

LEGISLATIVE ASSEMBLY OF MANITOBA

Thursday, 15 April, 1982

Time — 8:00 p.m.

MR. DEPUTY CHAIRMAN, Phil Eyer (River East): Committee will come to order.

We're on Item 1.(b) in the Department of Economic Development and Tourism, Executive—pass.

The Member for Turtle Mountain.

MR. BRIAN RANSOM (Turtle Mountain): I've listened with some interest to the Minister's statements and replies to questions this afternoon and a couple of questions fall from what the Minister said.

I gather that, if I interpreted correctly, that she said that companies would be expected to meet more than just economic objectives. There would be social objectives as well. I'm just wondering how a company that was interested, how an investor that was interested in coming to the province will know what the rules of the game will be? Presumably when they're meeting economic objectives they know in the laws of the province what they are expected to do. How will an investor know what they're expected to meet in terms of the social objectives?

HON. MURIEL SMITH (Osborne): Mr. Chairperson, companies that are coming on their own to invest would follow the usual methods of finding out what the legislative requirements are. It would only be in the case of companies that were requiring or seeking some kind of provincial support that the social goals would be voiced and negotiated, so that it wouldn't be something that was worked out with every company.

On the other hand, there are discussions that go on, not just with new companies but companies that are already here, on the general goals of the government, sometimes in the context of what is desirable but which the government would just as soon not legislate on, but would attempt to persuade some kind of co-operative approach by the corporate citizens. This might be in the area of minimum wages or labour practices above and beyond the minimum required by law. So, there's a sort of area of discussion and persuasion, but in general for most companies who come on their own and don't require public support, they would carry on as usual.

MR. RANSOM: Mr. Chairman, that's one of the things that concerns me a little bit is that when the Minister says there are some areas that they would prefer not to legislate, which means they'd prefer not to set down in black and white what the conditions are that a company would be expected to meet. I suppose if that's coupled with the earlier statement that only in cases where an investor was requiring provincial support, that might be workable.

I wonder if I could ask the Minister just to elaborate a little bit on what she means by companies that would be seeking provincial support. What sorts of things would fall into the category of provincial support?

MRS. SMITH: Mr. Chairperson, under the Enterprise Manitoba Program, there are support funds of a var-

ity of sorts. There are technical helps with research assistance, that type of thing, which currently exist in our programs. Sometimes there are requests for help with modernization of equipment or training of employees.

MR. RANSOM: So, we're not talking about a company then that wants to lease mineral rights, for instance, from the province. The Minister doesn't consider that to be a form of provincial support which would necessitate this being subjected to this, as yet, rather nebulous set of criteria dealing with social objectives?

MRS. SMITH: Mr. Chairperson, I think that the question of mineral rights would be appropriately dealt with by legislative requirements, so the rules of that game would be very clearly spelled out. If they're going to change, they'd be publicly debated and publicly known.

I think the general opinion of the party that a higher proportion of proceeds from resource development should go to the public is a well-known principle. But until, or unless the legislation were to change, the rules of the game would stay as currently stated, there would be no ambiguity.

MR. RANSOM: Mr. Chairman, I think the Minister had been talking about determining what kinds of rates of return would be acceptable in the eyes of the government with respect to potential developments, investments in the province, at least certain categories of them. Would there be some consideration given to the other end of that scale in terms of guaranteeing that there would be minimum returns as well? Once you take away the opportunity to make that larger profit occasionally, it of course increases the risk to some extent, so would the Minister be considering dealing with the other end of the scale as well?

MRS. SMITH: Mr. Chairperson, I think that is something that would be in the area of responsibility of the group coming in to invest. Presumably, they would be coming in to make a profit and it would be up to them in their analysis of this situation as to whether there was an adequate profit being made. I hardly see that one need to have a mechanistic approach to the, you know, guarantee of minimum because one is taking some responsibility for the rate of return at the upper end. It would be like saying that all flood control has to be tied in with water reservoirs, but maybe that makes sense in terms of water control.

I think if you had a fully planned economy then both ends of the issue would have to be looked at, but in a mixed economy I would think the concern at this point in time, the priority concern, would be at the upper end.

MR. RANSOM: So the investor would be faced with a situation where there would be limits placed on how much they could make, and presumably in some period of time, but the risks of investment won't have changed; they will still face the same risks that they

would have faced if there had been no limit on the return that they could make.

I wonder if the Minister would think that might not have some dampening effect on potential investment.

MRS. SMITH: Mr. Chairperson, yes, I think it would have some dampening effect, but it's based on the premise that the resources of the province, if we're thinking of minerals, belong to the people of the province, and that if an outside company is granted the right to develop those minerals, that they should pay a fair rent to the people to whom the basic resources belong. In other words, we don't think the entrepreneurial talent plus the input of capital entitles a company to 100 percent rights. They are entitled to some rights, but not 100 percent.

MR. RANSOM: But do I take from that then, Mr. Chairman, that in the area of minerals, for instance, that we are talking about an economic rent again, that we're not talking about the sort of royalty system that is in place now, but we would be looking at perhaps a two-tiered type of mineral taxation that was brought into place in 1974 or 1975?

MRS. SMITH: Mr. Chairperson, I think these more detailed questions are more properly put to the Minister of Energy and Mines. I think the broad principle that concerns us in Economic Development is the principle of the people of the province owning the resources, that's the constitutional statement, and it's up to the people as a the province to determine under what conditions those minerals are extracted.

