



ISSN 0542-5492

First Session — Thirty-First Legislature
of the
Legislative Assembly of Manitoba

**DEBATES
and
PROCEEDINGS**

26 Elizabeth II

*Published under the
authority of
The Honourable Harry E. Graham
Speaker*



Vol. XXV No. 19B

8:00 p.m. Thursday, December 8, 1977

THE LEGISLATIVE ASSEMBLY of MANITOBA

Thursday, December 8, 1977

TIME: 8:00 p.m.

BILL NO. 6 — THE EMPLOYMENT STANDARDS ACT (OVERTIME RATE)

MR. SPEAKER: The Honourable Member for Wellington.

MR. CORRIN: Thank you, Mr. Speaker. Just before the recess, I was addressing myself to the question of technological change and I was talking generally about the old work ethic and however laudible that was, I was suggesting that in the context of this bill and in the context of rolling back overtime wages and encouraging more overtime in our province that this, in my opinion, was regressive. Just before the adjournment, I was referring to statistics and comments that had been made even by the Honourable Minister of Labour which corroborated and confirmed my hypothesis and I draw your attention to one statement attributed to the honourable minister very recently. She indicated that she felt that the number of injuries and fatal accidents in the Manitoba mining industry — and I'm quoting here — "is an important matter which requires some attention." She promised that consideration will be given to appointing a commission to study the problem and make recommendations and I say, Sir, that it's long overdue, it's long overdue. With all the technological change and all the so-called progressive measures that have been taken in industry, we still find ourselves with more and more accidents. One would think that just the opposite would be the case but that's not so. There are not fewer accidents, there are more. I draw your attention to statistics revealed, I believe, in the House just this morning, I think, in response to a question. It was indicated that there were 82 time-lost accidents in 1977 to date. Now that, Sir, coupled with five deaths, this I say is intolerable. This is an intolerable burden for people in industry to have to bear and I suggest and I know that there are no figures but I still suggest and respectfully that there is a possibility that many of those time-lost hours, some of those deaths, may have been avoided if workers were not required to work overtime. Those are very strenuous, demanding occupations.

We have members of this House who have served in the mines. We have heard during Throne Speech debate about their backgrounds, about their tribulations and experiences and I say, Sir, that it's not a matter to be taken lightly. We're talking about a situation where in the past year, nine and one-half man years of work were lost because of accidents in this province's mining industry and one has to question why? Nine and one-half years. Now those just aren't physical costs. Obviously there are social costs associated with those sorts of injuries and they're not just those sorts of costs, physical and social costs, but they are financial costs. They're not just to the person who is injured but also to the employer.

So I suggest, Sir, that we shouldn't be encouraging overtime; we shouldn't be going forward in that regard, not even knowing the possible consequences. There has never been an analysis in this province, to my knowledge, and I've done some research in the past week, there has never been an analysis of overtime accidents. Nobody knows for sure how many accidents actually take place as a result of overtime and, moreover, how many accidents may possibly take place, perhaps not during overtime hours but as a result of people being overworked, fatigued, under stress. I suggest and suggest respectfully that it is time, it is time that we look into this. We should not be going ahead blind. We should not be encouraging workers in this province and employers to press their employees into precarious circumstances. We don't know and in the face of the lack of knowledge, the lack of information, we should be reposing and reflecting. I think that is the correct manner of dealing with this particular problem, not encouraging more work. That's irresponsible right now.

Productivity, as I said before the recess, does not equal progress. That is not how a civilized society measures progress. One has to look not just to the quantity but also to the quality and I ask that there be a qualitative review, in a sense a qualitative assessment, of what we're doing, what is our intention to accomplish? So let's stop, reflect, let's do an analysis of the possible repercussions and ramifications of what we have done. Goodness knows, before the former government, before the NDP turned back the work week, as I suggested before the recess again, 48 hours in 1969. That was the standard work week in Manitoba, 48 hours. It's hard to believe. Not a great disparity probably with the standard work week 20 or 30 years before that and yet people slavishly pay homage to technology. Technology and productivity has brought . . . —(Interjection)— I'm sorry, Sir, I didn't hear that.

MR. FERGUSON: I said have you ever tried feeding cattle on a 40-hour week?

MR. CORRIN: Have you ever tried feeding cattle on a 40-hour week?

MR. FERGUSON: Yes, did you? There's 168 hours in a week.

MR. CORRIN: I suggest that I am not contending that work is wrong. I'm not suggesting that we should tell our people that there's something wrong with work. What I'm suggesting is that there is a great deal of difference in a case where a man has to work in an imposed circumstance, where he has to work regardless of the peril involved, regard less of the stress involved, regardless of his physical

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condition. When a farmer is tired — and I say so respectfully, Sir — when a farmer feels that he is ill or he is tired or he is under that sort of stress, he may turn to one of his colleagues and ask him to do those types of chores and they don't entail the same sort of peril. But technology has put a . . .

MR. FERGUSON: Where have you been? What's the highest accident rate in any . . . if it isn't farming?

MR. SPEAKER: Order please, order please. Order please. Order please. Now that we've had our conference, probably we can listen to the Member for Wellington.

MR. CORRIN: I'm enjoying this a lot more now. We've been punching a pillow now for over two weeks and it's about time that somebody came up fighting. I say to you, Sir, that it's a tragic irony, a tragic irony that in the same year that this province enacts a Workplace Health and Safety Act, in the same year that that sort of progressive legislation can be brought before this House and passed by all members, I presume — (Interjection) —

A MEMBER: No, NDP.

MR. CORRIN: NDP? I'm ashamed. Shame. If it were just the former government members that voted for that, shame. Because I say that in the context of that, to now turn around and encourage overtime, encourage people to work at their peril, is irresponsible . . .

A MEMBER: They're running true to form.

MR. CORRIN: . . . and I deplore it. Now there's a lot been heard about the possible negative repercussions to business and this is of course the context of the entire bill. We have to enhance our competitive positions, stimulate the economy, so we're very concerned about the relative position of business. As I said earlier, we're not so concerned about the relative position of the people who work for business, we're more concerned about the relative economic condition, not the quality of life but always that quantity again. Financial aspect. But, as I said earlier, don't worry because the organized sector of labour, they're not affected. They are still negotiating; they're going through the collective bargaining process; they're not going to be affected by this legislation. Who are you hurting? You're hurting the small fellows, the fellows that are working for the farmers perhaps, that's who you are going after. Now I do have some sympathy for the small business community. As I said earlier, I am a small businessman myself and I do sympathize. Costs are rising; I appreciate that but I tell you, I've reflected on this. Eight hours of overtime only will yield — and this is on a weekly basis — eight hours of overtime will only yield a 5 percent increase in costs, costs relative to salary, the costs of labour. Tell me, and I presume there are many businessmen on the other side. I hope there are many businessmen on the other side because I wouldn't like to think that I was the only person in this debate that was a businessman, because you're trying to protect me. I ask you, I ask you sincerely, if you look at that 5 percent escalator, how many of your other costs haven't honestly risen more than 5 percent? Labour perhaps as a result of overtime, and overtime is usually a by-product of prosperity. You don't work people overtime because you're doing poorly. You work them overtime because you're doing well. I'm sure when the Honourable Member for Wolseley is repossessing or seizing an automobile, if he has a particularly busy week, he may have to work some of his bailiffs overtime for instance.

A MEMBER: He won't pay them overtime though.

MR. CORRIN: Now I have also looked at some statistics. They tell me that in Manitoba, did you know that among the small business, 5,000 employers in this province have more than 10 employees? That astounded me. That means that if every one of those employers works their employees, their 10 employees — we'll use the minimum, we'll just use that as a base, a floor — four hours, do you realize that that would yield one job per employer and 5,000 new jobs in Manitoba? Isn't that astonishing? We have unemployment. Unemployment I think now has reached the point where we have 28,000 of our fellow Manitobans out of work and just by that simple initiative, if we discouraged the intent of this Act and we didn't proclaim this, there is a possibility that we could create 5,000 new jobs and you sit there, you sit there, you have the audacity . . .

A MEMBER: The gall.

MR. CORRIN: . . . the gall, the audacity and the gall to proclaim this type of legislation, to attempt to proclaim this type of legislation. Also, let us take into consideration — it's another interesting aspect — that a lot of workers in our economy do not even work 40 hours. They don't even do the basic minimum. How about the garment workers? The statistics show 38.5 hours of work in 1976. That's the average standard work week in the garment industry so if you're trying to do those people a favour, the people that employ garment workers, you're not doing them a favour. Thank you but no thank you. I don't think they really want your help.

You know, if all overtime hours were avoided, there is a possibility of creating between 14,000 and 15,000 jobs. If you look at the statistics for overtime, the Bureau of Statistics indicates that you could

create 14,000 to 15,000 jobs in Manitoba simply by alleviating all overtime. I know that's not possible, because there is a need for overtime, particularly during the holiday period, and there's a need during emergencies, and I'm not suggesting, by the way, that there shouldn't be emergency overtime. I'm saying though that with that one exception, we should be discouraging it to the greatest degree possible.

