

LEGISLATIVE ASSEMBLY OF MANITOBA

Tuesday, 12 March, 1985.

Time — 8:00 p.m.

THRONE SPEECH DEBATE

MR. SPEAKER, Hon. J. Walding: On the proposed motion of the Honourable Member for Wolseley and the amendment thereto proposed by the Honourable Leader of the Opposition.

The Honourable Member for River East has 30 minutes remaining.

MR. P. EYLER: Thank you, Mr. Speaker. Before supper, I was reminiscing about the Institute for Manufacturing Technology, the National Research Council Institute, that was going to be built in Winnipeg and, giving credit where credit is due, thanks to the efforts of Lloyd Axworthy, I believe. I was thinking back to the time only a few months ago when we were looking forward to having 60 people hired by the end of last year in preparation for an opening in 1986 when we would have had 175 people employed in our "C" facility.

Unfortunately, that's gone by the boards. It is gone, and we don't know what is going to happen now. We're now threatened by the loss of a lot of other industries which were going to settle in Winnipeg.

Dr. Kuffle, the Dean of Engineering of the Faculty of Engineering at the University of Manitoba, sent a letter to Michael Wilson, the friend of the Opposition and he outlined, and I quote: "The greater threat of indirect brain drain and unemployment from companies which have coagulated in this region on the potential strength of the Institute for Manufacturing Technology. One can cite at least four companies which were formed in Winnipeg on account of IMT and which employ 16 top-class engineers and scientists.

"One company wishes to specialize in the custom design of very large-scale integration chips, computer vision and intelligent controllers. Another new Winnipeg-based company pegged its hopes in jointly developing computerized automated design and fabrication techniques with IMT. On their, and IMT strengths, a California-based company was lured to establish a Canadian base in Winnipeg.

"The third Winnipeg-based company is growing with anticipation of collaborative research with IMT in the area of medical imaging and underground explorations.

"The fourth company is exploring computer control marketing in the agricultural sector."

Now those don't sound like much. There are 16 people but they're all small companies with the potential for growth. They have large spinoffs for the economy as a whole as the products which they produce are adopted and make other companies more efficient in their production techniques and now it's gone, Mr. Speaker.

I would like to refer to the Financial Post for November 17th. It had an interesting little comment on the National Research Council facility in Winnipeg. It reported on a recent federal Task Force on Technology Development. That task force described the lab's construction as: "the single least popular recent federal initiative." The

Financial Post reports: "The lab drew the ire of many people in the manufacturing industry in Ontario, because it wasn't located in Eastern Canada where there is more manufacturing than in Manitoba."

It seems like the more things change, the more they're the same, Mr. Speaker. I remember the Conservatives in Western Canada used to say that we were dominated by eastern interests and yet, judging from this, it seems we're still dominated by eastern interests. Liberals, Conservatives, what's the difference? At least under the Liberals, we had a National Research Council facility; under the Conservatives, we don't. What bothers me is the robotics, which would have been developed and produced at the technological centre, would have had great uses in furthering the development of manufacturing in Manitoba. It may well be that there is more in Ontario than there is in Manitoba but that's not to say that there shouldn't be more in Manitoba, and that's not to say that a national facility shouldn't be located in Manitoba to help foster the development of manufacturing in this province.

Robotics are, in general, one of the keys to development in the world today. It's robotics which scared the bejeezus out of Lee Iococca. It wasn't the low wage rates in Japanese car manufacturing which made the Japanese more competitive, it's the fact that by 1980, it took two-thirds as many people, two-thirds as much time to produce the same car in Japan as it did in North America, and the reason for that was robotics.

Robotics, of course, are a mixed blessing. While they may improve the efficiency of businesses they are also going to result in layoffs and the redeployment of labour.

I guess the question that we have to ask ourselves is, given the fact that the rest of the world is adopting robotic technology, do we want to, in Canada, say no we don't want robots because they will put people out of work, because eventually they will put us out of work anyway? We face the prospect of either having unemployment due to non-competitive industries without robots or unemployment due to people being replaced by robots but with companies which have the profits to retrain their workers.

I personally feel that we should be working with robotic's option and working with private enterprise to develop retraining packages for employees, for making sure that there is advance notice of technological changes which will put people out of jobs, allowing the people the time to retrain. That's one of the problems we face.

There was a study done by a federal task force a few years ago which reported that there were more industrial robots in Poland than there are in Canada. Now, that may give the Member for St. Johns a certain amount of pride, but it causes me a certain amount of concern, and in spite of this we're still not going to have the National Research Council facility here which would foster the development of industrial robotics. The question I have to ask myself is why haven't we heard some sort of outcry, some sort of questioning

of this by the opposition? It's their party. Theoretically, I would think that they would be able to have better access; in fact, I think they do have better access to the Prime Minister than our government. I believe that the Leader of the Opposition got to talk to Mr. Mulroney before the Premier did. He happened to be in town, I understand, though. So why don't they talk about the National Research Council? Why don't they approach the Federal Government and work for the good of Manitoba, rather than sitting back quietly and hoping we fail at the cost of Manitoba's development? — (Interjection) — The Member for Lakeside talks about taxpayer's expense, and I will get to that later. — (Interjection) — Jerry, will you shut up!

SOME HONOURABLE MEMBERS: Oh, oh!

MR. SPEAKER: The Honourable Member for River East.

MR. P. EYLER: I was also reminiscing before supper, while I was talking about the Industrial Technology Centre, which the province has out on the Trans-Canada, and the assistance it was giving to high tech companies in Manitoba, smaller companies, I was referring to the fact that research and development contracts are up 100 percent this year. I think it's interesting that most of these companies who are having their work done for them are small companies, companies like Pulse Engineering or Tri-Met Instruments, Kraus Industries, Controlled Environments, Spectrum Mfg., Base 10, Vansco Electronics, Priority Electronics, Electro Trac Circuits. I've never heard of any of them. The fact of the matter is that most of the jobs being created in Canada today are small business jobs. These are small businesses. They employ 10 to 15 people at the most maybe, but this is where the employment growth is coming. As a matter of fact, the electronics industry in Manitoba has a total of 66 companies involved in manufacturing and development, and that's not including Crown corporations. They employ 2,900 people and they have sales of \$279 million and the creation of jobs in the province in export markets that this sector has given us has grown over 175 percent since 1980. So that's where the growth is going to come.

The growth potential for any sector of any provincial economy is going to be in high technology - the micro-electronics, robotics and that sort of thing - and if we don't stimulate that through concrete initiatives such as the Industrial Technology Centre, such as the National Research Council facility, we are not going to have the growth that we need. In the next few years there are projections for maintaining our 10 percent, 12 percent unemployment level in Canada. We may be blessed with a slightly lower rate in Manitoba but unless we can bring in new kinds of industries to take up the slack and to take up the slack of those decaying industries which are closing, then we are not going to have growth and Canada as a whole is not going to have growth. That's the challenge which faces us.

We also have large corporations in Manitoba that are producing quite a bit such as Nortel. They expanded their plant last year. Now they have 35,000 square feet, they are now up to a payroll of 600 people. What's

interesting about this is it's an export-based company. It produces for sale in Saskatchewan, Alberta, the Far East, and this brings money into Manitoba and helps to develop our economy. This is a home-grown Canadian company; it's not a branch plant. I think that experience shows us that subsidiaries of American corporations don't develop their own technology, they import it from the States, and by the time it gets here it's second generation and non-competitive with the parent company's original and newest and latest technology.

Now the Federal Government, of course, came up with a great scheme last year at public expense to foster research and development. They brought in the R and D tax credit loopholes and that has now cost between \$1.2 billion and \$1.5 billion to the Canadian taxpayer.

MR. H. ENNS: Oooooohh.

MR. P. EYLER: Now the Member for Lakeside seems to be . . .

A MEMBER: How much did you guys cost the Manitoba taxpayer?

MR. P. EYLER: The Member for Lakeside seems to be tremendously concerned that we should be developing industry at taxpayer expense, yet he doesn't seem to mind spending \$1.5 billion on research and development and we don't even know what it's for. I got a phone call from my stockbroker last year. He was offering me generic tax credits for R and D purposes. He had no idea what the company was. You can sell it; you can buy and sell these things and they have no real value. They aren't being used for anything concrete; they are just a gimmick, a scam which people are using to rip off the government and that's the taxpayers' expense. You can't simply say, "Here's a program, use it." I mean we gave the Leader of the Opposition an extra researcher; that was our R and D tax incentive. Now, what did it do for him? Nothing. He didn't know how to use it.

If you want to develop research and development of new products, if you want to stimulate new corporations to settle in this province, the way to do it is through development agreements with targeted companies that specify performance guarantees. If they don't do this and they don't do that, if they don't guarantee to employ X number of employees, then the grants are rescinded. That's a lot cheaper in the long run than offering across the board tax credits to any corporation that wants to walk in the door and write up a few tax credits to flog on stockbrokers.

One of the other things which I think that we should be emphasizing too is, with the change to this new technology, we get more robots in the factories, and I hope we do. When we get more of them, when we get more high technology-oriented businesses, there is going to be a shift in the organization of the workplace.

