

Revitalizing Manitoba: From Suppliant Society to Diversity and Dynamism

Frontier Centre for Public Policy Luncheon – Professor Bryan Schwartz

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A free society requires balance and diversity. Individuals need a choice of places in which to live, learn, work and help others. Diverse groups can innovate, learn from each other and challenge each other. In Manitoba, the provincial government is instead stifling diversity and freedom of expression. Fuelled by rising federal transfer payments, it is increasingly crowding out other sectors of society. What it does not control directly it increasingly dominates through its powers of employment, contracting, patronage and subsidy. Potential critics learn to silence themselves or leave.¹

Good afternoon everyone, it's an honour to be here. I would like to thank the Frontier Society for all the support in publishing *Revitalizing Manitoba* both on its website and now in book form. I understand this is also being recorded and will be webcast. I'm hoping for a slot out there...Two and a Half Men is in hiatus and might be cancelled, and a riveting series of discussions on Manitoba public policy may be what people want and need at this point.

Peter [Holle, President of the Frontier Centre for Public Policy] referred to me being courageous. I call this whole series an intellectual exploration...my continuing attempt to make sure I never find work in this province. I laugh, I'm smiling, but it's not that funny.

So let me just go back briefly to the diagnosis from three years ago. The idea of Manitoba as a suppliant society. I'll explain more what that's about, and put that whole criticism in this larger philosophical context, and then get to the very concrete suggestions that I have attempted to make for revitalizing our society.

The suppliant society piece is that the dominant political relationship in our province is that its patron and patronage seekers. If you've studied renaissance literature, if you've looked at the prefaces to Shakespeare's work, you know that the core of the economy of the arts is largely seeking of a patron. There is many distinctive features of the patron/patronage seeker relationship. It was very largely about the patron having resources and the discretion to distill them or not, and the patronage seeker, who has to try to ingratiate themselves to the patron. The prefaces of Shakespearean plays are not, "hello Earl Essex, you're some kind of fruitcake" they were certainly Earl Essex source of all wisdom, closest thing to a demi-god this side of Queen Elizabeth. People who are looking for favour are not likely to be forthright. They may be ingratiating, and they are certainly not critical. They are not people who feel they can robustly speak their minds as they see fit.

How does the province of Manitoba get into a situation where we are a patron/patronage-seeking kind of a model? And why is the provincial government a patron, so dominating and crowding out the rest of civil society? A large part of it is the federal transfer payment system. I mean, it's not obvious when you think about it. Why should the province of Manitoba, a relatively unpopulous province compared to the rest of Canada, with a weaker performing economy compared to the rest of Canada, where do they get all the money? Manitoba's uncle left it to him? The Hudson's Bay Company left behind a bunch of cash before Manitoba took over

¹ Event advertisement, *Winnipeg Free Press*.

Rupert's Land? The money is coming from the federal government, which means the money is coming from the rest of Canada.

And here is a paradox: it is precisely because of the rest of Manitoba's society is it a relatively weak and vulnerable and potentially dependent situation, that our economy does not perform as well of that in other provinces, that all of this money goes into the hands of the provincial government. Equalization payments are compensation for precisely the fact that your commercial sector is not thriving to the extent that it is in other parts of the country. So you have a civil society that starts off by being relatively weaker than it is in other places, more likely to need patronage, more likely to need subsidies, grants, contracting opportunities with government, and a province which is surprisingly well-endowed. Well-endowed in the sense that it is getting \$2-billion in transfer payments in the form of equalization every year from Ottawa, several billion more in other transfers, almost entirely without strings attached. That's a lot of money in a relatively small society with a small economy.

The equalization principle in our constitution doesn't say that the instrument of equalization has to be cash transfers, or that they have to be to the province, but that is the mechanism we use. So this money flows directly into the hands of the province, which has almost unlimited discretion to bestow this money as it sees fit. So now in a society where a lot of people need help, in a relatively weak economy, relatively weak non-profit sector, because for a non-profit sector to thrive it needs donations from a private commercial sector, the government is in a very, very well endowed position. If you are in that position you can use that situation to pretty much crowd out and dominate society as you see fit. If business conditions are not as competitive as they ought to be, for example very high taxes make this to some extent a less attractive place to locate a business or stay, well then may be you say, "I'm a big business, I can talk to government. Give me a subsidy, give me a grant to establish here, give me a grant to stay here." It's a patronage-seeking relationship.