MR. RANSOM: I acknowledge, Mr. Chairman, that detailed questions of having to do with taxation in the mineral area certainly should be placed there, but I realize that, or at least I understand that the Minister of Economic Development is part of a committee that's dealing with planning for the economic future of the province, and so I would just wonder whether or not the committee has been discussing that sort of thing in terms of changing the taxation structure with respect to mining?

MRS. SMITH: Mr. Chairperson, I assure the honourable member that we discuss many, many, many things. We are interested in the whole range of resources, opportunities, distributions of benefits, obligations; but the concept of rent over against royalties, there are really different labels applied, but the underlying concept, I think, is how much of the return should properly go to the public and how much to the developer.

MR. RANSOM: A couple of fairly specific questions in other areas, Mr. Chairman.

I wonder if the Minister could give some indication of what she thinks might be the impact upon the business sector in the province if the value of the dollar was to fall to, say, 75 cents

MRS. SMITH: Mr. Chairperson, my belief about the fall in the value of dollar, I guess if you're tying it to drop in interest rates is that there would be a drain of capital out. I think the position that I and my col-

leagues have taken on these issues is that if you're going to lower interest rates and let the value of the dollar go down, you have to be prepared to do other things as well or you will have adverse effects. You have to be willing to look at exchange controls, look at investment prioritization and move into — in broad terms — a planned approach to the economy.

MR. RANSOM: Since the government has recommended that the dollar be allowed to drop, Mr. Chairman, then I assume that they are prepared to take that planned approach to the economy. Would that be a fair assumption?

MRS. SMITH: Mr. Chairperson, that package of policies is what has been proposed at the Federal level. At the provincial level we don't have control of as many of the levers of economic activity and we therefore are not in a position to plan an economy with anything like the effectiveness or the power as a Federal Government would. We believe in the planned approach but we are also realistic about the extent to which a provincial government does in fact have capacity then.

MR. RANSOM: Mr. Chairman, this recommendation has been made at the First Ministers' Conference, that the dollar be allowed to fall in hope, of course, that interest rates would be allowed to go down at the same time. Is it correct to assume then that having made that recommendation that the government is also recommending to the Federal Government that they undertake this planned approach to the economy to deal with the other resulting impacts that could be expected to occur the consequence of the dollar falling?

MRS. SMITH: Mr. Chairperson, yes it's the recognition of all the interrelationships of the factors of the economy that characterizes our approach. Our reason for seeing that as a preferable alternative is that we see one of the defects of the open-market system, that the stronger economy adjacent or nearby will tend to drain the less strong, and that Canada has suffered in it's economic history from allowing too much of its development to be controlled by outside owners. When secondary industry develops its very largely branch plant and therefore volatile when times are difficult; it tends to disappear. As a result a country which has enormous natural resource endowment has in fact a rather immature economy and much less ability to handle itself when the economic cycles are in a down state as they are presently. We realize that no country, certainly Canada which depends a lot on trade, cannot live in isolation from an international economy. But we believe with an integrated, planned approach that we could be much less vulnerable to the ups and downs and maintain a more mature and balanced economic structure and ride through some of the difficult times, that we could achieve a greater degree of self-sufficiency even though we are not recommending or thinking possible complete self-sufficiency, just a greater degree of it because it gives you more resilience and more ability to meet your own internal priorities.

MR. RANSOM: Mr. Chairman, can the Minister advise us what other parts of specific recommendations were made to the Federal Government at the same time as the government recommended that the interest rate be lowered and the dollar be allowed to drop? Were there other specific recommendations made in terms of offsetting the impacts that must inevitably result?

MRS. SMITH: Mr. Chairperson, I can't remember all of the components. There was the identification certainly of the two things you identified plus the need for some kind of exchange control; some kind of dealing with the banking system so that it became more of a tool for national policy; some kind of setting of priorities for investment and a deliberate attempt to develop a more balanced regional economy in the country.

One of our great concerns has been the inequalities that have been growing in the regions of Canada. There have been substantial shifts of course in the traditional patterns of late because of the great resource development in at least the Alberta, Saskatchewan, British Columbia part of the west, but really overall, the open market approach to Canadian economic development will tend to exaggerate the inequalities rather than eliminate them.

There have been some initiatives taken recently to try to strengthen the secondary sector across the country by means of better government procurement policies and better encouragement of small entrepreneurs to tune into the bigger projects, at least the ones that are expected to take place, but I don't think it's an adequate strategy to accomplish a real balanced development. I think there has to be intervention in order to get a more balanced development. I don't think the open market system can do it.

MR. RANSOM: Mr. Chairman, can the Minister tell us what she thinks might serve to stabilize the dollar in the 75-cent area? I believe that is the range that had been recommended by the provincial government. What sort of analysis has been done to show what things might be put in place to stabilize the dollar at that level?

MRS. SMITH: Mr. Chairperson, the full economic policy at the Federal level was not spelled out in great detail at the First Ministers' Conference, the broad parameters were developed. However, the Federal party has a very well developed economic and industrial strategy, the components of which are subscribed to by our provincial group.

MR. RANSOM: Mr. Chairman, I realize the Minister of Economic Development isn't fully responsible for the positions and recommendations that the Provincial Government has taken. Perhaps if she's not in the position to discuss some of the details, maybe she could advise whether it would be in the Estimate of the Minister of Finance or the Estimates of the First Minister, where we might expect to have the positions of the government explained in detail.