One of the initiatives we announced in the Throne Speech, which I heard nothing about from the Leader of the Opposition, was the Workplace Innovation Centre. That's a joint government-labour-industry effort, and

it's going to adopt a co-operative approach to identifying and developing and promoting innovative approaches to human issues encountered in the introduction of new technologies in the workplace.

Now that's a positive initiative, it is not the confrontational labour relations approach which we normally associate with the Conservative Party. It is a co-operative venture between labour, government and industry.

One of the other things which the Conservatives seem to be focusing in on right now and it beats me, why is the requirement that existing union contracts be taken over by companies which were bought out. Now what are they getting at? Are they saying that the wages should be allowed to be lowered if a company is bought out? You would think they were almost in favour of a lower wage policy. In fact, I think you would find that wage rates are not the way to stimulate employment, or to develop your economy or to guarantee jobs.

I would like to give you an example, the example of Singapore. In 1979, it saw where world trends were leading it. They wanted to get away from the low wage, cheap labour textile industries and get into something different like high technology. Their policy, for the Member for Pembina, was to raise the minimum wage by 20 percent each year for three years. The purpose of that was to price the labour supply totally out of the market for assembling cheap electronic components or textiles.

For a time, it seemed that Singapore had stumbled badly; inflation rose from 4 percent to 10 percent two years later, except productivity dropped sharply, factories closed. But by 1982, investment in new industries was soaring, and a growing number of people were working on computers and complex aerospace parts.

So wage policies are not going to guarantee that you keep jobs. If you keep your minimum wage low, like they have in the States, to attract Superior or inferior bus manufacturing, that's not going to solve any problems. Down in the States they're complaining that the Mexicans are getting all the factories they're closing in the States. Now eventually we could move all of our factories to Taiwan, or we could reduce all of our wage rates to Taiwan's level, but that's not going to solve any problems.

So the answer is not to lower wages; the answer is not to say, oh, this terrible wage policy that you've got of making companies buying out other companies keep the union contracts. It is a red herring; it doesn't have any effect.

Did you read Trade and Commerce last September? This is what Trade and Commerce said: "Companies have gravitated to Winnipeg then, because technicians are plentifully turned out of Red River College, etc., . . . and the population has demonstrated production skills, transferred in part from the city's legendary needle trades industry, adequate to support electronics enterprises on a large scale."

So we are seeing already a transfer of labour from the needle trades, from the garment industry, into high tech industries, and it's got nothing to do with wage rates. You wouldn't have improved that situation, you wouldn't have encouraged it if you had lowered the minimum wage by half; wage rates are irrelevant.

Besides, you know, we pay - what? What do teenagers get at McDonald's now - \$3.85 an hour, \$4.00 an hour?

Do you think you're going to save their jobs by giving them low wages? The Japanese are working on a McDonald's robot that will cook hamburgers, serve coke and make change. It's got nothing to do with wage rates.

Where is the automation taking place? Low wage banking? We've got the instant teller. Is it going to be in McDonald's where you've got the minimum wage teenagers? Technology is going to change the whole makeup of the workplace and the wage rates are totally irrelevant to that.

SOME HONOURABLE MEMBERS: Oh, oh!

A MEMBER: Order, Mr. Speaker. I can't hear the speaker speak, Mr. Speaker.

MR. SPEAKER: Order, order please. If there are members who wish to conduct a private debate perhaps they would do so outside the Chamber.

The Honourable Member for River East.

MR. P. EYLER: Thank you, Mr. Speaker. Now the question we also have to ask ourselves is, "How did we get to this new level of employment, this different type of employment?" The province is doing a great deal in that area. We have set up an information technology program at the old Deer Lodge School; a program with an Apple Computer, IBM Canada, Burroughs Canada contributing equipment and expertise to help the schools to adopt to this new technology for the classrooms and to teach the students in their schools these tools for future employment.

Now I know also we have got to concern ourselves with higher education, such as, the universities. I think the fact of the matter is, you know, we hear complaints that we are not funding the universities adequately. But, if you look across Canada, you will find that for the last three years we have had a 10 percent increase in funding, on average, each year, and that's the second-best performance of any province. So bearing in mind that we are not a wealthy province, I think we are doing very well in that particular area.

In 1984 the province committed \$2 million over a three-year period and added \$742,000 to operating revenues for the University of Manitoba to stimulate the development of a computer in the Industrial Engineering Department.

Now to give credit where credit is due, I don't want to say that the Conservatives would never expand the funding of the universities, however, what bothers me is how they may go about doing it. For example, the education critic, when he ran for the leadership, said that he thinks that students should pay 25 percent of the cost of their education. Well, right now tuition in Manitoba is the fourth lowest in Canada - it could be lower - \$890 a year; that's 10 percent of the cost. If the education critic gets his way students in Manitoba will be paying \$1800 to \$2000 a year. That would be by far the highest in Canada. Is that the way they want to fund the expansion of university funding in this province?

I think that what we should have is a positive addressing of these problems by the opposition. I don't want to sit here day after day and listen to this stuff

about Limestone, and you don't know what you are doing, or you are spending too much advertising, and then say that they don't understand our programs because the word is not getting out. I want to know what they think is wrong with our vision of where we are going; I want to know what they think is wrong with this plan, with what we're doing to bring about a new development of the economy in Manitoba. What do they think is wrong? What would they do that is better? That is what I want to hear and I think that is the purpose of Throne Speech Debate, for the opposition to come in and give a careful, reasoned and meaningful critical analysis of what it is that the government is doing and is planning on doing in the current Session.

Now what do they think of plant closure legislation? Do they think that we should go ahead with that and give workers more time to retrain and to prepare for a different career if they are put out of a job by a technological change? That's an issue that they are going to have to face. Now they may not want to face it now, but if they get their best wishes and have to face it in two years, what are they going to do? I think they should be telling the people of Manitoba. It's an issue they have to face; they can't run away from it, they can't avoid it. We have got to get away from these economic conundrums. They are always asking us questions like how come hot dogs come in packages of 12 and hot dog buns come in packages of 8? That's the great economic conundrum for them. We need something a bit more in depth; we need an analysis. We have presented the Leader of the Opposition with some research assistance, let him get to work and give a good analysis, a good critique of the program we've laid out. Let him tell us what he disagrees with. Let him give a positive alternative, and let him spend more than an hour-and-a-half talking about it. My gosh, he had all night. The previous Leader of the Opposition would have spoken until 10 o'clock. Where was this leader?

Mr. Speaker, certainly, I think that the Sun's analysis of Conservative performance at the beginning of this Session was right on when they said it was dismal. I haven't seen anything to change my mind since then. I hope that somebody, maybe the new guy from Fort Garry will be able to offer us something, give us something to think about. I'm looking forward to hearing from him, if not from anybody else.

Thank you, Mr. Speaker.

MR. SPEAKER: The Honourable Member for Sturgeon Creek.

MR. F. JOHNSTON: Thank you, Mr. Speaker, and my congratulations to you again, Sir, on taking over the operation and guidance of this Legislature. Also my congratulations to the new Clerk, Assistant Clerk, that we have, and I also would like to congratulate the Member for The Pas, who is probably one of the better guys over there, for being appointed to the position of Minister. — (Interjection) — I like truthful people, by the way.

Mr. Speaker, I've listened carefully. First of all, I would like to tell the member who just spoke and all the members of the House that it was the Progressive

Government in Manitoba five years ago that put together the group that studied the research building and the national technology centre, the National Research Centre. It was the Progressive Conservative Party that was in power when the recommendation was made by the National Research Council to the Minister to have it go in the Province of Manitoba. We are hoping sincerely that it would come here, but I must say to the member, if he drives by the building every day, he'll see it being built. He'll see the construction carrying on, and he'll hear of the meetings that are taking place between industry and government to see how it can be operated properly. This is all going on during the construction. It would be very nice if this government would be part of those meetings and do what they could to fill it up, and be part of the government's progress to get it going when it opens, because it will open, Mr. Speaker, it will open. So let's not kid ourselves, and let's not be stupid on that side of the House.

Mr. Speaker, he talks about the Manitoba Technology Centre that is sitting in St. Boniface. My honourable colleague, the Member for La Verendrye, signed the agreement; he started it moving. I was Minister when we built it. When we built it we said we hope it services and takes care of many thousands of small business inquiries and helps many small businesses in the Province of Manitoba. If it's doing that, that's what we built it for.

A MEMBER: And it has.

MR. F. JOHNSTON: All of a sudden the member from where - he hasn't been here long to see it started - says, you know, it's doing a great job. Why doesn't he do some research?

Mr. Speaker, the Member for Thompson has a favourite word all day today, "hidden agenda." Would you believe we have this government talking about hidden agenda? That's the old favourite socialist way of trying to scare people into saying there is something undercover. Mr. Speaker, for that government to talk hidden agenda, name me one Manitoban you told that you were going to make a major change in the Constitution of this province before the last election. Where's the hidden agenda? Will you tell me one person you told there'd be a 1.5 percent payroll tax in this province? Where's the hidden agenda? Will you tell me who you told you were going to raise the sales tax by 1 percent? Hidden agenda.

SOME HONOURABLE MEMBERS: Oh, oh!