If you're a public university, you're looking again to the province for money, and as in many other areas the province has made you especially dependent as a matter of political choice, such as imposing a freeze and then a very low ceiling on tuition increases, rendering the public universities more dependent than ever on the provincial government. The health care system looks to government for funding and this provincial government has used this opportunity to not only fund health care, but to effectively take over delivery of health care in many critical respects, including hospitals. So that power of patronage can be used in all sorts of ways: to influence behavior, to secure political support, to take over the actual management of operations, and it's certainly not an environment that encourages people to express themselves freely. Again, the first rule of a supplicant society is that only a naïf criticizes his patrons.

What is the larger context of which I am speaking here? I want to talk to you about that a bit because there is a tendency in Manitoba politics, as elsewhere, to try to dismiss idea and criticism with one-liners and typecasting and labeling. Let me be very clear about the larger philosophical context in which I am speaking. While I am not a member of the Frontier Centre, think-tanks of their persuasion are operating. This tends to attach ideological labels to them, which are very misleading, and preclude the possibility of engaging in really constructive discussion or debate.

Do I think there is something inherent wrong with provincial governments as opposed to other orders of government? No. In fact, my ideal distribution of power is a balance of competing orders of government. Do I think that we should have a society with a minimalist role for government? Why am I criticizing this crowding out by provincial government? Because that's where the imbalance lies in our society right now. If we lived in a society in which there was untrammelled captains of industry dominating society, taking advantage of people, stifling free expression because you can't criticize the company in the company town, then that's what I would be criticizing. The larger framework in which I am speaking is one in which a thriving and prosperous free society must have balance and institutional diversity, and we do not. It's not a question of being anti-government, anti-provincial government, or being against government playing an active role in assisting

persons with disadvantages. It's a question of a fair and just and free society, a creative society, a prosperous society must necessarily be a balanced and institutionally diverse society.

I studied physics before I went to law school. There is no question that the hard sciences produce enduring truth. In the hard sciences, you can predict how little particles will act with absolutely astounding degrees of reliability and certainty. I often ask myself, as somebody in the humanities, in the soft sciences, whether we actually know anything. Are we just engaged in an endless exchange of shifting opinion, or does our experience and our reflection upon them and our discussion about that produce truth of lasting value? Well I dare say that even though it is a long and painful, sometimes murderously painful, history that we have learned out lessons about the just and well-ordered society, we have learned some things. There are some enduring truths, but let there be no mistake. Within the spectrum of what we have learned there is all sorts of room for reasonable disagreement. There is an inevitable subjectivity to political opinion.

In a just and well-ordered society, some will want a little more government intervention in the interests of security, and others will want less government intervention in the interests of more freedom and risk-taking. Where you stand on that within reasonable boundaries, it depends inevitable on your temperament, on your experience and your observation, on who you have read, and who has educated you. There's always going to be, within a limited and reasonable range, political disagreement. There's always going to be plenty of reasonable people to disagree about. But I would say that there is a larger framework, which I believe any reasonable person has to consent to, of fundamental political truths.

Within government there must be a dispersion of power and many different institutions. The enlightenment learned, and it is a decisive and abiding truth, that power has to be distributed within government. You do not have power in the hands of a single person. An all-powerful autocracy is unacceptable. It stifles freedom. It leads to bad decision-making because nobody knows everything, or in fact, nobody knows all that much about anything. It takes a collective set. If you went to the other extreme and had a society that was ruled by direct democracy, it would be just as erratic and oppressive. We divide power: we have executives, we have legislatures, we have independent administrative agencies, we have courts, we have independent officers in the system – impartial referees who stand outside of other politically accountable bodies. One of them is here, the provincial auditor, we have Chief Electoral Officers, we have speakers. It takes that division in our articulation of different functions within government to break the conditions for sound government. You have to have balance and diversity between the role of government and that of the rest of society. You don't want an all-powerful government crowding out the rest of society. You don't want a minimalist government that doesn't intervene if necessary to prevent exploitation or fails to provide the essential conditions for human flourishing or fails to improve education or health care. You have to have a balance between government and the rest of society, but the rest of society has to have reasonable room to operate independently of government.

Within those other sectors, within the business sector, you don't want monopolies. You want all kinds of different enterprises competing with each other. Within the non-profit sector, you don't want one official religion. You want different faiths and different non-profit agencies and different NGOs all contributing to balance and diversity.