MRS. SMITH: Mr. Chairperson, anyone who knows me very well realize that I don't need too much encouragement to launch into a very lengthy and

spirited discussion of a Federal economic strategy. I am prepared to move into that tonight if that is the honourable members' wish. I would have thought that was more appropriate at, well I suppose at Federal election time. If the member believes that a better insight into the Federal New Democratic Party's economic strategy is essential to the deliberations here tonight I am ready and willing to launch on a full discussion.

MR. RANSOM: Mr. Chairman, I only have an academic interest in the position of the Federal New Democratic party. I have a very direct interest in the positions that have been taken by the Provincial Government and were put forward at the First Ministers' Conference some weeks ago. I'm simply trying to find out what is the background to some of those recommendations; what leads the government to believe that those recommendations that they make could be actually made to work in the interest of the province and of the country; that is why I'm asking. What is there that is going to stabilize the dollar at 75 cents?

It's nice for the Premier of this province and the Premier of other provinces to say, we think maybe 75 cents would be a nice level for the dollar to stop at; it would allow us to lower our interest rates. Well, it happens that over the past couple of months the U.S. dollar reserves, I think, have been depleted by well over a billion dollars in support of the Canadian dollar and there are a great many analyses that indicate that once the dollar starts to slip there is no telling where it's going to stop. It's not going to be possible just to say 75 cents would be a nice place for it to stop and so I'm interested in knowing, in the face of all of the analyses that I've seen done by various institutes, one I happen to have before me, the Institute for Research on Public Policy, what does the Provincial Government know about what could be done to assure the dollar doesn't go below 75 cents?

MRS. SMITH: Mr. Chairperson, it was not our government that talked about the 75 cent dollar. We talked that a lower dollar was not, in and of itself, the greatest thing to fear. However, things like exchange controls and investment planning dealing with the financial institutions, repatriating the economy of the country, ensuring that not so much money left the province because of dividends to foreign owners, that those things would be dealt with; they would be essential components, really progressive taxation, where loopholes that currently make the tax system a rather schizophrenic tool because on one hand people think that it's redistributing the wealth of the country, on the other hand, there's the pattern of exemptions - not tax reductions - have the net effect of really subsidizing much, not only of the private industry in Canada, with which I am not that unsympathetic, but of many of the foreign investors who do not automatically plough the proceeds of their economic activity back into Canada. As a matter of fact, they tend to follow a type of development where the research and development tends to take place and the job creation in their own country where, as I described earlier, the branch-type plant, the assembly style of economy tends to take place in our country plant; while the basic production of the parts, where the real value is

added, where the real technically more advanced, higher paid jobs, are retained in their own countries, that's the pattern of development that has been causing so many of our problems.

So our recommendations were that this had to be dealt with by a responsible activist government approach at the Federal level. I think there's a recognition that it's perhaps not so important where the dollar is pegged as what the structure of the Canadian economy is and what the distribution of the costs and the benefits are within the country. Those are the important questions to ask and also the important problems to solve. So we were recommending a total package.

It was interesting to note at the Federal meetings that, although the provinces seem to be all on the same wavelength in wanting lower interest rates and letting the dollar slide, some of them wanted also a great many tax concessions to the private sector, whereas others among us wanted more of a planned approach to the economy. I think it's an approach that hangs together and is consistent with what we are attempting to do at the provincial level.

MR. CHAIRMAN: The Member for Turtle Mountain.

MR. RANSOM: Mr. Chairman, the term "let the dollar slide" has been used by many people I guess who've advocated that means as a means of lowering the interest rate. I gather from many analysis that a slide is perhaps not a way to describe what would be likely to happen. It would be more likely to be a crash of the dollar rather than a slide.

I'm wondering to what point does the province think that the dollar might go down to? How low does the Minister think it might go and what might be the effects on business in the short-term in the province, recognizing that some of these other controls that the Minister would like to see placed on the economy might take some time to put in place. If the interest rates were to be allowed to fall immediately there would be also an immediate result in terms of the value of the dollar. How low do you think it might go and what would the effect be on the province, say if it went to 75 cents.

MRS. SMITH: Mr. Chairperson, the question of a slide always sounds like something dreadful. There could be advantages, there could be advantages to the manufacturing sector of our economy which would help us with our exports in that sector and it would help us to reduce some of our imports because they would become somewhat more expensive and therefore one sector of our economy could actually get quite a benefit.

The relationship of currencies, one country to another, don't have any sacred or permanent ratios. It's a device for balancing out, I guess you would say, the economic activity between countries with an enormous number of variables. I guess it's sort of like level of water, there's something about finding an appropriate level at which your country's activity relates to another country; but I think the idea of thinking of water levels always goes along with the idea of open markets and that somehow there is a natural and healthy balance if you just let everything

go free and find it's natural limit. That assumes that one thinks that the completely open market is the best and healthiest pattern for economic activity to organize itself around.

We don't think that's the case; we think that countries differ enormously in their potential, their population, their resources, their stage of economic development and we see it, not only the right but the responsibility of governments to play a managing and balancing role in that countries do not have to end up equally well-to-do. But within the potential that a particular country has, the government in our opinion has a responsibility to ensure that the economy is as healthy and balanced as it can be - a mature economy. Canada does not have a mature economy and we attribute it to a real lack of economic leadership at the Federal level. We attribute it to reliance on theories which we think are frankly no longer adequate to explain the problems, the situation and, therefore, they don't generate the kind of solutions that could make some sense.

