Mr. Speaker, I am not underestimating the importance of the aboriginal language programming that I know is supported by many people. The question is: Where would we take the resources from to provide the funding which is being requested? That is the question. We have not heard that option coming forward.

As I indicated a year ago, we did put some \$64,000 to complete it. At the same time, we did indicate we could not carry on with additional funding but would attempt to try and find funding. Funding is not available. Rather than try to mislead or tell him that it is, messages went out clearly in lots of time to indicate that other funding would have to be found if it would in fact be carried on.

Minister of Native Affairs Public's Confidence

Mr. George Hickes (Point Douglas): Mr. Speaker, how can the minister say that his department has the confidence of the aboriginal people of Manitoba when we see aboriginal programs such as this being cut? We have not heard anything about the urban aboriginal strategy that had been promised two years ago, and we see no support to the aboriginal CP station for the aboriginal people. How can the minister stand there and say, I have the confidence of aboriginal peoples today?

Hon. James Downey (Minister responsible for Native Affairs): Mr. Speaker, one has to, as I say, make tough decisions. Just two days ago, we signed an agreement where some \$117 million of federal-provincial money will be taking the people of the north-central communities out of third world conditions as it relates to their hydroelectric power. That is the kind of priority that this government puts on the expenditures of taxpayers' money.

Where was the member for Rupertsland, where was the New Democratic Party, when they were in office for so many years, leaving those people live in Third World conditions? Our priorities are to help those individuals, the youth, the seniors and every citizen in those communities.

* (1345)

Manitoba Heritage Foundation Funding Decisions

Mr. Kevin Lamoureux (Inkster): Mr. Speaker, yesterday the Minister of Culture, Heritage and Citizenship said that she was stripping the Heritage federation of its granting authority because of the high administrative costs, yet she refused to indicate why she did not meet with the group to address the high administrative costs before firing them. What this tells us is that this only reinforces the belief that this minister has the agenda to politicize every facet of her department, as she has done with the Multicultural Secretariat's office.

My question to the minister is: Who will be evaluating the proposals and making the decisions on who will be receiving the heritage grants?

Hon. Bonnie Mitchelson (Minister of Culture, Heritage and Citizenship): Mr. Speaker, we have committed to a full process of consultation with heritage organizations throughout the province so that in fact the needs of the community can be determined and the funding will proceed in a way that the community wishes.

Mr. Lamoureux: Mr. Speaker, the question is: Who is going to be making the decision as to which organization is going to be receiving the money? All indications are that it is going to be the minister, and if that is the case, the minister is politicizing it. Does she not understand that?

Mrs. Mitchelson: Mr. Speaker, I understand that there are many organizations out there within the heritage community who know and understand the needs of the community. They will be a part of the process in determining who in fact will be making the decisions on the funding in the future.

Role

Mr. Kevin Lamoureux (Inkster): Mr. Speaker, one has to wonder in terms of what role—to the Minister of Culture, Heritage and Citizenship—is the Heritage federation and all the volunteers, those who are interested in heritage and the preservation of heritage in the province of Manitoba both in the city of Winnipeg and rural Manitoba—do they have to play under this minister's new vision of how she is going to be doling out the grants to different organizations?

Hon. Bonnie Mitchelson (Minister of Culture, Heritage and Citizenship): Mr. Speaker, you know, there are many people throughout the

heritage community who have the ability to make those kinds of decisions, and those decisions will be made.

In the first question that the member for Inkster asked, he indicated that the heritage community was not being well served. We want to ensure that every possible dollar that goes to the heritage community indeed goes to the grassroots community and not to an administrative structure that inhibits the community from being able to do their work.

Home Care Program Service Reduction

Mr. John Plohman (Dauphin): Mr. Speaker, the Minister of Health in this House continues to say that there have been no home care cutbacks in his budget and in Manitoba. He points to a line increase in his budget which shows that there is an increase as evidence that he is not cutting back in home care. Meanwhile, all around us, seniors are coming forward, home care workers are coming forward with evidence of cutbacks.

Yesterday we met with home care workers Gwen Boychuk and Doreen Burdeny of Dauphin, who have had their hours cut in half. Yesterday we met as well with seniors like Helen Gingera and John Dmytruk who have been cut off completely. These are only a few of the many who have been cut off from home care.

Can this Minister of Health explain to this House how he can justify cutting these clients from these services when he says he is increasing his budget? Will he come clean with Manitobans and acknowledge a devious budgeting process and that he is directing the lapsing of those funds?

Hon. Donald Orchard (Minister of Health): Mr. Speaker, my honourable friend from Dauphin is asking a very, very important question.

An Honourable Member: He is not from Dauphin anymore; he is for Dauphin.

* (1350)

Mr. Orchard: I stand corrected, my honourable friend the member for Dauphin, not from Dauphin.

Mr. Speaker, my honourable friend makes a great to-do about budget in home care. My honourable friend might know that the home care budget is approaching \$62 million in the current budget that we are now debating, and we expect the demand for service will achieve that.

The other thing I want to remind my honourable friend of is that when he was around the cabinet table, the government of the day commissioned the Price Waterhouse investigation into the Continuing Care Program, the home care program. One of the recommendations that was accepted by this government from the study initiated by the New Democrats when in office was a reassessment of services on a periodic basis, and that, Mr. Speaker, has been done.

From time to time, when service provision is reassessed and a new patient condition is identified where the services are increased, they are increased. However, the same applies when services are no longer needed. They are curtailed by that reassessment process which was advocated by my honourable friend when he was in government.

Employee Conflict of Interest

Mr. John Plohman (Dauphin): Mr. Speaker, the home care workers say they are not even consulted in any re-evaluation process that is taking place.

Why is this minister, after cutting off the seniors like Mrs. Gingera, like John Dmytruk, preventing the home care workers from continuing to provide care to these seniors by forcing them to sign conflict-of-interest statements that prevent them from maintaining this close relationship that these seniors have come to depend on for a number of years with these workers?

Hon. Donald Orchard (Minister of Health): Mr. Speaker, my honourable friend, in posing the question, of course, did not give any elucidation around the fact that his government did apply reassessment criteria, and from time to time, under their delivery of program as happens today, under a reassessment, services are increased if needed and decreased if not needed.

Even in my honourable friend's time, the care deliverer, the home care worker whom he refers to, did not do those assessments of need. That was done by the same group that assesses the individual to bring them into the home care program to meet their needs in their home. The reassessment process is never done by the care worker; it is done by the staff who assess the program and the needs of the program.

If I could be so direct with my honourable friend, is he asking if the service provision workers who are

receiving salary payments for providing service should be the ones who determine the level of service? I think that some might call that a conflict of interest, Mr. Speaker, and not even in government did the New Democrats even advocate that, let alone do it.

Mr. Plohman: Mr. Speaker, this minister is referring them to the private sector so they can pay for these services.

Mr. Speaker: Question, please.

Service Reduction - Parkland Region

Mr. John Plohman (Dauphin): There is an epidemic of wholesale cutbacks in the Parkland.

Will this minister apologize to 82-year-old Helen Gingera, who depends on a lifeline, who has a pacemaker and who explained to us in tears yesterday that today she is being cut off from the services that she has come to depend on and can no longer have the services from that caring worker who has worked with her?

Hon. Donald Orchard (Minister of Health): Mr. Speaker, my honourable friend refers to a referral to a private sector provider of services. My honourable friend might want to clarify the language around his statement, because I think what he will find out is that the service provider who is probably being recommended to these individuals is through a grant of government, through the support services for seniors program, wherein government establishes the salary payment to a volunteer co-ordinator who then arranges for volunteers and not-for-profit services in the community to be accessed by seniors to enhance their independent living, services which are not provided by government, by the taxpayers.

Mr. Speaker, that successful support services for seniors program was one of the bright ideas of the New Democrats when in government. Is he now saying that those are not appropriate?

Home Care Program Service Reduction

Ms. Rosann Wowchuk (Swan River): My question is to the Minister of Health. The minister tells us that there are no cuts to home care; in fact, he is saying there are increases. I would really like to believe him because I believe this is a very important program that allows our seniors to stay in their homes longer, rather than ending up in

personal care home beds and hospital beds which are much more expensive.

I have a couple of letters here from workers who tell us that their hours have been cut tremendously, and support has been taken away from them. We also have a letter from a Mr. Karpiak, whose mother is 82 years old, and he has been told that she cannot have any more support because there is a cut in budget. That is what is in the letter.

Can the minister explain, when he says there are no cuts to home care, why his staff is sending out letters to families saying that there are cutbacks?

* (1355)

Hon. Donald Orchard (Minister of Health): Mr. Speaker, the reason we are saying that there are no cutbacks to the home care budget is because, every single year, the budget has gone up. Every single year, more intense levels of service are provided to Manitobans to aid them in their independent living, to forestall their admission to personal care homes, to aid and assist in early discharge from hospitals, just exactly the policy that my honourable friends from time to time advocate as good health care policy. That, Sir, is why we have significantly increased the home care budget again this year, to meet more needs in the community.

Mr. Speaker, as I have said time and time again, when these New Democrats come with individual cases, every one of them is a result of a review of their needs and of other family members. It is something indeed that has been part of the program for 15 years, was strongly advocated by the NDP-commissioned Price Waterhouse report, and we are following—

Mr. Speaker: Order, please.

Ms. Wowchuk: I guess review means cutbacks for people—

Mr. Speaker: Order, please.

Staff Intimidation

Ms. Rosann Wowchuk (Swan River): Can the minister explain why his staff members are calling workers in the Parkland area and asking them if they have been talking to their MLA about this matter and intimidating workers?

Hon. Donald Orchard (Minister of Health): No, Mr. Speaker, I certainly cannot answer that because I am certainly not aware of any alleged, real, perceived, accused or whatever my honourable

friend just says in terms of intimidation of workers. What is happening is the same process that has happened for the approximately 15 years that we have had the Continuing Care Program. The only difference in home care today is the difference that you have when you buy services with \$62 million of budget versus some \$36 million of budget the last time the New Democrats were in office.

The same policy of review is in place. My honourable friends do not know what they are talking about when they say no. During the term that they were government, they would review the care needs of individuals, and if their care needs changed, so did the service provision. That could be an increase in service or a decrease in service according to the need of the client.

Decision-Making Process

Ms. Rosann Wowchuk (Swan River): Mr. Speaker, this is a very serious problem—

Mr. Speaker: Order, please.

Ms. Wowchuk: What is going on in his department? When is he going to find out? Who has control of his department? Who is making these decisions and why—

Mr. Speaker: Order, please. The question has been put.

Hon. Donald Orchard (Minister of Health): I sense that there was a question of who is running the home care budget in the regions, and I will tell you who is running it. It is the professionals who have always run the program. They make professional assessment, and they make professional judgment on the basis of needs of the client.

They are not directed to make political decisions under the influence of opposition New Democratic MLAs, nor are they under the threat from this side of the House of acceding to demands by government MLAs. They make a professional assessment as to what the clients' needs are, and those needs are met, Sir, with a \$62-million budget this year. The kinds of politics and rhetoric my honourable friend has accused professional staff of is shameful.

Beverage Containers Deposit System

Mrs. Sharon Carstairs (Leader of the Second Opposition): Mr. Speaker, for the last five years,

we have been telling the government that the soft-drink-recycling system should include legislation which makes it compulsory. For the past three years, we have been telling them that the system that they put into place is not working, yet we know that with regard to deposits on beer containers, it is working. It is working to the tune of 90 percent. Even their own WRAP strategy, which they say they support, indicates this type of an initiative.

Can the Premier (Mr. Filmon) tell the House now why his government will not recognize that halfway measures do not work and implement a deposit system that has proven to be successful in the brewing industry and was once part of the life of the soft drink industry?

* (1400)

Hon. Gary Filmon (Premier): We have heard all sorts of recommendations from the Liberal Party opposite with respect—[interjection] Oh, well, Mr. Speaker, we will talk about them.

Maybe in my response to the budget, I will have time to read the articles about the absolute disaster of the blue-box program that was developed by the Liberal government of Ontario: How it is wasting tens of millions of dollars, how it is resulting in them collecting, by the blue-box, things that they are then having to pay to export all over the world for recycling purposes. They cannot do it within their own jurisdiction. They are having to spend tens of millions of dollars to ship it to the United States and all over the world in fact. Then when they cannot do that, they are having to landfill it after they have bothered to go around at great cost and collect it from people in their homes. That is the kind of approach that Liberals take to recycling.

Without addressing the substance of the question, which I will leave for the Environment minister (Mr. Cummings), Mr. Speaker, we will not accept the Liberal approach to recycling.

Mrs. Carstairs: Mr. Speaker, perhaps since the Premier does not like looking at Liberal policies, he would look at the Tory policy in the province of Alberta, which in fact is a deposit-return legislation and is successful in having 90 percent of the bottles and cans returned.

Why is this government prepared to accept responsibility only for a portion when their own WRAP committee has suggested that they should

be prepared to put into place legislation which requires full responsibility for containers?

Mr. Fillmon: I invite the Leader of the Liberal Party (Mrs. Carstairs) to refer to the Financial Times of February 3, 1992. The article is called: Trashed hopes, blue boxes are going to cost taxpayers big.

It talks about the absolute disaster of the Liberal recycling policy in Ontario. It says that the big beneficiaries are Coca-Cola Ltd. and Pepsi-Cola Ltd., two multinationals who are in fact being subsidized to the tune of tens of millions of dollars. It says: By persuading the previous Liberal provincial government to allow one-way pop cans and plastic bottles on the market instead of refillables, they pass disposal costs on to the taxpayer.

They talk about kick-starting the program with a \$20-million set-up fund. Then they talk about the costs of all of these things.

Mr. Speaker, the fact of the matter is that I will leave the detail of the question to a debate during the Estimates of the Department of Environment, where the Minister of Environment (Mr. Cummings) will respond to the detail of that question.

Mrs. Carstairs: Mr. Speaker, the question is with respect to a policy of this government, a government I thought the Premier headed. Perhaps it is the Minister of Environment who is really making decisions with respect to this government.

Can the First Minister (Mr. Filmon), who has that title because he is supposed to be the first among ministers, tell us why they are determined to reject a deposit system, a deposit system that in the province of Alberta has led to a 90 percent return on bottles and cans?

Mr. Fillmon: Mr. Speaker, since the Leader of the Liberal Party has now finally acknowledged that she understands that I am not the minister responsible for the environment, that there are groups of ministers who sit at the table and that there is a Minister of Environment (Mr. Cummings) who will answer her questions in detail, I will just remind her that the blue boxes are costing taxpayers in Ontario, because of the program that the Liberal government brought in, tens of millions of dollars by way of subsidy to Pepsi-Cola and Coca-Cola, to multinational firms who are fleecing the public of Ontario because of the Liberal policy of collecting things for which there is not an economic use at the end.

I will not accept her knowledge on recycling any more than I accept the knowledge of her Liberal counterparts in Ontario. I will have her have the debate on who is right and who is wrong with the Minister of the Environment when his Estimates are before this House.

Independent Schools Funding Formula

Mr. Dave Chomlak (Kildonan): Mr. Speaker, my question is for the Minister of Education and Training.

One of the reasons for the cancellation of programs like Abinochi and the layoff of teachers is the tens of millions of additional dollars that this government is sending to private schools.

Since, for the first time, the provincial budget, under an expenditure item, mentions private schools, will the minister indicate today in the House exactly what the private schools grant is for this year?

Hon. Rosemary Vodrey (Minister of Education and Training): Mr. Speaker, no, I am not prepared to do that today because we have not announced yet to those schools exactly what their funding will be in this year. We do have a new funding formula, and those details are being worked out.

Agreement Tabling Request

Mr. Dave Chomlak (Kildonan): Mr. Speaker, my supplementary to the same minister: Can the minister table in the House the agreement between the province and separate schools which commits the government this year to a massive increase to private schools? Can she table that document in the House today?

Hon. Rosemary Vodrey (Minister of Education and Training): Mr. Speaker, there is in fact an agreement that was determined by this government. I do not have it with me in the House to table it at this time.

Mr. Chomlak: I will table that document. I will table it for the first time publicly.

Funding Formula

Mr. Dave Chomlak (Kildonan): Can the minister confirm that the private schools this year will receive 9 percent increase, which is three times the rate of public schools, this year?

Hon. Rosemary Vodrey (Minister of Education and Training): Mr. Speaker, I will be dealing with the issue of funding to independent schools when the announcement is made. I am sure the member will be extremely interested in the funds going to the school in his own constituency.

* (1410)

Alfred Block - Selkirk Inspection

Mr. Gregory Dewar (Selkirk): Mr. Speaker, my question is for the Minister of Housing.

Manitoba Housing is the owner of the Alfred block in Selkirk, an apartment which recently failed a fire inspection. Conditions there are deplorable and have been compared to Detroit's inner city.

Will the minister now investigate this apartment and other housing units in Selkirk and order an immediate upgrading?

Hon. Jim Ernst (Minister of Housing): Mr. Speaker, I am aware of the situation the member has brought forward. It has been inspected. It is scheduled for upgrading, and the work will be proceeding as quickly as possible.

Mr. Dewar: I would like to thank the minister for that answer. Thank you.

Regional Housing Authority Selkirk Staffing

Mr. Gregory Dewar (Selkirk): In view of the recent budget cuts with closures in Selkirk, will the Minister of Housing guarantee that there will be no jobs lost at the Selkirk Housing Authority under his reorganization?

Hon. Jim Ernst (Minister of Housing): Mr. Speaker, the question of staffing of Manitoba Housing Authority offices throughout the length and breadth of this province will be the subject of an agreement as either adjudicated by the Labour Board of the Province of Manitoba or by way of a co-operative agreement amongst the collective bargaining agents for members of that group. We are in that process at the moment, and no final decisions have been taken.

Mr. Dewar: Mr. Speaker, will the minister at least ensure that the Housing Authority's office remains in Selkirk and not be moved under this government's backsliding decentralization policies?

Mr. Ernst: Mr. Speaker, I reject categorically the assertions of the member for Selkirk. If he had been paying attention, about two months ago, we announced that the office would be in Selkirk.

Soils and Crops Branch Budget

Mr. Neil Gaudry (St. Boniface): Mr. Speaker, the budget increases to Agriculture are a welcome sight from this government which, over the past four years, has failed to live up to its budgetary commitments to farmers during some of the most difficult years farmers have faced since the Depression. While the budget implements the income stabilization programs introduced by the federal government, we see very little attention paid to the long-term development of agricultural products and markets and no commitment to sustainable agriculture.

My question, Mr. Speaker, to the Minister of Agriculture is: Can the minister tell the House how a 12 percent cut in the program expenditures of the Soils and Crops Branch demonstrates a commitment to sustainable agriculture when soil degradation has been identified as one of the biggest environment challenges in the world?

Hon. Glen Findlay (Minister of Agriculture): Mr. Speaker, starting in 1990, Manitoba got into a joint federal-provincial program called Farming for Tomorrow, under the Soil Accord, set up 44 soil and water associations all across Manitoba. That continues to be funded on an escalating basis. That program promotes conservation of soil. It actually has resulted in a stimulus of the reduction of summer fallow acreage in Manitoba.

Until now, we are down to 7 percent of our acreage in summer fallow projected for 1992. It was 8 percent last year, far in excess of the degree of activity in Saskatchewan or Alberta, where in Saskatchewan we have over 25 percent still in summer fallow. Our programs have stimulated the right kind of thought process by farmers to reduce the amount of land in summer fallow, and the soil and water associations have stimulated many kinds of conservation initiatives at the farm level.