So, I'm suggesting that quite simply — two simple expedients — the 5,000 employers with ten or more employees, by creating one job each, could have 5,000 new jobs created; and we can have another 14,000 to 15,000 simply by avoiding all overtime hours. So I'm saying, right there, we're well on our way to those 28,000 unemployed. I'm suggesting the responsible course of action in these circumstances is to refuse and fail to proclaim this legislation and to give Manitobans an opportunity, give them the opportunity to work, they deserve it.

MR. SPEAKER: The Honourable Minister of Labour will be closing debate. The Honourable Member for Churchill.

MR. JAY COWAN: Mr. Speaker, I hesitated to stand this evening, because I see the side opposite is feeling frisky, and chattering away. I thought perhaps they might like to stand and speak. But upon seeing the minister stand, I thought that I would try to get a kick at the cat in before she closed debate. I don't stand this evening to prolong debate, Mr. Speaker, and I'll try to be brief. I know that the House wants to get on with other business. But I don't feel that I could let this bill go by without interjecting a few of my own comments.

I tend not to speak to the cause of the bill, the precipitating factor, because I feel that this bill, the original bill and not the bill to repeal, but the original bill transcends any particular instance, and I'm not going to stand in judgment of the drafting of the bill, what it says, that has been done by people far more able than I have, and the case has been made, or it has not been made, depending on how you feel about the subject to begin with.

I'd like to address my remarks — as did the Honourable Member for Wellington — to the intent, to the effect of the bill, and in some specific terms, and I don't think that I have too much generally to add to what has already been said. Yes, overtime is unhealthy, there's no doubt about that. Yes, overtime creates unemployment, I don't think there's any doubt about that. But I would like to go into some more specifics. In one instance particularly, the unemployment aspect of overtime. I want to make it very clear that in my opinion, and I am coming in at a late date, so to speak, that I don't believe this bill was intended to bail any particular party out of a jam that they may have gotten themselves into, because I don't believe that to be a function of government, regardless of the feelings of the Member for Fort Garry, or the Minister of Health, when he said . . . —(Interjection)— No, no, I heard the debate quite well. I heard the debate quite well, Mr. Speaker, and I think if I can paraphrase him for a moment, he said that we would have to, in certain cases, isolate the combatants, or the antagonists. —(Interjection)— Throw them out, isolate them because the combatants . . . —(Interjection)— Remove them? Okay, remove them, I'm sorry. Thank you. The honourable leader corrected me — remove, and that's just as good a word. But when you say that you would remove the combatants or remove the antagonists, I think he said, you are opening up a whole host of problems. For if we were to follow his advice, in this specific case, to remove the combatants who are lying across the roadway, to remove the combatants would have had to be physical. Are we going to place ourselves in that sort of a position? Will we have to physically remove the antagonists and run the risk of flared tempers, adding fuel to an already deteriorating situation, aggravating all the parties concerned? And who, I might ask the honourable minister, who is going to make the decision? Who is going to make the valued judgment, and he said, "When the parties are acting irresponsibly." Well, who is going to decide when they're acting irresponsibly? What's responsible, what's irresponsible, when does it become irresponsible? Because we would assume that they would start out acting in some sort of responsible manner, and as tempers flared, they may become a bit irresponsible, but who is going to make that choice, who is going to make the valued judgment on when to act? Who in this House has the wisdom of Solomon? —(Interjection)— Sherman. Excuse me, the Minister of Health. —(Interjection)— Honourable, yes indeed. That, Sir, would be opening a Pandora's box of state intervention that I would not care to see, and I don't think too many people in this House would care to see.

I don't think that was the intent of this bill, I think it's out of the question. It was not intended as intervention, and I don't believe, Sir, it was intended as a financial boon to the workers to add money to their pockets, I don't see how it would. As a matter of fact, the Honourable Member for Inkster has reaffirmed that and said, "No, it wasn't intended." If I recollect his debate he said that it might cost them money in overtime; now correct me if I'm wrong, because it would be a deterrent overtime, and they would not be able to work that overtime. So it was not intended as a financial boon.

Then why? Was it to reinforce the eight-hour day? Was it to reinforce the forty-hour week? Perhaps indirectly, because I think those are admirable causes. But that alone is not enough, that is not the cause, and there's no mystery. I'm speaking next to last, or fairly late on the list, and people have said it before me. There's no mystery. The object of this bill was a deterrent. But why deterrent overtime? What is the problem with overtime? Well, many members of this House, and some speaking this day, addressed themselves to the problem with overtime. Health, safety reasons, social reasons, keeping people away from their families . . . —(Interjection)— Mostly it's wages. All are valid reasons. The shortening of the work week, Mr. Speaker, the shortening of the work day is a legitimate goal of working people, and it's a legitimate goal of this government to help in that sort of a

goal.

But there are other reasons, more pertinent reasons perhaps, more timely reasons, why we have this bill before us, and I think one of those reasons has occupied the attention of this House in the past couple of days, and that's unemployment. Mr. Speaker, we have a national unemployment rate of 8.4 percent. And locally, shamefully, shamefully, we have an unemployment rate in Manitoba of 6.5 percent. —(Interjection)— Shame indeed, shame. That's 28,000 workers, Mr. Speaker. 28,000 workers in Manitoba are actively seeking work, and that doesn't take into account those who have been actively seeking work for some time now, and have not been able to find work, and who have given up and resigned themselves to the welfare roles, or resigned themselves to living off of other people. That doesn't include them, and it doesn't include the young who, coming out of school, or coming of age, go out into the work force and find there are no jobs, that there are no jobs for them, so they give up, and they aren't actively seeking work, so they aren't part of those statistics. So recent estimates show us that if we add one or two percent to the public figures, then perhaps we would have a truer picture of unemployment in the province and unemployment in the country. Well, that truer picture would give us 8.5 percent unemployment — 7.5, 8.5. — it's a mute point, it's a true picture, Sir, but a sad picture I might add. In the last month alone, and those are the latest figures we have, in the last month alone, 6,000 people wanting to work were added to the unemployment list. 6,000 workers in the last month alone can't find work. And we have a new provincial government, sitting on that side of the House, that was swept into office on the promises of jobs, new jobs, more jobs, better jobs. — (Interjection)— Well, for whoever jobs.

What has happened, Mr. Speaker, is that they have watched jobs fly away, and they have sat on their hands — 650 jobs gone in Thompson. They've sat on their hands, or done a little dealing themselves. One-thousand jobs gone away Sundance, in Gillam, hundreds of jobs at Flyer, hundreds of jobs at Versatile, . . . Who knows how many civil service jobs? We're still trying to figure that out. — (Interjection)— 2,000 says the Honourable Member for Point Douglas, thank you. 2,000 he says. — (Interjection)— The honourable minister, correct. I stand to be corrected by the Honourable Member for Inkster, and it used to be the other way around I understand. .

At any rate, the list goes on *ad nauseam*, jobs gone. And the First Minister, what does the First Minister do in face of all this unemployment, in face of the highest unemployment rate in Manitoba in decades? He says, "Let them collect unemployment. Let them eat cake." And the frosting on that cake, Sir, the frosting on that cake that the First Minister is telling them to eat, is that they have a vehicle in the time and three-quarters, they have a vehicle to help alleviate the situation, to help create jobs. And what do they do with that vehicle? Do they try to build upon that vehicle? Do they try to support that vehicle?

A MEMBER: No.

MR. COWAN: You're right. No, they don't. The Honourable Member for Point Douglas says, "no, they don't." And the Honourable Member for Inkster laughs. Okay, I've got it right now.

A MEMBER: Two in a row.

MR. COWAN: Two in a row. Okay. I'd like some thumps too if you can once in a while, Brian. Thank you.

At any rate, what do they do? What do they do with a bill that would help those 6,000 new workers, part of 28,000 new workers — let's not forget the overall picture. They bring it forth to repeal. They repeal the only deterrent to overtime which is helping to create unemployment that we have before us, and a good deterrent it would be. The Honourable Minister of Labour agrees, and in her presentation of the bill she said, and I quote, "if the time and three-quarters is allowed to become law employers might be reluctant to request their employees to work overtime." Well, Mr. Speaker, that is exactly what would happen and that is exactly what should happen. But don't take my word for it, don't take our word for it, or even don't take the Honourable Minister of Labour's word for it.

Let's listen to what an employer has to say about it. An employer, Mr. Ralph King, appearing before the Industrial Relations Committee last year, on speaking on the time and three-quarters and overtime bill, who happens to be a garment manufacturing entrepreneur in the province of Manitoba employing approximately 300 workers according to his own estimate, and is also, I might add to his credentials, Vice-President of the Canadian Chamber of Commerce. He doesn't like the idea of time and three-quarters either and I'll quote, "but I would like them," and he's speaking of the government, Mr. Speaker, "I would like them to leave the time and three-quarters, which is a deterrent, alone."