MR. F. JOHNSTON: Mr. Speaker, that is the greatest example of hidden agenda I've ever seen because, right in his pro forma it was shut down in August of 1977.

SOME HONOURABLE MEMBERS: Oh, oh!

A MEMBER: You shut it down, you're a liar.

MR. SPEAKER: Order please.

MR. F. JOHNSTON: Mr. Speaker, if he's saying it, he is.

MR. SPEAKER: Order please. The Honourable First Minister on a point of order.

Tuesday, 12 March, 1985

HON. H. PAWLEY: Mr. Speaker, I'm having great difficulty hearing the honourable member speaking. I am wondering if there are two meetings going on. Maybe other members would like to participate in the members' lounge and we could hear the speaker, the Member for Sturgeon Creek.

MR. SPEAKER: All of the members will be given the same opportunity to put forward their opinion as the present member.

The Honourable Member for Sturgeon Creek.

MR. F. JOHNSTON: Mr. Speaker, Limestone was shut down in August of 1977 by the NDP Government. If the member wants me to take him out in the hall after, or to my office, I will show him the documentation that does it. The documentation was written by your government; it was written in your documentation to borrow money, in your pro forma — (Interjection) — You see, we've got a typical socialist, now he wants to change the subject.

He makes an untrue statement in this House, and then he wants to change the subject.

MR. SPEAKER: Order please.

MR. F. JOHNSTON: Mr. Speaker, I mean, what are we talking about hidden agenda again? The highest deficits we've ever had in this province, did you tell the people you were going to have that? Did you tell the people you've got the highest deficits you're ever going to have? Mr. Speaker, did you tell the people that the credit rating of the Province of Manitoba would drop, as it did a year ago, and it looks like it's going to drop again, did you tell them that?

Where is your hidden agenda? Where was it written in this book that all those things were going to happen? Well anybody that tells a lie in this House, or an untrue statement in this House, gets to all of us, and he said we closed hydro, and we didn't.

MR. SPEAKER: Order please, order please. I trust the Honourable Member for Sturgeon Creek is not suggesting that another member of this House is not telling the truth, in which case he knows he should not do so.

The Honourable Member for Sturgeon Creek.

MR. F. JOHNSTON: Mr. Speaker, I respect your statement but I would also hope that the member respects the fact that he shouldn't do it because he is the one that perpetrated it. People get accused of not telling the truth, people get accused of making wrong statements only when they make them.

Now, Mr. Speaker, did we also . . .

MR. SPEAKER: Order please. I suggested to the honourable member that he should not leave that statement on the record. Perhaps he would consider withdrawing it.

MR. F. JOHNSTON: Mr. Speaker, if I have left the inference that the member made an untrue statement in this House, I would take your advice and I would withdraw it. You know, all I can say, Sir, is, I respect

your ruling, and there are several witnesses in the room. I would hope the men on the other side would be men enough to stand up and say what they heard.

Mr. Speaker, did they tell us the credit rating was going to drop in their hidden agenda? Where was it in this piece of literature? Where was it in this great piece of literature put out by this fine, stern-looking fellow?

A MEMBER: I promise.

MR. F. JOHNSTON: I promise. Mr. Speaker, did he also say it is hidden in this agenda that there were going to be 966 bankruptcies in the last three years in Manitoba? What part of your agenda was that in? None of them. Did we also get told by this government that they would come in and start negotiating with Alcan, and Alcan would leave Manitoba?

MR. H. ENNS: No, they said they were bringing in Alcoa, a better deal.

MR. F. JOHNSTON: Mr. Speaker, Alcan was here. They had opened an office here; they had spent money here; they had put an option on land here; they were here. All it took was our Minister of Energy to sit down for a while and again ruin it, just ruin it.

What did they do? Did they tell the people? In this piece of literature they talked about Alcan, but did they say in this piece of literature that they would negotiate with Alcoa and pay for half of the refinery? Did they say that? Did they say that they wouldn't renew the Letter of Intent with the International Minerals and Chemicals? No, they didn't say that.

Did they say they were going to hire a potash expert from Saskatchewan and have him travel all over the world; and did they say that the First Minister was going to stand up and say, we'll go ahead with potash if I get the money from China? As soon as the Chinese have some money, we'll go ahead with potash, that's the statement he made up in Roblin.

Mr. Speaker, this is the hidden agenda of this government. Mr. Speaker, did he tell us that the Power Grid would be dropped because of the negotiating of the Minister of Energy? Did he tell us that he would go out and start to negotiate and, when he couldn't get his deal, he would go back and offer the same arrangement we did? Mr. Speaker, did they tell us that he would run back on his hands and knees and offer the same arrangement?

MR. G. FILMON: The prospectus, why did you advertise it in the prospectus?

MR. F. JOHNSTON: Why, yeah? Why did you put it in the prospectus, the same prospectus you put the closing of the power plant in? So you had it all billed up on the prospectus; you said it was going to be there, and then you went out and you botched it.

Mr. Speaker, they didn't put that in here. All they said was, we were going to do great things, but they didn't tell the people that they were going to mess up everything that they touched. Did they tell the people that we're going to have 20,000 more unemployed in this province than when they took office? Not in here,

they didn't. In here they said there would be no business closed, no bankruptcies, no nothing.

We have 966 bankruptcies; we've got more people out of work; we've got industrial investment down 6 percent; we've got manufacturing investment down 29 percent, manufacturing shipments are down since 1981.

Mr. Speaker, the honourable members opposite didn't tell anybody about it. Now isn't that a shame? They didn't step up and tell anybody about it. They took this piece of literature and misled the public, as socialists always do.

Mr. Speaker, I don't care if it's last year's speech, or next year's speech, or the year after's speech

MR. G. FILMON: It'll be the year after.

MR. F. JOHNSTON: Well it won't be the year after, but it will be from the other side. I will be still telling you about your hidden agenda.

Mr. Speaker, did they tell the people that they were going to hire 155 more people in public relations and advertising? Mr. Speaker, it's 276. Well, Mr. Speaker, did they say that they were going to have that many people? I will tell you but they had . . .

A MEMBER: They hired 31 more overnight.

MR. H. ENNS: Yes, it grows every day.

MR. G. FILMON: It's the contract people he didn't tell you about.

MR. F. JOHNSTON: I will tell you . . .

A MEMBER: . . . your nose is growing.

MR. F. JOHNSTON: . . . but they had - well, talk about noses growing, I don't recall you telling the people anything about this. I don't particularly recall you telling the people that you were going to spend close to \$2 million on advertising on the Jobs Fund.

A MEMBER: No, never.

MR. F. JOHNSTON: I can remember the First Minister coming into committee and berating me because I had a little program on television that cost \$67,000 and he thought it was terrible. — (Interjection) — No, he thought it was terrible and that's what you get. You know, that's the type of two-facedness you get from the First Minister. He came into committee and he was in a great huffy puff about the fact that we had a little \$67,000 television series, and he smiles about it when he spends \$2 million on a \$200 million program.

Well, Mr. Speaker, I'll tell you another thing that I have noticed today and I have to quote from the words of the Member for Wolseley. The Member for Wolseley said, "Of course, the Tory opposition would prefer to give tax free grants to their business buddies on the vague hope that they would invest in it creating employment. The wide acceptance by business of Jobs Fund programs such as the Grads in Business Program, Careerstart . . ." The very next day that this Legislature sat, on the Monday, we had the Minister stand up and announce interest free forgivable loans, the whole works.

You know, Mr. Speaker, the Minister of Finance in 1980, in a resolution about Enterprise Manitoba, "Whereas the giveaways of millions of dollars to certain select business friends of this government deprive other business people of a source of capital," he was absolutely opposed to the fact that we had the Enterprise Manitoba Program.

Then, of course, we have the Minister of Community Services at the present time who was the Minister of Economic Development and as the Minister of Economic Development, it says here, "Capitalism," Smith says, "is in its late stages. That isn't helping Manitoba's economic development. I think that negatives of the capitalist system outweigh the positives but while we are critics of it we can't abolish it." The new Minister of Economic Industry stands up and says, "I am going to make grants to those capitalists." Mr. Speaker, nobody told us that in your hidden agenda. You talk about hidden agendas.

Mr. Speaker, let me tell you about another that I am sure the government's been wondering when I would mention it. There was a company, Continental Can, made an international decision to close a factory in Manitoba putting 150 people out of work. The building was not in the sale. If it was not bought by Somerville Belkin, the plant would have been closed. We contacted Somerville Belkin and we said to them, "We want you to take over that plant. We would like you to establish it in the Province of Manitoba." They said . . .

HON. H. PAWLEY: In Cabinet.

MR. F. JOHNSTON: And I heard him say Cabinet. It was in Cabinet, it was discussed in Cabinet, and I know what the First Minister is talking about because I have been interviewed by their lawyers on the subject. So I am well aware of what I talk about.

Now, Mr. Speaker, the Somerville Belkin people came along and said, "Well, we can make this an international plant. We can make it a plant that can supply all of North America. We can get it into the real good production of materials in this province but we'll have to bring some equipment from another part of Canada but we will keep it open."

A MEMBER: And when did the offer . . .