Diversity is an absolutely indispensable requirement of a flourishing of human freedom. Yes, a few of us can succeed in our lives solitary troubadour or poet and we don't need anybody, but most of us do. To practically exercise your freedom to make the most of your life and to contribute to society, you need institutional venues with which you can work. You want to do cardiac surgery on your own, good luck. If you want to try teaching law students in your basement law school all by yourself, it's not going to be accredited. Most of us, in order to exercise our freedom, need a place and congenial people in which to exercise our creativity and contribute to society. That only works if you have different institutions and you have choice. Suppose your doctor gave the example already: Do you want to live in a province which is being painted into having one general hospital,

bureaucratically-run, in which every other hospital is merely a branch plant? Because that is what we are headed towards. All painted in the same colour of bureaucratic gray.

Don't you want to live in a society in which your doctor can say, 'I want to work there because they're strong in spiritual care' or 'I want to work there because they take a team approach and I work with nutritionists and I work with physiotherapists.' Or maybe I don't want to work there because they're driving me crazy and I want to get my business done, and its too much consultation and not enough action, and I want to work somewhere else which is really into the very latest cutting-edge technology. How am I going to succeed and be the best I can as a physician if I don't have choice to which I deploy and exercise my skill? How can I be free if I'm working in one bureaucratic environment in which if I alienate my boss in the hierarchy, I can't work? And not only can I not work there, I cannot work anywhere in this province because there is no other hospital. It's all part of one general hospital, like the WRHA. Are those the conditions for the flourishing of human creativity? Are those the conditions under which your healthcare providers are going to make the most of their talents and their integrity?

If I'm a patient, shouldn't I have choice, rather than going into the same generic, bureaucratically-run institution? If I'm going to spend the rest of my life in a long-term care institution, which is not only the place I sleep and maybe the place I eat and spend all my day, do I want a system which imposes one monotonous. uniformity on the entire system, or which there's all kind of choice? Maybe some place it's about collegiality with the other residents and other places about being left alone in meditation. Maybe one place is compatible with my cultural traditions, and maybe there is some other place where there is cultural diversity. But how are people going to have creativity, how are these institutions going to be responsive to what they need as individuals if there is no choice and everything is a branch plant directly or indirectly of one central governing authority, and governing authorities in general and bureaucracies in general don't tend to have a spirit of welcoming the creative individual. The fight between the creative free spirit and the bureaucrat is eternal. The desire of bureaucracies to operate hierarchically is eternal. The desire of politically-charged bureaucracies to stifle criticism is an enduring fact. If you want real choice, you have to have diversity of institutions. It's not all about government, it's not all about the private sector, it's not about the non-profit sector, it's about having a balanced and diverse society where there is all kind of opportunities.

Society as a whole benefits when different institutions try different things. You can learn what works and what doesn't work, or at least what works for you and doesn't work for you. When different institutions can compete because competition tends to bring out the most of our resourcefulness and ingenuity, and ability to find efficiency. When different institutions can co-operate as necessary without colluding.

The rap that's sometimes made against this vision of a balanced society comes from what might be called the left, although I myself don't like these labels, but it is a view that 'oh all this stuff about diversity and everything, do we need government because we care about the disadvantaged?' As if people who are promoting these ideas of diversity and dynamism and choice are any less concerned about the situation of the disadvantaged. Because I know I'm not, and I know the Frontier Centre isn't. I know a lot of work of the folks of the Frontier Centre is how you can free up society to give more choice and more dignity and more opportunity to people who have less advantage, and are stifled by the current system.

You don't want a society where there is callous difference to people with disadvantages because it's all about big business, and you can have a have and have-not system that is a plutocracy, and that's wrong and nobody wants that (unless you are a plutocrat). But you don't want a society in which what's standing in the way of opportunity and success for persons with disadvantages is a government, in which the haves and have-nots are the people in government and the people outside government respectively. That's another have and have-not society. I don't think we want either of those societies. It's all about balance and diversity.