University of Manitoba Agricultural Research

Mr. Neil Gaudry (St. Boniface): My supplementary question is to the same minister, Mr. Speaker.

Why did the minister cut his support for research at the University of Manitoba, research aimed at developing new products, new farming methods and better soil conservation which are designed to help farmers diversify and become more efficient and compete in the global market?

Hon. Glen Findlay (Minister of Agriculture): Mr. Speaker, the level of support to the university directly in the budget has gone from \$875,000 to \$800,000. It is regrettable that we cannot fund more, but we have had to put an emphasis on the risk reduction programs for farmers, like GRIP and NISA and tripartite, where we increased expenditure in our budget from 36 percent about five years ago to 74 percent of our budget today to risk protection programs. That is our first priority.

Also, I want to remind the member, there is an awful lot of research done at the farm level, a lot of the research done by the private sector, which is not included in my budget, and I dare say the level of research dollar expenditure in Manitoba continues to go up every year. We will continue to discuss this in Estimates, Mr. Speaker. [interjection]

Mr. Gaudry: No, it was not Laurie Evans who wrote the questions. I wrote them myself, Mr. Premier.

Agricultural Industry Diversification

Mr. Nell Gaudry (St. Boniface): Mr. Speaker, my final supplementary is to the minister, if the Premier (Mr. Filmon) would leave us alone.

With markets improving and income stabilization programs in place, why did this government ignore investing in the long-term challenges to the system, like diversification and soil fertility, which will enable Manitoba farmers to stay ahead of other international competitors?

Hon. Glen Findlay (Minister of Agriculture): Mr. Speaker, two months ago, I released a Visions for the 1990s document on the Department of Agriculture, where we continued to emphasize diversification. We continue to work with the industry through various initiatives to promote diversification, more value added, and Manitoba has had a lot of success in that direction. I would like to remind the member that we continue to do it through all of our department personnel day to day, working with the private sector and the farm community.

Mr. Speaker: The time for Oral Questions has expired.

Nonpolitical Statements

Mr. Edward Connery (Portage la Prairie): I would like leave, Mr. Speaker, for a nonpolitical statement.

Mr. Speaker: Does the honourable member for Portage la Prairie have leave to make a nonpolitical statement? Agreed.

Mr. Connery: It gives me great pleasure to rise today to congratulate the Manitoba Developmental Centre management and staff in Portage la Prairie for receiving a two-year accreditation from the Canadian Council on Health Facilities.

This is not a new occurrence for the centre, I might add. It is the extension of the accreditation it first received in 1989. This extension was based on an extensive process involving an in-depth survey of the centre, a centre that provides high-quality care and training for some 570 residents with mental disabilities.

This accreditation recognizes the dedication of the administration and staff of the centre. In order to attain accreditation, the Manitoba Developmental Centre's governing body, medical, nursing and support services had to meet the demanding standards of the Canadian Council on Health Facilities. [interjection] It is unfortunate, Mr. Speaker, the member for Flin Flon (Mr. Storie) is not interested in good news for the handicapped.

Mr. Speaker, I am honoured to congratulate the Manitoba Developmental Centre for receiving their accreditation and join with all of the residents of Portage la Prairie in the sense of pride that this accomplishment brings to the community.

Mr. Gary Doer (Leader of the Opposition): I would like leave for a nonpolitical statement, please.

Mr. Speaker: Does the honourable Leader have leave to make a nonpolitical statement? Leave? It is agreed.

Mr. Doer: Mr. Speaker, I would like to, for the third time in two days, join with the member for Portage on this statement that he has made in the House, and applaud the staff, volunteers and community of Portage la Prairie for the accreditation.

I have often said and I have often felt that it is one of the most difficult and challenging places to work. It is a very, very difficult environment to work in and to be part of. As a person who is a volunteer with the mentally handicapped, working with Special

Olympics over the years, I have a tremendous admiration for people all across Manitoba who work with the mentally handicapped, whether it is at the development school or at St. Amant or in the community or part of the Welcome Home or part of working with people back in their own communities.

I think Manitoba is to be proud of the staff and volunteers who work right across the continuum, and I congratulate the dedicated staff who work in part of the continuum in the Manitoba development school.

* * *

Mrs. Louise Dacquay (Seine River): Do I have leave, Mr. Speaker, to make a nonpolitical statement?

Mr. Speaker: Does the honourable member for Seine River have leave to make a nonpolitical statement?

An Honourable Member: Leave.

Mr. Speaker: Leave. It is agreed.

Mrs. Dacquay: It gives me great pleasure to rise in the House today to congratulate Dr. Robert McLeod of the University of Manitoba Engineering faculty on winning the 1991 Rh Award.

Dr. McLeod received his Bachelor of Science in 1981 and his Ph.D. in 1985 through the University of Manitoba and then joined the teaching staff of the Engineering faculty as an associate professor. In his years with the faculty, he has published more than 30 articles in international journals and 35 conference papers. His efforts have been instrumental in the development and accreditation of the new Computer Engineering Degree program, in establishing the Industry Internship program and in introducing new courses and developing new laboratories.

The faculty is extremely fortunate to have such a young academic who is as gifted, enthusiastic and hardworking as Dr. McLeod. He has made extraordinary contributions to the department in his six years on staff.

Mr. Speaker, I am honoured to extend my congratulations today to Dr. McLeod and the other winners of the Rh Award.

* (1420)

ORDERS OF THE DAY

BUDGET DEBATE

Mr. Speaker: On the adjourned debate, seventh day of debate, on the proposed motion of the honourable Minister of Finance (Mr. Manness), and the proposed motion of the honourable Leader of the Opposition (Mr. Doer), in amendment thereto, and the proposed motion of the honourable Leader of the Second Opposition (Mrs. Carstairs), in further amendment thereto, standing in the name of the honourable member for St. Norbert, who has 20 minutes remaining.

Mr. Marcel Laurendeau (St. Norbert): Mr. Speaker, after perusing Hansard just now, I would like to apologize to the House and withdraw some statements that I made in the heat of the moment yesterday and withdraw them unconditionally.

Mr. Speaker, I think that this government has established a bench mark with this budget, a bench mark for all governments throughout this country to follow. I think we have to congratulate our minister and our Treasury Board for working very hard to establish a more than fair budget. They are working in hard times to establish what is fair for this province. I think they have done one of the best jobs that any government in this country will do to date. If the other provinces will follow this bench mark, I think that this country will be led into the future and be further ahead in the global economy today.

Mr. Speaker, I would like to, at this time, thank the constituency of St. Norbert for their undivided support over the past two years. I have attempted to be their voice here in the Legislature, and I have tried to see that my voice has been heard. I have seen that they are being listened to, and I am working diligently with tenacity to see that this government makes the right choices. To date, this government has made the right choices.

Mr. Speaker, my constituents would like, at this time, to thank the Hazardous Waste Management Corporation and this government for the decision on the establishment of a hazardous waste facility in Montcalm. We believe it is a win-win situation for this province. There was a lot of psychological effect within my community with this topic, and I am glad that the decision was finally made and the people's voices of my constituency were heard.

I do not believe that the philosophy of the NDP will come back to life in this government for many years to come. I believe that the people of this province

have seen a new era, they have seen what an NDP government can do to a province. I think they see now, today, what a Conservative government can do for this province. They are happy with what they see, Mr. Speaker, because all they ever hear from the voices of the NDP and their special interests groups are tax increases.

Again, today in the paper I read that their special interest group, Choices, went to the city and said it should be a minimum of 2.9 percent increase—a minimum. This is their special interest group, the NDP's special interest group, claiming it should be a 2.9 percent minimum.

Mr. Speaker, the citizens of Winnipeg have had enough. We have had enough with tax increases, and we say enough is enough. I wish the NDP will tell their special interest groups to keep their noses out of the City of Winnipeg's business and let the elected officials do what their job is, and that is to run this city effectively and responsibly.

On that note, Mr. Speaker, I would like to thank this House for listening and thank you very much.

Mr. Conrad Santos (Broadway): Mr. Speaker, I welcome this opportunity to participate in the 1992-1993 Budget Debate. I wish to focus on three topic areas: first, the political relationship between economic performance perceived to be under the management of the incumbent party in government and their fortunes in the ensuing electoral contest; second, on the economic relationship between the transforming economic structure and the changing microeconomic policies and industrialist strategies needed by a transformed economy; and, thirdly, on some positive ideas about what to do in order that we may survive economically in the face of a globalized economic competition going on for the preservation of our standard of living, and the continuation of our economic growth compatible with environmental necessities.

On the first point, there is a link between economic conditions and the political outcome of electoral contests. Rightly or wrongly, the voters, the electorate, hold the party incumbent in government responsible for the economic performance regardless of whether or not there are some objective forces at work which are beyond the control of the governing party.

We have seen that economic conditions in the community, in the society, in the province, alter and influence the perspective and outlook of the voters.

They reward the party incumbent in government for a good economic performance, and they punish the incumbent party in government for bad economic times. Naturally enough, the politicians and political parties in control of the machinery of government will do the best they can in order to influence, by resorting to some economic controls, the workings of the economy, in order that they can alter the perspective of the voters and secure the support and persuade them to re-elect them for the ensuing electoral cycle.

This is true not only in Canada but also in the United Kingdom, also in the United States or any other democratic societies, industrialized societies, based on a capitalistic economy. In the case of the British political system, Butler and Stokes observed in their work—political change in Britain—the following: How deeply rooted in British politics is the idea that a government is accountable for good and bad times? Popular acceptance of this idea means that the state of the economy looms large in the minds of all modern Prime Ministers as they pondered on the timing of a dissolution.

In the post-Keynesian era, more than one government has been tempted to seek favourable context for an election by expanding the economy although dissolutions are more easily timed with expansion rather than the other way around. In other words, the party which is in control of the government seeks to manipulate the economic variables within their control in order to improve the economic conditions of the people, especially during pre-election and election years.

If there is an increase in the disposable income of the people—and we will notice this with the coming federal election—there will probably be a greater frequency of cheques going to the hands of recipients of some programs in government so that they will have more money in their hands and they feel they have prosperity in their hands in order that they may be persuaded to re-elect the party government in power.

* (1430)

In the United States, for example, it has been shown that there is a direct correlation between the increase in the growth of real disposable income per capita and the nature of the year involved, whether it is an election year or not. Over the entire period from 1946 to 1976, including the Eisenhower years, in a period of 31 years, the median rate of growth in

real disposable income per capita was 3.3 percent during the years when the incumbent president was seeking re-election, compared to only 1.7 percent in all other years which is not a presidential election year, 3.3 as against 1.7 increase in the real per capita income in the United States economy.

It is clear therefore that the government has been doing its best to improve the economic condition, at least the perspective of the people: how the economy is doing during electoral years, during election years, than compared to years where there are no elections. The regular governmental agencies are just too eager to help out in this regard, partly because they want to stay out of trouble from politicians who, because of advantages of incumbency, may likely be returned to power; so they co-operate.

They are all too willing to improve the economic conditions of the people, and if an election year would help, they are willing to do that hoping that this will be a more or less permanent development. Therefore, real income tends to increase in all industrialized societies—in Canada, in the United States, in England—during election years. This is done through increases in transfer payments, in the governmental administrative messing with beneficiary payments, decreases in tax rates, and if possible, postponement of tax increases from election year to prior and future years.

This is due to the advice of economists who are in advisory councils, advising politicians and leaders of countries. For example, it has been noted that Paul Samuelson, a well-known economist, had written to President Kennedy and the council of economic advisors the following: I have been telling them at the office what this country needs is an across-the-board rise in disposable income to lower the level of unemployment, speed up the recovery and the return to healthy growth, promote capital formation and the general welfare, ensure domestic tranquility and ensure the triumph of the Democratic Party. That is Paul Samuelson in relation to President Kennedy and the performance of the economy in order to assure the election of the Democratic Party.

It is very clear that there are certain instruments of monetary and fiscal control available to the party in government. They can put larger cheques in the mail during the months before the election, and we probably will see this with the Mulroney government. There may be budget deficits, but they will not mind

it. They can go contrary to that if they can win the next election.

Manipulation of the control of the economy by the ruling party is therefore a natural phenomenon that we can expect during election year. There is, therefore, a natural synchronization of economic fluctuations in the economy and the nature of the year that we are in, whether it is an election year or an off-election year. Electoral candidates will seek the timing of the election so that they can increase the probability of their re-election. Mulroney, for example, the present Prime Minister, will probably postpone the traditional four-year electoral cycle and go for the fifth year if that means that they can win the next federal election.

(Mr. Marcel Laurendeau, Acting Speaker, in the Chair)

While the electoral calendar helps the timing of economic policy, the ideology of political parties and the ideology of political leaders will shape the substance of that policy. Parties of the right will favour low rates of taxation, and we have seen that in this government. They say, no taxes this year. They will try to control inflationary pressures. They will oppose income equalization. They would rather go for a higher rate of unemployment but less inflation.

This is true of the federal government. The central Bank of Canada has been controlling the rate of inflation by a policy of high interest rates because the property-owning segment of the country would be interested in protecting the erosion of their holdings by controlling inflation, and there is nothing they can gain by being concerned about the rate of unemployment.

On the other hand, parties of the left will favour income equalization. They will try to lower the rate of unemployment through larger governmental budgets, and they would not hesitate to allow a little bit of inflation in order to reduce the rate of unemployment. This holds true in all countries, industrialized, that are based on a capitalistic economic system.

In Canada, for example, the New Democratic Party is very sensitive to the rising rate of unemployment; on the other hand, the Progressive Conservative Party and the Liberal Party are very concerned about inflation. It is seen that the ideological position of the party in government is a very important determinant in the formulation of

party platforms, and in setting priority in the determination of economic and industrial policy.

The voting public, the electorate, when they exercise their right of choice, will choose between parties who have differing economic priorities and will hold the party incumbent in government, rightly or wrongly, responsible and accountable for bad economic times, and reward them for good economic times. Therefore, there is an artificial pre-election prosperity, but this is only in the short run.

After the electoral year is over, that dispensation of public money will have somehow to be paid for by increasing rates of taxation to make up for the cost of such economic extravagances during election year. As goes politics, so goes economics. As is stated by Edward Tufte of Princeton University, the economic light vibrates with the rhythm of politics.

* (1440)

Let me now go to the second point, Mr. Acting Speaker, how the globalization of our economies, the transformation of economic structure has been changing, macroeconomic policies, industrialist strategies of government, and this is best indicated by what is going on in the most progressive and advanced country in the industrial world today, namely, that of Japan.

It is worth looking, therefore, a little bit closer into what is going on, what is happening in the Japanese economy. Contrary to what the popular belief and myth that Japanese firms are huge corporations like we know—like Mitsubishi, Toyota or Sony—in Japan, actually, there are many, many more small- and medium-sized firms with 300 employees or less. So we could see that the industrial structure of the Japanese economy consists of a dual parallel structure, huge multinational firms as well as numerous small firms.

On the other hand, the organization of the large firm is not the same as our corporate giants in our continent. They organize themselves like a community. The company not only gives fringe benefits, they also have group programs for hobby classes, for vacations, and they are assured, more or less, lifetime employment until they are retired. Retirement in Japan does not mean you are already old, because you can retire at age 60 or earlier. Contrary to popular belief, this is true only with large Japanese corporations, not with the very small ones, because a large number of the very small

ones are temporary workers, many of them women, and they do not enjoy this lifetime job security.

In Japan, contrary to the American industrial structure where labour cost is considered a variable cost, labour cost is a fixed cost. A fixed cost does not change with the changing level of output. It is fixed. Regardless of whether the firm is producing nothing, the cost is still something that management has to account for. This is the reason why layoff is generally avoided by Japanese firms. Consequently, because they have to produce the money, the fund to pay for this fixed cost of labour of their work force, the Japanese managers emphasize long-range shares of the market as an ultimate goal and objective of the firm rather than short-term profits. This is related also with how they are financed.

Unlike our corporations in this part of the world, which are mostly financed by selling shares of the stocks and portions of ownership of the firm, the Japanese firms do not finance their activities by selling shares in stocks. They would rather borrow money in the form of loans from their favourite banks, and so they have no worry about making dividend declarations or announcements every quarter or every year, because these are loans—that does not have to pay dividends.

True, indeed, they have to pay interest, but in terms of economic prosperity and in terms of industrial success, they can even buy out the loan. So they generate their own internal funds, and because they do not worry about expansion, because they have their own funding through internal funds, they can focus their goals and objectives through a greater share of the market rather than immediate profits. The greater share of the market, therefore, is a much higher objective for Japanese managers than immediate short-run profit.

One more thing. They do not worry about hostile corporate takeover, because in Japan there is an economic arrangement among large corporate groups, some kind of a mutual help society. These are the informal collection of companies who revolve around a single bank and work like a corporate mutual aid society. The Japanese managers do not have to worry, because their gross holdings and their relationship with the members of the corporate group make hostile corporate takeover almost impossible and unlikely.

The stability of the economic system is also attributed to the political stability in the sense that since 1955 there has only been one national party that has always been re-elected to power in Japan. This is the Liberal Democratic Party.

Because of the fact that they have a stable ruling party, that ruling party throughout all its years had succeeded in 14 coalitions among major interest groups to help and support them in every electoral contest except with organized labour. They have gathered the support of all the other major groups in Japanese society. That is why the political struggle tends to take place within the structure of the party rather than outside in the general election.

The bureaucracy in Japan is small, but it is an elite and very influential core of civil servants. It is very difficult to get into the Japanese civil service. For example, in 1976, of over 50,000 people who took the national hire civil examination, 50,000 applicants trying to write, 50,000 who wrote the national examination, only 1,300 passed the examination to enter the civil service in Japan.

The civil service you can see is a status symbol. The most likely thing any family would be proud of is one of their children being able to succeed in entering the Japanese civil service. The Japanese civil service therefore is highly elitist, like the French civil service is an elite kind of army of civil servants with tremendous influence in the formulation of policy.

The most influential of this is the ministry of international trade and industry. They have jurisdiction over trade policy through control of resources, manufacturing, commercial technology, small businesses—except macroeconomic policy which falls under the ministry of finance.

During all these years, the Japanese headed up a strategy of anticipating the future and reorganizing their industry accordingly. They do not seek to change or alter the impersonal economic forces. They have resorted to certain policies like even controlling foreign exchange, and they have indirect influence over the disposal of capital through the control of the banks. In all these years they have accepted the legitimacy of governmental intervention in the formulation of this national macroeconomic policy and industrialist strategy. However, all these policies have been developed not through imposition by the national government,

it has been developed through consultation and co-operation from industry.

They talk about it, they negotiate about it until they come to a consensus. Once they have come to a consensus, they would implement that policy accordingly. Even among those sectors of the industry which are diminishing, they have a very rational policy. Unlike our economy where we weed out the inefficient firm through the market forces, and they just disappear or they wind up and become bankrupt, in Japan, if you happen to be in an industry that is declining, the government is consciously aware of such things as an economic decline in a particular sector of the industry.

* (1450)

What they do is they will organize a legal cartel among all the declining industries, so that they can have an agreement to reduce their capacity gradually until they bring supply closely going to them with demand, according to the rate of decline of the industry. They allow the producer to allow orderly decline. They do not grant them subsidies, they just have the policy of helping them all adjust by diminishing their industrial capacity slowly. As they modernize their equipment or they diversify, there is no monetary subsidy, it is only purely policy and technical help.