I guess we would like to work towards some kind of international economic system where some of the traditional concepts of competition in the strongest group surviving, somehow, out of the great struggle is to come the greatest good of the greatest number. We frankly think that's a very unappealing, unhealthy prospect for the world economy. We would like to substitute a much more balanced approach where countries could recognize that in the final analysis we have more to gain from mutually advantageous trade relationships than the rule of the strong dominating. We think that much that has caused great dislocations in the industrializing world has resulted from somehow a hope that the world money and trading system we've got is the best.

Now that's not to say there aren't a lot of things we can all do to make what we've got work better; there are. There are great gains that can be made, particularly for a country like Canada and a province like Manitoba, in using our ingenuity and our inventiveness to be more productive, to seek out markets. There's a great deal we can do within the current structures but more could be accomplished and a more, how should I say, economies could be managed to serve the populations of countries more effectively in our opinion with a different approach to the international economic system.

MR. RANSOM: Under this planned economy that the Minister would like to see, Mr. Chairman, does the Minister still see that there would be a continuation of the present needs for many billions of dollars each year to balance the current accounts of the country, that there would have to be many billions of dollars borrowed abroad to come into Canada?

MRS. SMITH: Mr. Chairperson, I think the goal of the Canadian economy should be to be as self-sufficient as possible, financially and in economic production, recognizing that there's an area of trade, import and export, that we will need and want to maintain.

I have a belief in countries living within their means, but, I think, in the Canadian case, that the means that we have are less than we could have if we managed our economy differently. I think it's partly because

we've had great resource wealth that we've been able to get along for so long with an exploitative pattern of development of our resources. We've been content to sell them cheap and buy back the processed goods at a higher price, because we've had this wealth. To a certain extent, I think, we've squandered it; I think we've surrendered ownership and control of it. Who can blame outsiders from coming in and developing our resources in the way they have? We haven't resisted. But I think it's been an unwise pattern of development and I, for one, and I think my party, along with me, don't think it's a wise course to follow in the future.

MR. RANSOM: Mr. Chairman, I would gather then from the Minister's statements that under the planned sort of economy that she would find most acceptable that there would be a much greater demand by at least, certainly by the Federal Government, and probably by provincial governments, as well, for capital. At the moment, there is somewhere between 70 and 80 percent of all of the investment capital that's available in Canada is required by the Federal Government. That doesn't leave a great deal of capital left in the country for the provinces to borrow for their efforts or for the private sector to borrow for reinvestment.

Under this type of planned economy, where does the Minister see that the Provincial Government would do its borrowing?

MRS. SMITH: Mr. Chairperson, I agree with the description of the problem that the honourable member described, but I submit that one of the reasons we have that problem is because of the tax system and the fiscal policies followed by the Federal Government. Much money drains out of this country every year in dividends to foreign owners. That's capital that could, in a more indigenous economy stay here to support our own development.

Another problem has been that the strategy of the current Federal Government has been to go very heavily into capital intensive development in big energy projects and so on, and less into labour intensive development, with the result that the capital needs are very high. I think sometimes we measure our economic growth solely in aggregate terms, and we somehow feel that rapid capital development is automatically good and slower development is not as good.

I submit that a more moderate capital investment program, coupled with labour intensive activities, social programs, redistributive efforts, could produce a qualitatively good economy, but it would need different economic measurements, if you like, to evaluate itself. I think sometimes we get, instead of us using economic data as a tool to assist us in our development, we sometimes are like the dog swung by the tail. The measurements, these criteria, come to tyrannize over us, and we forget to dip in our thinking into what are the basics. The basics are not just money; the basics are physical resources, are environmental assets, are people, and we have in Canada certainly compared to just about every other country, I know anything about, we're really well endowed. We have special problems, we have vast geography and sparse population, cold climate, so that we have to expend an

inordinate amount on keeping ourselves warm in winter and transporting ourselves, so that that's one of the relative difficulties, if you like.

But in balance, I think we're a well-endowed country, and with a better managed economy, I think, could experience a selective type of growth where people could be given a more equitable access to the good things of life.

MR. RANSOM: Just a couple of questions to finish up, Mr. Chairman. The system of government that exists in Poland, for instance, is one that has been extremely planned, and they have had to go outside the country for vast amounts of capital. I wonder if the Minister would see that whether or not, under the system of planned economy that she envisages, that it would not be necessary to go outside the country for capital?

MRS. SMITH: Mr. Chairperson, I don't know whether we're talking about transitions or end points, or whatever. I think to label one country as planned and another as not, and tie it into capital needs, I think is perhaps oversimplifying. There are many kinds of planning; the model that has been used in the eastern bloc has been a model that I don't espouse; I think it's been a very centralist type of planning, a very bureaucratic talked-down style of plan, the kind I understand, has a much more open participatory character to it.

I think one of the things we should recognize when we're looking at the economy of Poland is that it has been tied in a satellite relationship with the USSR, where fairly deliberately it was not encouraged to develop a diversified economy and became very dependent on the USSR. Not to the same extent, but there is some element of similarity, Canada has somewhat of a satellite relationship to the U.S. economy. As I say, I wouldn't want to push the parallel too far, but Poland probably, if they had been able to generate a more independent approach to their own economy, perhaps could have found themselves in a much better situation now and I think we could improve our situation.

Obviously, if you were making a transition, you couldn't eliminate the need for foreign capital immediately, but change comes about by having a new idea of where you want to go, some idea of how to get there, and a willingness to take the first step.

MR. RANSOM: One last question, Mr. Chairman. Would wage and price controls be part of this package of planned controls that would be put in place?