The instrumentality of assisting persons with disadvantages is not necessarily optimally that of a government-managed program. You can believe that there is a role for government and it does not follow that you have to believe that the appropriate means of helping a person with a disadvantage is to have a government bureaucrat with discretionary power over a free citizen of our society. Let me give you an example. Should society care to intervene about persons with severe disabilities who need somebody to come to their house and help them with day-to-day tasks? I think so. I think every decent person thinks so. Now, one way you can do that is the government sets up a program and the government sets up a roster of providers, and they tell you that a person is coming to your house, and what hours they are coming to your house, and you will have no choice about it as a person who needs help. Another model is a person with a disability, we tell them we care about you and care about your flourishing no less than anyone else. We don't want anyone living in conditions of avoidable misery in our society. In fact, we want you to succeed. We know you need help, so we're not telling you who is coming over to the house, we are giving you a voucher or we're giving you a budget, and you hire somebody so that you're in control and you are getting a helper that is suitable to your individual needs. That kind of thinking is just as sensitive, just as morally attuned to the need of society to assist disadvantaged persons as the unreflective assumption that the mark of caring for persons who need help in our society is directly measured in proportion to how much government intervention and program delivery you favour. I don't think that is a philosophically or empirically sustainable view about how to make the best society, including a society that adequately treats people who need help with respect, and honours their capacities as people with individual choice of agency and dignity.

Now let me talk about some of the specifics of how we can remedy the situation that we have arrived at in Manitoba, the supplicant society. The society in which there is not enough choice, not enough diversity, and quite frankly, not enough of the most basic condition you need to succeed in a healthy political society, which is an environment that fosters free debate and free discussion.

Let's begin with healthcare again. Regional health authorities were established by Premier Gary Filmon, a Progressive Conservative. Look at the legislative mandate: it was 'we want some coordinating and regulating and funding agency directly outside of the Minister's office', but it didn't say exactly what the instrument would be for carrying out that mission. There was a vast number of ways RHAs could have carried out their mission. What they have chosen to do is carry out one of the very common tendencies of any bureaucracy, which is territorial expansion. 'We're not just funding, we're taking over!' Everybody becomes directly or indirectly an employee of the WRHA bureaucracy. The charitable organizations, the faith-based organizations which used to give an autonomous voice to this system and which used to provide for distinctive values and have been eliminated, or their influence has been greatly attenuated. We are moving towards that one general hospital, and why?

Show me the empirical study that justifies that RHAs going from the position of funder and regulator to the position of being the direct deliverer of health care. Show me that the dollars spent on bureaucrats and the lost time spent dealing with all the bureaucratic instrumentalities has benefitted patient care overall. Explain to me how any benefits justify the stifling of choice and the inhibition of free expression among healthcare providers. This could not be a more serious business. This is a province in which babies die in the pediatric cardiology unit and no one spoke out. And afterwards people said, 'well, people in the system should have blown the whistle. They should have identified that there was problem.' Yes, they should have, and now the whole system is taken over by a bureaucracy which very clearly and manifestly in the way its treated some individuals and the way its stated its policies has made it very clear that 'we don't want you speaking out. We don't want you going over the head of your immediate superior. We certainly don't want you saying anything to the press that is going to embarrass the system.' That's more important than making a better healthcare system? That's more important than saving lives? Do you know of any other situations where a surgical unit is operated improperly? How would you know? What are the conditions which people can speak up and identify in society?

It doesn't take many cases like Larry Reynolds for the message to get out that you better be very circumspect in your public statements about how the system is operated. Is that what you want from a healthcare system in a free society? The *Canada Health Act* doesn't say anything about bureaucracies taking over healthcare delivery. It's all about government insurance. It's about who pays for it. Your primary care physician, your doctor, is not a government bureaucrat. The hospitals didn't have to be part of the government bureaucracy directly or indirectly, they used to have a reasonable measure of autonomy.

At the time of the Romanow commission, the Kirby report by Senator Michael Kirby, which was backed up by people from other parties in the Senate, said we should have a model of Regional Health Authorities in which they do stand at a distance from delivery. They're funders and regulators, but we have all kinds of different providers experimenting, innovating, and sometimes competing with each other to see who can provide the best and most efficient and effective services. In Great Britain right now, the government of the country has said they want to move away from this centralized bureaucratic control and put more power in the hands of physicians and of patients. We need that kind of open and fresh thinking about our health-care system in this province. We have among the highest per capita costs. We cannot continue to sustain a galloping rate of increases in the extent to which our provincial budget is consumed by healthcare: it's headed past 40 to 50, I believe, percent of the provincial budget. You can't keep doing that. The demands on the system will be greater than ever with an aging population and new technology, so we have to find ways to be smarter and more effective than ever with the allocation of resources. We need a whole fresh think about the matter.

The framework in which I suggest we do it is this larger framework I have attempted to set out of the dynamic and diverse society that recognizes innovation and diversity and pluralism and freedom of expression as the necessary elements of any success in any endeavor involving our government.