The reason is that they are trying to avoid the political manipulation of macroeconomic and industrial policy by people in politics. So they do not give too much money; so they do not generate that kind of pressures among their constituents, among the major groups in the Japanese society. By not dispensing a great deal of money and relying greatly on co-operation among the major firms themselves, how they could rationalize any decline in any sector of the industry, they keep the industrial policy pure from being distorted by political controversy.

Now, what positive ideas can we pick up from all this experience? What ideas can we consider useful in order that we may restructure our system and be able to compete with the advanced economies on an equal footing, and thus avoid our economic decline and erosion in our standard of living? How do we do that?

In order to better compete with Japan and with Germany, for example, and other economic powers, we must start moving into the development of a working force that is not only highly educated, but also possessed with specific skills relevant to the

industry, so that they can accept responsibility and make decisions on the factory floor.

We have been following the old classical model. The thinking belongs to the manager and doing belongs to the hard hat. This is the old philosophy of Frederick Taylor. We have been accustomed to that. In modern, advanced, progressive economies, they require that thinking should take place all across the productive process from the top to the bottom.

We need a work force who can think their way through unfamiliar problems, not only waiting for instructions all the time, but they can make decisions. We need a work force who can handle complex tools in the workplace and can make rational decisions.

How do we do that? It is related, of course, to our educational system. Right here in our society, even at the higher post-secondary level, the students are generally doing school work that they do not see any relevance with what they do in school and what they will later do when they are out in the work force. The jobs generally bear no resemblance whatsoever to the student's school work. Of course, many of our students are employed part time, but what they do outside is generally alien to what they study.

Students in other industrial societies have a rational transition system program. For example, in Japan high school seniors get their job through established links between the high schools and the employers. In Germany, roughly two-thirds of the students learn their occupational skills through job apprenticeships, where young people apprentice with experienced workers as they go through their educational system.

If our society is to compete successfully with the trained, skillful work force of these developing nations, then we must likewise develop a work force not only capable of their academic enhancement, but also possessed with practical knowledge and skills that they can apply immediately to the work environment when they go out of the educational institution.

We cannot do so, or compete with them, by simply having better machinery because many of these low-wage countries can use the same machine and, of course, they can sell their product more cheaply than we can.

We need to develop our front-line workers such that they are capable of accepting more

responsibility. We need to educate them well. We have to train them to develop relevant skills while they are in the process of education. I think there is some merit to the idea that learning and doing should be integrated together in all our educational institutions. You learn in the morning, whatever it is, algebra or geometry, and then you apply it in the afternoon. Then you do not forget what you learn. For example, employers here are not interested just because a student is good in mathematics. They are interested if they can audit their receipts in a small business. The application is the real test of true utility of knowledge.

We must also set a new kind of educational standard. The standard should more or less be uniform across the nation. It must be a standard that is performance-based, based on performance, not the opinion of the evaluators. We need to establish national committees of people from business, from labour, from education, from public bodies, that can define this performance-based standard for the professional preparation of our students and the work force of the future. We must be able to combine general education with a specific occupational skill in order to make them competent and then be able to accept responsibility and make decisions in the work site.

We need, therefore, a new form of educational system as well as a new form of work organization. The firms in our society have not consciously invested at least 1 percent of their total payroll in the training and education of the worker. Why? Because they are afraid after the worker has been trained, money has been spent for their education and for their training, this worker may move to the United States. We trained our nurses this year in our nursing schools, we spent a lot of money, and then they move across the border. We train our doctors in our medical schools, we invest lots of money in them and yet they move across the border. They are attracted by higher salaries.

* (1500)

In Japan when they train their workers they are not worried about the workers leaving their firm or their company, because that is their own community, so they train them and retrain them and they become flexible in what they do, but all the time within the company because of this policy of almost lifetime assurance of job security. Training is not a lost cost. It will be a cost that is assured to repay the company because these people will obviously

be linked and be loyal to the institution which has given them the necessary training and competence.

We need students, even at our high school level, who are trained in basic competence in reading, mathematics, science, but also in problem solving and application of all this knowledge. I believe that the economic performance of any country, of any nation, of any community depends upon the human resource factor as input, better than any capital investment.

If it is the work force that you invest your money in and you train them competently, efficiently so they have all the necessary knowledge and skills to make decisions at any level in the productive process, then you will almost always, without doubt, increase the level of productivity. Without a trained work force we cannot hope to compete with the other advancing economies of the world.

They must have a mastery so they can apply what they learned. It is the constant interplay between learning and between applying that makes up for good economic performance in any firm, in any industry.

We therefore need a work force with basic skills in reading, writing, mathematics, speaking, listening. We also need to develop in them thinking skills, creativity, decision making, problem solving as well as personal qualities like responsibility, self-discipline and integrity.

In addition, we must be able to develop in them the ability in several areas of competence in allocating time, money and other resources, competence in working with teams, in negotiating and in serving customers, in their skills in manipulating and collecting and processing information and data, selecting and using important technology and understanding the social, economic and technical system in our institutions in our society. If we have all this training in our work force then we can surely successfully compete with the other developing nations.

Mr. Acting Speaker, I have shown that we need a changed work force and a changed work environment if we are to succeed in competing with the other industrial economies of the world.

Thank you.

Mrs. Louise Dacquay (Selne River): Mr. Acting Speaker, it is with pride that I rise today to put my comments on the record in support of my

government's budget, a budget that features no increase in personal income taxes.

I would like to offer my congratulations to the Finance minister (Mr. Manness) for bringing forth such a positive, responsible budget, a budget aimed at helping speed Manitoba's recovery from the recession affecting all of Canada. We know that our recovery will not be a simple or a quick one, but we know that if we all work together we will indeed emerge victorious.

Mr. Acting Speaker, Manitobans have demonstrated on numerous occasions throughout our province's 122-year history that by working together we can and will triumph over adversities. I encourage all Manitobans to join in that spirit of positive thinking and optimism as we work our way out of this recession.

Already I note that we are beginning to see some positive signs and indicators that we are slowly emerging. The inflation rate is down significantly. Interest rates remain vastly lower than their peak of two years ago, and news of recovery among our trading partners continues to mount. These facts help to create the type of optimism we need more of, a thought right in keeping with an important point the Finance minister raised in his Budget Address. Just as enthusiasm is contagious, so is optimism.

I recently read an article that quoted commerce secretary Barbara Franklin, who cited a survey showing that small businesses expect improvement in 1992 in their sales, employment, capital spending and profitability. She stated that this news is spreading across the economy. These again are thoughts that are definitely in keeping with an important point our Minister of Finance (Mr. Manness) raised in his Budget Address.

I, too, believe that our key lies in our attitude. I have already begun to see the signs of optimism within our own small business community. They continually reject the constant negativity of the opposition members who seem to revel in any scrap of news that can be interpreted as poor or bad. Instead of offering Manitobans encouragement when jobs are at a premium, they strike fear in the hearts of the unemployed. If you listen to the opposition's view of the world—and it seems they have no difficulty in spreading their message—you would think the best solution would be just to wither up and blow away. Mr. Acting Speaker, I reject that

line of thinking, and I am proud to say that most Manitobans also reject that line of thinking.

This budget, I believe, will help to encourage more Manitobans to join in and work together in building a stronger Manitoba. Here we have a budget that delivers the news Manitobans want to hear. Manitobans have continually told us that they are paying all of the taxes they can afford, and we have listened. Here we have a budget with no new taxes. That is right: a freeze on personal income taxes for the fifth straight year. Since 1988, that freeze combined with other tax reductions has kept over \$250 million in the pockets of Manitobans.

This budget also features no increase in sales tax, no increase in business tax, and, I am proud to note, no increase in the provincial deficit. This budget also demonstrates that you can deliver positive initiatives and increase commitments to vital human services.

Our government increased its financial commitment to Health by 5.7 percent, an impressive \$101-million increase. I also note an impressive 8.7 percent increase in Family Services. That is an additional \$51 million. Education and Training also saw a healthy increase of 5.5 percent, or some \$52 million. Our government believes that these increases, totalling \$204 million for priority social programs, are both necessary and appropriate at this time.

* (1510)

During delivery of the budget, the Finance minister (Mr. Manness) called on all Manitobans to draw on their instinctive feeling of pride and determination to bring about a renewed sense of optimism toward Manitoba's future. Manitobans are, Mr. Acting Speaker, beginning to develop that renewed sense of optimism about the economy. As consumer confidence increases, signs of recovery will also increase. Manitobans want a strong province with economic opportunities that create jobs for themselves, for their children and their grandchildren. We also want to ensure that our health care, Education and Family Services are maintained.

As a government, we indeed have taken concrete steps to encourage and promote this economic recovery. By saying no to personal tax increases, no to business tax increase, and no to an increase in sales tax, our government is demonstrating that we are prepared to live within our means. I will

repeat that. We are prepared to live within our means, maintaining priority program spending and freezing personal income taxes, unlike another level of government that seems to have difficulty in that area.

The City of Winnipeg, as an example, has decreased services while at the same time increasing their taxes each year. While the city, by statute, is prevented from incurring a deficit, they found the solution so often sought by the NDP and the Liberals in this Chamber—increase taxes. It appears that the group Choices—the honourable Minister of Family Services (Mr. Gilleshammer) referred to them as architects of the NDP pretend budget, and as our Premier (Mr. Filmon) so eloquently labelled them, another NDP “gimme” group—are singing from the same song sheet as members opposite.

In today's Free Press, Richard Orlandini advocated a doubling of the city's proposed 1.5 percent tax increase, typical NDP response. Jack up the taxes. That is the solution to all the problems. Then to talk about hypocrisy, the Choices spokesman says the city's lower income earners are continually being subjected to unavoidable increases, and what does he do? He proposes that the proposed tax increase for the city be doubled. Well, Mr. Acting Speaker, we say no to that assertion and we encourage all other levels of government to do the same. Live within your means. The taxpayer is paying all of the tax that they can afford.

This budget also provided additional funding for the City of Winnipeg. As a direct result of this budget, the City of Winnipeg will receive \$90 million in provincial government grants, a 4.2 percent increase for its 1992 programs and services. That is \$90 million, regrettably, Mr. Acting Speaker, that some city councillors seem to ignore as they continually imply that our province does not increase their funding. To my mind, \$90 million more this year than they got last year is an increase, is it not?

The 1992 funding to the city includes \$20,910,000 for an unconditional current programs grant, which may be applied toward the delivery of any program based on the city's priorities; \$17,450,000 for the urban transit operating grant to contribute up to 50 percent of the 1992 transit operating deficit; \$8,262,000 for a general support grant as unconditional financial assistance to the city;

\$27,200,000 in provincial-municipal tax sharing payments—and this, coincidentally is just an initial estimate, the final announcement will be made in July—\$16,233,500 for capital grants under the renewed urban capital projects allocation announced last fall; and an additional capital grant commitment of \$154,000 for a transportation study proposed for 1993. As well, we put in an additional \$5 million for the public works job creation program that will be used for infrastructure projects in the city of Winnipeg. What do they say? The province does not give them any increased funding. Mr. Acting Speaker, I have great difficulty with that.

I would also like to quickly take a look at some of the other initiatives contained in our budget, some of the initiatives that indeed will, in my opinion, help to assist restore our economic outlook and also help create jobs, help small business and other medium-sized businesses, indeed, inject some of their revenue and give them some renewed optimism toward moving into the next decade. The temporary 10 percent income tax credit should encourage businesses for new investment in both manufacturing and processing. Additionally: a new 15 percent nonrefundable Manitoba research and development tax credit, an extension of the payroll training tax credit; \$20 million over four years for the Manitoba industrial recruitment initiative to help create new business and stimulate expansion of Manitoba-based industries; and \$2.5 million for the new expanded training at Manitoba's three community colleges; \$1.4 million for Partners with Youth, a program to help create jobs for young Manitobans.

There were additionally other initiatives indicated in the budget, Mr. Acting Speaker, designed to stimulate further the economic growth in certain key industry sectors: the mining exploration cost, the elimination of the corporation capital tax, a mining tax holiday that should permit companies to recover their full investment in new mines, a one cent a litre reduction in railway locomotive fuel and a 0.8 percent a litre reduction on aviation fuel.

To achieve tax fairness, Mr. Acting Speaker, the minister also announced plans to tighten tax enforcement rules by introducing anti-avoidance legislation. These tax initiatives will not only stimulate economic growth but will do so without placing an increased burden on the backs of Manitoba taxpayers.

Additionally, this budget supports several programs that are already helping to get the economy growing again. Some of these initiatives include Grow Bonds, the Rural Economic Development Initiative, the Crocus Investment Fund, the Vision Capital Fund, the Mineral Exploration Incentive Program, and the Economic Innovation and Technology Fund. These initiatives will allow us to form working partnerships between government, labour and the private sector.

Mr. Acting Speaker, in closing, my constituents are extremely pleased with our government's budget. All of my calls have been extremely positive. More importantly, they are impressed with our government's carefully prioritized spending record. They have indicated to me that they are prepared to work toward the important economic recovery that is so vital to all Manitobans, and our government is working with them every step of the way.

Thank you, Mr. Acting Speaker.

Mr. Doug Martindale (Burrows): Mr. Acting Speaker, last year in reply to the throne speech I praised the government for three things. Two of those things were used against me in Question Period: one by the Minister of Family Services (Mr. Gilleshammer); one by the Minister of Housing (Mr. Ernst). The third item, the government betrayed itself. They made a promise and then they broke it. So I think I struck out three out of three.

This year I have learned from my previous experience, and I am not going to praise the government for anything. However, I would have been hard pressed to find something in the Finance minister's speech to praise in any case, but I will try to find something positive, if I can.

* (1520)

Mr. Acting Speaker, I think there are only two ways for this government to get re-elected: one would be if they could balance the budget; the other would be if they could significantly reduce the rate of unemployment. As for reducing the deficit to zero, the operating deficit in one year, I do not think it can happen. We would have to either significantly increase revenue by either raising taxes or getting substantial increases in federal transfer payments or significantly cutting expenses. I do not think that this government is going to do any of those things or be able to do any of those things. Unless the recession in Manitoba gets significantly worse than

other parts of Canada, it is unlikely that federal transfer payments would increase substantially.

We know that it is very, very difficult for a government, regardless of what political party is in office, to make deep, deep cuts in government programs and expenditures, especially if we are talking in the area of \$300 million to \$500 million. Even if ideologically or philosophically the government wanted to do that, I think it would be impossible. As for significantly increasing revenue—

An Honourable Member: Is it all right if they make those cuts in Saskatchewan?

Mr. Martindale: The honourable member from Pembina asked if it would be possible to do that in Saskatchewan. Well, I do not know. We will have to wait and see what their budget says. I think probably the government of Saskatchewan has the same problem that virtually all provinces in Canada have today, and that is that their revenue is not growing as fast as their expenses.

An Honourable Member: You are going to tell us how you would govern, are you? Like, your Leader . . . but you would, right?

Mr. Martindale: Well, I have some suggestions if the honourable member will listen. I do not think that this government can significantly increase revenues unless of course the economy were to completely turn around and revenue from taxes were to go up on its own simply because the economy had recovered. The other way of doing it would be to increase taxes, and we know that this government abhors doing that.

The other way that I suggested that this government could get re-elected would be to significantly reduce the rate of unemployment. Well, how could they do that? Possibly by doing nothing, but by waiting for the economy to recover. It is possible that the economy might recover on its own and, certainly, I think this is the hands-off approach of this government, that they are hoping that when the economy recovers in the world-wide recession and in the United States and in the rest of Canada that that will have certain spin-offs and benefits to the province of Manitoba and that the economy will turn around here as well.

The other alternative to reduce unemployment is to improve the economy of Manitoba through government action such as tax concessions to businesses and corporations. This is one of the

strategies that I think this government has embarked on. The problem is that it does not work, and I will say more about that later.

The third way that this government could significantly reduce the rate of unemployment would be if they spent large amounts of money on job creation. Now that is something that they could do, but I think philosophically and politically they are not interested in doing and probably will not do.

Next, I would like to look at where spending is up in the Finance minister's budget and look particularly at three departments: Agriculture, Energy and Mines and Family Services. We see in Agriculture that the budget is up from \$112 million to \$135 million, which is indeed a very significant increase. If you look at the budget, you can see that there are reasons for that and they are to be found in two main areas. One is a substantial increase in the Manitoba Crop Insurance Corporation budget and in the Income Insurance and Support Program.

Can those increases be justified? Yes, I think they can. We know that people in rural Manitoba, people on farms, are hurting. We heard from those people very directly when 6,000 to 10,000 people came before the Legislature to a rally in October of last year. Someone kindly sent me some of the news coverage of that rally, and I have a clipping. [interjection] I was at the farm rally. The member for Portage la Prairie (Mr. Connery) asks if I was at the farm rally. I would think the vast majority of our caucus was at that farm rally, showing our support for the plight of farmers in Manitoba.

(Mrs. Louise Dacquay, Deputy Speaker, in the Chair)

I would like to quote from the Sentinel Courier, which is the paper that serves the communities of Pilot Mound, Crystal City, Clearwater, Snowflake, La Riviere, Mather and districts. This is very interesting. This is from one of the speeches from one of the people who was at that farm rally, and that person's name is Leanne Knutson.

This is what she said: "Farmers of every age and every economic background have come forth and said the hurt is on my farm and my family is suffering. People who are just starting in this business told of how they were living on \$7,000 per year, others that were lucky enough to have saved some money for a rainy day said it was gone and the equity that had been built up over the years was now being eroded."

We know that farmers are hurting. What is it that farmers wanted? If I could quote Leanne Knutson again, she said, "We do have a different perspective on life and our lifestyles may vary from region to region, but we do want the same things. Quality of life, security, education and pride in our accomplishments. This isn't possible without remuneration for the important role we play in society. We need a further commitment from this government and from our fellow taxpayers to allow us the dignity to go on. In this province alone, one in every eight jobs are a direct result of the agricultural industry. Without us, jobs will be lost."

Are the demands of the farming community reasonable? Yes, I believe they are. Why am I using this? I am using it to draw an analogy. I think that just as the reasonable requests, as I have said, of the farm community have been made on government and the government has responded by substantially increasing funding through the Department of Agriculture, I think there are other groups in our society that are hurting as well.

A very large group in our society that is hurting is the 52,000 people who are unemployed. These people are in similar circumstances. When people lose their jobs, they feel that it is a blow to their dignity and their pride because they want to be working.

How has this government responded to the 52,000 people who are unemployed? I would like to suggest that they responded primarily in two ways: first of all, with tax concessions, and secondly, by increasing social assistance payments, which they were and are legally required to pay in any case.

What were some of the tax concessions? If you look at the budget again one of the largest increases in budgets is in the Department of Energy and Mines, where the budget increased from \$9 million to \$15 million. The main reasons for this are a mining tax holiday and elimination of corporations capital tax on mine exploration.

In the budget, there were five other tax breaks and tax credits.

As the Minister of Finance (Mr. Manness) said in his budget speech, the purpose is to promote activity in specific sectors of the economy.