MR. F. JOHNSTON: Well, the offer was made by the letter that was written by the Deputy. He has been interviewed by your . . . — (Interjection) — Yes, yes, very definitely.

A MEMBER: On Election Day.

MR. F. JOHNSTON: No, no, it did not go on Election Day, Mr. Speaker. It did not go on Election Day. I have my files, too.

Now, Mr. Speaker, Somerville Belkin came along and we said we got DRIE involved, we got everybody involved and we said to them, "All right, if you will . . .

A MEMBER: . . . lose that pencil, Howard, even with the string on it?

MR. F. JOHNSTON: You see the First Minister doesn't want to listen to this. He's afraid of this one.

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We said if you will make this plant what you say it will, we will be involved financially with you. We came along and you know they said, yes, we'll do it, and it had the same terms, Mr. Speaker. The money would be paid out as they proceeded, as people were hired at a 20 percent holdback. Do you know that this government has had a lawyer trying to break that contract because Somerville Belkin have threatened to take them to court and they've had lawyers' fees for two-and-one-half years trying to break that contract? Yesterday - or Monday - the Minister of Industry, Trade and Commerce announces a deal exactly the same. This government reneged on an arrangement that a company came forward in good faith and I am sure the companies in Canada would like to know that.

There was another arrangement. It was with Northern Tel. I have a letter in my file that says: - and Mr. Vice told the First Minister the same thing - "We will not expand in Manitoba unless we have assistance from the Provincial Government and Federal Government." That was known; they reneged on it. They got Northern Tel started with their work and then reneged on it. That's the kind of negotiations that this government gets involved with. You can't trust them and now they are doing exactly the same thing.

Now, Mr. Speaker, do you know on the Somerville Belkin there was a professor lawyer, a lady at the University of Manitoba, who I understand is a very close relative now of the Attorney-General? She was asked for an opinion on how to break that contract. She was given the contract to see if that contract could be broken.

A MEMBER: How much did they pay her, Frank? How much did they pay her?

MR. F. JOHNSTON: I am not going to get into that. It's there, public accounts and everything. But let me tell you, do you know how she got her opinions on whether the contract could be broken or not? She put the question on the first year exams of contract law with the law students.

A MEMBER: No.

MR. F. JOHNSTON: Go out and see the question. It's there in 1982 and that's what we paid for, Mr. Speaker.

You want to know about Somerville Belkin, Mr. First Minister, I know more about it than you do. I have been interviewed by their lawyers.

I have been interviewed by their lawyers and you know the previous Deputy was interviewed by their lawyers as late as last fall. They are still paying a law firm and yet they are doing the same thing. Can you imagine that type of thinking?

Mr. Speaker, we have another situation in the Province of Manitoba.

HON. V. SCHROEDER: Where was the authority?

MR. F. JOHNSTON: I heard the Finance Minister say where was the authority. I know where that stood exactly. I know exactly what happened. I told their lawyer exactly what happened. They have had the tapes of my statements with the lawyer, and they know exactly what I said.

MR. SPEAKER: The Honourable First Minister on a point of order.

HON. H. PAWLEY: On a point of order. I don't think it should be necessary for me to point out that a matter that is before the court - I was reluctant to raise it earlier - but the honourable member wants to continue to try a matter which is before the courts and should not be dealt with within this Chamber.

MR. SPEAKER: If the matter is, in fact, before the courts, I believe the honourable member knows he should not discuss it.

MR. F. JOHNSTON: Mr. Speaker, I respect that. I knew that the company was going to court. I thought maybe the lawyers were trying to keep it out of court. If it's in court now, so much the better because it will all come out. — (Interjection) — See, now we're taking somebody to court to break the contract.

Mr. Speaker, there is a company by the name of Futuros that works out of Chicago.

SOME HONOURABLE MEMBERS: Oh, oh!

MR. SPEAKER: Order please.

The Honourable Member for Sturgeon Creek.

MR. F. JOHNSTON: We'll find out when it goes to court. Mr. Speaker, there's a company by the name of Futuros that's out of Chicago. They are a consulting firm that works with large corporations to help them decide where they will locate or where the best place is to locate. In the beginning of 1981, the Futuros Company came into our office and we soon found out it was the company of Pratt and Whitney that were looking for a location in Canada, other than in their present plant at Montreal.

Now Pratt and Whitney, Mr. Speaker, is a very large company, as we all know. They were going to build a state of the art machinery plant in the province. It would be making airplane parts, and it would probably employ close to 1,000 people when it was finished. Mr. Smith, the Chairman of the Board, or President of the Pratt and Whitney Company, had breakfast with me in Quebec when I was at the Aeronautics Industry Convention in 1981, and he said, Mr. Johnston, it can't go ahead because of the economy. Mr. Speaker, in 1984, or maybe the end of 1983, the Futuros Company came back to this government, they turned around and decided it would be between Halifax and Winnipeg as to where Pratt and Whitney located.

Now, Mr. Speaker, we have before us the announcement from the Globe and Mail, and we've seen the press releases from the company, we've seen the press releases from the papers in Halifax and, you know, the Government of Nova Scotia offered \$30,000 a job. They offered 4.5 million technology centre which, as a matter of fact, we were talking about this afternoon, the one in south Winnipeg, would help this company. We have a technology centre which Nova Scotia had to build. The City of Winnipeg offered land free, Sir, which is very close to servicing a service, and the Province of Manitoba just about met, if they didn't meet it they came so close to meeting the Nova Scotia

offer it wasn't even funny, and that's documented. But, Mr. Speaker, Pratt and Whitney decided to go to Halifax.

A MEMBER: Why?

MR. F. JOHNSTON: It's hard to know why because, you know, Manitoba was the third largest aerospace centre in Canada. Manitoba has the industrial park for it. Nova Scotia doesn't even have a customer for them. They didn't even have an industrial park, but now they're going to build an aerospace park because Pratt and Whitney decided to go there.

Now, Mr. Speaker, the Premier, I believe - and I'm not sure - met with the Pratt and Whitney people when he was in Montreal. Now, Mr. Speaker, they went to Halifax.

A MEMBER: Why?

MR. F. JOHNSTON: Why? Did you ever hear of payroll tax? Did you ever hear of labour legislation that the company doesn't want.

Mr. Speaker, I just would like the honourable members to go through a little bit of thinking, if they are capable of it. If you have a payroll tax on about a \$30 million a year payroll, because that's 1,000 people, they are high tec jobs, let's say \$25 million a year payroll. That means — (Interjection) — yes, what's a million, typical? That means they are going to pay a payroll tax of close to \$500,000 in the Province of Manitoba to come here. Going to have to pay the payroll tax on all the construction and, Mr. Speaker, if you have to pay \$500,000 a year payroll tax, that means you have to sell \$5 million more product in Manitoba than you would have to in Halifax. Mr. Speaker, there you are, they would have to sell \$5 million more product per year to make the same profit as they would in Halifax if they came to Manitoba. Do you think those people are dumb?

Mr. Speaker, let's just carry it a little further. That plant would have been here at least 20 years, I'm sure we negotiated that. Mr. Speaker, that's \$10 million in payroll tax. That's \$100 million more sales in 20 years that they would have to do in Manitoba. And this government matched Nova Scotia practically dollar for dollar to get that program, and they lost it, they lost it. — (Interjection) — Oh, no, the Federal Government did the same for you as they did for Nova Scotia. We aren't in the same tier system, but there was another fund called the Transportation Fund that you were going to get money out of, so let's not kid ourselves about that. You got the same thing from the feds as Nova Scotia did.

Mr. Speaker, do you blame anybody? In fact, go out and ask your NDP friends if they have to sell 10 times more, got a payroll tax that'll cost them \$100,000 dollars, got to sell \$1 million extra to do business in Manitoba. Ask your NDP friends if they want to invest under those circumstances? Did you tell anybody in this particular document that you were going to have a 1.5 percent payroll tax? And my friend from Thompson talks about hidden agenda.

Mr. Speaker, the First Minister went to Regina. Mind you, he was out of step with everybody else; even he recognizes that. But, you know, in the first part of his

speech, do you know what he did in the first page, in the introduction? This is really great. He said, "The economic problems facing Canada can't be resolved if the leaders of key sectors of our economy don't make a genuine effort to find a common ground, and to direct their energies towards finding solutions instead of finding scapegoats." Scapegoats!

I hear the Minister of Small Business and Tourism saying, that's right. He stood up in Pembina, and he just whaled the daylights of the Federal Government. He was talking about the dollar, he was talking about everything else. Scapegoats! The previous speaker was standing up, berating the Federal Government. Scapegoats!

Mr. Speaker, do you know on December 12, 1984, this letter was sent to Lionelles International, St. James, Mrs. Mayer? It says: "Dear Friend." From the Premier's Office - "Let me briefly outline the way things stand, federal cutbacks. Cancellation of the National Research Council's Manufacturing Technology Institute in Winnipeg, estimated to involve 23 million in federal support and 175 direct jobs, a further loss to private investment is expected as a result of this." It hasn't happened.

This Premier is famous for that. Even when he was the Leader of the Opposition, he'd get up and say things that didn't happen. It is being built. It will open — (Interjection) — oh yeah, there was the creamery and there was a whole list of them that he had closing that didn't.