MRS. SMITH: Mr. Chairperson, I could see in a truly participatory government, that people could come to see that there are limited resources and therefore, if there's to be some kind of fair distribution, that there could be a process agreed on whereby some kind of minimum, maximum, social, a ratio concept could come to have broad consensus, but I think that would be arrived at if there was sufficient social agreement as to what was desirable.

I think it's really interesting; I found it extremely interesting to look at the developments in Japan since the rapid post-war industrialization and they're often

touted as an unplanned economy and sort of an economy that demonstrates the virtues of the capitalist system and yet what you find within their firms, is quite a participatory approach to labour-management relations. You get some consensus that's been arrived at, as how they work out their wages and the gap between the bottom worker and the top worker is much much less than it is in our part of the world because they have a social consensus and I suppose it's based on their traditions of mutual respect and the extended family and factors which are specific to that society. I would hope that an economy such as I would envision would, by open and consultative processes, enable the Canadian people to reach the position where they could agree on what was a fair distribution of income, but that's a very different concept I submit than imposition of wage and price controls.

MR. CHAIRMAN: The Member for Tuxedo.

MR. GARY FILMON (Tuxedo): Mr. Chairman, the Minister has gone on the record this evening in a variety of different areas as somewhat critical of the development of the Canadian economy to date.

I'd like to if I may bring it more specifically down to the Manitoba economy and she can clarify whether or not the comments that she was making apply to the Manitoba economy, i.e., that we have a rather immature economy that suffers from a lack of secondary industry, that it's rather resource based and that we ought to be moving towards the development of further processing so that we get beyond this resource-base primary industry syndrome into the area of true secondary industry development and so on.

If this is her view of what is the case in Manitoba, what specific strategies does she plan to follow to develop this much needed secondary industry for the province?

MR. CHAIRMAN: Madam Minister.

MRS. SMITH: Mr. Chairperson, I do think that the Manitoba economy is somewhat less than as healthy as what Canadian average in most of the indicators — we have what — 4 percent of the population; we have somewhat less than 4 percent of the manufacturing.

Again, recognizing that the average we're comparing ourselves to is all of Canada which I was maintaining earlier, isn't necessarily at an optimum stage, so I think there is room for improvement in the Manitoba situation.

We do have a more diversified economy than the provinces to the west of us, at least we have had. We were a very important distribution service centre in the earlier days of the opening up of the west and did develop some manufacturing capacity when the other western provinces didn't, so we've had some lead time if you like in that regard.

Currently, much of the manufacturing of our equipment is aging and our state of product development, innovation if you like, expansion is not as good as it could be, therefore I think the strategy to increase the processing, manufacturing, in Manitoba is an important component of an economic strategy.

I think it's important to identify priority sectors

where we have some probability of comparative advantage and those are fairly natural. They're the ones related to food processing, farm equipment, metals fabricating. We have some lead — not lead — but some good activity in the fields that aren't necessarily tied to a geographical location in the computer field, in the technology field, some development in health products and for our size rather a good development in aerospace.

So, I think it's a question of selecting the areas where we have some strong possibility of developing, doing well and seeking out new markets, working from the research and development end trying to get more of that here, get it more focussed on specific opportunities, looking at the capital needs and management needs, manpower training needs of existing and potential manufacturers and working out what is the appropriate role for a Provincial, Federal Government, universities, the industry itself. I think all of these factors can be put together and form a fairly realistic and healthy approach.

I should point out that the quality of our manufacturing capital stock right now is actually the second lowest in the country, it's next to Prince Edward Island, therefore we really cannot afford to be complacent about it and do have to seek out ways to improve.

There is always a temptation to feel that we have to attract outsiders in. I think that's something that certainly has to be done if it can be accomplished, but there is also opportunity to assist the people we do have, to develop. Very often we find that someone has a reasonably good product and they are operating at a fairly constant level and they aren't terribly assertive about going out and seeking new markets, either in the province, to the west of us, or to the south and beyond, so we have a fair job to do in finding ways to inspire and assist our manufacturers to be more creative and inventive in that field.

Those are some of the components. Perhaps we can touch on more of those when we get to some of the specific parts of the Estimates.

MR. FILMON: Could the Minister explain what she means by the quality of our manufacturing capital stock being the second lowest in the country next to Prince Edward Island?

MRS. SMITH: Mr. Chairperson, it's the dollar value per person employed in the industry of the capital equipment and that reflects I suppose, the quality and the amount of capital investment.

A little earlier, I was critical about a strategy that went too heavily into capital investment and not enough into labour intensive development. In Manitoba's case I think we have quite a ways to go to get to a good mix, therefore those manufacturing processes which are using more advanced technology and can therefore generate more productive output, need to be encouraged.

We have a fair development starting in the apparel industry and in the metal fabricating to use computer assisted design and manufacturing equipment. This is remarkable technical equipment which enables a very high quality and high volume of production to be achieved. It also introduces some fairly challenging

and better quality jobs for the work force and if we can promote some of this here, I think it bodes well for our expansion of trade.

MR. FILMON: How does the Minister . . . I didn't quite catch how she rationalized the comparison between her comment that the government isn't interested in attracting industries that are too capital-intensive and don't create enough jobs, and her concern about the fact that our ratio of capital investment per person employed is too low. Isn't that contradictory?