I think his goal is commendable, but I have problems with tax incentives. Tax incentives have been studied by many economists. I was reading

some of those studies this morning, and the economist that I was reading pointed out that tax incentives do not usually work, and they gave some reasons. The first is that if demand for a company's products are low, it is unlikely they will invest even if there are incentives to do so, and by this I mean government incentives to do so. Secondly, if demand is high, the company would have invested anyway and the tax break is an added windfall.

Four Canadian studies all found that the amount of increased investment generated by the incentives was actually less than the amount of money the government gave up in revenue. Douglas May, an economist, found that for every dollar Ottawa gave up in corporate tax breaks to stimulate investment, it got about 21 cents of new investment back. Douglas May, the economist, also said that tax breaks created unemployment as companies invested in new equipment and laid off staff.

I think when the government gives tax breaks and tax incentives the public need to know how much additional investment will result. I do not think that the government has studied this sufficiently. I doubt very much if they have any predictions. If they do, I would be interested in hearing about that from the Minister of Finance (Mr. Manness).

* (1530)

Another question is: How do we know that whatever benefit is derived is greater than benefits that might have accrued to equivalent tax savings for wage earners who would spend the extra dollars? Tax breaks allow corporations to dramatically reduce their taxes. It is just a way of channeling money to business, which we know from previous budgets this government is fond of doing.—[interjection]

In response to the member for Assiniboia (Mrs. McIntosh), I do not know why mining companies pulled out of Manitoba. We will be watching the next year or two or three to see if the tax incentives for mining companies result in increased investment and more job creation. If they do, then I think we should commend the government. If they do not, then we were right in questioning the wisdom of this tax incentive.

The third area where we see a large increase in budget is in the Department of Family Services, whose budget went up from \$589 million to \$640 million. If you look through the line-by-line spending it is very obvious where the majority of that increase

is going to be spent. The first area is on provincial social assistance or welfare, where there is a projected increase of \$11 million. The second area is municipal assistance or welfare, where there is projected to be an increase of \$21 million, for a total of \$32 million. I suspect that may be even higher than what the government is projecting.

This morning I was visiting one of the city of Winnipeg welfare offices and talking to the staff. The staff were telling me that their caseload is continuing to increase, that every day they are getting new people coming in. The things that they were telling me were quite disturbing. In fact, it is just disturbing to be in a welfare office and see 30 or 40 people sitting waiting for an appointment, not even an appointment in an office, but in many cases an appointment to talk to the staff through a hole in a glass or a plexiglass partition.

Now, of course, we are seeing people who have had good jobs and their unemployment insurance has run out, and they are being forced to go to city social assistance. These are not people who have been unemployed before. Many of them are the new unemployed, and many of them have homes. In fact, I was told that social assistance is paying the mortgage payments on these homes, and it is not uncommon to be paying \$900 or \$1,000 a month mortgage payments.

They will even pay second mortgage payments, and they will pay interest-only mortgage payments. This was quite a revelation to me. I do not know whether that will continue indefinitely or whether eventually they say to people this is costing the public Treasury too much money. Hopefully, the situation that they find themselves in is temporary, and they will find jobs and support themselves.

Hon. Harold Gillieshammer (Minister of Family Services): Would you make them sell their homes? Is that what you are suggesting?

Mr. Martindale: The Minister of Family Services (Mr. Gillieshammer) asks if I am in favour of forcing them to sell their house, and the answer is no. I think that people should be allowed to stay where they are and, in fact, under the current laws they are able to.

I believe that the government had a choice in this budget as they do with every budget. They could put money into job creation or put money into welfare. Obviously, they chose to put large sums of money into welfare.

If I could go back to my advice about the next election, we might ask, well, what would it take to get re-elected by reducing unemployment? If they were able to get 10,000 people back to work, would they get re-elected? If you put 20,000 people back to work, would you get re-elected? Would it take 30,000 people back to work?

I am suggesting that if this government were successful in significantly reducing unemployment that it would certainly improve their election chances.

What I am hearing and what my colleagues are hearing when we knock on doors is not that people want the government to spend more money on welfare, they want the government to spend money on job creation. I think that taxpayers would support the government spending money on job creation and pay people to work rather than pay people to collect welfare.

That is what they are doing. They are paying people to stay home. I believe that the majority of the public would prefer to see those people working. They would rather pay people to work than pay people to stay home.

Why will the government not do this? Because they do not believe in job creation except through capital works projects. Instead they are putting all their marbles in two baskets. One is tax incentives, and the other is so-called consumer confidence, but I do not know how they are going to instill consumer confidence and business community confidence with the policies that they have now. I believe that people do want to work.

In fact, I have had numerous discussions with my honourable friend from Rossmere (Mr. Neufeld) on this topic, and he says that he has actually learned something from my advice, and I think discussions with Harold are always interesting. I think it is a two-way street.

An Honourable Member: He has always been a closet NDPer.

Mr. Martindale: If he is a closet anything, I think he is a closet member of the Reform Party.

An Honourable Member: He is a Liberal.

Mr. Martindale: There is a dispute going on here. Some people think he is a Liberal.

I am straying from the point I was trying to make, and that is that there are many, many people out there who want to work. I have convinced the

member for Rossmere (Mr. Neufeld) that this is true, and he has acknowledged that.

Just today when I was at the social assistance office, the city welfare office, on the door of the supervisor who I was visiting were these two notices. One said jobs, jobs; the other said jobs, jobs, jobs, which sounds like Mulroney in 1984.

The job is described and the address. I said, well, how long is it going to take for these jobs to be filled to prove my point that there are people who want to work? She said these were posted at 1:30 yesterday and by 4:30 both of these jobs would have been filled. She said that people who come there do not want to be on welfare. They want to work. There are people who have never been in a welfare office in their lives, and she said people have offered to shovel snow in front of the office rather than come in. They are embarrassed to find themselves in a welfare office.

If I can go back to my analogy about agriculture, and to quote the Minister of Finance (Mr. Manness), he said, quote: We will continue to stand with our farmers in these difficult times, and as a result resources deployed through the Agriculture department will increase by \$23 million or 21 percent.

What about the 52,000 people who are unemployed? I believe that they are a resource, that the government should consider job creation as an investment, an investment of people as well as an investment in the province of Manitoba. I believe that in the long run it would be cheaper to put people to work than to pay social assistance.

There are a number of particular items that I would like to look at in the budget, in addition to the three large areas of increased expenditure. One is the Core Area Initiative. We on this side are very disappointed that the government has not allocated significant sums of money to the Core Area Initiative.

Now perhaps they know something that we do not. They probably know where the negotiations are at with the federal government or where they are not at if they are not being very successful. It may be that the federal government has said, no, we will not put any money in in 1992-93, that we are going to wait till '93-94. Therefore, there is a reason for not putting money into the Core Area Initiative this year, but we do not know that. We probably will not

know until there is some kind of announcement from the three levels of government.

We do know that the first and second Core Area Initiatives were very successful. They were successful in improving the downtown core of Winnipeg. In fact, I had lunch with the manager of the North Portage Development Corporation who commented, can you imagine what downtown Winnipeg would look like if there had not been a Core Area I and Core Area II? I think it is a good point. We probably would have had a lot fewer people living downtown, and we certainly would have had many fewer new buildings constructed in the downtown area.

I have heard that if there is another Core Area Initiative agreement that it will include housing as a priority, and I am pleased to see that. In fact, I am pleased to see that the budget for the Department of Housing is increased this year over last year, that it will probably include job creation and training, especially job training. If that is the case, then we commend the three levels of government for making that emphasis.

*(1540)

I have been told that it will include Main Street revitalization. Unfortunately, Main Street did not get very much attention in the first and second Core Area Initiatives. So it is only appropriate that it be targeted for a third Core Area Initiative, but we are disappointed that the provincial government's budget does not have money for a Core Area III or at least not very much money.

We see with interest that the government did allocate \$1 million to implementing the recommendations of the Aboriginal Justice Inquiry. We know from reading the report that some recommendations will actually cost the government less money, some will cost about the same, and some will cost more. I do not know which recommendations will cost more, but certainly the report is quite honest on that score. We do not know the government's priorities yet, so we do not know how they will spend the \$1 million implementing the AJI recommendations.

I did have occasion to be part of our caucus who met with a very interesting group from St. Theresa Point. They met with members of our caucus, and they met with the Minister of Justice (Mr. McCrae), and they pointed out that they have been running their own youth court since, I think, 1984, and doing

so without using government funds. I believe the last two or three years, they were funded by the Manitoba Law Foundation. They were quite discouraged when they met with us. They did not think they were going to get any money from the government, but, in fact, the Minister of Justice came through, and I believe they did get funding for their youth court at St. Theresa Point.

They said to us, you know, we have been doing this very cheaply since 1984. We have been doing it very successfully since 1984. We have been doing it on our own; we have not had judges being flown in at great expense to St. Theresa Point. I conclude from that that if it works at St. Theresa Point, and they claim that it is successful—they say they have had fewer youth in front of them every year since 1984—that it could be replicated all over Manitoba on reserve communities.

If that is the case, then it could save the government thousands of dollars. It would seem to make sense to have it administered locally, and the people who run it be aboriginal people in keeping with the recommendations of the Aboriginal Justice Inquiry, and that it be a diversionary program which in essence it is. Instead of criminalizing people, what they do is they offer them community work, and that is supervised by the whole community.

They have business people who are involved; they have a cross-section of their community involved in supervising young people on community work. If it can be successful, and it has been proven to be successful in St. Theresa Point, then there is no reason why it cannot be replicated across the province. So, in this case at least, we have an example of a recommendation from the AJI that can be implemented and save the government money.

We do, however, believe that the recommendations of the report are so important that they should be implemented, and they should be implemented as quickly as is feasible in conjunction with aboriginal people in Manitoba. We were disappointed to read in the budget that the Crocus Fund, a fund created to help employees buy out companies, has been changed from what, I believe, last year was a grant of \$2 million, to this year a loan of \$2 million. It would appear that the government has reneged on this promise to labour.

Hon. Harry Enns (Minister of Natural Resources): Oh, no.

Mr. Martindale: The member for Lakeside disagrees with me, but unless he can provide evidence to the contrary, it seems that this has been changed from a grant to a loan. I think that organized labour was disappointed to find that in the budget, and so were we.

I listened very closely, yesterday and the day before, to the member for Rossmere (Mr. Neufeld), and I disagree with many, many things that he said. In fact, I highlighted them in Hansard, and I think these would make some good quotes in the next election campaign if we were to quote the member for Rossmere as being a representative of the Conservative Party, and saying some pretty amazing things on the record.

However, there is one area that I agree with the member for Rossmere, and so I would like to quote the part that I agree with him. He talks about a partnership. In fact, the Minister of Finance (Mr. Manness) talks about partnership as well, although I noticed that in his speech on the first page he only talked about partnership between government and business, but I guess he redeemed himself a little bit because on the second page he talks about a strong partnership among government, business and labour to capitalize on every new opportunity to create jobs and build a strong economy.

I thought that the member for Rossmere (Mr. Neufeld) was actually much clearer on this subject. He said, "I suggest to you that we work together—labour, industry and government. It is up to government to ensure that labour and industry work together co-operatively. It is up to government to bang heads together if they do not It is up to government to make sure that the industry properly looks after their workers." Hansard, March 18, page 1376.

So I commend the member for Rossmere (Mr. Neufeld) because this is an idea that the NDP has been promoting for years. In fact, our Leader (Mr. Doer) and our caucus have been saying we want an economic summit. We want the government to get business and labour together and to talk about ideas that can be implemented by all three sectors in Manitoba—

An Honourable Member: Business and labour.

Mr. Martindale: Business and labour. The government has not been listening to this message, but the member for Rossmere has. The member for Rossmere is promoting business and labour and

government co-operating. So, even though there are many ideas in his speech that we cannot endorse and we totally disagree with, on this one idea the member for Rossmere is right.

An Honourable Member: But you are both unable to

Mr. Martindale: Well, the member for Inkster (Mr. Lamoureux) says that we cannot achieve it.

An Honourable Member: Philosophically, you cannot.

Mr. Martindale: Since we are not in government it is difficult for us to achieve it, but the government, they are the government of the day, and they could achieve it if they had the political will to do so.

I think it is instructive to look at the economies of Japan and West Germany, to take just two examples of very successful economies, and see what happens there. Well, one of the things that I think is responsible for their successful economies is the fact that business and labour and government do co-operate. They help to plan the economy together. I think, if the Minister of Finance (Mr. Manness) and his government here in Manitoba wanted to speed an economic recovery, that they would follow these examples of Germany and Japan and bring labour into the picture and co-operate not just with business but with labour, so that all three groups co-operate as the member for Rossmere (Mr. Neufeld) said. They could all be equal partners. [interjection]

The member for Inkster (Mr. Lamoureux) is talking about who feels comfortable in which party. I think that we have no difficulty with small businesses, as New Democrats. In fact, we have some small business people in our caucus, a couple of them that own their own business.

Mr. Lamoureux: What about big business?

Mr. Martindale: The member for Inkster asked me about big business. Well, we have a problem with multinational corporations if they are not willing to invest unless the incentives and tax concessions are so good that it is in their self-interest to invest. So we disagree—

An Honourable Member: Is that not what small business does too?

Mr. Martindale: We do not have any problem with small business. We want to encourage small business. I think our quarrel is mainly with multinational corporations that get the bulk of tax

concessions and tax incentives from governments, mostly from the federal government, but from time to time from the provincial government. For example, the Minister of Finance (Mr. Manness) in his budget reduced the tax on locomotive fuel, which we do not think will create any jobs. It just helps the bottom line of Canadian Pacific and Canadian National. It does not really make them more competitive. It maybe brings the taxes in line with other provinces, but really just gives them a little bit more money, reduces their operating costs.

* (1550)

In conclusion, Madam Deputy Speaker, I believe that the most important issue in the next provincial election will be whether or not the public is in favour of one of two ideas. Whether they think that keeping taxes down is the major issue, or whether they believe that creating jobs is the major issue. I know that in the Burrows constituency the majority of people are in favour of job creation. It will be interesting to see if the majority of people and the majority of constituencies in Manitoba agree with the government who are pushing keeping taxes down, and almost nothing else, except, of course, spending more money on welfare, or whether they agree with me and my party that the most important issue is job creation.

I believe that people want and expect the government to stimulate the economy and to create jobs. I think that, probably, come the next election, the majority of Manitobans will agree with that point of view.

Thank you, Madam Deputy Speaker.

Hon. Clayton Manness (Minister of Finance): Madam Deputy Speaker, it is a privilege to rise and speak on the budget. This is rather unorthodox that the minister would rise at this particular point in time; but, because of the fact that we brought down the budget on Wednesday and, indeed, voting day is called for tomorrow, it does provide some differences with respect to the order in which we speak.

Madam Deputy Speaker, the Premier (Mr. Filmon) will close debate tomorrow before we are summoned to the House to vote on this very important piece of legislation.

Madam Deputy Speaker, when we were crafting the budget, there were certain elements that we could not disregard. We recognized that we had been working very hard, certainly within Treasury

Board, within all the ministries of government, to try and work around the margins, trying to split off those areas of government programming, after evaluation for the most part, that indeed we found were no longer of the highest priority. Now members opposite over the course of not only this budget but budgets before this, and, indeed, in Question Period on a daily basis, have berated this government for turning attention away from various aspects of government program.

They said that we were, using their words, reducing funding here, there, and they pointed out certain program areas. They were able to find in some cases the odd line within the Estimates package where indeed there was a nominal reduction in funding. Madam Deputy Speaker, throughout all of the deliberations around the budgetary decisions, we acknowledge that we had to maintain a high priority in areas like Health and Education and Family Services. So, when this government, during these difficult times of revenue reductions and revenue restraints, was able to contribute in this budget \$200-plus million to the high priority areas of government, I say that we did relatively well under the circumstances.

We were also very mindful that, when we were crafting the budget, Madam Deputy Speaker, we were bringing our budget down at least two weeks before any other jurisdiction in Canada. As a matter of fact, I am willing to bet that most budgets will not be brought down even a month from today as I stand here. Some of the more significant budgets might not even be brought down until the beginning of May.

What we had here was a government who, in some respects, with the co-operation of the opposition had been working hard over the last two years to try and move us into some type of synchronization with respect to when we come into the House and do our business. Still you had a government, in spite of that, who was wanting to bring this budget down early and indeed give Manitobans an opportunity to once again look into the fiscal framework of our province, to once again get some understanding of the path that we wanted to follow philosophically and, more importantly than anything, realize that there was a government here who was going to protect tax increases.

In other words, we were not going to submit to the easy path, and indeed I have called the NDP path, and that is continuing to levy higher levels of

taxation. I will speak to that in a little greater detail in a moment.

I have listened, for the most part, to most of the presentations made by members opposite although maybe I have not been in attendance. I certainly have been in my office and I have heard the feed that has come from the House, and I have heard most of the presentation by members opposite. Quite frankly, if one had to summarize from my point of view most of the criticism, not too much of it objective, that has come from the opposition benches, I would summarize it and say it is muted criticism at best. I have not heard a heavy attack on the thrust of this budget.

We have been accused—

Some Honourable Members: Oh, oh.

Mr. Manness: No, that is one of the unfortunate elements because I am not speaking last. There are some other speakers and I imagine there will yet be some other criticism, but the reality is that members opposite have a difficult time attacking this budget because they, too, like many of the members of government side, are also knocking on the doors of their constituents.

Last night we were in the constituency of Crescentwood, many of us, and talking to Manitobans and, of course, one does not have to open too many doors when one realizes that foremost on the minds of almost every person that you speak to is taxes. Even more so—whereas in 1981 when I knocked on doors, in 1988 and 1986 and even to some degree 1990, the number one issue was jobs and unemployment.

I am not going to say that is not on the mind of people also, because it is, but as the survey showed, still the No. 1 issue on people's minds today is taxation—almost two to one as compared to unemployment. Members opposite also know that to be the truth, and they will come in here on a daily basis and certainly berate the unemployment statistics, and they will try and focus in on manufacturing numbers. I would say to them, as they know, as a manufacturing province, one of the three basic manufacturing provinces in Canada, that quite obviously we are not immune to is the reality of what is happening in the manufacturing sector. Neither is Ontario, neither is Quebec, neither is Alberta, and neither is B.C. Certainly, neither is any manufacturing state in the United

States, indeed, any manufacturing country in the world.

Madam Deputy Speaker, the members can hurl numbers at us all they wish within the manufacturing area, but the reality is, they know and indeed many of their adherents know that most people realize through structural change that the manufacturing base as once defined is no longer the way it was. Free trade is not the reason that the manufacturing base is dropping in Germany. It is not the reason it is dropping in many other industrialized nations in Europe. It is not the reason, but the members can hurl all the manufacturing numbers and employment figures they wish at me. They know better, but of course it suits their political end to just dwell on and focus on unemployment numbers.

Madam Deputy Speaker, I also listened, particularly to the NDP benches, as to how they would deal with the stimulation that I see in this budget, particularly on the taxation side. I wanted to hear how it was they would deal with CPR, in other words, the reduction in the locomotive fuel tax. I was surprised, because I did not hear much criticism with respect to that until the speaker just before me.

Madam Deputy Speaker, the member says all we are interested in is helping out CPR, helping out their bottom line, because it is not going to create any more jobs. You have an industry, the railway industry in this country which, I believe from memory, supports 10,000 or more jobs, a significant portion of them in the city of Winnipeg, a significant portion, I dare say, in the constituency of the member for Burrows (Mr. Martindale). Yet, the member has the gall to say that we are out just to help their bottom line.