We also know some things about Mr. King's operations and I think perhaps we should go into that. His employees work overtime. That's why he'd like us to leave the time and three-quarters alone, there's a catch there, he wasn't just coming in off the street as a concerned citizen. His employees work overtime, and a lot of overtime. So much overtime, Mr. Speaker — and these are his estimates — so much overtime that in 1976 alone they worked 12,567 hours of overtime. —(Interjection)— Well, how it breaks down is one of his firms worked 6,647, another firm worked 947, another firm worked 4,973. Those are appalling figures, Mr. Speaker. In the garment industry, garment industry workers average about 35.4 hours per week. Are those correct, the Member for Wellington? Close to. Those are the latest figures, in 1976, at least. So they work 1,840.8 to be exact, hours per year, on an average statistically speaking. That 12,567 hours of overtime that his employees worked last year, would have created, in the Manitoba economy, would have created 6.82 full-time jobs. It doesn't sound like a lot,

Mr. Speaker, right off the bat, but overtime in his plants, the 12,000 some odd hours of overtime robbed, and I do say robbed, seven people of this province of their right to a productive full-time job. Seven workers are on the unemployment rolls, they are out of work because — and it's my opinion, Mr. Speaker — because the management of that company cannot schedule properly. It cannot manage their production properly.

As a matter of fact, he tells us again — and he didn't seem concerned at all about the matter — he said that one of his plants worked overtime on a four-month basis, scheduled overtime for four months in 1976. Now, Sir, I too am not against emergency overtime when necessary, but I don't see how that could have been construed as an overtime. As a matter of fact, Mr. Speaker, his employees voted on it. They voted to work that overtime. Therefore, there must have been enough time, and it was a union shop, there must have been enough time to set up a proper election, to go through the whole procedure of voting, counting them, not an emergency, Mr. Speaker. If they had the advance notice that allowed them the time to vote it could hardly be called an emergency. But again, don't take my word for it.

Let's accept Mr. Henning's definition, a person addressing the Industrial Relations Committee again, and he was representing four aerospace firms. He implies that companies use overtime for two reasons. (1) and I quote "A company has insufficient workers available to work in regular time, or (2) Because a sudden change in work load makes extra work necessary on fairly short notice." Let's go back to Mr. King's case. Was it fairly short notice? No, he had time to vote on it, he had time to work them for four months. It wasn't in a one-day period or an extra four hours tacked on to the end of a day during a week or a month, which could be understandable in certain instances. No, it wasn't on fairly short notice at all. And it wasn't a sudden change. What then could be the reason? According to Mr. Henning, not me, but according to Mr. Henning, speaking against the time and three-quarters at the Industrial Relations Committee, representing four aerospace firms, not the employees, Sir, but the firms, according to him, it was scheduled overtime because they had insufficient workers because Mr. King wouldn't hire the seven workers who were out on the streets looking for jobs now, living off of the state when they don't have to be.

Time and a half in this case, and that's what he paid his employees for that overtime, time and a half was not a deterrent. It was not. And here's why it wasn't a deterrent, if I can get a bit technical and I'll try not to get too technical. Fringe benefits — fringe benefits are costed out on the basis of an eight-hour day or a 40 hour week. The Thorne Group Limited, a management consultant firm, did a study in 1973, not that long ago, and they discovered in surveying a group of 101 firms that statistically, averagely, the fringe benefit package equalled 28.13 percent of the payroll. And just as an aside, Mr. Speaker, to show how the fringe benefit package has grown, which enters into the argument later, it was 15.10 percent 20 years earlier in 1953, so in those 20 years it had nearly doubled. But let's get back to the case at hand here. We have a worker who makes, say \$5.00 an hour. That's an arbitrary number we'll pick, \$5.00 an hour. The fringes on that \$5.00 per hour amount to \$1.40 an hour, but, Sir, they are only paid on the eight hours. They are not paid on the overtime. Usually, and I say usually because there are exceptions, no cost or fringes are applied to overtime hours. So instead of having to pay those employees \$6.40 an hour he's paying them \$8.50 an hour, but it is still left than the \$5 — if I can transpose that. We'll start again I got too technical for myself here. At any rate let's forget the technics. The fact is that the fringe benefits influence the amount of money.

Another factor, Mr. Speaker, is the overhead costs of operating that garment factory. There is the rent or the mortgage or whatever the case may be. There is the upkeep of the equipment, the machines — the sewing machines, the cutting machines, etc. There is equipment depreciation. There is the upkeep of the plant itself, the office staff, the clerical staff that have to sit in the office. Usually in an eight-hour day even if the employees are working those twelve hours, when they were working that four months scheduled overtime I would assume in most cases the clerical staff were still only working their eight hours, so they're still only costed out on the eight hours. And there's the normal operating expenses of lights and heat and insurance — those don't substantially alter whether you're working an eight-hour day or a twelve-hour day — maybe the lights a bit but not substantially we're talking about pennies here. Okay. So whether that plant runs eight hours, or 12 hours, or 24 hours, these costs are constant. Then they are costed out on non-continuous operation, which this one was — a non-continuous operation being one that doesn't run 24 hours around the clock seven days a week. They are costed out on the basis of an eight-hour day, or a 40-hour week. So after the normal quitting siren rings, Mr. Speaker, those people who stay behind to work overtime, even though they're making time and a half, are being paid on a basis that does not encompass any fringe benefits and does not encompass any upkeep on the plant. And in an overhead intensive operation, Mr. Speaker, overtime at one and a half could conceivably — and I admit I am stretching a point — but could conceivably be cheaper than straight time. And the Honourable Member for Inkster shakes his head so I must not be stretching the point that much. — (Interjection) — He agrees. So the four months of scheduled overtime that Mr. King subjected his employees to, the four months of scheduled overtime might conceivably — and I'm assuming — might conceivably have been cheaper than hiring new employees. And even if it was it was more advantageous to Mr. King because he did have a choice of hiring those seven new employees if he wanted.

So there is no deterrent in time and a half. And if we are to believe — and I'm quoting members of the business community for the benefit of the members opposite, the government opposite because those seem to be the people that they would listen to far more than they would listen to me. So I'll do it one more time. I'll quote the General Manager of Burns Meats, Manitoba division, and he says, Mr. Speaker, that packing plants do not schedule overtime unnecessarily. And he says they don't — and I

quote — of “because one check is clear the costs associated with them.” Well, are we to believe that, Mr. Speaker, or are we to believe the figures he supplies? In 1976, again the last year of record, Burns’ workers, his workers, worked 83,000 — 8-3-0-0-0 — hours overtime. There’s 815 employees in that operation on an average. That meant that they averaged 97.6 hours overtime that year. And let’s run through the same example with them as we did with Mr. King’s operation. Food industry employees averaged 37.7 hours per week. That means, to be exact, they averaged 1,960 hours per year. Eighty three thousand hours of overtime, Mr. Speaker, would have created 42 1/3 jobs in 1976 for the Burns’ employees, so the question, Mr. Speaker, if time and one-half is such a deterrent, if the costs associated with time and one-half are clearly so punitive as the manager would have us say, then I would like to know why did Burns Meats subject itself to 83,000 hours of financial punishment in 1976 alone? They did so because there was obviously no punishment, Sir, and they were either bad managers or bad schedulers or the overtime was not costly to them.

But a more timely example, Mr. Speaker, INCO. I’m checking to see if the Honourable Member for Roblin is in again before I start on INCO. I see not, okay, well someone will have to tell him what I said because he gets quite uptight at these times. So on INCO, they’re cutting back 650 workers. Okay we know that, 650 workers. But, Sir, I just talked to the president of the union in Thompson not too long ago, a couple of days back, and he informs me that they are still scheduling overtime, Sir, on a regular basis. It is scheduled overtime; it is not emergency overtime, it is scheduled. Smelter workers at INCO are working — and there are approximately 100 employees — are working one day of scheduled overtime per month, Sir. Every one of them is working one day of scheduled overtime per month and in 1976 again, the mining industry workers averaged 40.3 hours per week. As an aside, Sir, on that 40.3 hours per week, in 1975 it was 40 hours even, so here we have widespread layoffs across the entire country. Falconbridge just announced some today. Sherritt-Gordon has cut its workforce almost by a third in Lynn Lake and Leaf Rapids. Falconbridge in Wabowden closed. We’ve had widespread mine closures; widespread mine layoffs, and they have increased the average hours that they work per week to above the 40, Sir.

But at any rate, to get back to the point in hand, if they work that 40.3 hours average per week, then they average 2,095.6 hours per year. So the scheduled overtime in that one department alone, one department alone, Sir, and there are 10 departments of that nature according to their contract, the scheduled overtime in that one department robs 4.62 jobs from the INCO workforce. And I et’s assume that they also work that amount of overtime in the other departments; that would be 40 jobs. I’m not talking about the spinoff jobs that are lost to the Thompson economy because those jobs are no longer available on an individual basis, I’m just talking about the 4.62 jobs in this case. Maintenance workers — and I asked the Honourable Minister of Labour if she’d received some notification from INCO on layoff because I’d heard that they were forcing maintenance workers to accept a job at a loss of pay of approximately 80 cents to \$1.00 an hour underground as mine beginners to go from their trade which is electrician, welder, mechanic — to go back underground at a wage loss because they were overstaffed on maintenance workers and they didn’t want to just come out and lay them off because that would have meant they would have to report. There were 50, 60, 70, 80 of these people, somewhere in that area, and they would have had to report it to the government, so they tried a little side manoeuvre on trying to force them underground where they know they’ll quit. They’re doing this to those employees, and again, somewhere in the area of 60 of them, and yet last week maintenance workers at INCO, the ones that were left on the surface, were working double shifts. They were working overtime while their brothers and sisters are being forced underground at a cut in pay so that they will be forced out of that workforce. That’s what overtime is doing, Sir.