MRS. SMITH: Mr. Chairperson, I can understand the apparent contradiction the member heard. Initially I was talking about the economic strategy for Canada as a whole, following up on a question of wouldn't we still have great capital needs for borrowing abroad, and I was saying that I thought in a planned approach we would phase our capital investment in such a way that we wouldn't put ourselves into bankruptcy, if you like, by trying to borrow too much abroad. But I was talking about what would the optimum be, if you like, if we were having a planned economy at the national level. When we come to the Manitoban level, I think it's realistic to look at where Manitoba stands in relation to the current state of the other provinces in Canada and develop a strategy that brings this at least up into the middle level of economic health. I don't mean to aim low; if we find the magic combinations that enable us to be very inventive and successful, fine. But I think it's reasonable given our resources, to aim to hit the average range. And there I think looking at what we have and what we could have, it's fair to say that to bring ourselves up to a proportionate average, we'll have to modernize our equipment and look for more technologically advanced ways of carrying on secondary industry.

MR. FILMON: Mr. Chairman, that gets me back to the original question that was: what is this Minister or this government's strategy, or to use her words, the magic combinations that will attract investment and result in the creation of significant jobs in secondary industry in this province? When I asked that question originally, with respect, the Minister merely read off from material that I've seen published for years by the department that tells what areas Manitoba should have competitive advantages in. And she listed off food processing, farm equipment, metal fabricating high technology, aerospace, on and on, and all those things are things that have been around before. What are her strategies or her government's strategies that are going to result in the development of secondary industry, to arrest this trend that she sees towards resource-based economy, towards an immature economy? What is she planning to do in Manitoba to change that?

MRS. SMITH: Mr. Chairperson, we are not going to accomplish miracles quickly, as I have said before. One of the problems we have is shortage of capital in the province and we feel we can remedy that somewhat by seeing what more resource revenues can be secured by bringing our Crown corporations into as healthy a condition as possible.

We've also talked about negotiating as much co-operative programming as seems reasonable with the Federal Government because those can help us deal with the down-turn in the economy, the deficits and so on; then by strategically trying to focus what funds we do have into the whole development process, not just attracting outside money in but not excluding that either; trying to look at the whole chain of development starting from the research and development end. We want to strengthen our research council so that we can get the universities, the industries and government groups looking as strategically as they can as to how we can get technological advances applied in industry; the same with the manpower training, how to get it somewhat more closely focused; looking at the needs for management skills and marketing skills of the businesses that we have; increasing the will and ability of our manufacturers to seek out markets in the energy projects to the west of us. We need a lot of servicing equipment and it's a natural market for us. It's not that distant and we have the capacity to provide many of the things they need so we'll continue in the reaching out to those opportunities.

We've also been exploring probably with the middle and longer term improvement in mind. We've been having meetings with representatives from Japan because the developments in their country are making it desirable for them to transfer as much of their energy consumptive industrial processes out of their country and into countries such as ours. So, we have been insuring that they know what we have here in terms of hydro-electricity, and willingness to joint venture, proximity to the big North American markets. So far we have I think, broken through a bit of a sound barrier with them in that we found they saw us primarily as a hog producing area that was going to be a replacement for the . . . they've had to stop importing from Denmark because of foot and mouth disease that's been developing there. And they'd never thought of us as having something to offer in terms of the hydro-electricity and the proximity to the North American market. So we've already started a dialogue going in that direction to see if there are co-operative activities that we can undertake in the middle and longer term. I think the willingness to review all the mega projects with the view not just to saying, we need outside investors to come in and help, but what are the conditions on which outside investment and provincial investment together can maximize the return to the people of Manitoba.

Those are analyses that you have heard about and have chastised us on occasion for being rather slow and not filled with great public pronouncements. But our commitment to planning and to careful analysis is very sincere and that kind of work is not flashy and quick. It's a methodical type of work that has to be done. It's what you're accustomed to calling good businesslike approach to economic development. We are quite happy to pick up the good aspects of business planning and careful financial and economic thinking to apply to our own planning in that field.

MR. FILMON: Mr. Chairman, I'm a little confused because the Minister has said in response to my question as to what is the strategy of the government, "We

can't accomplish miracles." Well, I'm not asking what she has accomplished today but — there's a saying that says if you don't know where you're going, any road will get you there — and all I am asking the Minister is, what is the strategy that is so different and unusual that her New Democratic Government wishes to follow that will result in her vision of a planned, proper economy for the betterment of Manitobans, will result in that down the road? And that means as she says, the accomplishment of increased secondary industry and all those things that I repeated before the question. Now what's the strategy?

Talking to Japan isn't a strategy. Following a good businesslike approach in discussions isn't a strategy. What's the strategy?

MRS. SMITH: Mr. Chairperson, the strategy is to seek out in as systematic a way as we can, the opportunities that grow out of the kind of base that we have now to explore the full range of ways of developing those opportunities from co-op, to joint venture, to Crown corporation, to encouraging private corporations to proceed on their own, then when a joint venture is involved or some kind of agreement, to see that the terms are as fair and beneficial both to all parties considered.

We remember the long and bitter experience with CFI, and I know it's easier to have hindsight than foresight, but I think we realize it's not easy to develop a forest products industry in the North of Manitoba — we are having our current difficulties with ManFor — but our development strategy is a building on something that is there — so we will take each sector and each industry on its own terms and see what the development needs are and work with whatever resources we have — and the Federal Government is able or willing to put into the mix — to see that the development process occurs to the benefit of Manitoba.

Now, strategy I guess, has to start from opportunities and finding out what the resources are that you can bring to bear, or what the stages of development are and how you can assist in focus, how you can choose to put your money here rather than there because you think it will create more jobs or generate more wealth for the province, or provide more linkages to things you've got, or things that you could produce. It is a strategy.

