

CONSTITUTIONAL CONFERENCE

OPENING REMARKS

BY

THE PREMIER OF MANITOBA

JUNE 1971

June 14, 1971

PREMIER'S OPENING REMARKS AT CONSTITUTIONAL CONFERENCE
VICTORIA, B.C. JUNE 14 - 16, 1971

Mr. Chairman:

I am very happy to join with you and my fellow Premiers in congratulating the Province of British Columbia on attaining its 100th anniversary as a province of Canada.

From the experiences of Manitoba's Centennial last year, including the royal visit and a meeting of the federal Cabinet in our province, I know that the people of British Columbia are drawing a deeper understanding of their own history and a renewed dedication to play their full role in the developing story of our country. Our present Conference may well help British Columbia and all other provinces of Canada to appreciate the importance and value of our federal form of government and also to renew their intention to make Canada a finer and an even more just society in this second century of our Confederation.

Manitoba is fully convinced of the potential good that can come from these constitutional talks in which we are engaged. We recognize the reasons why it is desirable to relate our constitution to the requirements of a federal state in the late twentieth century. I believe that Manitoba delegations have at all times tried to co-operate with the Government of Canada and with the governments of the other provinces in trying to bring the work of Constitutional Conferences to a point of consensus and to conclusions which could be accepted.

After our meeting in Ottawa last February it did seem that there was broad general agreement on a method of

At the outset of this meeting perhaps we would be wise to resume exactly where we all thought we had reached a point of unanimous agreement on a method of patriating the Canadian constitution, of adopting a new amending formula and of modernizing a number of the clauses in the existing constitution without changing any of its provisions in a substantive way at this time.

I would ask First Ministers, however, to continue to remember that the constitution of Canada - whether a new instrument or the present time-tried one under which we have lived from Confederation until this moment - is intended to serve the people of Canada and to encourage their development, and prosperity. I believe we must constantly remind ourselves that the essential things for governments to be doing in the Canada of today are connected with policies to reduce and eliminate poverty, to improve the quality of education, and manpower training, and to enable us to bring our resources to serve our fellow citizens in all their many needs. Let us view the proposals for changing the allocation of powers under the Canadian constitution and for assigning financial resources by asking how can the Canadian citizen best be served under our constitutional arrangements. This may seem to be a trite suggestion but the great aims of Confederation are sometimes neglected in the attempt to play constitutional chaos.

This leads me to Manitoba's deep concern with the basic fiscal issues that must be resolved this year. Our country's present tax system is inequitable, regressive, and inefficient. It is increasingly out of touch with the rapidly changing division of responsibilities between the federal government on the one hand and provincial and municipal govern-

were promised will be so altered as to perpetuate the privileges of the past. I repeat that constitutional change will mean little unless tax reform produces equity, and unless tax-sharing produces a modern view of provincial and local tax needs. Well - it won't be long now before we find out.

I might add that it is difficult to divorce tax-sharing from problems related to federal-provincial shared-cost programs. The federal government has in the past urged the provinces to join it in important cost-shared programmes, such as hospitalization and medicare. Ottawa has more recently recognized the need for federal participation in the field of post-secondary education. These are all excellent contributions to the quality of life in Canada. Manitoba has whole-heartedly supported them.

It is, therefore, with the greatest concern that we now discover that the central government is beginning to walk away from and abandon commitments which we logically assumed were firm. The consequences of federal withdrawal would simply be that growing residual costs would rest on the provinces, an intolerable burden, and especially for the less prosperous ones.

We must not underestimate the problem in Canada of providing social services that are acceptable in amount and effective in form. A rational tax system is indispensable if the problem is to be solved. The war on poverty, carried on in formal committees and government secretariats, has met with little real success. Welfare programmes, it is increasingly realized, fail in their purpose and are smothered by bureaucratic detail. The whole pattern must be redesigned. You will know of Manitoba's deep interest in proposals for reform in terms of a Guaranteed Annual Income. It is my opinion that it would

I must now speak bluntly about the state of the economy. This past winter Canada experienced the highest levels of unemployment in a decade, with unemployment figures registering over two-thirds of a million people. In terms of family support, this meant approximately two million Canadians or more immediately affected by national economic policies. The unemployment crisis, part of which has been deliberately induced, still exists with little change projected for the immediate future.