Also in the north, the Winnipeg and Manitoba Building Trades Council reports that at northern construction sites, 30 to 35 percent of all hours worked are overtime hours, Sir. Thirty to thirty-five percent. That’s a deplorable situation. And there may be all sorts of reasons for them, Sir; I won’t go into that now. But I think in times of unemployment of 6.5 percent and 8.4 percent nationally, I think that we should take one hard, long look at the reasons they are working that many hours and the number of hours that the new jobs that could be created from those and set our priorities right. This is at a time when the trade unions are forecasting — and this is the Building Trade Unions — are forecasting 35 percent unemployment among their membership this winter, and in the north they are working 30 to 35 percent overtime. Cutbacks in Sudbury, new cut-backs today, and this was quoted in a Free Press article I believe.

A MEMBER: Watch the Free Press.

MR. COWAN: I read the Free Press, will it help to watch it? Does it do tricks? At any rate. . . a little aside there. It does do tricks, the Honourable Member for The Pas says. See I got you on record today. I figure you should say something in the House. At any rate, Sir, Martin Matthew, the Vice-President of Mine, Mill and Smelter Workers in Sudbury, the Falconbridge mine. . . there, Sir, which just laid off 750 I’m not going to use a specific number — laid off hundreds of employees and put his whole staff out on seven weeks’ layoff this summer. Today they announced that. He was quoted earlier this week as saying, “companies are getting production through overtime without hiring new workers.” In Manitoba, Mr. Speaker, “laid off bus worker claims, why are people on overtime?” We’re talking about jobs, we’re talking about creating jobs, we’re talking about alleviating the disastrous unemployment situation we have and we have people working overtime while their brothers and sisters are being laid off Sir.

And I’ll read — “Herb Perkin who worked his last day at the government-owned company,”

government-owned company, Sir — and I think it should stay that way, as an aside, if I can. At any rate the government-owned company this week said —(Interjection)— Run by the public.

A MEMBER: Owned by the people of Manitoba.

MR. COWAN: Owned by the people of Manitoba.

A MEMBER: Sounds better.

MR. COWAN: Sounds better, okay. I'm not going to acknowledge who said all those remarks — I don't have that much time left, but thank you at any rate. The government run, owned by the people of Manitoba Flyer Bus Company, okay? — but seriously, this week he said that the call for workers to put in overtime was issued Tuesday just before he walked out of the shop for the last time because he'd been laid off. "This I can't understand, it just doesn't seem right", Perkins says. Well, Mr. Speaker, I happen to agree with Mr. Perkins, it just doesn't seem right.

A MEMBER: It's her fault.

MR. COWAN: It's her fault? I'm not going to place any fault at all, Mr. Speaker. One of the members, and I'm not going to identify him for the record, but one of the members is pointing across the House and saying it's her fault. I don't care whose fault it is, Mr. Speaker, the situation is deplorable. The situation is deplorable, that we have 6.5 percent unemployment in this province and that a business we have the power to do something about is working its employees overtime and laying off the rest. That is deplorable, Mr. Speaker, and whose ever fault it is, and I point no fingers, whose ever fault it is, I wish they'd do something about it — not for me, I've got a job. —(Interjection)—

A MEMBER: They're trying to sell it.

MR. COWAN: I hope they don't do that. I don't want them to do that for me, Mr. Speaker, but I wish they'd do it for people like Mr. Perkins; for the 6,000 new people who were added to the unemployment rolls this month, for the 28,000 people that are on those rolls already, not to account for the hidden statistics. I wish they'd do something for those people.

A MEMBER: Double.

MR. COWAN: Double time to start, triple time later, okay. Very good. That was the Honourable Member for Inkster, so the record is straight there. He said, and we're talking now, not about the Honourable Member for Inkster, we're talking about Mr. Perkins at Flyer. He said, "Overtime is required nearly every night and for half a day on Saturday although last week a full Saturday was worked." He couldn't definitely say how many workers were usually involved although he estimated 20 or 25. Mr. Speaker, that is deplorable. I say again that is deplorable, that that man should be right now out on the streets, perhaps not now but during the day, looking for a job while Flyer Industry is working 20 to 25 people every night and half for full days on Sunday. Deplorable. Companies use overtime, such as Flyer, such as Falconbridge, such as INCO, such as Mr. King's company, they use overtime because in the long run it is cheaper than hiring the workers. I believe that one of my colleagues is going to explain that in a bit more detail and I won't steal the thunder from him. But you'll have to take my word for the time being that it is cheaper than hiring new workers. And the employers don't want to see time and one half tampered with because for them it's a good thing.

And we can listen to Mr. Hennings again, representing the four aerospace firms before the Committee on Industrial Relations. And what does Mr. Hennings say about those firms. Well those firms, Sir, like overtime so much, that last year an average of one thousand workers in those firms, and these are his figures, put in 60,000 to 80,000 hours overtime. Now I just, for the life of me, Sir, cannot understand how all that —(Interjection)— overtime could be emergency. Mr. Speaker, I would like to thank the Member for Roblin for notifying me that he's back in the House and I will tone down my remarks a bit so that he doesn't get too upset this evening with me again. —(Interjection)— I've just been passed a note, Mr. Speaker, to lighten the subject . . . let's not have a quarrel here because I haven't got that much time left and I have a lot of figures left.

I said I was going to be brief but obviously I exaggerated. I just have a note here from the Honourable Member for Kildonan who says, "Conservatives are true to form making us MLAs work overtime too, 10:00 a.m. until 10:00 p.m. five days a week." At any rate I wonder how many new jobs would be created if we didn't work overtime. Then maybe we would have some new elections and we could get some more members on this side and make the votes closer. At any rate I'm sure that's not their intent.

Back to the aerospace firms, the ones where one thousand workers are putting in 60,000 to 80,000 hours of overtime a year. The general average for that industry, Sir, is 39.6 hours per week, or we'll extrapolate again, it's 2,059.2 hours per year. Now using their low figure of 60,000 hours overtime in the year, Sir, 29.13 jobs would have been created. Using their high figure of 80,000, 38.85 jobs would be created. But being a compromising sort on occasion, we'll use our 70,000 figure which is sort of

inbetween; well exactly inbetween, the 70,000 figure means that 33.99, or effectively, 40 jobs would have been created by that overtime that was worked.

Sir, overtime is definitely, there can be no doubt, definitely adding to the unemployment problem in this province, the unemployment problem in this country. And how does the industry view that overtime? Why are they so up-tight about it? Why do they not want us to tamper with the one and one-half time? Well let's listen to industry speak a little bit on overtime. And again I believe it's Mr. Hennings. He says, "We hold to the view that it is better to askun employee to do something than to order that employee" — and he's speaking of overtime, Sir. Then he goes on to say, "We also hold the view that an employee has a responsibility to exceed to the reasonable requests of his employer as in regard to working overtime". So they'll ask, and you have a responsibility to say, "Yes sir, I will work the overtime."

A MEMBER: Or else.

MR. COWAN: Or else, Sir, yes. The Honourable for Flin Flon knows the "or elses" for sure. He told me a story — I believe it was the Honourable Member for Flin Flon — no, excuse me, it wasn't the Honourable Member for Flin Flon, so I won't tell the story. I'll tell it another time in this House. — (Interjection)— What story did you tell me, the Honourable Member for Wellington?

At any rate rate, Sir, his industry does not want its employees to be able to refuse overtime because that overtime is beneficial to them, Sir. And it is cheap to them, it is cheap overtime at one and one-half times. The industry wants that overtime, they want cheap overtime and he wants his workers to havsto work it. As a matter of fact that same person came in and said before the committee, "I'd like to see a clause added to the Labour Relations Act in this province." And that clause was, "the refusal individually or collectively to work overtime in an attempt to force the employer to exceed union or employee demands should be added to the definition of a strike in this province." That's how much time and one-half overtime means to them. They're willing to ask nicely, if you're willing to say yes nicely. If you're not willing to say yes nicely then they're going to legislate you to work the time.

A MEMBER: It's a shame.

MR. COWAN: It is a shame, Sir, it is a shame. The Honourable for Flin Flon says it's a shame. I agree it's a shame. He's a very astute gentleman, the individual who wanted to put that clause in, very astute. But his vested interest in overtime betrays the advantages he sees to overtime. It is profitable. It is easy. It is convenient for the employer. They can be the worst schedules possible, they can be the worst production managers possible, as long as they can tell you to stay an extra four hours to make up for their mistakes, five days a week and half a day or a full day on Saturday, overtime is convenient to them. And as long as they can do it at time and a half, Sir, it's cheap to them. So it's profitable, it's easy, it's convenient, it's cheap, but it's damaging to the economy, Sir, and it's a travesty to the unemployed.