If I had to differentiate it from the predecessors, I'd say we are willing to entertain a wider range of organizational patterns and mixed public-private activity, but much of what was being done before and many of the types of programs that had developed in my department, I am very happy with. I think they were necessary and important, perhaps not sufficient. We may not be able to improve on all of them. I hope we will have the sense to maintain the ones that are effective. We'll try to develop as rigorous an approach to evaluating money in and value out as we possibly can so that what resources we have at our disposal are well and effectively spent.

MR. FILMON: Mr. Chairman, the Minister has referred to the long and sordid history of the CFI project. We too, remember some long, sordid and bitter tales of Saunders Aircraft, King Choy Foods, William Clair

Publishing, and I could go on and on, but I'm sure the Minister remembers them.

She says that the major thrust of her department is to seek out and identify the opportunities that are here in Manitoba for people to develop industry and economic entities that will create jobs, stimulate our economy, produce tax dollars and all the good things that can accrue from economic development, but that's always been the strategy.

There's a next step to that strategy and that is, having identified those opportunities, what's required to develop them is massive investment, and she has said that the government is somehow going to be involved in that massive investment.

Well, I just point out that the entire budget of her department is \$24 million this year, and even instead of having all of these people on staff who are doing the seeking out and identification of opportunities, she turned all that \$24 million into investment in opportunities, it wouldn't create a hill of beans with respect to economic development in this province. So somewhere, somebody is going to have to be encouraged to invest massive amounts of money in Manitoba to take advantage of these opportunities that her department is identifying and where is that going to come from?

She's talked in theoretical terms about co-operative developments and shared partnerships and all sorts of buzz words that I've heard before, but how will they apply in Manitoba and what will be the incentive for people to bring in the massive amounts, the hundreds of millions — not the \$24 million in her budget — but the hundreds of millions of dollars that are going to be needed to take advantage of these opportunities that are identified in Manitoba? There has to be a strategy that will encourage people to take their money out of interest-bearing investments and put them into risk capital to develop industry in this province and just merely listing all of Manitoba's advantages isn't going to attract people to invest here.

There has to be an attractiveness by virtue of the climate that she creates, by virtue of the stability of our Manitoba economy, of the competitiveness of our taxation structure, all of those things that — and it seems to me that everything that the Minister has indicated in her opening remarks has been one of discouragement to anybody who might want to come here — suggesting that she is a little concerned about the level of profits that are being taken by some types of corporations, that she's a little concerned about the lack of good corporate motives of many of the corporations that exist in Manitoba, the lack of their contributions to the overall good of our economy, all those things seem to me to be a slap in the face to anybody who might want to come in here with any amount of capital and invest in the future development of our economy. I think that this Minister is going about it in entirely the opposite way. Rather than attract anybody with the kinds of pronouncements she's been making in the last couple of days in this Committee, she is going to do exactly the opposite and send them running away from here.

Let's talk about some specifics. Let's talk about Alcan as one project — and the Minister has said that with respect to the mega projects — they're proceeding slowly because they want to take a very good

businesslike approach to each one of these potential endeavours. What potentially in the Alcan project smacks of a bad investment or a bad deal for Manitoba, what aspects of it might have negative effects on Manitoba in the Minister's view?

MRS. SMITH: Mr. Chairperson, I can understand how the honourable member reacts to something that isn't compatible with his approach, which is that you have to rely on the private sector for investment and the only way you can do it is by giving them incentives, cutting their taxes, promising them, how should I say, a very attractive climate within which to function.

I agree that would be the best strategy if that were the only sort of thing that one had to consider, but I ask you to look at a province which develops itself in that way and that way alone. It may attract a lot of companies, but their attachment may not be that strong. There is no guarantee, particularly if it's an out-of-country company, that the profits get reinvested and, while I know there are jobs created and there are taxes paid and there may be very good things happen, there are also some negatives and there are some things that don't happen in a community that way. Also, the control that the people of Manitoba have over their own economic development is not that great. We may end up cutting back our taxes and offering incentives in an increasing rate and find that the benefits we're getting somehow aren't justifying that pattern of development.

Now, we aren't saying that pattern is all bad. What we're saying is it needs to be balanced with another parallel approach and my reading of the companies that I have had to deal with now, and although we've only been in office for four months, we've actually talked to a very large number of companies, my reading of them is that they recognize that part of the climate of a healthy economy is based on the willingness of the public to invest as well as the private; that it is the total economic and social activity in a community that generates activity and health, that it is not always a strict bottom line calculation that they make. There is a work force and their training; there is quality of life; there's cost of housing and all those things. In fact, we've identified 28 projects in the resource area which are potentials for development and we are finding that there are people interested in investing. Somehow, the world out there does not seem to calculate things quite as black and white as the honourable member does. We are also finding interest in the possibility of joint ventures or complete public development.

The future for ManFor, if we can get ourselves converted to a product that is in demand in today's rapidly changing market, is not bleak, it can be bright. It's just we have to have the courage and take the time to do the careful research to see that we send it in a healthy direction. There is activity in the Tantalum mining field and in the energy technology field. Frankly, we're finding, in the high tech field, that often investors aren't so much looking for just the best tax breaks; they are looking for an area where they can plug into research abilities where there is a group of companies of like mind where there can be a fair degree of excitement and innovations. Although we don't we have glamorous clusters of industries like

this, nor are we bereft of them, there are groups that are willing and I think able to expand. The economic times are very difficult and the seeking out of the specific projects that stand a good chance of going is a careful and painstaking task, but I personally don't feel that pessimistic about the prospects.