He says: "The cut of industrial incentives estimated to involve \$16 million in federal support for Manitoba, \$75 million in private investment, and a loss of 15,000 direct jobs and 1,200 indirect jobs." I wonder if the Premier would just put his finger on those jobs. Tell me where they are. Tell us where they are.

"... abandonment of rocket and balloon facilities in Gimli and Churchill, a loss of 50 jobs . . . - that's correct; he hit one - "... reduction in summer youth employment programs with a loss of 2,000 temporary jobs for students." You know, the Federal Minister has announced another program, and he recognized it when he was in Regina. He recognized it, saying he hoped it wouldn't affect Manitoba because of the job they had done, but he recognized the program and he's jumping all over them. He's sitting there in front of them, talking to them, after he has written a letter like this to, I would imagine, all the heads of service clubs etc., in this province. Isn't that a dandy trick? That's a two-faced trick.

"... an increase in petroleum compensation charges involving an additional \$51 million outflow tax dollars from Manitoba and a loss of 1,400 jobs. Even with this abbreviated list, we are looking at a loss of more than 4,000 permanent jobs and more than 2,000 summer jobs. On top of this, Manitoba stands to lose \$72 million." That really hasn't been confirmed yet, but he confirms it in here.

He goes on to say: "It looks as if the Federal Government's going to be very tough, and he hopes the Finance Ministers' meeting on November 26th . . . - and then he goes on with the second-last paragraph, "Let me assure you of this. My government will resist every appropriate means, federal reductions will consequently throw thousands of Manitobans out of work." You know, I have sent this on to my member

of Parliament and I asked him to please see that it got to the First Minister's desk because he would like to know the way you're talking about him behind his back.

Mr. Speaker, that's the kind of co-operation. Mr. Speaker, to me, it is unprecedented as far as I can see, that a Premier would sit one week in Regina, talking to all the other Premiers, trying to work with them in co-operation to help this country go forward - and that was the theme of that particular convention - and one week later or two weeks later he comes back to Manitoba and he has a public convention with the Leaders of the Opposition in the other Premiers' provinces. He sits down with those Leaders of the Opposition in the other provinces, and he is negotiating and working with those Leaders of the Opposition against the Premiers of this country. Mr. Speaker, if anybody can then sit down and talk and get co-operation from the other Premiers after you two-face them like that, I doubt it very much. It is unprecedented for a Premier to bring the other Premiers' Opposition Leaders together at a meeting, but this Premier does it. He doesn't think anything of it.

Mr. Speaker, the one thing that I would like to mention, I read right from his speech. He said: "Let's not use one another as scapegoats." That is what I'm referring to. That's what he did, and that is what he does. That's what all his Ministers do, and that is what all his members do. It's as simple as that.

Mr. Speaker, now we have a situation - and I know my time is nearly up, Sir, but I will just mention it. It was the joke around the convention - of course, they didn't joke with the NDP members that were there, I wasn't very comfortable there, mind you - that the map of Canada at the Pacific Expo will be one that has Saskatchewan and Ontario meeting. Manitoba will be the only province that is not there, that won't be there.

MR. H. ENNS: The Maritimes are going.

MR. F. JOHNSTON: The Maritimes, yes, I talked to Mr. Thornhill. They're going.

So, Mr. Speaker, I heard the figure of six million. It doesn't have to be six million. The biggest push that is going to be on the sale of Canadian products, working with the provinces to have an Expo for the Pacific Rim customers will be at that, and Manitoba's manufacturers, Manitoba's province, the people of Manitoba will not be represented.

SOME HONOURABLE MEMBERS: Oh, oh!

MR. DEPUTY SPEAKER, P. Eyler: Order please, order please. The honourable member's time has expired.

Are you ready for the question?

The Honourable Minister of Culture.

HON. E. KOSTYRA: Thank you, Mr. Speaker. It's a pleasure for me, Mr. Speaker, to again engage in the discussion on the Throne Speech. It is again a pleasure for me because I believe that this Throne Speech is again a forward-looking document, one that is indicating considerable progress for our province and considerable planned progress.

Before I get into my remarks, I would like to wish you well, Mr. Speaker, in the very difficult task that you

have in trying to keep decorum in this Chamber. I certainly don't envy your role at times, and we have seen some evidence of that this evening.

I would also, at the same time, like to welcome the newest member to the Chamber, the member who was recently elected in the constituency of Fort Garry. He comes to this House with a great deal of community experience, and I think he is going to be a good representative for that constituency and, I think, for the members opposite. You know better than anyone else, Mr. Speaker, that they need all the help that they can get in terms of new talent on that side of the House. So we, on this side, are certainly pleased to see him. I wish him well, and I'm sure he is going to do well for the constituents of Fort Garry.

I'm also pleased to see that on our side of the House there have been some changes since the last time we sat in Session.

I'm pleased to see that the Member for The Pas has joined the front benches, so to speak, in becoming a member of the Executive Council. Mr. Deputy Speaker, just to clarify my comments so it's not misunderstood, that he is still physically sitting on the backbenches, but for all intents and purposes he's on the front benches.

It was, though, with some personal regret that one of the members of the Executive Council had to resign and devote her full energies to her health problems; and as a member of a constituency right next to mine in the North End of Winnipeg, we were not only close in terms of the physical location of our constituency, but we are very close in terms of our own personal relationships and also in Executive Council because the role of Minister of Industry and the role of Minister of Labour, is one that has to work in a co-operative fashion. I certainly, as I know all members here, hope that her recovery will be swift and we'll see her back in the House and, hopefully, in Executive Council.

As I indicated, I believe that this — (Interjection) — now how could I forget, Mr. Deputy Speaker. I am truly embarrassed that I forgot to make reference to the one retiring member from Executive Council who has indicated that he will not be running again, and his voice is certainly going to be missed, and his input. We all know of the kind of impact that he has had out in the province, particularly in the rural areas where he is known affectionately as "Main Street Pete" for the very successful Main Street Program that he launched under considerable skepticism from members opposite, but one program that certainly showed that it can have a positive impact on small communities in Manitoba.

As I said, Mr. Speaker, I believe that this Throne Speech is a good speech, a forward looking speech, and is indicative of the action orientation of this party in government and I quite frankly don't know where to start in terms of the areas that I would like to touch on in terms of the Throne Speech. But I will, in the limited time that I do have, talk about the areas of economic development, particularly since I have the privilege of following my critic, the Member for Sturgeon Creek.

I'm pleased again to see that he is my critic and I look forward to it and frankly will enjoy his input in the House - if I can play with words - but I do listen intently to what he has to say. While I disagree with much of

what he has to say. I believe that his input is important, and his perspective in terms of economic development is one that I think is worthy of debate. I will illustrate as I get into remarks that there is a very distinct and different approach of this government, of this party on this side of the House, in terms of economic development. — (Interjection) — He says, not now, and if he will bear with me, I will illustrate in terms of some of the things that he made reference of, that there is a distinctive difference in the approach of this government in terms of economic development from the approach of the Conservative-minded governments, or the Conservative governments in this country.

I would, though, like to make reference to one point that he made in his remarks that quite frankly troubled me when he made reference to the Member for River East saying that he hadn't been long enough here in this country to be able to talk with any knowledge or any expertise in terms of the areas that he was referring to in his remarks earlier this evening, and I think that comment was regrettable because I believe one is not judged in terms of their Manitoba or Canadian citizenship by how long they have been in this country, but rather the fact that they have chosen Canada, as many people have through the waves of immigration that have come to our country, and I believe as a result of those waves of immigration, that we have the kind of rich country and we have the rich province. I don't think that people should be judged on the length of time they live in this country, Mr. Deputy Speaker, rather on their input and their involvement in the broad community in our province and in our country. — (Interjection) — Well, I think one can argue about facts and one can argue about issues, but I don't think one should reflect on how long a person has been in this country, Mr. Deputy Speaker.

I would like to talk about our economic initiatives because there has been considerable debate here in this House over the past couple of years over our economic approach, focusing in on the Jobs Fund in particular, and there has been some debate and discussion outside of this House. But, you know, I'm troubled sometimes when I listen to members opposite. When we brought in the Jobs Fund, when the Minister of Finance in the Budget of two years ago brought in the fund and indicated that it was being brought in because of the severe economic conditions that were existing worldwide at that time, and trying to look at means to lessen the impact here in the Province of Manitoba, that it was not greeted with the kind of support that I thought, and others thought, it would have by members opposite. Because here was an attack on unemployment; an attack on the worst impacts of the recession were upon us and, unfortunately, that initiative was met with a lot of skepticism by members opposite.

But I think that when one reviews what has happened to date in terms of that action, and what many commentators have said that it was an appropriate action, that there was a need for an immediate attack on unemployment, and that the impact of the Jobs Fund, according to many of the indicators, has proven its worth.

The emphasis of the early years of the Jobs Fund was on the shorter term more immediate job creation, but at the same time looking at areas that would

enhance the overall infrastructure of the province, whether it be the community infrastructure, whether it be municipal infrastructure, or Provincial Government infrastructure, also had an emphasis on wage assistance programs to help community organizations and private sector employers hire people during the most difficult years of the recession. I think it's been proven by the kind of response that it has received by the communities as being something that was desirable.