In good times, Sir, if these were prosperoue times, Sir, then there would not be the urgency to deal with overtime in such a manner because, Sir, then we would have full employment or near full employment. We would not have people out walking the streets like those seven people that the garment industry employer has put out in the street because he works his employees overtime. We wouldn't have them on the streets. So I say that in good times, prosperous times, there would not be the urgency, Sir, but no one in this room will tell you that they're good times right now, and the 6.5 unemployment rate for this province betrays the fact that the times are not good. Bluntly, Sir, these are bad times, and repealing time and three quarters, facilitating job-robbing overtime will make them worse, they will make the times worse. And at a time, Sir, when we should be encouraging the hiring of new workers by the repealing . . .

MR. SPEAKER: Order please. I just want to inform the honourable member he has five minutes left.

MR. COWAN: Sir, I had one sentence to get in and I wanted to get it in, my apologies. I'll stand up again, and I didn't get a thump like the Honourable Member for Wellington . . . there's my thump, thank you. And at a time, Sir — I'll start all over again — at a time when we should be encouraging the hiring of new workers. By the repealing of this bill we are accommodating the over-working of all workers. Thank you, Sir.

MR. SPEAKER: The Honourable Member for The Pas.

MR. McBRYDE: Mr. Speaker, I just want to make a few comments on this piece of legislation. I did make some public comments before the session started, my feelings or my opinion on the overtime legislation, and I think that at that time, Mr. Speaker, I said the reason that employers work their employees overtime is that there is no extra cost to working them overtime. Mr. Speaker, I think that I made a mistake. I think that I was wrong in that assumption or that statement that I made. The more I see of the figures and the more I see of the facts, it's not that there's no extra cost for overtime, there is in fact a cost benefit, or a profit benefit to employers to work their employees overtime. But, Mr. Speaker, the main concern that I emphasized at that time, and my colleagues have so ably emphasized, is the fact that what we have here is — in the bill that was past by the previous

government, time and three-quarters — a simple, logical practical way to proceed, to try and reduce the amount of overtime in the province of Manitoba, to try to reduce the amount of overtime and increase the employment of people in the province of Manitoba.

But, Mr. Speaker, I would like to quote briefly from an article that I believe appeared in "The Challenger" entitled "Why the Boss Likes Overtime" which I think demonstrates that I was incorrect in my statements before the session started. "People often wonder why employers go to so much trouble to force workers to work overtime even though they have to pay time and a half for overtime hours. Wouldn't it be more sensible to hire extra workers and to install more machinery at straight time? The fact is that the company makes more profit on overtime hours than on regular hours, in spite of time and a half. The main reason for this is that the boss has certain costs — wages, fringes, overhead — which are paid for by selling what the worker produces in the first three hours of the worker's production. Anything the worker produces after that is clear profit. Therefore the longer the working day the more the profits. A typical factory of 1,000 workers tells the story. In the last four hours of a 12-hour day the company pays time-and-a-half, but it doesn't pay anything for fringes, for example, pensions, hospitalization, et cetera. So if you count fringes in with wages for the first eight hours the company pays only one and one-fifth as much to the worker during the four overtime hours. And look what he saved in those last four hours — rent, real estate taxes, interest on debt — and much clerical and administrative work is no greater for a 12-hour day than for the 8-hour day because the white-collar staff only works eight hours. So essentially the company has almost no overhead during the last four hours. We see that this means that for an 8-hour day it takes the first five hours of production to cover costs leaving three for profits. In a 12-hour day it takes two hours longer, seven hours to cover costs, leaving five hours for clear profit. Any way you measure it the company makes more working the workers overtime than it would hiring additional workers and buying more machines at normal straight time."

Mr. Speaker, my colleagues have summarized that and said that in various ways. They've looked at that argument and I think, Mr. Speaker, as I said earlier, it's just sort of a practical and feasible measure — it just makes logical sense. That's what I tried to point out earlier, and that's what I tried to point out this evening. But I don't think there's going to be much listening on the other side because the other side is tied to a rigid philosophical position, or a rigid ideological position. They have a theory that whatever makes companies, whatever makes companies happy is going to help produce jobs. And I think if you look at the facts, if you look at the figures, this doesn't bear out. The figures that my colleague for Churchill just mentioned, and I think that other colleagues have mentioned, show that in fact increased overtime creates unemployment and not *vice versa* as the Conservatives would have us believe.

So their basic philosophy is that what is good for INCO is good for Manitoba; what is good for Burns is good for Manitoba; what is good for Ralph King is good for Manitoba; what is good for the aerospace industry is good for Manitoba. That is why they won't listen to plain, simple, logical arguments in regard to this bill. —(Interjection)— Without quoting Marx, as the Minister of Highways wants to holler out across here now and he does like to take his ideological position, but by quoting from industry leaders in the province of Manitoba who made submissions to the Industry Relations Committee it can be shown that it is to their advantage to work people overtime. It is to their advantage to help create unemployment by working people overtime and the rigid ideological position of members opposite prevents them from dealing with the matter practically. They are the ones that are rigid in philosophy; they are the ones that are rigid in ideology. Mr. Speaker, I don't think that even though we presented pretty careful and well researched facts and figures that show that the changing of the overtime legislation, that passing the bill before us will in fact create unemployment, I don't believe members opposite are going to listen to that argument because they are stuck in their ideological position.

MR. SPEAKER: The Honourable Member for Point Douglas. Are you ready for the question then? The Honourable Minister of Labour.

HON. NORMA L. PRICE (Assiniboia): Mr. Speaker, I've been up and down so much I can't realize my time has arrived. I would just like to make a few closing remarks about Bill 6 which proposes to repeal the one and three-quarters overtime rate provision and revert back to the generally accepted one and one-half overtime rate.

I have listened with interest to all the many observations; however, I haven't heard anything to really alter our position as we indicated in remarks when the bill was put before you two weeks ago. We strongly believe that the time and three-quarter provision would not have been a benefit for the employers or employees and would have a negative effect on the economy of the province. Our general aim is to encourage the expansion of employment, particularly in the private sector, by creating a general economic climate favorable to expansion. The time and three-quarter provision was simply not consistent with this general aim. In fact, it is a negative factor in terms of trying to create a healthy economic climate for opportunities for job creation.

I would like to ask my honourable friend for Wellington what happens when work programs such as snow clearing or pouring cement or repairing bridges, laying tile — what happens when these things must be done at any time or any day? I don't think the taxpayers would be very pleased if they had to pay sixteen and two-thirds more overtime because of this legislation.

Another example would be the Manitoba Sugar Company. They work four months of the year but during those four months they have to work 24 hours a day, seven days a week. What would we do,

drive them out of the province?

A MEMBER: Nobody works 24 hours a day.

MRS. PRICE: The Manitoba Sugar does, Sir. I would also like to emphasize once again that we are against the time and three-quarters because it wasn't asked for by employees, employers; it was not asked for by any of these groups, not even the labour groups, because it is not a major concern to them nor was it in their best interest to have such a provision in the statutes.

Also, as I indicated before, no other jurisdiction in North America has this kind of legislation. We can't afford to have this and put us out of a comparable area with the rest of Canada or our members from across the line. Across the line they have a lower minimum wage. They don't have one and three-quarter overtime. We believe that most overtime is either requested or required — it's not planned or scheduled overtime as is suggested by my honourable friends opposite. Generally, it is usually required on occasion because of a seasonal work or because of the weather conditions and I can see no reason why employers should be penalized by imposing a higher overtime rate.

Higher overtime rates that are imposed on employers who are out of necessity required to use overtime can have other adverse effects. For example, it could result in higher prices for consumers or higher taxes for the taxpayers because of the increased cost to employers or governments. It could also, as I indicated earlier, put some Manitoba employers in an uncompetitive position by increasing their cost in relation to the costs of competing employers in other areas.

I would also like to mention — is the Honourable Member for Churchill still here? Yes, he is. I would like to ask him if he is giving us the full blame for the high unemployment when we have only been in office five or six weeks? He has had eight years to improve the situation.

Sir, I have no hesitation in recommending this bill to the members of this Assembly and asking for the unanimous support in passing this legislation.

QUESTION put, MOTION carried.

MR. SIDNEY GREEN (Inkster): Yeas and Nays, Mr. Speaker.

MR. SPEAKER: Call in the members. On the proposed motion of the Honourable Minister of Labour, an Act to amend the Employment Standard Act (Overtime Rate of Wages),

A STANDING VOTE was taken the result being as follows:

YEAS: Messrs. Anderson, Banman, Blake, Brown, Cosens, Craik, Downey, Driedger, Einarson, Enns, Ferguson, Galbraith, Gourlay, Hyde, Johnston, Jorgenson, Kovnats, MacMaster, McGill, McGregor, McKenzie, Mercier, Minaker, Orchard, Ransom, Sherman, Wilson, Mrs. Price.

NAYS: Barrow, Bostrom, Cherniack, Corrin, Cowan, Evans, Fox, Green, Hanuschak, McBryde, Malinowski, Miller, Parasiuk, Pawley, Schreyer, Uruski, Uskiw, Walding.

MR. CLERK: Yeas 28, Nays 18.

MR. SPEAKER: I declare the motion carried.

May I ask now if it is the intention of the Government House Leader to go into Committee of the Whole House? The Honourable Minister of Finance.