CITIES

Look at the situation of the cities in this province: more applicants. Our municipal sector should be part of that distribution of power. I talked about before about the checks and balances within government. You have checks and balances within one order of government, you can have checks and balances by distributing power among different orders of government: federal governments, provincial governments, municipal governments, aboriginal governments.

Federalism was a very important part of the enlightenment discovery of ways in which you would distribute power within government in the interests of freedom and sound decision-making. You don't want all-powerful municipalities any more than you want all-powerful provinces. A municipality has to be constrained. What it does may have impacts on its neighbours, or it may be taken over by a faction that treats people in that community unfairly. Everybody needs checks and balances, but you do want a reasonably strong local government sector that's responsive to local needs, which says to people 'you don't have to go all the way to being a provincially elected politician, maybe you're a member of a school board to contribute to the life of your community.'

Years ago, people like Mayor Glen Murray and councillors like Greg Selinger were saying, 'we need to do a new deal for the cities', and they were right. We need a system in which municipalities have a reasonable basis to know what amount of money they're going to need in the future for the year, and they're not wholly dependent on the discretionary grant of the provincial government. At least excessively dependent on discretionary grants from provincial governments. We need an atmosphere of respect for provincial autonomy.

In revitalizing Manitoba, I give the example of the Southdale Community Centre. A non-partisan City of Winnipeg committee decides that there is going to be a certain order of priority for building community centers. The core of the supplicant society, the premier of the province, says 'I'm going to use the provincial spending

power’, and Southdale jumps ahead of the queue. It might have something to do with wanting to secure Southdale for the NDP in the next election. Well, if it did, it worked. But that is not the kind of respect for provincial autonomy that any provincial government should be displaying.

We need legislative reform to put cities on a more secure fiscal basis, and give them a tax basis which gives them the appropriate incentives to sound decision-making. The property tax base is not that. If you have a tax base which includes growth taxes, like sales taxes, you now have an incentive to think, as a city, ‘how do I get more growth taxes for the city? What kind of investments, what kind of infrastructure do I build so that the local infrastructure is more prosperous so there are more revenues to tax, so we have more stuff to work with in a virtuous circle of growing the economy, generating more proceeds, and doing more good deeds for the people of the city?’

SCHOOL BOARDS

We live in a provincial environment in which there is increasing meddling and interfering in the operation of local school boards. There was an op-ed response to my piece in which the Dean of the Faculty of Education agreed with me that innovation and new ideas all come from the local level. They don’t come from top-down positions from the province. He disagreed with me about one point, which I actually think in one respect is a need for more of a provincial role, which is we need more of a provincial role in equalizing resources available to local school boards. He took issue with me on that and never actually said how he would address the problem. It’s quite simple: if you have a school board in a poor district and you are relying on property taxes, you cannot raise enough money to help your students as if you were in a rich part of town. Some sort of equalization has to take place more than what currently takes place, and the province has a role.

But what I argued is, that role does not need to mean more interference. You can have unconditional grants. Equalization does not have to be accompanied by more control. But Premier Doer threatened that if there was more equalization money from the province, eventually the province, eventually the province would get involved directly and collective bargain with all the schoolteachers. A huge further increment in the provincial control over the local school system. My friend Yude Henteleff in a letter to the editor said, ‘well we never did that, so what you’re saying about that is irrelevant.’ Well sorry, but a threat not yet implemented is not an irrelevant threat. A person standing with an anvil on your head who has not yet dropped it is not irrelevant. If a threat is withdrawn, if a government indicates it now respects municipal autonomy wants strong school boards, then I guess what they said before is no longer operative. Until that happens, I guess that’s something that reasonable people ought to be concerned about.

I suggested that one way of realizing choice and autonomy was to say to people, ‘you don’t have to go outside of the system. You don’t have to homeschool. You don’t have to be rich enough to send your kid to a private school to have more choice. We can have charter schools in the public system.’ The public schools are publicly funded. Nobody is at a disadvantage because they are not as well-heeled financially. But these could be schools that specialize in different areas, schools that are geared to dealing with boys with ADD so they’re not drugged anymore, but are adapted to what boys, especially physically active boys, need to learn. Or schools that are addressed to the needs of specially gifted children or schools for children interested in the performing arts, or schools that are addressed to children who have special needs and maybe aren’t having those needs addressed in the general public system where there are so many conflicting demands. Why can’t be experiment with that? Why can’t we see whether that works? We know there’s Mr. Carson from the CanWest Foundation, and you did a study on schools in Alberta, and your study, which I thought sounded very thorough and plausible to me at least, was that they were achieving considerable success there, that there was parental satisfaction, and the learning outcomes were actually very good. That was in a sister province that is in some ways similar to ours. If it worked there, why wouldn’t we be at least willing to tentatively try it here? I’m not saying have 20 charter