* (1600)

I do not know whether or not the executives of CPR or CNR have sent him the information as to where Canada, more particularly Manitoba, is on a taxation basis vis-a-vis areas and states in the United States. If they have, maybe he is not concerned about that, but I can tell that member that I am scared to death with respect to the representations made by the railways, because whereas it hurts me to give away revenue, the reality is that what would hurt the government and, I dare say, the member more than anything was if the CPR were to make a drastic move with respect to the Weston shops.

I would have to think that would have to have significant impact on the member, and if it would not have impact on him, it would have on the government and indeed the people of the province. Yet the member, when I tried to in a very small way to provide some greater competitiveness to a railway, yes, the dreaded and in some cases hated CPR, the member across the way accuses me of just trying to fatten the bottom line of a multinational corporation.

At least the criticism is muted. It has not come from many members opposite, because they realize what is on the line. They understand. I do not think I heard the member for Flin Flon (Mr. Storie) this time make mention of it.

I can say the member for Flin Flon, when I brought down the first budget in 1988, when we did not move to increase the locomotive fuel tax from 13.5 to 15.5 like they were going to in their defeated budget, we were attacked not only in the '88 budget but in the '89 budget because we did not increase the fuel tax to the highest level in the land.

I think there is a realization beginning to build in the members opposite that we had better take very seriously this whole taxation issue; and, yes, even though we would prefer that the small-business sector would be the deliverers, would provide the deliverance from this area, the reality is that these large companies, many of them multinational, in many respects the wealth creators, are still doing something and without them small business really has no basis on which to begin. I am talking about the retail sector. I am not talking about small business in the sense of other sectors, but certainly within the retailers. Madam Deputy Speaker, I noticed that muted criticism and for that I say to the members opposite, thank you.

Madam Deputy Speaker, in my view this is a stimulation budget. The members opposite keep saying that we have done nothing in the sense of unemployment. I have done some research. I wanted to compare what we have done in this budget with respect to what the NDP did through that period '83 to '86 when indeed they said they were in the depths of a recession, when they said they had to stimulate the economy, so much so that they had to set up their jobs funds. [interjection] I do not have time to digress. I would love to get into that debate, but in fairness to others, just not now.

The question is, does a rising debt burden reduce unemployment?—because that is what the issue is here. The members opposite are asking us to go further into debt. Yes, they are. They are asking us to go further into debt and in effect try and reduce the unemployment statistics. Now, Madam Deputy Speaker, during the NDP years—and I want members to listen to this—the total general purpose debt rose by a total of 164 percent after correcting for inflation. Let us take the high rates of inflation out.

In other words, we took the deficit numbers \$500 million, \$600 million, year on year, and we took out inflation, and we put them at a deflated rate, but even during that period of time, general purpose debt under the NDP increased by a total of 164 percent during the NDP years. Now, since our government came to power, also stripping out inflation, the inflation adjusted debt has declined, not increased, by 15.2 percent.

Now apples to apples. I am comparing six budgets to five budgets. I am telling the member, we have stripped inflation out of both of them. Now arguably, the NDP debt might be justified if it had led to very substantial job creation, compared to the number of jobs that would have been created without the huge debt increase, but the record does not support this view.

In 1981, the year the NDP was elected, Manitoba's unemployment rate was 21 percent below the national average, when the members opposite came to government, 21 percent below the national average. By 1988, when the NDP left power, 164 percent inflation adjusted increase to the general purpose debt. When they left power, Manitoba's advantage had been eliminated. The unemployment rate here was equal to the national average.

In spite of the Jobs Fund and the huge increase in government debt, Manitoba failed to maintain its position relative to other provinces. Now that had nothing to do with us. The members might say they had nothing to do with them, and that is fine. I will listen to that argument. What it had obviously nothing to do with was the Jobs Fund, and that is the point.

Since this government, our government, came to power we have tried to improve the conditions for private sector creation of permanent jobs. We have largely avoided short-term, make-work projects. It

is true that because of the international recession the unemployment rate has risen, but not as much as the national average.

As I said, in the year we were elected Manitoba's unemployment rate was equal to the national average. By 1990, it was 11 percent below the national average, and in 1991, 15 percent below the national average, and without a Jobs Fund. In short, during the NDP years, when Manitoba was one of the most aggressively high-spending provinces, our unemployment situation deteriorated relative to other provinces. During our administration, which has been one of the most fiscally responsible, our unemployment situation has improved relative to those other provinces.

My friend—

Point of Order

Mr. Jerry Storie (Flin Flon): On a point of order, Madam Deputy Speaker, I am having difficulty hearing the Minister of Finance on all these points because of all of the noise in the Chamber. I am wondering if the minister is going to include a comparison of the increases—

Madam Deputy Speaker: Order, please. The honourable member does not have a point of order. It is a dispute over facts and a request in clarification.

* * *

Mr. Manness: Madam Deputy Speaker, the member brings up a good point, but then when he asks us about manufacturing jobs, or when he asks us about unemployment numbers, then I would ask him then also to give us intentions for 1992 that he will also bring in the other provinces in Canada. I have never heard him mention them in the preamble to any of his questions in the House. I would say to him, if he wants to talk about all of Canada, then he should bring in those numbers in his questions, too.

Madam Deputy Speaker, my friend the kind Keynesian of Brandon East, the member for Brandon East (Mr. Leonard Evans), believes that the government of which he was a part did more than this government to help the unemployed, but he has only a theory on his side. The facts do not support him. What his government did do was saddle the people of Manitoba with a huge increase in their debt and their debt service payments. This means that their taxes are now much higher than they should be.

Indeed, as I said in the budget, fully six points of Manitoba's 7 percent sales tax are required to finance past deficits. Moreover, Manitobans are receiving fewer services from government than could be if we did not have to spend a half a billion dollars a year in interest.

Madam Deputy Speaker, this area of fiscal stimulus, this is in fact a budget which provides stimulus to the economy while keeping the fiscal house in order. The stimulus arises on both the spending and taxation sides of the ledger.

First of all on the spending side, the direct fiscal stimulus to the budget is equal to the difference between what the government takes out of the economy and what it puts back in. In '92-93 we project own source revenue. In other words, what we apply is direct taxes and fees to decline by \$25 million. In other words, the government of Manitoba is taking less out of the economy while program expenditures, not including debt services, are budgeted to increase by \$256 million. Adding these two numbers gives you the budget direct fiscal impact of \$281 million.

Madam Deputy Speaker, what we are saying is that we are taking less out by way of taxes, and yet we are maintaining through the Departments of Health and Family Services and Education and other departments another \$281 million.

* (1610)

An Honourable Member: Not by choice.

Mr. Manness: The member says, not by choice. Of course, not by choice. This is where we disagree, Madam Deputy Speaker. If my rates of taxation are the same and the general growth of the economy swells and more revenue comes to us, I am not taking more out. The member is going to disagree with me, but I am not taking more out. If the pie grows, and I am taking out the same slice in percentage terms, and my slice ends up being a little larger, I will make the argument I am still taking out a larger slice of a bigger pie.

The problem is, I am not increasing my rates. The only individuals that increased their rates and took more out through an increase in rates were the members opposite. I have the litany of tax increases here, if they want to hear them.

This is what they took out: Increased retail sales tax from 5 percent to 7 percent, that took out \$195 million. Introduced an increase to payroll tax, we never had one before and now it is 2.25 of payroll,

\$230 million came out of the economy. They introduced personal net income tax and surtax, and that took out a \$230 million take. Increased corporation income tax from 15 percent to 17 percent, that took out an additional \$16 million of the economy. Increased the gasoline from 6.4 cents to 8 cents per litre, that took out another \$20 million. Increased the diesel fuel tax from 5.7 cents to 9.9 cents a litre, that took out another \$15 million.

This is where they hit the railways, good CPR, the member for Burrows (Mr. Martindale) will applaud this. They increased the railway fuel tax from 3.8 cents to 13.6 cents a litre, and they got \$25 million out of the pockets out of the CNR and the CPR. Then they, of course, introduced a land transfer tax and took \$8 million out of the economy; increased tobacco tax, took \$55 million out.

Madam Deputy Speaker, in their tenure, what they took out of the economy, and they may argue too that the pie was growing, but it did not grow to the size of \$820 million that they took out of the disposable income of businesses and consumers in this province. That is what the members took out of the collective pockets of our businesses and our households. So what we have done is we have provided in this budget an additional, not taking out \$280 million, \$280 million more net to the economy, we have left with consumers and indeed in businesses in this province.

Now taxation—the high level of personal and business taxation imposed on Manitoba by the previous administration has been a drag on our economic growth, and nobody can deny that. It has been the same way in all provinces. I do not care what their political stripe is that have been imposing these significantly high rates of taxes.

From the reduction of personal income taxes in our first budget to the selected business tax reductions in this budget, we have worked to make Manitoba more tax competitive. As tax competitive as we would like? No, but more tax competitive, yes. By freezing major taxes in Manitoba for five years while other provinces have raised their own and will likely again this year—I mean, the members opposite better get their shots in over the next week or two.

I can tell them that, because they will not have the gall to stand in this House and ask questions in about two weeks. I can tell them that. So they better get their shots in. That is why I cannot

believe, quite frankly, in Question Period over the period of this week that they have not hammered, hammered, hammered in every question with respect to budgetary lines and taxation issues, because in two weeks from now they will not have legs to stand on once the other provinces start to bring down their budgets. It will be recited to them, chapter and verse, by members opposite as to what is happening in other jurisdictions.

Madam Deputy Speaker, the tax incentives in this budget for manufacturing investment, research and development, mining, transportation and export-oriented service industries will both stimulate activities in those sectors and improve Manitoba's competitive stabilization.

I want to spend just a few minutes talking about the Fiscal Stabilization Fund. I give the NDP credit. They understood why government maybe should have this mechanism, why it is that government should have something to act as a fiscal shock absorber when indeed you get these incredible increases or year end, some say windfalls—call them what they want—or why it is you have to draw and set aside and have in savings amounts when indeed the federal government gives you by way of a unilateral decision the information that they are no longer going to provide to you by way of transfer an amount they said just previously a month before that they would.

You have to have something in place, but the Liberals, I cannot understand on what basis, have seen that this is working. It is not phantom like it was in B.C.—and it was in B.C.—there was not even any money in it. The Leader of the NDP party has talked about Saskatchewan's BS fund, budget stabilization fund. It was a phantom fund; there was no money in it, but this one has money in it.

We said we would treat it in a judicious fashion. We said we would only go into it once a year. We said we would introduce the amount that we were taking out of it in the budget, and the only thing that we would not do is, if we did not need it we would not take it and it would stay there, and we have done that three consecutive years.

I say to the members opposite, if there is anything that saved us right now it is the fact that we had this amount of money in the Fiscal Stabilization Fund. Yet, as I have said, we did not use the funds resources for '91-92 because, barring some unexpected good luck, and believe me when you

are a Finance minister and you have money come in that you were not expecting, call it good luck, call it anything you want. Happy to have it, we will largely use them up in the coming fiscal year. To maintain our commitments to Health, Education, Family Services and Agriculture we have budgeted for increased expenditures of 4 percent while revenue growth continues to be weak.

Without any funds to draw on in the Fiscal Stabilization Fund for '92-93, the deficit would be at an unacceptable level, and, yes, I acknowledge it would be \$530 million—unacceptable, totally unacceptable, an amount similar to the four or five years back to back of the NDP.

Now, members say it is my fault. They chew the dickens out of this government on a daily basis because we made reductions in certain areas. They say that we should provide more funding in support of creating jobs and yet, when there is a deficit, they say, in essence, shame.

I have noticed that the taxpaying public does not share the view of members opposite that the funds should not have been spent this past year. On the contrary, most taxpayers seem to have taken some comfort from the existence of a rainy-day fund.

I must say, the supporters of our government, indeed the small "c" conservatives everywhere, regardless of what party they support, some of the criticism that I sense from them is a feeling of disappointment that this fund is being drawn down in the fashion it is, because everybody, regardless of what the current account looks like, regardless of what their operating loan looks like, still likes to have stashed away a little bit of savings. I acknowledge that, and what then becomes the responsibility for those of us in Treasury Board is to look for the savings that can be found anywhere in government throughout '92-93. So indeed, if there can be greater savings found such that we do not have to draw \$200 million, well, of course, we will attempt to do that.

Madam Deputy Speaker, I just want to share with members opposite what we are talking about, the big arithmetic picture. This is pure arithmetic. I would like to show the impact on the deficit of three alternative levels of expenditure growth assuming revenue growth of 6 percent in '93 and '94, and 5.5 percent in '94-95. I have always said that government's problem with respect to its revenues

and expenditure is a different problem than the economy.

* (1620)

This is what happens. If you have growth rate of 6 percent in revenue or 5.5 percent in '93-94—I am talking now the year after '92-93—what would continue to happen if you had expenditure growth even only at 0.5 percent, at 2 percent or expenditure growth of 6 percent, if the members opposite do not help us to try and bring into balance this expenditure growth number—and this year it is 4 percent—if the members opposite do not care about it, and they are going to drive government to continue to increase expenditure at the rate of 4 percent or 5 percent or 6 percent, I can tell the members opposite, given a 6 percent increase in revenue and a 6 percent increase in growth, next year's deficit will be \$563 million.

That is 6 percent at both levels and, indeed, Madam Deputy Speaker, if expenditure next year is held to 2 percent and we are able to have revenue growth somewhere at 5.5 percent, then your deficit will drop to \$169 million. That is what is on the line with respect to '93-94. [interjection] No, I forecasted revenues at 6 percent for '93-94 and '92-93 much lower. I said that in the budget but the deficit this year is \$330 million.

What I am trying to tell the Leader of the Opposition (Mr. Doer) is that next year the savings account is dry, and so it is going to be interesting to see whether they continue to drive us to double-digit expenditure growth and continue to ask on a daily basis for us to spend more, more, more and more, or whether they care at all. The Conference Board says the economy in Manitoba is going to grow the second best in all of Canada and, indeed, as soon as the private forecasters do their next forecast, the member will not be using the average of them then because he knows by then the forecast will be up. Of course, he will still revert back to the budget. I will have the latest forecasts, and of course, they will then show Manitoba at or above the national average. So let me close—now that I have totally destroyed my throat—by saying that this budget is in keeping with the desires of, I would say, most Manitobans.

It is a stimulation budget in the sense of the taxation measures it has brought down. It is fair and balanced, and attempting to still maintain spending and priority areas, but most importantly, it positions

this province, and indeed this government. It puts us in a position that we can do something that other provinces cannot do, including Saskatchewan. That is making very tough, hard decisions that are going to wrench, I would say, some massive programming decisions that we have not had to make this year in Manitoba.

Now, it does not mean that the difficulty associated with '93-94 is going to be in any way made easier as a result of where we are. We have difficult decisions to make through all of '92 leading into '93. They will begin almost immediately. It is the way that all governments in these provinces are going to have to act. I would tell members opposite, as the leaks come through over the next couple of months, they will not have to wait until next November or December or January for the pieces of paper to start to come through.

It is going to come through much more quickly than that, because the government, obviously, is forced to having to make difficult budgetary decisions, planning-wise, now, more immediately than any time in the past.

Madam Deputy Speaker, thank you very much. I would commend this budget to the House. I would expect that all members would want to support it, and I say to members opposite, they can help this province more so by trying to hold back some of the expenditure growth than they can by the essence of their questions that have come forward to this point in time.

Mr. Reg Alcock (Osborne): Madam Deputy Speaker, I made a couple of commitments, actually, before I got up to speak today, so I would like to recognize the member for St. Norbert (Mr. Laurendeau), and I think that is enough said.

I want to start my discussion of this budget on a slightly different note, and I want, very specifically, to respond to some of the things that the Minister of Finance (Mr. Manness) has said, but before I do, in order to help us frame the discussion I want to have, I want to just pick up on something that the member for Rossmere (Mr. Neufeld) said yesterday.

I do not want to spend any time with silly, cheap shots at some of the things that he obviously feels in a very heartfelt way, but I have had some discussions with him privately in the House, and he reflected some of those in Hansard. They relate to something that the Minister of Finance was saying today about manufacturing, but the first thing that

the member for Rossmere says here, he talks about the nature of the problems that we are facing.

He talks about recalling the way people co-operated, the way people worked together. There was no differential between the races, he said, back then. He was speaking then about the war years, and I think there are a large number of Japanese Canadians who would disagree with him. I think there are a large number of blacks in the U.S. who would disagree with him, and I certainly think there are a large number of people of the Jewish faith in Europe who would disagree with him, that there was great disharmony among the races.

In many ways there is greater harmony in the world today than there was back at the time that he harkens back to. The dilemma I have is not the simplistic kind of reaction to the things he is saying, but it is his harkening back in the belief that somehow if we just get it together in this province we can return to that style of operation. We can return to that kind of economic activity, and we somehow will see growth in this province and in this economy. I think that is simply false.

That is not what is happening in the world. The Minister of Finance (Mr. Manness) referenced it, I think, rather well when he said, it is not free trade that is making manufacturing fall off in Germany. That is true. It is not free trade. It is a whole bunch of other factors that have to do with multinational corporations, international competitiveness, and the kind of dilemmas that we get ourselves into and that we are into right now in this province. I can use the minister's reference to the CPR fuel tax as a good example of that.

If I understand correctly the policy that this Finance minister is operating on, and I would reference the statements he made in his very first budget in 1988 in which he stated: This budget outlines the government's plan to encourage job creation and capital investment and to speed the recovery of agriculture, to regain control of spiralling debt and interest costs, to improve management and accountability of government departments, Crown corporations and agencies, and to make Manitoba's taxes competitive with other jurisdictions. Now that is the plan that this Finance minister laid out in 1988.

He comes back to that plan in this most recent one when he talks, in the budget speech he made in this House last week, about the path to renewal

and says that since 1988 his government has worked hard to fulfill the promises they made in 1988. He said the job has required them to make difficult decisions and to choose their priorities carefully. Well, I took that seriously, and I have spent the last week trying to figure out what has happened in this province. What is it that has occurred in this province over the last five years since this Finance minister first got a hold of the economic levers of this province? What is the real result of all of these changes and the five budgets that this Finance minister has brought forward?

I would like to share with you a bit of information. I know, Madam Deputy Speaker, the Finance minister will want to hear this. The problem in looking at what is happening in this province relative to the rest of Canada or the rest of North America is that the entire country has been in decline. What we are trying to understand is not the overall decline in Manitoba, because the Finance minister can quite rightly say that is occurring elsewhere, but Manitoba's position relative to the rest of Canada. How has Manitoba fared under this new administration relative to the rest of this country?

* (1630)

Let us just look at a few statistics. If we had the same proportion of the Canadian population this year that we had in 1988, there would be 33,000 more people living in this province—33,000 more people to be consuming, working, contributing to the economic activity in this province.

That is not—there is a much larger loss overall, but that is a relative loss. Canada has slowed down; Manitoba has lost much more severely. In employment, if we had the same proportion of the Canadian labour force today that we had in 1988, there would be 9,261 more people working in this province than there are today.

If we had the same proportion of full-time jobs in that labour force that we had in 1988, there would be 11,024 more full-time jobs today than there are. Madam Deputy Speaker, there is not a policy, there is not an action that this Finance minister has taken that has improved the position of this province relative to the country that we live in.