MR. CRAIK: Mr. Speaker, I move, seconded by the Minister of Health and Social Development that Mr. Speaker do now leave the Chair and the House resolve itself into Committee of the Whole to consider and report the following bills: (No. 3) - An Act to amend The Gift Tax Act (Manitoba) and The Succession Duty Act (Manitoba); (No. 4) - An Act to amend The Mineral Acreage Tax Act.

MOTION presented and carried and the House resolved itself into a Committee of the Whole with the Honourable Member for Roblin in the Chair.

COMMITTEE OF THE WHOLE HOUSE

BILL NO. 3 — GIFT TAX AND SUCCESSION DUTY ACTS (MANITOBA)

MR. CHAIRMAN, Mr. J. Wally McKenzie (Roblin): Bill No. 3 — An Act to amend The Gift Tax Act (Manitoba) and The Succession Duty Act (Manitoba). Part 1, Amendments to The Gift Tax Act (Manitoba),

Section 1—pass; Section 2(a).

MR. GREEN: I wonder if the minister, in dealing with that, would care to make a prediction as to by what degree we can expect in a period of eight years, or less than that actually — four or five years — that there will be \$1 billion invested in the province of Manitoba by virtue of this legislation. Will it be \$200 million this year, \$200 million next year, or \$100 million this year and \$500 million next year? Could he care to indicate the rate at which this \$1 billion over a period of four years will be invested as a result of this legislation?

MR. CHAIRMAN: The Honourable Minister of Industry and Commerce.

MR. BANMAN: Well, Mr. Speaker, the answer to one of the questions is would he care to — no, he wouldn't care to. Probably the second question is, can he? The answer is probably in definitive terms "no." I don't know what the third question was, but I'm sure that in eight years, like all of the other things that happen in a democratic society where you place your bets and you hope for the outcome further down the line, whether you're imposing taxes or whether you're releasing taxes, there is no clear-cut answer to these things. I'm sure that you will find the Galbraiths and the others who will give you economic models that will tell you undoubtedly in pretty clear terms exactly what's going to happen. I've seen many people in Manitoba who've also come on the scene, and they've always talked about something that's far enough over the horizon that they're never here quite long enough to have to live by the consequences of their decision. But Mr. Chairman, I wouldn't go quite so far as to say exactly how many jobs are going to be created, or how many millions of dollars are going to return to Manitoba. All I can tell the Member for Inkster is that the indications that have been given about the flight of capital, so called, from Manitoba over the period of the last two years, I believe has been very significant in terms of reinvestment capital in this province. I'm told from people who are in the legal business and in the accounting business that it's likely that significant amounts that would have left will not leave and that some that did leave will return, but I wouldn't go quite so far as to try and answer his question and say there's going to be X millions of dollars returned to Manitoba in the next eight years.

MR. GREEN: Well, Mr. Chairman, I'm sorry I used the term "eight years" because I think that the second succession duty laws changed only five years ago and it's been suggested by a minister of the Crown — I guess we have to listen very carefully — that over that five year period we've lost \$1 billion, and I would therefore think that with the laws changed that in the next five years we can expect to gain back \$1 billion. I just wondered whether the honourable minister could indicate at what stages this is prepared to come back and he's been fair enough to say that he wouldn't care to, nor could he. In view of the fact that it was announced at least on October 11th that these taxes would be removed, and therefore it is now much cheaper to die in the province of Manitoba and there should be investment, and in those two months we've seen unemployment increase by roughly 2 percent to the highest rate that we've had since 1940, I believe, which indicates that at least it hasn't been abated thus far. How long does he expect the people of Manitoba to put up with this doctrinaire, capitalist experiment?

MR. CHAIRMAN: The Minister of Finance.

MR. CRAIK: Well, Mr. Chairman, I have to tell you that — and perhaps repeat — that there's more than one reason for the removal of the Succession Duty Act. One of them is the so-called experiment, not necessarily in capitalism, but to create the checks and balance of society that I think many people believe in in this House and which I also happen to think that the person sitting on the left of the Member for Inkster happens to believe. Otherwise I don't think he would have been delving around, wondering whether this Act should have been repealed itself or at least modified substantially to create and encourage the formation of private pools of capital in the province of Manitoba for investment or reinvestment.

So Mr. Chairman, I think the member has had his games and I've replied accordingly, and I think that's where the story ends. I fully expect that there's going to be reinvestment of capital. I don't think tuat in the total picture that the \$5 million is going to substantially change what he's trying to attribute to being the cause of unemployment, or at least alluding to the fact that the existence of this tax, or its non-existence, has something to do with the unemployment picture. I don't think that the Member for Inkster would want to go quite so far as to indicate that the amount of money collected from this tax is going to make a substantial difference. This government and the former government is quite prepared to look at the amounts of money collected in this tax towards fighting a temporary unemployment program, but let's not pretend that in the long term this is going to make a substantial difference.

MR. GREEN: Well, Mr. Chairman, I agree, and I'm going to try to terminate my questions on this, but I didn't intend that the \$5 million would be the stimulus to investment. What I was talking about is the psychology referred to by the Minister of Health and the great change in climate that's going to take place and should have taken place on October 11th, but apparently hasn't, except it's got very cold — I mean, I don't think we've ever had as cold a winter. What I was suggesting, Mr. Speaker, was that we would reverse this suggested trend. We're not talking about \$5 million. We're talking about \$1 billion over a period of five years and if we put inflation onto that \$1 billion, it's probably \$1.5 billion. I

want to know, what is the expectation as to reverse that trend so that in the next five years, and I hope it doesn't last that long, the experiment that I referred to, that we are to get back \$1.5 billion as a result of the change in climate and what the estate tax has cost us over the last five years? It will be interesting to tabulate those figures as they come in.

MR. CRAIK: Mr. Chairman, I have no hesitation in joining with the Member for Inkster several years from now and tabulating the results of this change. I do want to point out at this juncture as well that having checked the records and in view of some of the debate that has taken place in this House as to the impact of this on the agricultural community, there has over the past four years been about 28 percent of the forms or the applications of this Act have applied to the agricultural community, to farms — approximately 28 percent, 30 percent, in that range.

MR. GREEN: In forms, but not in dollar value.

MR. CRAIK: In dollar value, the figures are somewhere of the same order, but not significantly different. But the . . .

MR. GREEN: I said \$1.5 billion.

MR. CRAIK: Well, Mr. Chairman, there has been some indication that this somehow didn't apply, by one of the members of the opposition; there's somehow been a suggestion on this side of the House that I was misleading the House in some terms in over-emphasizing perhaps the impact on the agricultural community. I want to tell you that the review of the statistics over the past four years would indicate that approximately in that range— 28 to 30 percent of the applications of this Act have been to the transfer of farmlands from one party to the next, whether it is from husband to wife, or whether it has been from generation to generation, and not usually the other way around, from the wife to the husband.

I want to point out also that it has come to my attention as a result of the discussions that have gone on in the last few days, that there have been a number of applications where it has not been people that you think are the people with the sort of land, estates where they have mountains of money or property at their ready disposal, but has come about as a result of insurance policies that have come about as a result of an accident in the family where the parents may be killed in an automobile accident and the money, in attempting to pass on to the children of the survivors, if you wanted to use a dramatic example, also becomes subject to this particular tax. If you want to use a dramatic example. The usual example is the farm example because, as I say, it is affecting 28, 30 percent of the application to this Act is in the farming community. The rest is in those categories, and, Mr. Chairman, it applies in cases where the estates in this day and age are not that large. It applies in the case of parents passing on to children estates of \$100,000 or less, where if you have parents killed in an accident, the children become the beneficiaries of an insurance policy. If it is a young family, I don't think even the members opposite want the condition to exist where the state is taking any part of that, when that \$100,000 or whatever it may be, has to go on to see them through their education and on. Now, okay, that's not the typical case but it is a case that can exist, and the more typical case is the case of the family farm passing from generation to generation. That is the most typical case.

MR. CHAIRMAN: The Honourable Leader of the Opposition.

MR. SCHREYER: Mr. Chairman, I had intended to wait until third reading stage of this legislation in order to address the House with respect to the subject matter but since it has been raised here in committee stage under somewhat more informal rules, I'm quite prepared to proceed now. The Minister of Finance, having brought my name into it — I'm quite happy to join in — and begin by saying to the Minister of Finance that he's quite wrong when he says that the Member for Inkster, having raised the questions and he having answered, that it is "the end of the story." As far as I'm concerned, Sir, and many, many Manitobans, the great majority of Manitobans, this is merely the beginning of the story because the story that will unfold in the next few years — and I quite agree with the Minister of Finance, it is only right in the democratic system that one group, having contended successfully with certain arguments to the public should have an opportunity now to demonstrate whether there is validity to their hypotheses or not, and we are in a position, perhaps even better position to sit back and wait to see whether our view or theirs is in fact the one that prevails in actual fact. And it is actual fact that I would like to dwell upon this evening — not the kind of flight of fancy, flight of capital the Minister of Industry said — it was a flight of fancy more than a flight of capital that's at issue with his document, or what purports to be a document. I have it before me and the only thing that is recognizable in this document is the heading in embossed letters, "Capital Flight." There is no letterhead to this document, no indication as to the office from which it emanates, no signature, and one Keynesian and one pre-Keynesian hypotheses. It's right in here and I intend to take the time to read it all and to comment as I go along, and then having finished with this rather fanciful document which deals in rumour, supposition, hearsay, nothing that would be accepted under rules of evidence in any court, I then propose to deal with actual fact as provided by Statistics Canada Catalogue 61-205 and 206, which deals with the facts of investment in this province as it unfolded and took place from year to year all through the 1960s and all through the 1970s. It is easier for some than others to work up a head of steam, Sir, but it is relatively easy for me to work up considerable

indignation with respect to the kind of simplistic, childish nonsense that the Minister of Industry put before us in the past 24 hours.