schools right away, but lets try it in one or two places and see if it works. I can't guarantee it works because I never guarantee anything works in practice, because I believe that political ideas have to be tested and people surprise you with interactions and chain reactions that you can't always anticipate. I do believe that the only way you can actually learn something is to have that spirit to be willing to try something. And it's not such a dangerous experiment if you proceed with it thoughtfully and you take the lessons learned of what has been successfully done in the province of Alberta.

Some of the response I get to that is the Dean of Education says, 'Professor Schwartz, why don't you read this study in the New York Review of Books.' I haven't got around to doing it but I'd be a little surprised that the New York Review of Books included in their survey of the area what has been done in the province of Alberta. I've read the New York Review of Books periodically, and commenting on Canadian provincial affairs has not been high on their list of priorities. So why doesn't the study done by CanWest count, and why does that get trumped by some generic review in the New York Review of Books?

Again, my friend, and he is my friend, Mr. Henteleff says, 'well there's not national study of how these charter schools work.' Well how could there be? I'm not supposed to try here because there isn't a national study, and there isn't a national study if I don't try it here. You have to be willing to try something somewhere for the first time, or in our case, the second time.

POLITICAL COMPETITION

Let me talk about political competition. It's tough being an opposition party in this province. You don't get a lot of public resources in the extent that you're not paid well. You don't get a lot of resources in the sense that you don't get a lot of money for research staff. You don't get the benefit of a Library of Parliament research service, which is excellent at the federal level. And during the year of a fixed date election there are very low ceilings on what you can spend to get your message out. How convenient for an incumbent government.

The government isn't limited. As a party, the NDP, it's limited. But the incumbent government can and does spend hundreds of thousands, even millions, of dollars on self-serving propaganda. It's not party advertising, it's government advertising. Party advertising, more precisely, dressed up as government advertising. You've started to see them, haven't you seen all these things about making progress in education and Manitoba joining debate. Look at how happy the bison is. Have you seen Hydro spending I don't know how many tens of thousands of dollars telling you what a nifty Bipole it is down the west side, or we're just darn lucky to have this thoughtful Hydro company building a hydro line down the west side of the province instead of the east side of the province. Is this government information, or is this government self-serving, partisan spin? Well, there's somebody who should be answering that question, and it should be the provincial auditor. Sorry Carol, I can tell you're busy.

In Ontario, this abuse has been addressed by saying that government advertising has to be vetted through the office of the provincial auditor to screen out this kind of abuse, and the same thing should happen in this province. And in fact, I think this current situation is probably unconstitutional. We just kind of take it casually, but it's a pretty serious business to try and tell an opposition party they can only spend a couple hundred thousand bucks getting your message out during an election year. And you're telling them you're doing that because we want fair political competition, when the government itself is absolutely unconstrained in the use of taxpayer money to promote its own partisan interests? That's constitutional? How do you justify the limitation on the freedom of expression of a political party when there is absolutely no cap on the ability of the governing party to use taxpayer's money to promote its own political cause during elections. That's the same party that has almost unlimited ability to attempt to buy votes in its capacity as employer and contractor and grant-giver. It's good to be the incumbent, but it shouldn't be that good. It shouldn't be a system in which we may have a perpetual form of one form of government because the conditions of fair political competition do not exist.

I've spoken before about the need for independent watchdogs in the system. One of them is an independent person conducting a public inquiry. There's a reason Gary Filmon was defeated when he was defeated. Part of it had to deal with parties dealing with cuts in transfer payments, some of which he handled as best as he could have done, which I think were somewhat heavy-handed, but another thing was he did the right thing. He called a public inquiry when there were allegations that there had been improprieties in connection with an election. And who was calling for that? Gary Doer. And when Gary Filmon said, 'let's just count on the Chief Electoral Officer', Gary Doer said, 'not good enough. We need a public inquiry', and Gary Filmon agreed. There was a public inquiry and it found improprieties, and the Filmon government was punished.