An estimate of the cost to the national economy has been set at \$4 billion a year by the Chairman of the Economic Council of Canada. In Manitoba we estimate the corresponding cost to be about \$150 million a year. The human counterpart is found in the hundreds of thousands of Canadian citizens who have lost their jobs and whose families have been exposed to hardships through no fault of their own.

There is only one employment policy by the Government of Canada acceptable to Canadians, and that is a commitment to full employment, defining full employment at the level recommended by the Economic Council of Canada. It is difficult to understand how the federal authorities could ever have let themselves be persuaded that unemployment should be an instrument of national policy. In their justly praised "White Paper" on Employment and Income published in 1945 at the end of the Second World War, the spokesmen at Ottawa promised the economics of Depression would never again be tolerated and a commitment to full employment was made.

Who would have thought that twenty-five years later

But it is easy to criticize if one forgets inflation harm. So I turn to the problem of prices. Any policy causing mass unemployment to combat rising prices must be rejected. The so-called victory over inflation purchased at measurable costs in lost production, in social discontent, and in pointless misery of the unemployed, has proved not to be a victory even in its own terms. We note that current increases in prices show we are back where we began; the monthly costs of living increases are as high as they ever were.

In suggesting alternative policies the Manitoba Government recognizes that ours is an open economy next to a giant from which prices spill over in hundreds of channels and through a multitude of influences. We have emphasized to the federal government the predominancy of this linkage to inflation in the United States.

Nonetheless, if Ottawa decided that controls on prices and wages were necessary, then controls on profits, controls on professional fees, controls on capital gains, rents, interest and dividends would be equally required. Furthermore, any federal action of this kind would need selective investment controls to ensure the support of public and socially necessary private investment.

In addition, federal commitments would be needed to keep urgent social and economic development moving ahead while non-essential and excessive activity is being cured. Controls would have to be technically workable, and fair and equitable in their applications as among persons and regions. But we are not convinced

We cannot look at these problems only from the industrial side. No-one has been more burdened by the errors of the past few years than the farmers of Canada. As a partial remedy, Manitoba has proposed a net income stabilization plan of modest proportions that would guarantee prairie farmers a return for their labour and investment of \$10 per acre up to a maximum of 500 acres per farm. The plan is flexible and could be easily administered.

We disagree fundamentally with Ottawa's concept of a stabilization plan based on gross receipts. The all-important thing is that farmers must have some assurance of a net income, an income that they can spend on the things every family needs. The formula we have proposed, based on average costs and yields and would not fall into the trap of rewarding inefficiency.

We have positive suggestions in all of these areas. Accordingly we recommend that the Government of Canada:

- (1) institute a massive public housing program across the land by providing additional mortgage money for low-cost housing; furthermore it is time for the federal government to get back into certain federal programs;
- (2) expand anti-pollution programs, including the provision of capital for municipal and industrial sewage and waste treatment facilities;
- (3) accelerate the construction of public facilities that have been neglected to date such as nursing homes, roads to resources and other socially required facilities;
- (4) increase purchasing power by tax relief for low income groups, and by increasing allowances

- (6) go ahead with the transitional payments of \$100,000,000 to prairie farmers without tying them to the provision of the discredited Bill 244;
- (7) introduce a two-price system for wheat, as other major wheat producing countries have done;
- (8) expand the economy by active government planning in conjunction with the provinces and the municipalities. In the 1970's urban problems will crowd in on us even more - as an example, the neglect of public transit will require funds to reverse.

Economic growth is necessary to absorb our rapidly growing work force but it must be planned growth, and growth which will improve the quality of life for all Canadians. In a land where there is so much to do the irony is that so much is left undone while so many are, at the same time, unable to get work.