Maybe this will edify some honourable members — I doubt it, but it's worth the effort. "The investment decision" — I'm quoting now from the document — "The investment decision" — speaking in the abstract — "is the culmination of a complex, not often explicit joint evaluation of risk and profit. One of the factors considered in the evaluation of profit is taxation." I feel that this is second year university economics, Introductory 202 — perhaps first year. "The common assumption that the evaluation is a rational process implies that taxation reduces investment because it has no negative impact on risk, but does reduce profit. The cost to the society is the investment in self and the efforts of the entrepreneur. Estimating the economic impact of these losses or costs raises two major questions. One involves the behaviour of entrepreneurs." — now we're getting into sociology. "Do such people actually reduce their efforts in investment? The other involves the working of the economy — is its size that is the output in employment it generates, simply smaller, but the growth rate the same, or are both reduced so that the cost increases over time? However implausible the first loss, that is, the loss of the efforts and investments of entrepreneurs, is in a closed system, the question becomes merely (sic) a problem of measurement when entrepreneurs and capital enjoy mobility. That is, given an open system there can be no disagreement on the direction of the change in investment." — There has been no estimation of the impact may I repeat, Sir — "there has been no estimation of the impact of Manitoba's tax differential made public and in fact, the measurement problem is so formidable that it is unlikely the discussion or debate following the release of such a study could ever move beyond the estimate of the change in investment to consider the policy implications. Nevertheless, one quantitative indication of the magnitude of the change has come to the attention of the department — a principal of the Winnipeg firm of" — then it's deleted, blank — Chartered Accountants affirms that clients of theirs have over the last five years, moved in excess of \$100 million out of the province to escape succession duties. He affirms that \$20 million have been moved in 1977. There are some 120 chartered accountant firms in the 1977 Winnipeg Yellow Pages. The total transfer remains anybody's guess" — I guess this is where the guess came from, the "guesstimate" — "but suppose nine other firms — blank, and then a deletion, and blank — "seems reasonable," and implies that "a transfer of \$1 billion at a rate of \$200 million annually is conservative." Yes, that is a Conservative — with a capital C — "guesstimate, even allowing for those straight sales of existing assets.

This paper will present two approaches: (1) the multiplier as developed by Keynes" — that's about the only thing in this paper that surprised me, Mr. Chairman, to have a document released by a Conservative minister of the Crown in Manitoba that would make open reference to Keynes — "nevertheless, Manitoba's multiplier is probably below two. Using two, this would predict the impact of a decrease in investment of \$200 million annually to be a \$400 million decrease in the Gross Provincial Product. Then there is the pre-Keynesian or capital stock method."

Perhaps honourable members will excuse me if I just don't carry on reading, because this is obviously, Mr. Chairman, a most academic type of document. But let me quote one more sentence at least. "Policy issues, quite apart from any discussion of the empirical issues, are two: (1) are the benefits of the inter-generational equity being accomplished worth the reduction in the size of the provincial economy and the temporary dislocations implied, and (2) should the Crown supplement investment to compensate for the decrease in private investment."

Now, Mr. Chairman, I'm going to ask the Minister of Finance and the Minister of Industry to indicate whether they read this document carefully enough to ask themselves the question, — when there is reference made to decrease in private investment, the question must be asked, "Decrease in relation to what?" because, quite apart from this conjectural document, when one looks at Statistics Canada Catalogue 61-205 and 61-206, one finds that there has been a steady, measurable, significant increase in investment in this province over the past 15 years. And back in the days when the Conservatives were in office, I mean the Roblin Conservatives, there was no inter-provincial competition with respect to succession duties. There was a succession duty in Canada, in all of Canada, levied by the government of Canada. I believe that at that time the exemption threshold was \$50,000, unlike today where it is now in the order of \$250,000 exemption, so that there could not have been this inter-provincial competition bleeding off potential investment from Manitoba. In fact, if there was any lack in the pace of investment in Manitoba in the 1960's, it must have been for reasons, whatever they be, other than that of inter-provincial competition for investment by virtue of playing games with, or reducing, or eliminating succession duties.

Now, what do the actual facts show, Mr. Chairman, as opposed to this childish, simplistic conjecture? Rumoured conjecture. A chartered accounting firm says this, and it implies furthermore — may I add as an aside — that the movement of capital in 1971, 1972, 1973, 1974, and 1975 from Manitoba was because of the succession duty. Mr. Chairman, do the honourable members opposite not realize that there has been movement into and out from Manitoba going on since Confederation, and it has ebbed and flowed, it has fluctuated from year to year? But even in the 1960's, when my honourable friends were in office, capital was moving from Manitoba — not something about which to push the panic button, but it was moving in an open society, open economy it does move. I know of entrepreneurs in this province who moved capital from this province to establish factories, warehouses, in such places as North Dakota, Minnesota, Wisconsin, Alberta, Ontario, the Lakehead Ontario, Saskatchewan, and vice versa. So that any attempt to measure the movement of capital in one direction only, and then to quantify the movement, or attempt to quantify it as being attributable

all to one factor is the most crass kind of dishonesty. There is no other word for it. When a manufacturing firm in Winnipeg in the 1960's decided to spend \$1.8 million to build a facility in North Dakota, that was a movement of capital. When a Winnipeg investment house decides to buy up \$33 million worth of bonds issued by Imperial Oil, or Standard Oil of New Jersey, that's a movement of capital. And that has been happening from time to time, over decades. That all seems to be conveniently forgotten by my honourable friends opposite, or else they were never aware of it in the first place.

Now, when I say it's only the beginning, the Minister of Finance responds to my colleague, the Member for Inkster, by saying, "That's the end of the story." I say, "That is the beginning of the story," because I want to now outline to my honourable friends, again from Stats Canada Catalogue 206, the following information. "Private sector investment in Manitoba . . ." Just to show the remarkable consistency of the pace of private investment in Manitoba over the past 20 years, may I put the following information on the record, Sir. "Private sector investment in Manitoba, 1958, \$296 million." And some members, I'm sure, will be really intrigued to get this. It happened to be 54 percent of total investment — the balance was public sector investment. And this, Sir, was 19 years ago. The next year, "\$346 million" — 53 percent private sector; 1960, "\$339 million" — 52 percent total investment was from the private sector — but did you notice, Sir, there was an actual drop in investment of \$7 million? So my honourable friends opposite cannot feel that people are so naive and silly as to expect that governments every year in succession, without exception, must witness an increase in investment or there is something fundamentally wrong with the philosophy of the government, as they're trying to imply, because in more years than one we witnessed an actual net decline in the amount of private investment in Manitoba compared to the previous year when they were the administration of this province in the 1960's. And I want to take enough time to put it all on the record, Sir: "1961, \$290 million investment by the private sector" — it went down another \$49 million decline, so they did not witness the slow and uninterrupted growth in investment in this province, let alone in the private sector. Some years it actually declined; "1962, \$294 million" investment by the private sector — it actually increased by \$4 million dollars, would you believe, for a total of two percent; "1963, \$333 million; 1964, \$380 million; 1965, \$414 million; 1966, \$465 million; 1967, \$483 million; "1968," the last full year in which they were in office, "\$501 million," and may I update here again, Sir, by pointing out that in the entire decade when they were in office — and those who are really intrigued with this phenomenon of balancing public and private sector investments so as to attempt to obtain for our people the greatest possible stability of economic development and growth — and they are putting so much emphasis these days — they're telling the world that all the problems of the economy of our society must be solved by the private sector — isn't that what they're saying? Well I want to tell this House that in 11 years, the ratio of private investment to total investment in this province went from 54 percent in 1958 to 49 percent in 1968. Who are they trying to kid? Who in the world are they trying to kid that the private sector is going to bail us out all by itself? I believe that I have a right, Sir, to say that I believe in the efficacy of the private sector at least as much as anyone on that side who is realistic. To those who engage in flights of fancy, who believe that the private sector in and of itself will cure our problems, I say — well, I can't say what I'd like to say, Sir — it would be unparliamentary. — (Interjection) — My honourable friend — well, I shouldn't allow him to distract me from the main point here, Sir. The main point being that — and it's nothing to brag about — on the other hand, it's nothing to complain about — but that in the entire 11 years in which the Conservatives were in office, the quantum, or the ratio, I should say, of private sector investment to total investment changed — well it changed by a couple of percentage points only, and that happened to be downward. Now, the eight years in which the New Democratic Party was the government of this province, we started out with a ratio of private investment to total investment of 49, say 50 percent, and we are, in the year of our Lord, 1976, the last full year for which we have figures available, at 54 percent. The irony of it, Sir, is that the 54 percent happens to be the same figure as the Conservatives started out with in 1958. So the old philosophic expression that the more the world changes, the more it is the same certainly would seem to apply here. They started private investment being 54 percent of the total investment in our province in 1958 — they ended up at 50 percent, and we started at 50 percent, and we ended up at 54 percent, which coincides with the 1958 figure.