In the 1999 provincial election, there were improprieties on the part of some NDP campaign officials. Afterwards, Progressive Conservative candidates, the losing candidates, or candidates of the party that didn't win the election overall, were quite zealously prosecuted even for unintentional breaches of the law. The NDP was not. Three and a half years later, they were allowed to pay back money that they should not have obtained, with rebates. It was all done very quietly, and the announcement didn't appear on the website of the Chief Electoral Officer until after the 2003 election, in the lowest possible key. So two provincial elections might have been unfairly affected, perhaps decisively affected, by impropriety and there was no public inquiry. This story has disappeared. The government doesn't respond to it, the media doesn't pursue it, but think about it. What lesson did the NDP learn from the Filmon experience? Could there be a more cynical or destructive or corrosive lesson for our democracy? The lesson learned was when stuff goes wrong, whatever you do, don't call a public inquiry. And apparently there is no consequences to that. You just shut-up, you stonewall, the issue goes away, it won't be pursued, and there are no consequences.

The lesson for the next government is, that's the textbook: when things go wrong, whatever you do, don't do what Gary Filmon did and do the right thing and call a public inquiry. Just shut up, ride it out, and it will all go away, even though this might have affected two elections and involves issues of whether there was a proper conduct of the office of the Chief Electoral Officer. I don't know for sure whether there was. Everything that was done might have a perfectly reasonable explanation. But I was on the front page of the Free Press, I was one of those guys saying how serious those Filmon improprieties were. I've been consistent, and I see the same need or more for an inquiry in the matter that might have affected two elections, not just one, and might have involved illegality, not just bad ethics, and raises questions as to whether there was a fair discharge of the duties of the Chief Electoral Officer, and the issue seems to have quietly gone away.

We need some sort of system whereby this conflict of interest in calling public inquiries can be overcome. It should be an independent officer in our system who investigates whether and when public inquiries are necessary and makes a public recommendation, so we have an independent basis to assess whether governments are acting fairly or unfairly in determining whether there should be a public inquiry.

HYDRO

We say in this province that our excuse for receiving transfer payments is mother nature did not bless us as much as it blessed other provinces. They've got oil and gas. Excuse me, we've got Hydro. Their oil and gas are not renewable, ours is. Why aren't we making the most of this? Why isn't this a major generator of economic growth in this province? If Hydro is going to be successful, it has to be better governed. It has to be given a clear mandate. We have to clarify the extent to which we actually expect it to generate revenues for the taxpayers and citizens of this province. One letter to the editor said Crown corporations are to serve the public and not make money. You have a problem with selling power to the United States and making money for this province? I mean, Hydro has been trying to do it. They just haven't been doing it that well. We should have a clear mandate of the extent to which Hydro should be generating revenues for the people of this province. We can do good things with the revenue, like the roads and the bridges and the hospitals and the schools.

The autonomy of the Hydro board should be better secured, as should its expertise. It should be clear what the requirements are to serve on the board, which should include some relevant knowledge and experience. It shouldn't be good enough to just be a friend or political supporter of the government of the day. It should be reinforced in legislation that the only duty of the board is to act in the best interests of the company. Hence, if the province wants to override a decision, as it did with the Bipole, that should have to be done publicly and transparently. Again, where is the document, where is the rationale for the government of this province telling Hydro that they shouldn't go on the economically and reliability and in every way sound east side route, but instead should go on the west side. We know a decision was made, but where, and when, and how, and why? What was the advice that Hydro gave to government? Where are their studies? Where are the specifics of the recommendations?

If a government wants to override Hydro, if there is a good case, then ultimately the supreme government should have the authority to do so. But, it should have to say this is the advice we got from Hydro, these are the studies, here is a public comment period before we issue our directive, and here, on the public record, are the clear terms of our public directive and here are our reasons so you can hold us accountable. None of that has happened.

After the Tritschler Report into the serious mistakes that the Churchill River diversion was issued, many similar recommendations were made. Everything old is new again. That or the vanities of Ecclesiasticalies, there's nothing new under the sun. Well, it's about time there was something new under the sun, which is that we turn Hydro into a major generator of growth and prosperity for this province, which it has not been.

Can we change the situation? Will we change the situation? Can we go on like this forever? And actually, with academic forthrightness to tell you, maybe we can. People get fed up and leave the province. They're not voting anymore. They may be some of the most creative and dynamic people, but they're gone being creative and dynamic somewhere else. Maybe their kids leave the province, but they're not voting here once they leave. Maybe the Canadian transfer payment system continues in its current form, and maybe the rationale is we're always having a national unity issue with Quebec, and we always have to be generous with transfer payments to Quebec so we're going to keep doing that, so Manitoba will continue to ride the coattails of that province.