Because of the shift that has been taking place in terms of the recovery, there was a natural shift in the Jobs Fund from the shorter term emphasis of the first few years to a longer term emphasis in the latter part of this current fiscal year, and we'll see more of that in terms of the next year. That's where I'm a bit troubled, Mr. Deputy Speaker.

When we start talking and showing some of the initiatives that we are putting in place in terms of that longer term job creation, through the agreements that were signed with the Federal Government looking at key sectors of the Manitoba economy like forestry, like minerals, like agriculture, transportation, cultural industries, we look at it in terms of the work and agreements that are being reached with respect to the private sector, such as the Information Technology Program where we have been able to negotiate agreements with a number of computer companies to be part of a computer centre; to serve our educational institutions in this province and at the same time provide for the opportunity of further development of a coarseware industry in the province. We have seen companies like IBM, Burroughs and Apple already sign agreements, and I would expect early next week, Mr. Speaker, to conclude a further agreement with respect to the Education Technology Centre.

When we see those kinds of initiatives we see a response from the opposition that somehow that's not appropriate. We saw some of that today in terms of the development agreements, and I would like to spend a bit of time about that because there seems to be some criticism of this government entering into co-operative agreements with the private sector. Yet it was in the same Chamber, Mr. Deputy Speaker, a year ago that they were somehow criticizing us saying, where are the long-term jobs, where is the co-operation with the private sector? Yet, when we enter into agreements with the private sector, through the mechanism of the development agreements, we are again hearing some strange noises from members opposite. They are somehow suggesting that this is contradictory to the philosophy or the approach of this party, and somehow it's no different than the kind of things that they were attempting to do, or that other Conservative governments across this country are doing.

Well, Mr. Deputy Speaker, there is a very distinct difference in the terms of our approach to economic development and to providing co-operative assistance with the private sector in terms of bringing about greater economic growth here in the province. That, too, is the development agreements.

The development agreements are not an outright grant as we see in many jurisdictions across the country to the private sector. It isn't a series of tax incentives where you just lower taxes and somehow expect magically that you are going to see economic development take place. It is a mechanism to sit down

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with the private sector on a case-by-case basis to look at particular development opportunities, to look at job creation opportunities, and to tie whatever levels of incentive might be provided to the private sector in terms of actual commitments from the private sector, and in terms of the development agreements that we have signed to date with Toro, with Westeel-Rosco and, most recently, with Gravure Graphics. We've got commitments from the private sector in terms of job creation; we've got commitments from the private sector in terms of investment levels; we've got commitments from two of the three companies in terms of affirmative action programs so that we can integrate those that don't have equal access to the job market in terms of getting employment. We have included those kind of provisions in the development agreements and they are proving successful as a developmental tool, Mr. Speaker, but they are not the kind of incentives that are being offered by other jurisdictions in Canada where one just merely hands out money with the hope that somehow job creation will take place.

So I am a bit puzzled, Mr. Speaker, when we hear the kind of criticisms that are being leveled with respect to them, and I am particularly concerned and would like members to state their position on these agreements whether they are opposed to having a company like Toro locating in Manitoba and the government working with them; if they are opposed to Westeel-Rosco rationalizing their operations in the Province of Manitoba, rather than looking at other areas of Canada as the case was in terms of the decisions that Westeel-Rosco made - in fact, they moved part of their operations from Toronto to Winnipeg - or are they opposed to us entering into a development agreement with Gravure Graphics, a Manitoba-owned company that had the option and was recommended by their consultants to move closer to their market which is in southern Ontario.

Would they have us not enter into that agreement; would they be opposed to us providing for the opportunity of keeping that company in Manitoba, providing that company with the ability to expand here in the Province of Manitoba? Would they stop us, Mr. Speaker, from giving that company, in co-operation with the government, the opportunity of turning a plant closure of a company that was controlled outside of the Province of Manitoba, in terms of Crown Flexpak who were going to move their operations out of the Province of Manitoba into B.C., which was going to mean a loss of jobs in the Province of Manitoba and a considerable amount of income being taken out of the economy in the Province of Manitoba? So we have a situation . . .

MR. H. ENNS: You're wrong, Gene, you're wrong.

HON. E. KOSTYRA: I'm wrong?

MR. H. ENNS: You're dead wrong, Gene. You know that you're wrong. You're wrong.

MR. SPEAKER, J. Walding: Order please.

HON. E. KOSTYRA: Crown Flexpak didn't indicate that they are closing their operations in the Province of

Manitoba? The government didn't get involved with Crown Flexpak with the number of potential companies that could take over that operation? Is it not a fact that one of those companies that we worked with ended up purchasing that company with the co-operation of the Government of Manitoba? Is that wrong? Are you saying that we should not do that, that we should allow for people to be thrown out of work, that we should allow for that kind of money to be moved out of the economy?

I believe, Mr. Speaker, that's what he is saying because we didn't hear any comments from members opposite saying that they were in support of that; they were not in support, and I can only presume by comments made, and the latest ones from the Member for Lakeside, that they are opposed to having a Manitoba-owned and Manitoba-controlled company expanding here in the Province of Manitoba. That's the only thing that I can deduct from that comment.

You know it's interesting; that particular case is particularly interesting in another aspect, Mr. Speaker, because it's not only a Manitoba-owned company that is expanding, that's taking over the operations of a company that was controlled outside of the province, but it's also a company that has taken over another company under plant closure conditions at the same time as there are laws in this province that allow for certain things to take place in cases of plant closures and companies purchasing other plants.

Members made comment on Friday of situations that they claim existed because of the fact of labour legislation in this province, and that somehow that is prohibiting companies from taking over other companies that are closing their operations. Well, in this case, Mr. Speaker, this company that took over that company was able to negotiate an agreement with the two separate union locals that were represented at both of those plants and the company indicated, when asked by a member of the media whether or not the labour laws in any way inhibited or prohibited them from bringing this to a successful conclusion, said no, it didn't, that there was goodwill and understanding and co-operation between the union and the company, with assistance, because bargaining is not easy at times, of representatives from the Department of Labour who helped conclude that agreement. So here we have the opposite of what members are claiming.

You know, if I can just question what it is that they are opposed to. Are they opposed to having guarantees that if a company has employees, and if that company is purchased by another company, that there be no protection for the workers; that if people put in 10, 15, 20 years for a company that that is their investment in that firm, that they have no right of having that investment carried over to the new company, that they have no rights of getting a job in that new company, because that's what they are saying? That's what the Member for St. Norbert is saying, he is saying that there shouldn't be that kind of protection. I think that is wrong, Mr. Speaker, I think that is terribly wrong, Mr. Speaker.

In fact, you know there . . .

A MEMBER: Gene, I want to know why the turnaround, that's why.

HON. E. KOSTYRA: There is no turnaround; in fact, I might take the time, if I have, on another occasion just to talk about the philosophical position of this party in terms of economic development, and in terms of mixed economy in this country and in this province. I would be pleased to get into that debate, Mr. Speaker.

I would like to, for a minute though, respond to a couple of comments that were made by the Member for Sturgeon Creek in terms of his comments earlier tonight. I would just confirm with what my Premier said in terms of the Somerville Belkin case that is under litigation, and I will not . . .

A MEMBER: You're not going to comment.

HON. E. KOSTYRA: No, I won't comment. I think the Member for Pembina has an appreciation for those kinds of matters, but hopefully at some point in the future we will have the opportunity of discussing that case.

I would like to just talk a bit about the National Research Council Institute of Manufacturing Technology. I certainly recognize, and I think I did at the time, the role of the Member for Sturgeon Creek when he was on this side of the House, the work that he did along with the private sector in the province here and people in the universities and other institutions to try to bring that centre to Winnipeg. It was with considerable regret that I didn't hear his voice being raised with those of many other Manitobans in the private sector and institutions in terms of the criticism, the concern that was raised when that centre was being cut.

MR. F. JOHNSTON: And it's being built.

HON. E. KOSTYRA: It's being built, he says, but they don't yet know what they are going to do with it. Let me just talk to him. I don't know if he has better information than I have from the Federal Minister. Someone says, probably, and I think that would be somewhat inappropriate if the Federal Minister is telling me one thing, Mr. Speaker, and telling the member opposite another thing. But let me tell you what things were said to us initially by the Federal Government.

The Federal Government, shortly after - they never consulted before, you know. There is this great mood of consultation with the new Federal Government. I can say that in most areas I have been quite pleased with that in terms of economic and regional development. The Federal Minister has consulted extensively with me, and the same in the area of trade, the Honourable James Kelleher. But I can say that the consultation in terms of the science and technology area has been severely lacking. In fact, there was no consultation. In fact, when I attempted to meet with the Federal Minister, he was the only one who was unable to meet with me. It was shortly after that that the announcement was made in terms of - I guess, I did get the message shortly after, because shortly after is when the announcement was made in the De Cotret statement when the cut to the National Research Council was made - so I guess all Manitobans got the message from Mr. Siddon at that time as to why he was unavailable to meet with me.