There is not a single indicator that he can point to that suggests that under his plan this province has improved. We have fewer people working, we have smaller contributions to our economy, not just because of the recession, but because of the very

narrow, limited view of the economy that this Finance minister has.

Let us talk about something else. The Finance minister makes a big point, he speaks very eloquently about his ability to reduce the draw on the resources of the province through the taxation and fees that this government charges.

In fact, if you look at it, the total revenue package of the Manitoba government in 1988, and that is after the big increases, I did not step back as the Finance minister did to before the big increases, but after the big increases the total revenue package accounted for 20.3 percent of gross domestic product in this province. Today, that is almost two full percentage points higher. So the Finance minister has increased the load on the economy not decreased it.

(Mr. Ben Sveinson, Acting Speaker, in the Chair)

Expenditures in 1988 accounted for 21.2 percent of GDP. Today they account for 23.5 percent. That is taken off the Finance minister's budgetary estimates. But the fact is that, relative to the rest of Canada, by every indicator we are getting worse, not better, under his management.

Mr. Acting Speaker, on the area of overall net worth, the gross domestic product of this province relative to that of Canada, if we were operating relatively, even with the overall decline, if we were operating at the same level we were operating in 1988, there would be \$400 million more economic activity in this province.

There is an interesting phenomenon here, and it is one that took me a little while to sort out. The Finance minister has made much of the fact that he cut taxes and then froze them.

He makes a big point of that in his budget where he talks about having frozen taxes for some five years. I wondered about that. I wondered how your revenues could be increasing with zero increases in your tax package.

I went to the Manitoba Bureau of Statistics and I pulled out their income tax tables. Looking back, we cannot look at this budget because it is just on the table in front of us, but we can look back over the first three or four years that this government has operated. What do you find? You find, as a function of the changes that the federal government made to tax deductions and tax credits, they reduced them from 30 percent of assessed income to about 14 percent of assessed income, that this

Finance minister, while putting forward the image of having cut taxes, has increased his revenues some 17 percent, 24 percent and 23 percent in the first three budgets that he put before us.

While talking the language of restraint and control, he, in fact, has been acting quite differently, and I think maybe it is time he started being a little more forthcoming with us.

The fraud fund is something that I want to talk about because it is something that the Finance minister made much of and spoke at some length about. I did not support it when he first proposed it. I do not support it today. I am glad to see the Leader of the Opposition (Mr. Doer) has had some concerns about it. He certainly has identified some serious flaws with it.

Now let us look at the idea, because the Leader of the Opposition just said he likes the idea, and I think that the idea, the concept, is an attractive one and there are lots of examples of it in other jurisdictions. There are quite a few of them in the U.S. in some of the state governments.

I took our legislation and I took the budgets down to a friend of mine in Boston, who was budget director for the State of New York, and I had him go through it. I had him try to understand what we were doing here, and he laughed at it. He said that such a proposal simply would not fly, that we could have a fraud fund, we could have a Fiscal Stabilization Fund, with some \$48 million to \$58 million in it, because that was the real profit that we earned. We could put that surplus into a fund and we would have a real rainy day fund, but to borrow, to create more debt in order to create a savings account is simply fraudulent, and that the Finance minister—[interjection]

Well, the other thing is—an interesting thing here. Now let us suppose I am a small businessman and I go to the banker and I say, I have got a bunch of Confederate bonds here and they are worth \$100; will you lend me \$100 against that? Well, the banker is going to throw out that idea as quickly as the Auditor threw out the Finance minister's attempt to put in worthless shares in a corporation.

This Fiscal Stabilization Fund has been nothing more than an attempt by the Finance minister to do the very thing that the member for Rossmere (Mr. Neufeld) complained about in his speech yesterday. He talked about how a lot of people in the—

An Honourable Member: That is why he did not support it.

Mr. Alcock: That is right. That is why he did not support it, and he did not support it because it was no different than the kind of leverage buy outs with restructuring in an attempt to shift around the arrangement of capital in order to create wealth. It is not real wealth creation. All it is, is it disguises the real economic position of this province.

No matter what the Finance minister says, that has been the position of our Auditor since the day that this fund was created. That has been the position of the auditor in British Columbia and it will be the position of the auditor in Saskatchewan. It is nothing more than an attempt to deceive the people of this province. That is why we did not support it then and that is why we do not support it now.

I also note other little games that the Finance minister plays with the budget. The allowance for lapsed funds has gone from \$30 million a year to, I believe, \$70 million a year. When I take out some of the manipulations that exist within the five budgets that the Finance minister has put forward over the last few years, I take out the transfers to and from the Stabilization Fund, let us forget about that for a moment; and I take out the lapses, and we just look at net revenue, net expenditure and what the difference is, then we find the difference in the first year is a surplus of some \$58 million. The difference in the second year is a deficit of \$187 million, in the next year \$426 million, \$528 million last year and \$601 million this year.

So the Finance minister has made a great art of playing with the picture he puts before people, but the reality unfortunately catches up with him, over and over again, as the public accounts finally come out and as we finally get an accurate look at what is happening with the finances of this province. I think, as he gets longer and longer in the tooth, what the people of this province are beginning to perceive is that his budget is more of a political news release and less of an economic plan for this province.

Mr. Acting Speaker, what can we do? What is the solution to help dig us out of some of the problems that we are currently facing in this province? How do we act to build some wealth relative to what is happening in this country?

Perhaps before I finish completely on the Finance minister's changes or attempted changes, I should just include a little bit more information here. There

was, in fact, a survey done, a major survey of people living in this city done last fall. It was done on eight urban centres. Among all the questions that they asked, one of the questions they asked them was the rating of their cities in keeping with their belief about the economy, how they felt the economy was doing in their community relative to eight other major urban centres in this country.

The fact is, after four years of management by this Finance minister, Winnipeg got the lowest rating of any city in this country. Some of the information in this budget affirms some of that. I was interested to note, after the minister saying in his 1988 budget, that manufacturing and mining were the foundations of economic growth in this country. That was in 1988. In the 1992 budget, we note that we have a 12.8 percent drop in manufacturing, a 15 percent drop in mineral production, 3.9 percent in power sales, 11.6 percent in agricultural production.

While saying that, the Finance minister, while in the front of his budget is talking about the strength of the manufacturing sector and their promise of great growth, a promise which was made for five years and it has not been realized to date, he talks in the body, there is an interesting statement here. It says, according to Statistics Canada's data, Manitoba's 1991 manufacturing shipments declined by 12.8 percent from 1990, well below the 5.9 percent decline in Canada manufacturing.

I have a little difficulty understanding why a 12.8 percent decline is better than a 5.9 percent decline.—[interjection] The Leader of the Opposition (Mr. Doer) points out that it is not, and I thank him for assisting with that. I was not sure. I thought maybe I was just misreading what the Finance minister—

* (1640)

An Honourable Member: . . . worst economy in the country right now.

Mr. Alcock: On every indicator, and I would point out to the Leader of the Opposition, on every major indicator you want to look at, and forgetting about the overall decline, just looking at the relative decline to the rest of this country, we have failed on every one. There is not a single area you can look at and say that this Finance minister has built us an economic plan that is preparing this province for the future. I feel very bad about that.

It may not further my political interests, but I wish I could stand up here and say Manitoba has gotten

stronger and better and with more jobs, and we are doing much better because of five years of this planning or this new philosophy or this new direction that this Finance minister keeps attempting to celebrate. But the reality is that we are losing very badly, and we will continue to lose.

It was interesting to note, it is no different than the loss that we saw under the previous Conservative government, that this philosophy of holding back, of kowtowing to major international corporations, of cutting back to preserve competitive position is not a zero sum game. It is a negative sum game, that if we allow ourselves to get into the business of competing with other jurisdictions, to cut our tax base in order to attract investment here, we are all going to be losers.

Finally, some jurisdictions are realizing this, and some jurisdictions are cutting the kind of agreements that allow areas, regions of the country, regions of the continent, regions of the world, to co-operate rather than get caught by large corporations in competing to see who can be the worst off, because that is where we are headed.

It is astounding to me that in 1992 I can be standing here in the Legislature of Manitoba and having a Finance minister stand up and tell me that that is what we have to do in Manitoba. There is not a single economic study that suggests that that is the solution.

There are some suggestions, however, as to what the solution is. They are—I am sorry, I just wanted to point out one other thing because I did notice I had the interesting, if not enjoyable task of rereading all five of the Finance minister's budgets just to remind myself of some of the positions that he has taken over time.

Mr. Martindale: That is pretty punishing.

Mr. Alcock: The comment was made by the member for Burrows that that was pretty punishing, and I can assure him that it was indeed extremely punishing. However, it is important to remind ourselves, because I will say that I have tried with these various budgets to understand what is behind them, to understand what the Finance minister (Mr. Manness) is really trying to say to the people of this province, to understand what his strategy is, because if there is a strategy there that I can see will produce some positive benefits, then I am quite prepared to be supportive. There are elements of this budget that I am going to talk supportively about.

But, when I look at the philosophy, the ideology that is represented here, it is not any different from what the Finance minister that sat in his chair under the Lyon government would have stated or Finance ministers before him. Yet, he stands up and tells us that he is aware that the economy is changing, that it is radically restructuring. That last remark is true. His solution for it has not changed, and that is what the problem is. He cannot simply sit and restrain costs because that is going to leave us just sinking further and further and further behind, and the evidence is that we are doing exactly that.

(Mr. Speaker in the Chair)

I did want to reference one thing though, and I want to take into account two things. The Finance minister, in his 1988 budget speech said, and I quote: "Studies of the impact of the Canada-U.S. Free Trade Agreement indicate cumulative positive effects amounting to 2 percent to 3 percent of Canadian GDP in the first five years."

Well, we are now three years in, coming onto four years, and some of the facts are coming in. Again, we have the same problem when we look at the Free Trade Agreement and its impact on this province relative to other parts of North America. Is it simply that the entire continent is in decline and that is why we seem to be suffering some decline, or is there a real difference between us and the U.S.? The facts are now coming in.

The U.S., in this recession, has lost 6.3 percent of its manufacturing work force. That is a fact. You would expect, with our two economies linked, that Manitoba and Canada would cumulatively lose about the same, 6.3 percent, 6.5 percent. We lost 23.1 percent, nearly four times the level of loss and yet in 1988, the Finance minister stood up and told us we were going to gain 2 percent to 3 percent a year. Today, in this House, they still defend that agreement which has so badly hurt this country. I think unfortunately and with a great deal of sadness, because it is going to hurt all of us, that the prophecies that have been made by people since the beginning of these negotiations are coming true. They are going to come home to haunt us.

I was interested in comments by the Minister of Agriculture (Mr. Findlay), I believe it was yesterday, when he was answering a question from the member for Portage la Prairie (Mr. Connery) about the impact of free trade on markets, the Mexican-U.S. free trade agreement. What he

pointed out, if I understood him correctly, was we had nothing to worry about, that the fact is we did very little trade with Mexico. Most of our trade is with the U.S., it was increasing, we would be really well off as a result of the Free Trade Agreement, and the Mexican-North American free trade agreement would not have any impact on us at all, thank you very much. He presented a very upbeat, positive perspective on that. He is absolutely wrong.

The threat from the Mexican free trade agreement is not direct gain or loss in trade between Canada and Mexico. It is the diversion of trade from Canada to Mexico. What the Agriculture minister, like others across this country, is going to realize very quickly is that we are going to lose seriously in traditional sectors of this economy, more seriously than I think any of us wish to contemplate.

Now what should they do? There is an interesting kind of debate that goes on in this House. The Leader of the Opposition (Mr. Doer) occasionally throws across the floor that what we have over here is trickle-down economics, a form of Reaganism. Let us make a few people really wealthy in the hopes that they will give the rest of us poor folks jobs. I think that is probably not a gross overstatement of what is happening over there. Let us see if we can shift the distribution of wealth in the hopes that will create greater investment and there will be a greater base of jobs in this province.

One of the profits, if you like, of that particular philosophy is the Business Council on National Issues, and they commissioned Michael Porter last year to do a study on Canada's competitive position. There is a great deal of information in the study, some of which I agree with, some which I do not agree with. It is interesting when you get to the section on what should Canada do. One of the first points that Porter makes—this is Porter, this is not me. This is not a member of the NDP. This is not someone whose interests are different from the apparent ideological position taken by this government, but this is somebody who would be quite simpatico. What he says is, upgrading human resources will be critical to Canadian firms' ability to become more competitive. He goes on to say, provide more training for the unemployed.

We knew in 1988 when we entered this House—and this Finance minister knew better than anybody because he had access to more information on this province than anybody else—that we were approaching a problem. He

knew that we were going to have troubles as this recession began to impact on Manitoba. He could have taken action then to soften the impact on other people. Who are those other people to soften the impact on? Those people who are the least educated, the least skilled, the least able to defend themselves as the economy goes into recession. One of the things he could have done, if you know—I mean who is going to drop out of a slow economy? Who is it that is going to go onto the unemployment rolls? It is those people with the lowest amount of training, with the least portable skills.

If you know they are going to drop out, if you know you are going to pick up another 8,000 or 10,000 people on the unemployment rolls, why not use that opportunity, as you are going to be supporting them financially anyway through your unemployment insurance and welfare programs, to give them opportunities to retrain? Why not expand dramatically your retraining opportunities, your apprenticeship programs, your skill-building opportunities, so that when the economy picks up, the people at least have an opportunity to reattach in a more permanent way. We have here from BCNI exactly that kind of recommendation, provide more training for the unemployed.

Mr. Speaker, what has this Finance minister done? He has successively cut training resources; he has successively cut support to those elements in the community that provide training.

* (1650)

Now, I have yet to find an economic report, an economic writer, anybody who oversees what is happening in the industrialized world, who says that you are going to create more wealth by reducing the number of skilled and trained people, but the Finance minister plays the same kind of shell game that he plays with this entire budget.

Not only is the Fiscal Stabilization Fund fraudulent, but I would note this particular comment here, page 11 of the Budget speech: "The introduction of \$2.5 million of new training programs at the province's community colleges."

Let me reread that: "The introduction of \$2.5 million of new training programs at the province's community colleges." Well, let us have a look at what the Estimates say. The Estimates, when you add up the money going to the provincial colleges, the total amount of new money going to cover negotiated salary increases, going to cover merit

increases, going out to cover increased costs of heat, et cetera, the total amount of new money is \$1,164,000. Now, that is the total support going to the colleges, which have increasing costs. Some of them the government was aware of through negotiated contracts and the like.

Yet, the Finance minister stands up and says here that there is \$2.5 million of new training programs. I think it is like a good part of this budget is just flat dishonest. There is not anything—the facts that support this budget are simply at odds with the statements that this Finance minister says, and that is over and over and over again. It is not me, it is not my words, it is not my analysis, it is in the book.

The minister starts out here and he says that we are going to grow—he quotes the Conference Board—[interjection] Now, that is interesting. Wait now, there is a very interesting comment here, because the Leader of the Opposition made the statement that, if I heard him correctly, I only heard part of the statement, but I believe the statement was that the budget has become increasingly a distortion rather than a reflection of reality.

All budgets are a statement of a particular party's philosophy. That is a fact, and I do not expect the Finance minister to be any different than that, but I have read budgets going back to 1979, and the fact is that his statement is correct. They represent a particular ideological position, but they do not play as loose and fast with the facts as this budget is.

I am sorry, this budget is flat out wrong. The statement that the minister makes in his public presentation are not supported by the facts that the minister puts in his own budget.

I find that really despicable, frankly. I find it very difficult to have any faith when I hear the member for Rossmore (Mr. Neufeld) stand up and say: We are in a crisis, we have to work together. We have to get labour and government and business and everybody working together and really go back to the war years, get women knitting socks, and let us get down there and really work hard.

What he is really saying is, we have a crisis, we all have to work together, and we have a government that stands up and puts inaccurate and, I think, fraudulent information on the record. I do not think that sets a kind of foundation where you can ask people to come and work together. I do not think people will do it.

How much faith can people who take the time to look at these budgets—how much faith is a student, trying to go to the University of Manitoba or the University of Winnipeg or the University of Brandon or Red River Community College going to have in this government when he hears all this talk? How many students are sitting out there right now saying, \$2.5 million in new programs, terrific; that is really good; I am going to go out there and I am going to get some new training?

What is going to happen to them when they approach the colleges and they find that there are cuts in all the programs? What is going to happen when the Finance minister (Mr. Manness) talks about great support for education and the Premier (Mr. Filmon) goes down to Ottawa and talks about great support for educational labour force retraining, when people who want to access that training go forward and ask for it and find out that there is not more training, there is less training, there is not more access to the universities, there is less access?

Do you know right now the University of Manitoba is contemplating—and it is not beyond the realm of possibility that next year they will close registrations for the first time. We have always had open registration. We have always said, if somebody met the criteria, they could go to university in this province. We may lose that next year as the Faculty of Arts, the last faculty to have open registration, is forced to give that up because of the same kind of fraudulent promises from this government without any follow-through in reality, the same kind of statements about their belief in the beauty of education, their belief in the need for education and their complete lack of follow-through on those very important positions.

There is a second aspect to this that I think is interesting. The Premier made a statement, and he introduced a bill a little while ago about research and development. When you read—again I will refer you to the Business Council on National Issues, or I will refer you to Lester Thurow, or I will refer you to Robert Reich or any one of a number of people who are looking at the question of how does North America build wealth; how does North America in this drastically changing world build wealth.

They all say that one of the first things you have to do is push your education. I have talked a bit about that. Secondly, they say you have to push your research and development; you have to give people the opportunity to work on new products, on

new—there is an interesting debate here, because when we talk about research and development, people tend to think about—[interjection] well, if you followed that, that is right.

Now wait a second. That is an interesting thing. The member for Niakwa (Mr. Reimer) across the floor just said: Save in the good times, spend in the bad times, very interesting Keynesian rule of thumb, right, but they are not spending in the bad times. They are not spending in the bad times. That is right.

Now, I will grant them that from 1985 to 1988 when there was an opportunity to reduce the level of expenditure, to reduce the level of debt, the previous government did not avail themselves of that opportunity. That is a fact, but that does not make the other side of the coin wrong. We are not in good times right now, and there is not a single piece of evidence—[interjection] Hear me out on this. There is not a single piece of concrete evidence that says that what this government has done has actually borne fruit. Do not take my word for it—[interjection] No, no, now listen, I am sure I could find letters from individuals who have done a wonderful thing.

Look on aggregate, look at the number of jobs that have been lost in this province, look at the number of people who have been forced to move out, look at the relative position on national—show me a single indicator that looks back over these five years and says that relative to the rest of Canada, not overall decline—there has been decline—relative to the rest of Canada—[interjection]

No, no, you misread what the Conference Board said. The Conference Board said, because they believe that with the Conawapa project there will be heavy investment, that this province will grow ahead of the national average marginally. The Conference Board also said something else which your Finance minister failed to note.

The Finance minister (Mr. Manness) says, and it is interesting because I do not know why he would selectively quote things, but he says—as the member for St. Vital (Mrs. Render) said—he quotes the Conference Board and he says, we are going to come out of recession ahead of the Canadian average.

He does not quote the Conference Board who also said that we fell twice as fast as the rest of the

country. He says, we fell two-tenths of 1 percent; the Conference Board says 2 full points.