A MEMBER: What did we do wrong?

MR. SCHREYER: Now, of course, in a way that is perhaps an indication, perhaps the greatest concrete or tangible indication that perhaps we could have done better, but, quite seriously, Sir, it does demonstrate that in attempting to govern in a society which more or less accepts the notion of a mixed economy with a judicious combination of both private and public sector, that things just don't change that quickly, and that governments are engaging in a kind of self-delusion to think that they can, by such measures as the one that's before us now, the Succession Duty Tax, it's going to give such a dramatic incentive to the private sector that all of a sudden, after 20 years, that the private sector is going to go from 50 or 54 percent of the total investment in our province up to 60, 65, 70, 75, and beyond that to some dizzy heights. That, Sir, has got to be blatant nonsense.

My honourable friends, of course, have a right to say for a while — I won't presume to say how long — perhaps three months, six months, maybe even a year — that it's too early to tell whether their grand strategy, their grand strategy of out-Conservativizing the Conservative administration of the 1960's is going to pay off. And when I say "pay off," Sir, I suppose we all have the same meaning in mind, namely to pay off in jobs. Isn't that what it is all about? I mean, Sir, if this measure does not pay

off in jobs, we happen to believe that it will not significantly do that, but if it doesn't do that at all, and to go into this, to sponsor this legislation thinking in advance that it may not have a dramatic effect in terms of creating jobs, then, Sir, it borders on the unconscionable to even bring it here in the first place, because there can be no pretense that it has any other virtue. If it has any possible virtue, it is that it may somehow, despite 20 years of empirical evidence to the contrary, that it may despite that somehow result in creation of more jobs. But I think I heard some honourable gentleman opposite say that he didn't think it would have all that significant an impact in creating jobs, in which case it has to be denounced as being totally without virtue, because the other consequence of it certainly is the very opposite, the very antithesis of that which has to be strived for most in any tax measure and that is equitability.

My honourable friends, even those in that relatively tight-knit, pre-Roblin, pre-Keynesian Conservative outfit that we see across the aisle, they are not monolithic. Some of them are supporting it because they think it may create jobs — and I'm being kind — I'm giving them the benefit of the doubt. Some are supporting it because they really believe, in their own strange way of reasoning, that it is right that there be no taxation on the succession into wealth on earned increments. And I suppose there is a third group that feels simply plain uneasy about it, but are riding along because they feel that it's sort of the thing to do for a Conservative. And I suspect there's a fourth group who are for this measure because they see that we are quite a bit against it, and therefore to make sure that they aren't tainted with what they would call socialism, and indeed they describe the existence of this tax as a socialist measure. I want to say to them without apology for repeating, that upon checking again this afternoon with a state capital or two, I find that in the United States, not only is there a federal estates tax covering the entire nation of the United States of America, but also a second tier of inheritance tax covering the majority of states of the United States. Now it takes a caveman to say, a caveman Conservative to argue that this is inherently a socialistic tax. —(Interjection)— Well, indeed, the Republican legislature in North Dakota did vote last April, but do to do what, Sir? Not to abolish the state succession duty tax, but to increase the exemption from where it had been all along in recent years — \$60,000 exemption —(Interjection)— Yes, that is all — up to \$200,000.00 I say to my honourable friends that they could have at least taken a more rational approach if they felt that the exemption threshold is too low, to have increased it perhaps to \$300,000, \$350,000, \$400,000, but not to drop it entirely and then to use as an argument that we do not have it in Canada because the federal Liberal government in 1970 or 1971 introduced a capital gains tax and that, therefore, it constitutes double taxation.

Well, Mr. Chairman, capital gains tax has existed in the United States for decades, and in addition to it, in parallel with it, an estate or succession duties tax exists nation-wide in the US and at the same time a local state-imposed inheritance tax. But obviously, I can see, Mr. Chairman, that this is obviously not going to persuade my honourable friends in the short run, since they are pinning their hopes for this legislation in the long run. I am equally, in the long run, placing my hopes and being ultimately able to persuade them that it's the wrong thing to do. It is a kick in the gut in terms of trying to achieve a greater sense of social harmony in our society. At a time when, with whatever degree of opposition, disgruntlement, so many numbers of Canadians were brought under the affective aegis of the anti-inflation program, many Canadians supporting it, including myself, to have simultaneously with that, and the reaffirmation of that agreement, the legislation to abolish taxation of any kind on unearned increment reprehensible increment is absolutely in terms of any thought of equitability and greater social harmony.

But my honourable friends opposite, I'm sure, are not interested in that, they are more interested in facts. So am I. empirical data, empirical evidence. So —(Interjection)— no not my facts, I wouldn't ask anyone to take my facts any more than I certainly would ask anyone to accept my honourable friends so-called facts. I would ask simply that they read catalogue 61-205 and 206 of Statistics Canada. What is the actual fact of increases in investment in our province over the past 20 years under two sets of circumstances. Yes, now I am arguing on their grounds, their grounds being that something changed in 1971 or 1972 when we retained the succession duties tax, and whereas in the 1960s there was — I repeat for the sake of emphasis — there was no interprovincial competition in estates tax since all provinces were under it. Well, we find that in the first year in which my honourable friends were in office, the very first year, there was an 18 percent increase in total investment. The next year there was a 1 percent increase in total investment and the third year 1960 to 1961, because of admittedly factors in our local economy, nothing helped, Sir. There was an 11 percent decrease, actual decrease, in total investment. The next year a 2 percent increase, between 1962 and 1963 a 13 percent increase.

A MEMBER: You mean 72-73.

MR. SCHREYER: 1962-63. 1963-64 a 6 percent increase in investment. 1965 over 64 a 2 percent increase in investment. The next year a 17 percent increase and that was, by the way, an unprecedented surge in investment in our province, unprecedented in the whole decade of the 1960s. \$126 million increase in investment of which 49 million of that increase was in the private sector and 77 million was an increase in public sector activity but it was investment nevertheless. The fact that this public sector investment took place during a Conservative administration does not make it any the less justifiable in my eyes, Sir, because it did go to create the kind of assets, hopefully of long duration, that will serve the public good and benefit of this province and its people well to the end of this century and beyond. Then the next year a 10 percent increase in investment and in 1968,

Sir, a 7 percent.

Now what is the aggregate affect of all these figures, Sir? It is to indicate, that between 1960 and 1968 there was an aggregate of \$161 million increase in the level of annual investment in the private sector. Now, my honourable friend the Honourable Member for Morris will say, and I really appreciate every time he asks and makes the point, how much of that is inflation? That is indeed a very valid point so I want to say that the deflater has been applied and so in this period of 1960 to 1968 \$161 million dollars increment in the level of private investment, over that eight year period, 20 percent of that is the aggregate amount of inflation, so the real increase in real dollars in private sector investment in the 1960s was 129 million. Nothing to write home about, but at least it was a plus.

Now then, we come to the 1970s and the five year period which we have experienced as being the period in which we had a provincially levied succession duty, what is the empirical evidence, what are the actual facts, not this crazy supposition we get in this two-page document? We have the following facts that in 1971 the amount of private sector investment was 568 million. The next year 657 million, the next year 778 million, the next year 948 million, the next year 987 million and 1976, the last year \$1.141 billion. —(Interjection)— Now the Member for Morris will say — and I always give him full marks for raising the point because it is something that we all too often ignore — what about inflation? All right, the deflater has been applied and as a result — in the five-year period in the 1970s — there was in nominal dollars, with no adjustment made for inflation, an increase in private sector investment in the province of 573 million, an increase. Now, Sir, that is an increase of three and a half times or 350 percent over the amount of increase in private investment in the 1960s. But I want to accommodate the Member for Morris and to squeeze the inflation out so we apply the deflater and as a consequence the real increase was not 573 million but 315 million. Now the 315 million in real dollars still happens to be two and a half times as much as the amount of increase in real dollars in the 1960s. I can conclude from this, therefore, Mr. Speaker, that if my honourable friends opposite are not impressed or satisfied with the level of increase in private sector investment in our province in the 1970s — and I wouldn't expect them to write home about it — nevertheless I would expect that they would acknowledge at least this much, that it was at least twice as good in real dollars as was the case in the 1960s.

MR. CHAIRMAN: Order please. The hour of adjournment having arrived shall the Committee rise? Call in the Speaker.

048 The Chairman reported upon the Committee's deliberations to Mr. Speaker, and requested leave to sit again.

IN SESSION

MR. SPEAKER: The Honourable Member for Roblin.

MR. McKENZIE: Mr. Speaker, I move, seconded by the Honourable Member for Swan River, that the report of the Committee be received.

MOTION presented and carried.

MR. SPEAKER: The hour of adjournment having arrived, the House is adjourned and stands adjourned until 10:00 a.m. (Friday).