The position that they took initially after that was that they said we are prepared to look at having that

centre go ahead if the province is prepared to pick up half the cost. And I ask the member opposite, the Member for Sturgeon Creek, what position he would have taken with respect to a National Research Council if that would have been done by any other government instead of one that he happens to have close connections to? What would his response have been if he would have been a Minister on this side? He would have said, no, that's a National Research Council project. It ought to have the commitment from the Federal Government, and it is something that the province should not directly be involved in cost-sharing.

That was the approach that we took. We never said that we wouldn't co-operate with them and consult with them, and help them to bring about a better and a clearly-defined mandate or help them in terms of bringing more private sector involvement. We never said we wouldn't do that, but we said we would not take the position of the province funding half the cost of the National Research Council Centre because that is not happening anywhere across this country. It's not happening in Alberta; it's not happening in Quebec. That is the position we took, and that is the position that was advanced to us by the Government of Canada.

MR. F. JOHNSTON: Nobody's arguing with you.

HON. E. KOSTYRA: No, you said that the Federal Government was still going to proceed with it and there was no problem, but that was the position they took initially.

Subsequent to that, I had a meeting with the Federal Minister where he indicated that, yes, indeed, he was prepared to look at direct Federal Government support with the private sector. We are now waiting for confirmation from them, and I would expect hopefully that he is going to confirm that the Federal Government is going to provide the majority of support for that centre with the private sector without direct Provincial Government dollars. When that happens, we are certainly going to work and co-operate to the fullest extent to make that centre happen, to make sure that there is a very significant private sector involvement and to ensure that whatever programs that the province has, whether it's through the Manitoba Research Council, the Niakwa Institute, that they will co-operate and co-ordinate their efforts with the National Centre.

There is no question about that, but in terms of the initial position of the Federal Government in terms of cutting it out completely, or the second position of the Federal Government where they wanted us to pay half the costs, there is just no question that the province is not going to get into that kind of arrangement. But that was the position that they wanted. It wasn't until considerable pressure that there was a change in that position.

I would like now to talk about the Pratt and Whitney plant that the Member for Sturgeon Creek made reference to and just take him through a bit of the history of that project. First of all, the consulting company that was involved in 1981 and again in late 1984 into 1985 was the Fantas Corporation of Chicago, not the Futuros Corporation that the member mentioned.

That company is a site selection company that works on behalf of clients looking at expanding or locating

plants anywhere throughout North America. The facts of the matter are not quite as the member indicated in terms of their involvement with the City of Winnipeg. It is not, as he suggested, that the City of Winnipeg and the City of Halifax were the only two sites that the company was looking at.

In fact, the company initially looked at 15 sites throughout all of North America for the location of that plant, sites in the United States and sites in Canada. I understand there to be the possibility of expanding that in Quebec, the Maritimes, Ontario, Manitoba, and other provinces to the west of us. They looked at some 15 sites and after their initial analysis and considerable meetings with people here in the province including the officials of the Government of Manitoba, myself, people from the Business Development Corporation, the private sector who were very supportive of this, people from the City of Winnipeg, they then narrowed their locational scan from 15 sites to approximately five sites focused in again on Winnipeg and some other Canadian, and I believe one American site. So the company originally started looking at 15 sites, Mr. Speaker, narrowed it down to five, and ultimately were looking at two sites, one being in the Province of Manitoba and one being in Nova Scotia.

One can't ever be certain as to all of the reasons that go in, in terms of those kinds of corporate decisions. The member did make reference to the fact that Manitoba was quite competitive to the position that the company ultimately accepted in Nova Scotia. While I don't have access to all the information, I can say from what I have gleaned from media reports in terms of the magnitude of the offer that the Province of Nova Scotia made that Manitoba was not in the ballpark in terms of the magnitude of the money that was being offered by the Province of Nova Scotia. I have seen reports of in excess of \$50 million, and we were unfortunately . . .

MR. F. JOHNSTON: Well, then you disagree with the statement yesterday too, do you, Peter?

HON. E. KOSTYRA: Not in terms of that. We did work hard for that, and I certainly wish that company and the Province of Nova Scotia well in terms of that development. I hope it works out well for them.

But to somehow suggest that companies are not looking to locate or to expand in the Province of Manitoba, to somehow suggest that Manitoba isn't an attractive place for private sector investment is simply doing injustice, Mr. Speaker, to the facts and to the truth. The indicators are showing that we are a province that is on the move, and it's certainly being recognized outside of this province by others. We have situations where companies are deciding to locate here in the Province of Manitoba. We talked about a company like Toro that decided to set up their first out of the United States manufacturing plant here in the Province of Manitoba in the constituency of one of the members opposite. I wonder what position he takes in terms of . . .

MR. SPEAKER: Order please. The Honourable Member for Lakeside on a point of order.

MR. H. ENNS: I wonder if the honourable member would permit a question.

HON. E. KOSTYRA: I would be pleased to answer whatever questions the member opposite has once I conclude my remarks, Mr. Speaker.

I just wonder what the position of the Member for La Verendrye is. Is he opposed to Toro locating in Steinbach? Is he opposed to the Government of Manitoba entering into a development agreement with the company, because that's not what I'm hearing from people from his area. In fact, it was just ironically a couple of days ago that I received a call from the Mayor of Steinbach in regard to another project we're working on, Mr. Speaker, another company that is looking at locating here in the Province of Manitoba. The Mayor of Steinbach wanted to inquire of me what kind of support would he expect from his Provincial Government to support this company. So, I don't know if he is opposed to that, I can only presume he is opposed to it by the kind of position that has been adopted by the members opposite, that they are opposed to economic development, that they are opposed to any kind of program that looks specifically at a case-by-case basis in terms of economic development. Their only approach is massive giveaways and programs that provide across-the-board tax credits, and I can go on. I don't think I have enough time to go on and to talk about all of the companies that have made decisions with respect to investment here in the Province of Manitoba, Mr. Speaker, but they are considerable.

I have had the opportunity of travelling and meeting business people and selling our province in Toronto and Montreal, I was recently in Minneapolis, and there is a great deal of interest in the Province of Manitoba by companies throughout North America looking at investment decisions and, as I've said, we've had examples of that. We've also had media - sometimes the media here doesn't quite notice things I guess the way that some of us would like - outside of the province recognizing what is going on here in the Province of Manitoba.

Just six days ago, we had a television crew that spent a couple of days here in the Province of Manitoba from the Province of British Columbia, coming to see what's happening in terms of economic development and economic renewal in this province. I guess one has to wonder why people are coming from the west. In the east, we had an editorial in the Toronto Star recently that said, if I can quote, Mr. Speaker, the Toronto Star wrote about Manitoba's economic development strategy; they said: "It's a forward-looking approach to the economy that seems to be paying dividends for the people of Manitoba." I quote further, "Canadian politicians in other jurisdictions should take note of what's happening in Manitoba." So, they're coming from the east, they're coming from the west, Mr. Speaker.

I guess what those commentators are seeing is a somewhat different approach to economic development and to overall social development in a province like Manitoba, because Manitoba is looking forward, whereas other jurisdictions that have Conservative governments are looking backwards.

I know I've just got a few moments left, Mr. Speaker. I'd just like to talk about some of the differences. I've talked about some detail, but I'd like to talk about some of the philosophical differences in the approach

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of this government and my party as against the small "c" conservative approach that is practised by every other provincial government and, unfortunately, also by the national government in this country. There is this mentality that exists; there is this approach to economic development that exists. It says somehow that if you make all kinds of sacrifices on the social front, if you decrease social programs, if you lessen assistance for people, if you slash away at government programs, if you make changes in the tax system, that somehow if you make all these massive changes on the social front, change legislation and lessen labour protection, lessen laws to protect workers, bring in anti-union provisions, that somehow if you meet all these massive social changes, that you're going to have progress on the economic front.

Well, I think in this province, Mr. Speaker, this government is showing that approach is the wrong approach, that that approach is a destructive approach. Because what that approach fails to recognize is that when people are better educated, when people are more secure, when people have the ability to be productive, that they are more productive, that somehow if people do have some security in terms of the social network, if people do have better opportunities for education, if people had better health care facilities, that they are more productive members of society.

So I think it's critically important that we recognize this, Mr. Speaker, and I just wish that other governments across this country, particularly the national government, would recognize the fact that while we want to move on the economic front, that while job creation is still the No. 1 priority, that you cannot have that kind of progress without also continuing to have progress in the social front, that you cannot simply make progress on the economic front by decreasing social benefits, by decreasing social programs and somehow think magically that you're going to have economic development. In that approach, Mr. Speaker, I believe it does not work, and there are all kinds of examples of countries, like Germany, like Sweden, who have been able to make economic and social progress. But I also think that it's an approach that is destructively wrong. I think that approach brings about disaster for human beings. So I think the approach that we have, where we look at economic development and look at social development as going hand in hand, is really the only approach, and I just hope that kind of approach would be practised by other jurisdictions in this country, because if that were the case, we would not see the kind of trends we are seeing in this country, like in British Columbia where there is virtual all-out warfare between groups in society which is not healthy because that kind of approach does not breed co-operation, does not bring about economic and social development.