I would encourage a member of the government, particularly on the back bench, to not take my word for it, to sit down with Statistics Canada figures and look at what is going on here, because you are being fed a bill of goods. You are not being given accurate information, and the decisions taken by this Finance minister and this Treasury Board are not producing the result—[interjection] If you could stand up and say that I am wrong on any one of these points, I would love you to do it. I would love you to stand up and say to me, you are wrong, Manitoba is going to have more jobs, Manitoba is growing, Manitoba is better off. The fact is that we are not better off by any criteria, not a one—[interjection] Yes, that is right. It will come.

An Honourable Member: We need that seventh member, please call us.

* (1700)

Mr. Alcock: It will come. Yes, absolutely. I miss that seventh member.

Mr. Speaker, I do want to just reference a few other little things, because there are some things in this budget that I do like. There are some things in this budget that I do find very interesting.

I think they should have done this a long time ago. I think an analysis of the economic makeup of this province would have demonstrated back in 1988, that a very significant portion of total economic activity in this province is generated right out of the city of Winnipeg, that the finance industries are the No. 1 generator of jobs and revenue for this province, and that telecommunications is an important sector of this economy.

The ability to provide some stimulation to that sector of the economy to allow people in this very small economy to compete at low or equal costs with the rest of the country I think is an important step. So the move here to create—let me just see if I can find it here—the sales tax reduction on telecommunications I think is a very progressive step. It is one that I applaud the minister for. I think that is a move in the right direction.

I do want to talk though a little bit about the—because the second one is the Manitoba Research and Development tax credit. The minister notes here, it will have a very small impact on revenue. I think a combination of some R & D tax credits, a proper research council, and a proper

research activity in the province could do a lot to build the kind of processed research and development that we need so desperately.

One of the things that members opposite should note, the research and development does not necessarily just mean research in creating new products. In fact, Lester Thurow, in his writing, talks about Ben Franklin's admonition of building a better mousetrap and the world will beat a path to your door. He makes the comment that that is no longer true. Learning how to build it better and faster than your competitors will give you the lead. So research and development is not just in new product; it is in new processes, and that is where we could have a competitive advantage.

The minister's use of the Unisys plant is an excellent example. Unfortunately, they have done nothing to provide any support for that kind of activity. They have created a completely political secretariat that will simply expand the staff resources available to the Premier (Mr. Filmon), much the same way that the Minister of Family Services (Mr. Gilleshammer) is building a new staff complement for his office through this abomination called the advocate.

An Honourable Member: That is not what you called it yesterday.

Mr. Alcock: That is not what I called it yesterday, no. I had a much more scatological reference yesterday, but I have had time to recover from my initial shock that any Minister of Family Services would act in such an irresponsible manner.

Well, I note that my time is coming to a close, and I want to close with one thought. It is a thought that has caused me some concern, caused me to pause and reflect.

What has happened to the political debate in this country? Right now, we spend 8 percent of our gross national product to provide high-quality health care to all the people in this country, and yet, all of a sudden, in these last few years from that side of the House, this has become a crisis.

I have to ask the question: Why is it a crisis to do things that support and protect the people in this country? Why is that a bad thing? Why is that not something that we are proud of as a country? Why is it not something that we are looking to expand and do more of rather than looking to reduce and create much greater problems for a much larger number of people.

In any event, Mr. Speaker, with that I think I will yield the floor, and I look forward to continuing the debate in this Chamber. I would like to hear some answers from the Finance minister (Mr. Manness). I would like to ask the members opposite to pause and consider, to look at the evidence of their five years and to reflect on what a failure it has been. Thank you.

Mr. Cliff Evans (Interlake): This certainly is a pleasure to be able to rise today and make my few comments on the budget—[interjection]

No, I am afraid not. I do not have the time. I would like to put a few comments on record and, as I say, a few because some of the members here on our side have indicated that they would like to speak and have the opportunity to speak.

Mr. Speaker, the opportunity that I have had in the past week or so listening to the different debates and reading through Hansard and different comments on the budget, I find it very, very difficult to read and to hear the comments that have been made.

What I see and what I look at is this government, now in its fifth budget and has been in government for four years, has really done nothing to improve the economy or improve the well-being of the fellow Manitobans in this province for the last four years and five budgets.

I had the opportunity since the budget was presented to go out in the constituency and be able to speak to my constituents and the people of Manitoba and ask them how they feel about this budget. Members opposite say that we here on this side are so negative and so this and so that, and so opposed to the way the budget has been presented this year. Well, Mr. Speaker, I do not think necessarily that it is we who are so opposed. Perhaps we are not totally, totally opposed to the whole budget, but I think the people of Manitoba, the people that I have heard, when I have said to them, now that the budget is out, now that what you see is on record, what do you feel about it? One comment, one basic comment, no tax increase, but that is all I hear.

I ask for more. I say to my constituents, I say to people, what else is there that you feel is good? I get no response, Mr. Speaker; there is no response. The budget gives us nothing really to look forward to. We still feel—and the last budget that I spoke to I used a number of 52,000 people unemployed, 54,000. Here we have one year later, we have

52,000 people unemployed. So the people in this province have been waiting. The people in this province are asking why. Why has the unemployment rate not gone down? Why has social assistance gone up? Why are there cuts within the different departments?

Mr. Speaker, what I have done and what I feel is that I would just like to make a few comments on how the budget concerns in the case of my constituency alone. Now I see that after many years the Health budget says that it is going to increase its funding for home care and for personal care. I remember speaking to that last budget and my first budget on how important home care, how important personal care is to the constituency of Interlake. Communities throughout Interlake have been coming to this government, have been doing their homework to get personal care homes built and home care services improved. Hopefully this budget, as indicated in the budget, will provide the funding that is necessary.

* (1710)

Mr. Speaker, too, I just want to say that the message that my constituents have asked me to pass on because of this budget—and I could certainly go on with other items, but I think I want to touch on that primarily because of the time. The groups that I have been speaking to, and I had the opportunity to speak to the Chamber of Commerce yesterday at their annual general meeting, the same general meeting that was last year greeted and spoken to by the Minister of Finance (Mr. Manness), and we had a long conversation after I had addressed the group and they indicated to me that what they felt was that it was time for this government to stop funding or giving breaks to bigger corporations and wait for this trickle-down situation.

The government now, that is all you hear, let us give, let us give, let us give to the higher. Let us hope that everything comes down.

Mr. Speaker, there are 52,000 people unemployed and there are no jobs—and welfare and in social assistance. These 52,000 people are tired of looking up to see where this trickle down is coming from. As a matter of fact, their necks are sore and the blood is all rushed down to their feet waiting so long for this trickle-down situation.

It is not going to happen, Mr. Speaker, and I think this government better realize that. I think this

Finance minister (Mr. Manness) had better realize that the true worth of a budget, I feel, is to invest within the people. I will give you an example of how the people in the Interlake are responding to this budget and the previous budget. The previous budget itself was the big, big slice, and now this is sort of like softening the kick from last year's budget, sort of putting the band-aid on what damage was done last year.

The people of the Interlake, Mr. Speaker, are realizing, yes, there are tough times, yes, it is a recession. However, the people in the Interlake have come up and are doing things from the grassroots. They are doing things by working and investing within their own communities. They are investing in the forage plant that they would like to see in the Arborg area. They are doing that.

There is a gentleman in my home town, Riverton, who is looking very, very hard to get something going for a fish plant, Mr. Speaker, which will employ anywhere from 25 to 30 people. The people in the Interlake are doing something grassroots. However—[interjection]

Well, Mr. Speaker, here we go again. We are trying to just address certain things and usually we get the rhetoric from the other side. We do not need rhetoric. We do not need rhetoric from the other side. We need co-operation. We need co-operation with the people who are doing what they can do within their own communities and trying to help themselves and help this province out of this recession.

Mr. Speaker, the one claim and the one response that I get from my constituents is the fact that over the past couple of years, the natural gas, and I speak to the other side, to the government, the natural gas would be an important, important commodity for the Interlake and for the province of Manitoba throughout. Right now, with all the hard work and personal investing from people themselves, they are looking for a little bit of assistance, not out and out free giving, but assistance, support—support in the sense to improve the infrastructure within the communities so that they can develop within their communities so that economic development can improve within the Riverton, the Arborg and the Fisher Branch and the Ashern.

The people in the constituency are doing their bit. They are asking for government support—support for the plans and for the developments that they

themselves are starting and performing within the communities. They are asking for support. I have made mention already re the forage plant, re natural gas, just to name a few.

Mr. Speaker, there are other infrastructures that my constituency especially could see. One item might be, of course, and I speak of infrastructure, is the fact of the highways and the roads. Now, we saw last year cuts in the Highways department; this year we see a cut in the maintenance.

This government is aware and the minister is aware—and in speaking with the minister he realizes the situation in my area—that the east-west connections and the east-west roads in my constituency and in other constituencies across this province are becoming to be more of an important issue than just north and south than heading south of the border. We do not need any more people heading south of the border to do their shopping. We need people communicating between the east and the west part of the province more.

Mr. Speaker, I have attempted to again—because of the time, I would like to continue to address some of the situations that my constituents and people I have talked to would like to see. I would just like to make a comment on closing that we could compare, and I would like to compare this government and the budget to a sports team who is on a continuous losing record. In such, when a team has a losing record normally—

An Honourable Member: Remember, we won.

Mr. Cliff Evans: They may have won the election, but they are losing the game. So, Mr. Speaker, the more they lose the game, the more games that they are losing—I mean when you talk about a team losing and losing and losing, who has got to go? The coach. Unfortunately, we have 57 coaches over there. We cannot do anything because they are losing the game day in and day out. Instead of firing the coach I say, either turn yourselves around or resign. Call an election.

Mr. Speaker, on closing, I want to make a comment. I would just like to close and comment that the Finance minister of this government has to realize the fact that the investment part of this province is the people in this province, not necessarily just and only big corporations, but the people. There are people unemployed there who are willing to work, who are willing to turn this economy around in this province, who need the

support from this government and from all of us in this Chamber. So I say, it is time, time to look at the real facts. Thank you very much.

Hon. Eric Stefanson (Minister of Industry, Trade and Tourism): Mr. Speaker, it is indeed a pleasure to speak in this House on matters raised in the 1992 Manitoba budget. Economic renewal initiatives have been made a priority by our government. I want to talk about some of the changes that are occurring. In fact, the world in many respects is changing around us. We must be willing to accept that fact, prepare ourselves and face the future from a position of strength. We have to change our way of thinking to meet the new economic realities.

As my colleague the honourable Minister of Finance (Mr. Manness) stated in his March 11 budget, we must champion better co-ordination and partnership amongst government, labour and the private sector. When I speak of economic realities, two important concepts come to mind, Mr. Speaker, the process of change and the big picture, the global economy. We believe most Manitobans understand the need for a change in the way our economy functions. We also know change implies new ideas and approaches to economic growth. When the economy is booming, or at least moving forward, the status quo may be acceptable. However, when the tough times hit, when it is time for a change, people look to government for the answers.

The economic playing field has certainly changed over the past few decades. We cannot afford to be indifferent about the challenges confronting us. We simply cannot wait for something to break before crucial changes are, in fact, made. Individuals, industry and governments at all levels now find themselves swamped by the need to change the way we regard our economy.

Unfortunately, for too many Canadians, layoffs provide time to ponder the impact of a changing economy. Owners and managers feel a sense of helplessness as factors beyond their control sometimes kill enterprise, and entrepreneurs may have trouble fending off feelings of uncertainty. We all have questions, and we will have to work together to provide the answers, Mr. Speaker.

* (1720)

In our highly competitive world, success will come from the ability to respond to change and the capacity to be creative. We see traces of an

economic recovery in Manitoba, but we have a long way to go. The Conference Board of Canada, which I am sure the honourable Leader of the Opposition (Mr. Doer) is interested in, forecasts that Manitoba's economy will grow faster than the national average in 1992 as the Canadian economy recovers from the recession.

Statistics Canada suggests private investment in Manitoba will grow some 7.4 percent in 1992, the second highest increase amongst all provinces in Canada. Our goal is to get the Manitoba economy growing again. The private sector and the creative people of Manitoba are entrepreneurs, will be, must be the driving force behind our return to prosperity. Government cannot be expected to do it alone.

Governments simply cannot afford to spend their way to prosperity. As the federal Finance minister said in his first budget speech some weeks ago, you cannot get out of the hole by digging it deeper. That is certainly a statement I think some honourable members across the way should pay awfully close attention to. As a nation and a province, we will have to be prepared to act on opportunities. Advances in communications technology allow for near-instant access to the most remote corners of the world.

Globalization is forcing Canadians to look at our country in new ways. We must be ready to compete in a world without borders. Our government has made the global marketplace an important focus for future economic prosperity. As outlined in our Speech from the Throne, we have set a course designed to keep a tight rein on government spending. At the same time, we are improving the economic climate for new and existing businesses in our province.

A recent newspaper headline read: Suffering tax grab phobia? No wonder, experts say.

The article outlined the alarming federal tax increase burden aimed at middle-income Canadians since 1984. Tax increases at all levels mean fewer jobs 10 times out of 10. When we took office, what did we inherit? High taxes, high deficits and in the minds of many Manitobans, a government out of control, Mr. Speaker.

Mr. Speaker, our government has avoided tax increases for the fifth year in a row. A recent poll, an article that appeared in one of the local papers the other day, talked about the concerns of Canadians and Manitobans. Consumers on the

Prairies say lower taxes are the top economic factor that would give them the confidence to spend money and kick start the economy.

Only consumers in Quebec placed more personal importance on taxes than Manitoba. That is a very important point, that only consumers in Quebec pointed to taxes more than Manitobans, showing the concern and the emphasis that Manitobans place on taxes.

While I am talking about taxes, I would be remiss if I did not step back in time and touch on the record of the previous government, the record of the New Democratic government from 1982 to 1987. I think that was some six budgets of the NDP government. We have had five budgets with no increase in personal income tax, no increase in corporate tax, no increase in retail sales tax.

Let us go back to the years 1982 to '87. What happened? The government of the day, the NDP government of the day, of which the honourable Leader was a member of cabinet for a part of that time, increased retail sales tax from 5 percent to 7 percent, a 40 percent increase, creating \$195 million of taxation.

What other productive things did that government do, Mr. Speaker? How closely did they listen to the concerns of Manitobans? Well, they introduced and increased a payroll tax, 2.25 percent of payroll.

What else did they do? They introduced personal net income tax surtax. They increased corporation income tax from 15 percent to 17 percent. They increased corporation capital tax from 0.2 percent to .3 percent. They increased gasoline from 6.4 cents a litre to 8 cents a litre. They increased diesel fuel tax. They increased railway fuel tax. They introduced a land transfer tax. They increased the tobacco tax. Mr. Speaker, all of these accumulated during that time frame, some \$820 million of additional taxes levied on the taxpayers of Manitoba during six budgets.

What have we done during five budgets? We have not increased personal income taxes; we have not increased corporation income taxes; we have not increased retail sales tax. The overall taxation levels to the citizens of Manitoba have gone down under our government.

What are some of the initiatives that we are doing in this particular budget, Mr. Speaker? Once again we are decreasing railway fuel taxes. We are decreasing the airway fuel taxes. Once again we

are holding the line on taxes, and not only holding the line, we are decreasing, unlike the record of the NDP Government who obviously were not listening to the citizens of Manitoba, and they should start listening to them today, as was pointed out in a poll as recent as only a week ago. Clearly you would think that message alone should give them the cause to support this particular budget.

Other changes, Mr. Speaker. Workers Compensation rates are to be reduced this year. Labour legislation has been changed and in the case of final offer selection, repealed. At the same time, we have made some tough but necessary moves to hold or cut government spending. Eleven hundred positions, not people, were eliminated within government last year. Less than 50 people were directly affected by that difficult decision. At the same time, public sector wage rates were extended without change for one year; however, employees continued to receive pay adjustments for promotions, reclassifications, pay equity and merit increments.

The latest three-year contract provided wage increases of 3 percent in each of the first two years and a cost-of-living increase in the third year, a very fair and reasonable settlement reached with the employees of the government. The increases are in line with what Manitobans can afford. That is again an important statement, Mr. Speaker: what Manitobans can afford. That is something that certainly the NDP party should take note of and adhere to.

Changes have also been made in the way services are delivered while protecting the vital needs of Manitobans. As we put our own house in order, we have welcomed business to Manitoba. We are attempting to change attitudes by example, and we have developed a new economic strategy, Mr. Speaker.

It is time to put Manitoba first and I would certainly hope that the opposition party would start to do that. I know the Premier (Mr. Filmon) and every member of cabinet and the government do so whenever they travel. When members of our government, members of my department are dealing with prospective new businesses and when the cost-benefit analysis is done, we want the bottom line to read yes to Manitoba. Manitoba is a great place to live, work, invest and build. We know that, Mr. Speaker, and our government is telling the world that same message.

What are we doing for existing and new businesses in Manitoba? The government has created a new structure to foster growth. Three key areas are involved: the Economic Development Board; the board secretariat; and the Economic Innovation and Technology Council, restructured from the Manitoba Research Council.

The board is chaired by the Premier, with all departments having a role to play in efforts to encourage entrepreneurship, economic growth and job creation. The mandate of the secretariat is to provide economic development expertise and analytical support to cabinet, the board and to the council. The Economic Innovation and Technology Council will act as a forum for the exchange of ideas between economic stakeholders. Its members will be drawn from the academic, the business and labour sectors and from the community at large.

We recognize the need for innovation, Mr. Speaker. It is not sufficient for our province to merely adopt and adapt. We have natural resources to build on, to do value-added processing and to build on our natural resources. We have provided both the structure and the dollars to make things happen in the areas of innovation and technology. The new Economic Innovation and Technology Fund, which is outlined in the budget, to provide incentives for research, economic innovation and commercial technology transfer, is provided some \$1 million.

We have also enhanced the funding to the Manitoba Research Council, that provides our facilities on Niakwa Road and out in Portage la Prairie. The funding for that particular council will be some \$2.75 million. As well, we have implemented a 15 percent nonrefundable Manitoba Research Tax Credit—all strong initiatives in the area of innovation and research and development because we recognize the need and the importance in those particular areas.

Mr. Speaker, our government, through a restructured Industry, Trade and Tourism department, will emphasize strategic initiatives under a project-oriented approach. The department will serve as a catalyst to create new development opportunities.

Some initiatives that I would hope the honourable members across the way will find of interest: a \$20-million Manitoba industrial recruitment initiative program will provide secured loans with forgiveness

directly related to job creation. They are directly targeted to an area that Manitoba can build on in terms of the kinds of expertise we have in this province in terms of our central location and our Central time zone. They are reasons to create back office function right here in Manitoba.

We have implemented a sales tax exemption for 800 numbers, again relating to central office processing operation.

The Crocus Investment Fund, which I am sure the honourable members across the way support, will provide assistance to employees to assume an ownership role where they work, for the employees themselves. During 1992 the structure will be put in place for individual Manitobans to make contributions to that fund and to receive tax credits. I am sure the Leader of the Opposition (Mr. Doer) will be the first one there with his cheque, making his contribution and getting his tax credit, Mr. Speaker.

* (1730)

The Vision Capital Fund provides venture capital investment to help Manitobans with good ideas turn them into reality and in turn provide the opportunity for more job creation.

The Manitoba Industrial Opportunities Program has been strengthened. Its role is to encourage companies to build on the advantages of investing right here in Manitoba.