Maybe, I doubt it. I doubt it because the political clout of Quebec within Confederation is diminishing. It's just a matter of demographics. The "have" provinces are becoming a bigger and bigger share of the Canadian population. While, for constitutionally very dubious reasons, seats in the House of Commons are not keeping up with the change in populations in Ontario, B.C., and Alberta, sooner or later they will. The political appetite at the federal level to take money out of relatively productive societies and send it to "have not" provinces will diminish.

There is a very powerful intellectual case being made now as to the unfairness of the current system. Certainly not against equalization, but I can't sustain. I don't think any reasonable case could be made to sustain the way the current system is being operated. Let me put it very simply: You're in Ontario and you see billions of dollars being withdrawn every year from your society to help out people in "have not" provinces. Then you look around and say, 'wait a minute. That's the help they're getting to have reasonably comparable services to bring them up to our level, they're getting better services'. Manitoba has a better ratio, let's say, or nurses to patients or the nurses are getting paid better, or there is a better ratio of teachers to students or civil servants to population. Some of that is happening. I'm not saying the example I gave is happening right at the moment, but critics in places like Ontario are saying that these kinds of things are happening.

A former NDP cabinet minister wrote a letter to the editor in connection with my series. It had three parts. It began with a drive-by slur, to which I make no further comment. The second was a fairy tale about the origins of the federal transfer system, but it's all about natural resources...something to do with the transfer of natural

resources to Manitoba and the other provinces in 1930. No, it doesn't. The Rowell-Sirois Report was after that, and natural resources is only a limited part of the overall equalization formula and picture. The third part was, 'Schwartz, get with the program, we're all citizens of one united Canada.' Well, Schwartz has been with the program for 30 years. I'm on the record. During the Meech Lake period, I was the guy saying that we were unduly debilitating the powers of the federal government. I was the one writing books, it's all there people, about the importance of promoting the economic union and the importance of promoting the social union. I actually don't need a lecture from anybody about being a proponent that our society in Canada is not merely a series of provincial baronies, but it should be a united national community in which we care about each other, in which we can do business with each other. In fact, I think in terms of writing on federalism in that department, I'm pretty much #1 on the Hit Parade.

But, this works two ways. Think about it. Think about it for once, folks. Think of what the implications are for people of other provinces of our being dependent. This is not a question of taking money from rich people in Ontario and just giving it to poor people in Manitoba. It's not that finely calibrated. You take money out of the province of Ontario, out of the province of Saskatchewan, it is being removed from those societies as a whole. That just doesn't affect rich folks there, it affects all folks there. If the quality of public services is impaired in those provinces because of the financial burden of sending money outside of the province, that affects disadvantaged people. Disadvantaged people tend to be more dependent on public services than rich people, and it may be affecting them most of all.

So you want to tell me we're one united community, tell me what you're going to do to think about how this province could be less dependent. How this province, for its own sake, and for the sake of people in the rest of Canada, can be more self-sufficient. We should be doing it for ourselves because the current model is destructive of the health and of the vitality and not only to ourselves by not making the most and best of ourselves.

Other provinces have started the process of self-reflection. In the province of New Brunswick, the provincial government actually issued a plan to become self-sufficient. The first paragraph was not 'we'll never do what we don't have gas'. In Atlantic Canada, there have been repeated warning by opinion leaders that we cannot go on in this trap of federal dependency. In the province of Quebec, some of its leading intellectuals, including people like Lucien Bouchard, have said we have to rethink the economic model of this province. We have to think about how we're going to provide for future generations. So where is the debate in this province? Which provincial government, which provincial party, which opinion leaders in this province have started to carry on the debate about the desirability of us becoming more self-sufficient and how we're going to get there? Why isn't this front and centre in our political discourse? We might not get away with this in the indefinite future. Change may be forced upon us. Wouldn't it be better to think about it and plan for it, rather than have it foisted upon us in a precipitous fashion? And don't we have a moral responsibility to ourselves and the generations who might stay in this province, rather than our continuing to be an inept exporter of people to other provinces. Wouldn't it be our duty to ourselves and our posterity to recognize the syndrome, to see that we could be more self-sufficient, more creative, more dynamic and free than we are, and to start that discussion here and now.

Thank you very much.