So I believe that we have the right mix in this province, Mr. Speaker, and I believe that the Throne Speech that was introduced last week again continues on that front, continues on social progress and indicating that social and economic progress go hand in hand. I'm certainly looking forward to the opportunity to continue on that front and to continue my efforts as a member of Executive Council and looking at one aspect of that mixture, the economic development, the portfolio of industry, trade and technology.

Thank you, Mr. Speaker.

MR. SPEAKER: The Honourable Member for Lakeside.

MR. H. ENNS: Mr. Speaker, the Minister agreed to accepting a question from me. During the course of his speech, he made some comments with respect to the . . .

MR. SPEAKER: Order please. The honourable minister's time has expired. Does the member have leave to pose his question? (Agreed)

The Honourable Member for Lakeside.

MR. H. ENNS: Mr. Speaker, the Minister made some reference to the government's attempts to bring Pratt and Whitney industrial concern to Manitoba. Would the Minister care to indicate precisely how many millions of Manitoba taxpayers' dollars this government was prepared to offer to Pratt and Whitney to entice them to come to Manitoba.

HON. E. KOSTYRA: The Province of Manitoba was prepared to look at the possibility of entering into a development agreement with Pratt and Whitney in order to bring about job creation in the province at a cost that would have brought considerable dividends to the people in the Province of Manitoba and that would have been at a considerably less cost than was indicated by media reports in terms of the Province of Nova Scotia.

MR. H. ENNS: Mr. Speaker, I don't want to abuse my privilege. I have no doubt that the coming to Manitoba of a major manufacturing firm like Pratt and Whitney would bring major benefits to Manitoba and indeed provide long-term employment to Manitoba.

My question was a very simple question. How many millions of dollars was this Minister prepared to commit the Manitoba taxpayers to make that happen, Mr. Speaker?

MR. SPEAKER: Are you ready for the question?

The Honourable Member for Rhineland.

MR. A. BROWN: Thank you, Mr. Speaker. My best wishes go out to you, Mr. Speaker, in this Session. We hope that your health and your patience are going to see us through this Session.

MR. H. ENNS: Especially your patience.

MR. A. BROWN: We certainly do hope that you will not be running out of patience.

I would like to congratulate the Mover and the Second of the Speech from the Throne for a difficult job. I would also like to congratulate the Member for Fort Garry for winning his election. I know that the Member for Fort Garry is going to be a very creditable asset to this Chamber and we are looking forward to his participation. We regret that the former Minister of Labour had to resign her post and we certainly wish her well. I would like to congratulate the Member for The Pas on his being chosen as a member of the Treasury Bench. I sincerely hope that this is going to

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improve the quality of wood for Manfor because we all know that it does take good wood to make a good "cabinet."

MR. H. ENNS: They've got a few punky trees over there though.

MR. A. BROWN: I also wish the retiring member . . .

A MEMBER: I think root rot set in.

MR. A. BROWN: I also wish the retiring member of the Legislative Council well. He has served this Chamber for many many years, and we certainly wish him well in his retirement.

Mr. Speaker, if there was anything that we can really say about the Speech from the Throne that was the lack of substance. We were skirting about the peripheral of many many areas but there was really very little of substance in that speech. Mr. Speaker, certainly nowhere could we find a hope for an early recovery of the financial difficulties experienced by the farming and business communities in Manitoba. This government likes to pretend that they are very anxious to promote business within this province . . .

A MEMBER: At any cost.

MR. A. BROWN: . . . at any cost, as has been said, but the fact still remains, Mr. Speaker, that they are known for some of the roadblocks that they have placed in the way of development of business within this province.

Now the question is when will the government remove some of those roadblocks, the 1.5 percent employment tax and the labour legislation that says when a company ceases to exist for whatever reason - more than likely it would be bankruptcy - then the purchaser has to honour the labour agreement of the former owner? Very likely that labour agreement was part of the problem of why that former business went into trouble in the first place.

This attitude which has been promoted and enforced by this government caused the Labour Board to make a decision on their ruling on Superior Bus of Morris. This decision caused Superior Bus to leave Manitoba and establish in the United States. Now, Superior Bus was the major employer in the Morris-St. Jean area. There are no other jobs available and many young people will be forced to leave that community and seek employment elsewhere.

Mr. Speaker, the decision of the Labour Board has created a very severe problem in the Morris and St. Jean area, and similar problems are going to be created elsewhere until that piece of legislation is withdrawn. When will this government learn that you cannot force that type of legislation upon the business community? Business will and is leaving Manitoba for other provinces where this type of encroaching legislation is not in place.

A good example of that is Vicon and their purchase of CCIL, as has already been mentioned. They are looking at Saskatchewan as compared to Manitoba. Now, Mr. Speaker, wouldn't it have been ever so much better if the Speech from the Throne would have given Manitobans the assurance that that piece of labour legislation would be withdrawn?

Another area of concern is the possible shutdown of the Manitoba Sugar Company and the Alberta Sugar Company. This would leave Quebec as the only province producing sugar beets and no doubt the industry would disappear in that province shortly after if sugar beets cease to be grown in Manitoba and Alberta.

Mr. Speaker, I realize that at the present time the provinces in which sugar beets are grown may be asked to help keep the industry alive. The Federal Government will have to decide whether Canada will be totally dependent on import of sugar or whether they want to return at least some production of sugar. At the present time approximately 90 percent of sugar is imported and 10 percent is produced in Canada.

Mr. Speaker, I could not explain the situation in any better way than to read a letter from Peter Cherniavsky, who is the president of B.C. Sugar, the parent company of Manitoba and Alberta Sugar, and this letter was to the Honourable John Wise, the Federal Minister of Agriculture. If required, I will be pleased to table this letter.

"Dear Mr. Wise: The purpose of this letter is to acquaint you with the serious problems facing the beet sugar industry in Alberta and Manitoba.

"It is comprised of some 1,100 growers and 500 industrial jobs. The selling price of beet sugar, unlike cane sugar, determines the profitability and, hence, viability of the sugar beet industry. At today's level of price, the market returns to be shared between processor and grower are inadequate. Cane sugar refining capacity in Western Canada is more than the total requirements of the Western Canadian sugar market. Excess refining capacity also exists in Eastern Canada.

"We currently face the option of either closing the beet sugar factories, or developing a new form of contract between company and growers that will permit the sugar beet industry to survive. The latter alternative is desirable for many reasons, and it is definitely our preferred option. If it cannot be accomplished, we are prepared to close both factories immediately.

"For some years, sugar beets have been a designated crop under The Agricultural Stabilization Act. However, the concept of using the last five-year average sugar market returns as a basis of support to growers is quite unsatisfactory, given the history of prices for sugar in Canada. In our view, it is much more satisfactory to ensure that assistance is available during low-price periods. We believe further that assurance of such help, if needed, must be given before a crop is planted.

"The company's proposal to the Minister of Agriculture is for the Federal Government to guarantee a minimum price to growers for a standard tonne of sugar beets. We believe this price should encourage efficient growers to stay in business during the present low returns of about \$500 per tonne for beet sugar. As market returns increase, the federal support payments should reduce to zero at a price level of about \$750 per tonne of sugar.

"In world market terms this is equivalent to about 14 cents United States per pound for raw Canadian sugar. The 1978 International Sugar Agreement to which the Canadian Government was a signatory envisaged world raw cane sugar prices between 13 cents and 25 cents, U.S., per pound. Today the market is 4 cents, U.S., per pound.

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"Canada's sugar policy has been to obtain raw cane sugar at the cheapest market price possible. This has worked well for the Canadian consumer who has historically enjoyed refined sugar prices below those in most countries. However, for the last three years, raw sugar on the world market has been selling at less than half the cost of production. Today it is about one-quarter the cost of production. Since it is the delivered price of refined cane sugar that effectively determines the market price for beet sugar, it is quite obvious why the Canadian sugar beet industry cannot compete.

"All developed countries have a policy that protects their sugar industry against the vagaries of the world market. As Canadian beet sugar production is only about 10 percent of national consumption, a far-reaching price support policy for all sugar consumed in Canada, such as exists in the United States and the European economic community, would not be sensible and would be very costly.

"It must also be recognized that the sugar beet industries in Alberta and Manitoba produce about 100 percent of the white sugar requirements for the three prairie provinces. The importance of the industry is illustrated on the attached tables. The crop has a very substantial impact on the farming sector in both provinces.

"We have sent this letter to Members of Parliament from the sugar beet areas of Alberta and Manitoba, as well as to the senior Cabinet members in Ottawa, Edmonton and Winnipeg. We believe our proposal of November 2nd, which we discussed with you on December 11th, is an excellent solution and one that should maintain a very important crop for Alberta and Manitoba. I am quite sure Edmonton and Winnipeg agree with our position. Certainly no one has proposed any changes.

"Time is rapidly running out as growers and ourselves must have an early understanding so that farming plans can be completed well before planting time this spring.

"I am available if you would like further input from the company.

Yours truly, Peter A. Cherniavsky."

MR. SPEAKER: Order please.

The time being 10 o'clock, when this matter is next before the House the honourable member will have 27 minutes remaining.

The time being 10 o'clock, this House is adjourned and will stand adjourned until 2 o'clock tomorrow afternoon. (Wednesday)