In other departments, Mr. Speaker, over \$2 million has been allocated from the Department of Rural Development for rural economic development initiatives. We have also in the area of education extended the payroll tax training tax credit to include training delivered in export-orientated service industries.

We have also, Mr. Speaker, added some \$2.5 million for new and expanded training at Manitoba's three community colleges, because we recognize the need to provide the training elements for the jobs that can be created.

Some of the heckling coming from across the way, Mr. Speaker, I should compare that to a—

Point of Order

Mr. Gary Doer (Leader of the Opposition): Is truth a point of order, Mr. Speaker? Is it? I guess I do not have a point of order.

Mr. Speaker: The honourable Leader does not have a point of order.

* * *

Mr. Stefanson: The honourable Leader of the Opposition never has a point of order, Mr. Speaker.

Mr. Speaker, I wanted to compare some of the things that I just outlined to what we see happening in Ontario. We all know the kind of government that is in place in Ontario, a New Democratic government.

A recent article: Buffalo booster ads blast Rae's policies. Radio and television advertisements accusing Premier Bob Rae of killing jobs and boosting the business prospects of Buffalo, New York, have started to run in Ontario funded by some \$150,000 in donations to a private group. One of them features Mr. Rae as the Buffalo business booster's man of the year, because he is driving so many jobs and so much investment into the United States border city. Another claims the Premier has made a pledge to bury Ontario businesses in even more red tape—the kind of government that Manitoba unfortunately struggled through from '82-87, and Manitobans are pleased and happy to have the change that they have today.

I want to talk about some highlights. I want to talk about some good news, Mr. Speaker. I want to talk about Medix, a medical supply firm selected Manitoba over the United States with 100 jobs. Apotex pharmaceuticals will preserve and create a number of jobs in Winnipeg. United Parcel Service, 500 jobs in Manitoba; Western Glove, 150 jobs; the expansion—and I am sure the honourable member for Flin Flon (Mr. Storie) is interested in the expansion that is taking place at HBM&S as well as the expansion that is taking place at Inco.

Recently I had the opportunity to meet Con, Christopher and Paul Moreau who were investing years of research into Short Court sports International. I would encourage the honourable Leader of the Opposition to get out and try them and get some exercise on those particular courts, Mr. Speaker.

We also have Affiliated Credit Adjusters Ltd. expanding with the launch of credit information services. Recently we had Versatile Farm Equipment launching a \$10.6 million expansion for a new tractor line and 100 jobs that could be created. We have Unisys Canada's plant in Winnipeg, the

only plant in the world making disc drives for Unisys computers. Plants around the world were shut down in favour of the quality, the employees producing quality products in Manitoba.

Just to carry on in the same vein, Mr. Speaker, just starting from January 1, 1992, to today, again an example of some of the good things that are happening in Manitoba. Unfortunately, members of the opposition do not focus often enough on the many good things that are happening in our province and what can be done in our province. We have the recent announcement by the Minister of Urban Affairs (Mr. Ernst) along with the City of Winnipeg in a launching of a \$10-million program to accelerate civic capital projects. Those projects will mean about 7,500 weeks of work spread amongst about 400 workers, Mr. Speaker.

We have New Flyer Industries, Mr. Speaker, recently winning a \$12-million bus contract from Las Vegas. We have Rural Development and the City of Brandon signing an agreement to provide as much as \$3.5 million for the revitalization of the city's downtown area over the next five years. We have United Grain Growers investing some \$25 million over the next 12 months to build new elevators and renovate existing facilities.

I touched on Versatile. We have the Manitoba Hazardous Waste Corporation recommending to cabinet the \$30 million treatment facility to be located in the R.M. of Montcalm. I could go on and on, Mr. Speaker. That is during a matter of a handful of weeks, to give you an example of some of the things.

Some Honourable Members: More, more.

Mr. Stefanson: If I only had more time, I would give you more and more and more. I have a list here, Mr. Speaker, that is some 50 pages long, and for me to read all of these in the record, we know would take more time than I am allowed, unfortunately. But I am sure over the course of the next weeks and months I will get enough questions from members of the opposition that I will get the opportunity to put all of these good news stories on the record. I know the members of the opposition. They want to hear these good news stories because I think they believe in Manitoba like we do, or at least I hope they do.

Mr. Speaker, there are sectors of our economy that have tremendous growth potential and have had good growth to date: the health care industries,

the aerospace, environment and sustainable development, and as I have already touched on, the information processing sector. These are sectors for growth and they will grow in Manitoba.

Mr. Speaker, I want to go back to some of the very specific aspects of the budget that I think will do a great deal to stimulate the economy of Manitoba. Once again, I would hope the honourable members would recognize the many good things that are in this budget and acknowledge the good work done by our Minister of Finance (Mr. Manness).

The 10 percent income tax credit for investment in new manufacturing and processing in Manitoba, this will build on the projections that have already been provided, and manufacturing investment in Manitoba will increase by some 31.2 percent in 1992, the highest growth rate in all of Canada.

Another initiative to stimulate our economy, Mr. Speaker, has been transportation, which has been a key to development and growth, and will continue to be a key to development and growth. We house a majority of the head offices for the trucking industry right here in Manitoba.

In this budget, we are providing for the railway locomotive fuel tax to be reduced by one cent per litre effective July 1, 1992. Winnipeg International Airport, Mr. Speaker, is a 24-hour operation, rarely shut down, a hub for distribution by United Parcel Services and Federal Express and others, and we will be reducing aviation fuel tax by 8 cents per litre on July 1, 1992; again, two initiatives in the transportation area that will stimulate our economy.

I will not go into all the detail that I am sure the Minister of Northern Affairs (Mr. Downey) and others, the Minister of Energy (Mr. Downey), have done in the mining industry, and I know that is of great interest to the member for Thompson (Mr. Ashton) and the member for Flin Flon (Mr. Storie). The incentives I am sure they support in the mining industry, whether it is our mining tax holiday for new mines, or our mining tax exploration incentive, or our amendment to The Corporation Capital Tax Act to deduct exploration and development costs. Those are some of the initiatives in the mining industry.

Just in conclusion, Mr. Speaker, there are many strengths in Manitoba. There are many things that we can build on, and we are doing just that for businesses: a prime location with a central North American time zone, economical and reliable hydroelectric power, access to proven rail, road and

air links to anywhere in the world and a 24-hour airport. These are some of the strengths. Others are: we offer a highly skilled and reliable work force with a low absenteeism rate, a low turnover and an overall quality of life here in our province that is tough to beat and, in my opinion, second to none.

Mr. Speaker, one thing I want to remind the members of the opposition, particularly the NDP, is that Manitobans are the generators of wealth, not government. Governments create the climate. They provide some financial support. We provide the legislative and regulatory climate. We bring the partners together, and we help to recognize opportunities. Simply stated, and I will put it simply so that hopefully everybody in the House can understand, Manitobans create the businesses that create the jobs that pay the taxes.

* (1740)

Mr. Speaker, our government has listened to the people of this province. We have listened to the people of Manitoba when they say no to year-over-year tax increases. It is only too bad that message did not get through to the government of the day from 1982 to 1988. We as a government are most cognizant of the tremendous economic pressure on small and mid-size business which make up the majority of enterprise in this province and which employ creative and hard-working Manitobans. We have confidence in Manitobans that if we can create the proper environment and a level playing field that we so often hear about, that Manitobans can compete not only with people anywhere in Canada, not only with people anywhere in North America, with people anywhere in the world.

We are well aware of the change in global economy and its impact on Canada. This is a budget of action, Mr. Speaker, action within the realistic limits of what Manitobans can afford. Measures contained within the 1992 Manitoba budget will help Manitobans now and position this province for the future. I hope when it comes time to vote that this budget gets what it deserves and has unanimous support of everybody in this House.

Mr. Jerry Storie (Flin Flon): Mr. Speaker, I would like to begin where the Minister of Industry, Trade and Tourism (Mr. Stefanson) left off. The minister ended off by hoping, and it is perhaps a little bit of wishful thinking that this budget is going to get unanimous support. I have bad news for the

Minister of Industry, Trade and Tourism. Not only is this budget not going to get unanimous support over here, it is not even going to get unanimous support on his own benches.

Mr. Speaker, I want to begin by reading, for the edification of the Minister of Industry, Trade and Tourism, the remarks from the member for Rossmere (Mr. Neufeld) who said—

An Honourable Member: Rossmere, oh.

Mr. Storie: Yes, the member for Rossmere who said: "I am not going to say right upfront how I shall support it"—on the budget. He is not sure whether he is going to support it. He goes on further, perhaps more ominously for the members of the front bench, and he says: I am not particularly happy with what we have done here.

That hardly sounds like a ringing endorsement even from the member of government, and the member for Kirkfield Park (Mr. Stefanson)—his own caucus. So I think we have to dispel any hope that the minister may have lingering that this is going to be supported unanimously, because clearly it is not

Mr. Speaker, I want to begin by saying, there can be no doubt that Manitobans are frustrated. They may even be angry at the current circumstances that face the province. They want solutions to some of the problems that they see facing them. They want jobs for themselves; they want jobs for their families; they want jobs for their sons and daughters; they want to have the services to which they have become accustomed to be maintained.

Unfortunately, this budget really undermines any confidence that Manitobans might have in the performance of this province by being quite, unfortunately I have to say, dishonest. It is dishonest not only in terms of the economic circumstances as it is portrayed in the budget, it is also dishonest with respect to its promise to maintain services for the people of Manitoba. This is perhaps the most, I was going to say, fictional account of the province's financial circumstances we have seen in many, many, many years.

Mr. Speaker, on the one hand, I guess, the only way you can judge whether in fact the Minister of Finance's (Mr. Manness) budget accomplishes what it says it is going to accomplish is by trying to figure out what the focus of the budget is. That is difficult, but I think if you read the Minister of Finance's words carefully you can sort of decipher that there are two fronts that the government

considers very important. One is controlling spending and the other is maintaining services.

I do not think anywhere in the budget is there any evidence that the government has met its first objective. If you define the objective of the Minister of Finance and many of those who have spoken, including perhaps most importantly the member for Rossmere (Mr. Neufeld), the objective is reducing the deficit.

I do not know how anyone on that side, in their wildest dreams, can claim that a \$530-million deficit is controlling spending. Maybe they have abandoned that hope. Maybe they are not being completely honest with the people of Manitoba. Maybe they are saying, we are really not interested in doing that.

Every day, we hear members stand up and lament the fact that the province is carrying significant debt burden. What they will not acknowledge—[interjection] Well, the Minister of Agriculture (Mr. Findlay) is perhaps an example. He points his finger at members on this side when this government has carried a deficit every year since they took office. They were left a surplus and every year they have carried a deficit and every year that deficit has increased.

The deficits, if the people of Manitoba were to be told the truth, are much higher than the figures reported by the Minister of Finance (Mr. Manness), because not only have those deficits increased every year to the point now where we are talking about \$330 million, but the deficit has increased even more because the government has misused the Fiscal Stabilization Fund.

(Mr. Laurendeau, Acting Speaker, in the Chair)

We did support the concept of a Fiscal Stabilization Fund. I believe that it has merit, but the government has turned the fund into a political tool to be used to fool the people of Manitoba about the real financial circumstances of the province.

No one, for example, or very few, I should say, people in Manitoba understand that what the government continues to do is sell off the assets of the Province of Manitoba, roll them into the Fiscal Stabilization Fund, then subtract monies from that fund from the deficit and pretend somehow that they are managing the financial affairs of the province.

Mr. Acting Speaker, no one in their right mind would sell off their living room and then their family room and then the garage and use that money to

fund the ongoing operations of the house and maintain that they were holding the status quo, that we were not losing ground. This government has sold assets that belong to the people of Manitoba and used that money in a fictional way, in a dishonest way to say that somehow deficits are being controlled.

Today we heard I think the first categorical correction from the government when the Minister of Finance (Mr. Manness) stood and said today, if we do not control spending, next year the deficit will be, I think he said \$593 million or \$583 million. That will be the true deficit, not the fictional \$330 million we see reported in this Budget Address. So we have to be honest with ourselves in the Chamber, and the members opposite have to be honest with themselves.

We also want to take issue with the Minister of Industry, Trade and Tourism's (Mr. Stefanson) suggestion somehow, and he is echoing here the Premier (Mr. Filmon), that the best way to move the province forward in economic terms is to keep our hands off. That is exactly what the minister said.

Mr. Acting Speaker, it is more than a little ironic that in the government's budget the successes that it reports to the people of Manitoba have had significant government involvement. Whether we are talking about the Carnation plant or whether we are talking about the Flyer Industries or whether we are talking about Unisys Canada—I do not know if members opposite know the history of Unisys in the province of Manitoba.

That company would not be here if the NDP government had not made a deal with Burroughs Unisys to keep the plant operating by agreeing to purchase some of its equipment for our hospital system. It would not have been here.

So no one on this side is losing sight of the hypocrisy of the government talking about keeping hands off when the only successes it can report to the House are those which have required the involvement and the investment of the people of Manitoba.

That is what we have been saying all along, that the hands-off approach of the government is taking completely the wrong approach to helping out our economy. We also have to be honest about the impact of government policies and also the federal Conservative policies on the province of Manitoba. It is nice to be Pollyanna and stand up and say, well,

everything is going to improve. If you just quit preaching gloom and doom, everything would be fine.

* (1750)

Mr. Acting Speaker, everything is not fine. The economy of this province is in a shamble, and we need more than smoke and mirrors to correct the problems. What we have in this budget is smoke and mirrors. [interjection] The member for Rhineland wants to talk about industries surviving. The industries that have left this province in the last three years represent about 20 percent of the manufacturing capacity. Not to mention all the retail stores that have gone, all the service industries that have disappeared. That is why we have unemployment in January of this year of 57,000 people.

Mr. Acting Speaker, just for the record, to counteract much of the rather jaded information that was put on the record by the Minister of Industry, Trade and Tourism (Mr. Stefanson), I think the people of Manitoba should know what the circumstances of the province are with respect to its economic indicators.

(Mr. Speaker in the Chair)

Economic growth in the province of Manitoba last year declined by 1 percent. Employment growth declined by 2.3 percent; unemployment rate, the only thing where we saw an increase, it increased almost 20 percent; interprovincial migration, well, we had more interprovincial migration by about 11 percent. Retail sales dropped by 2.4 percent; housing starts dropped by 36 percent; building permits down by 23 percent; farm cash receipts down by 6.3 percent; manufacturing shipments down by 13.7 percent.

Mr. Speaker, those statistics bespeak an economy in serious trouble—serious trouble. For all the fine words that we heard in the Budget Address, that talked about the willingness of the government to provide incentives, the fact of the matter is that this—like many of the other promises that this government has made—is so shallow you cannot fish in it. The fact of the matter is that many of the incentives that they have announced, and they acknowledge it later on in their budget, are going to have absolutely no cost to the people of Manitoba. There are no tax implications, because the impacts are going to be minimal if they exist at all.

Mr. Speaker, the Minister of Finance (Mr. Manness) took great pleasure when he read the budget, in announcing all of the different kinds of incentives that he was putting into effect as a result of this budget. When I heard them, and I started analyzing what they meant for the average manufacturing enterprise in the province, the average small business in the province, and yes, even the mining companies in the province, the net impact was negligible.

It was not only my conclusion, because when I read in the Free Press the next day the analysis of the business measures in the budget, they came to the same conclusion. Whether we are talking about Costas Nicolaou from the University of Manitoba, said that tax credits will give breaks to businesses that already decided to expand, there is no additional incentive for businesses to locate here, to bring investment to the province of Manitoba. Another economist at the University of Winnipeg agreed that credits will do little in the short term. Mr. Speaker, even the business community said: I do not think they are the kind of steps necessary to attract new investment.

Those, Mr. Speaker, are the words of the government's supporters, that nothing in this budget had any substance. There was no substance. The government, by using hollow, hollow incentives, was trying to create the impression that something dynamic was happening. I have been chastised—although I have not had a chance to speak on the budget—for not referencing mining. The fact of the matter is that in the 1991 budget, the government introduced the Manitoba Mineral Exploration Incentive Program.

The program was as ill-conceived as any program that has ever been introduced. Ill-conceived, because the Manitoba Mineral Exploration Incentive Program could not be used by the two largest mining companies in the province. It could not be used by Inco or Hudson Bay Mining and Smelting. As ridiculous an incentive program as you might want to find. Mr. Speaker, what did it cost the government to introduce this \$14.5 million program last year? Nothing. Not one cent. It was no incentive at all; it was an exercise in public relations, something they had to put in the budget to make it look like they were doing something.

Mr. Speaker, what is it going to cost the province to introduce its new incentive programs? If we can believe the Minister of Finance's (Mr. Manness)

figures, in total, if you subtract the sales tax reduction on the 1-800 numbers, the mining incentives, less than \$3 million in total.

Mr. Speaker, the Minister of Finance (Mr. Manness) again has not been completely forthright, because he sneaks in the budget the continuation of the 1.5 percent surtax, mining surtax, that he said he introduced as a temporary measure in 1989. The 1.5 percent surtax that he continued in this budget eats up more than 10 times the amount of incentives that are in the budget. Is that being honest?

Mr. Speaker, the fact of the matter is that the government continues on a path which it has followed many times in the past. It puts fine-sounding words on paper, and then its actions are exactly the opposite. It does exactly the opposite.

Mr. Speaker, the consequences of that are the 52,000 people who remain unemployed, the 67,000 that are on social assistance in the province of Manitoba. Those are the consequences.

The consequences go beyond that. They have a way of spreading, of creeping like ringworm from the inside out. Mr. Speaker, when the unemployment rate is chronically beyond 7 percent or 8 percent, the service sector begins to feel the effect.

What did we have last year in the province of Manitoba? We had the highest level of bankruptcies that this province has ever had. Literally hundreds and hundreds of small businesses closed their doors, paid off their creditors where they could, and put people out of work.

Mr. Speaker, that is not talking about the thousands, literally thousands of other small businesses who simply closed their doors, cut their

losses, and said I cannot make it, and I am not getting any help from this government.

The government in its budget and in its estimates of spending has again used a cheap PR ploy to fool people into believing that action exists where none is being taken. Mr. Speaker, we only have to talk about the fanfare with which the Minister of Finance (Mr. Manness) talked about the increases in Health, Education and Family Services.

Mr. Speaker, it sounds noble almost to say that the budget of Family Services has increased \$51 million. It sounds a little less noble if you know that \$40 million of that is going to pay people welfare, an additional \$40 million. That follows on the heels of a \$40 million increase in that budget the year before. So \$80 million of the Family Services budget, that huge increase that the minister keeps talking about whenever we raise questions about cutbacks in services, has gone almost directly to pay for the failure of this government's economic policy—the failure to really attract industry into the province, the failure to get small businesses going, the failure to revive the retail sector, the failure to put people to work.

So, when the government says, in total we are spending another \$200 million on essential services, read welfare, read the consequences of unemployment, because the violence and the abuse that we are seeing in our families today is most certainly directed to the fact that there are no jobs and that people feel despair.

Mr. Speaker: Order, please. I am interrupting the honourable member. According to the rules, when this matter is again before the House, the honourable member for Flin Flon (Mr. Storie) will have 21 minutes remaining.

The hour being 6 p.m., this House is now adjourned and stands adjourned until 10 a.m. tomorrow (Friday).

Legislative Assembly of Manitoba

Thursday, March 19, 1992

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