The budget of the department does not reflect a high priority to public capital investment in the secondary sector. As I said earlier this afternoon, the priority for the government, in the first part of our term, is to deal with the energy and primary resource field to bring our Crown corporations into as healthy a state as we can, to do some catch up work in the social service field and to put in place the analytical capacity, the planning capacity, that will enable us to seek out investment opportunities in the manufacturing field. Admittedly we have not earmarked big amounts of public money for that purpose at this time.

MR. FILMON: Mr. Chairman, with due respect, I have to say to the Minister that she's part of a government team who has Ministers responsible for various areas and that she has been given the responsibility for Economic Development and Tourism in this province. If she then says that there hasn't been any increase in the budget on Economic Development, which there hasn't other than the additional \$2 million for the horse racing industry, and that's because, in her view, the priority of the government is in "the development in the social service field" and she was saying that she's abandoning, in effect, the economic development aspect of this province. I don't think that this province can afford to abandon, as a priority, Economic Development for its future because there will be no funds to pay for the needed social service developments in this province in the future if there isn't a strong, healthy economic base.

Although she can, on a co-operative basis, work with her fellow Cabinet Ministers, she had better be working as a priority for Economic Development or turn her portfolio over to somebody else and she can worry about the social service developments in the province while somebody else, who's more interested in Economic Development, will take the lead role in that.

She has referred to my statement as having said that I advocated cutting taxes. I did not once in my previous remarks refer to cutting taxes in this province. When I spoke in terms of a healthy climate, an attractive climate for industry to come here, I think all we need to do is be competitive and it seems to me that there are several major industrial concerns who were on the verge of putting billions of dollars into this province on ventures that they were satisfied with, had a sound economic base, and this Minister's government for some reason is holding off on them. She has not answered my question as to what are the concerns that she has with respect to the Alcan project?

She referred earlier to having some public funding go into joint ventures and said that resource revenues can be secured for channeling of our own funds into future Economic Development and I assume that she's still after that comment in the New Democratic party's campaign literature that said that with resources from ManOil and Manitoba Hydro, we can do all

sorts of wonderful things in this province. In that particular folder it referred to the development paying for social services in this province. I think she's now saying that maybe ManOil and Hydro are now going to pay for Economic Development in this province and I tell her that it just is pie in the sky. There's no way that amount of money can come out of those Crown corporations to pay for future Economic Development in this province. Her government is going to have to attract investment, whether it be from within this province or from outside this province or country into this province, to start the ball rolling on Economic Development and there are several projects that are available to her right now. I want to know what she sees as being negative things and things that ought to be avoided about the — let's take one for instance — the Alcan project are things that this government does not wish to give up or to agree to on that type of development. What are the problems, what are the negatives that she sees in that particular project for instance?

MRS. SMITH: Mr. Chairperson, with due respect to the honourable member I do think he's exercising selective listening. I did not say that increasing or improving social services was the top priority. I said to increase the public return from natural resource development so that in the longer run we have more resources under our own control to support our development, not as a total strategy, but as a part of a mixed strategy; that the development of our Crown corporations to the point where they're healthy and able to generate more income for the province. Money that can stay in Manitoba and assist with other development is an important component.

Then perhaps most importantly and perhaps one of the most difficult concepts to comprehend is that there was very little planning capacity left in the government when we took over. By planning capacity I mean the ability of people — having the people there in the first place — but having an ability for them to work as a total unit to plan from all the different components, the social, economic, financial, tying into provincial fiscal policy. We just don't have that, we haven't inherited that type of capacity.

We had mega projects which were being developed by a clutch or a group of consultants that didn't necessarily work together, consequently what we had were proposals that sounded good but when we analysed them, found they were inconsistent, that they didn't give due weight to the fair return to the people and frankly we didn't find them in a state of readiness where they could be brought to fruition.

Now there's none of the projects that we have said that the door is closed on. What we wanted to do, and what we think it's only appropriate for a public authority to do when negotiating with outside provinces or companies, is to set the framework within which it makes sense for the public of Manitoba to pursue a line of development in with that particular company, to set the parameters if you like, below which it does not make sense to make a deal about which you're into the net benefit situation.

With regard to Alcan we had concerns as the member well knows. We had concerns about the principle of giving ownership on a Hydro dam when we feel very profoundly, how should I say, a loyalty to or a

commitment to developing the Hydro resources of Manitoba for the public good and we were not satisfied that the kind of deal proposed in the Alcan project was in fact going to do that, neither the terms of ownership, nor the price range.

I think the difference between our strategy and that of our predecessors was that because they saw — well they wanted development and that I'll grant you — but they saw the private sector as the only source of that kind of development initiative and capital. Consequently they were willing to make any kind of a deal. Well, that's too strong. They were willing to make a deal that was less than optimum for the people of Manitoba in order to get that outside investment. We were not persuaded that the terms on which the Hydro electricity was to be made available to Alcan were a good deal for the people. It would have been very tempting to go ahead and say, aren't we great, we've got this going and we have all this activity.

But talking to our friends in British Columbia who had rued the day that they had entered into a city five-year agreement with Alcan at prices that, given the rate of inflation in recent years, have proven to be ludicrous. The Hydro electricity is one of the, not glamorous, but very substantial natural resource assets in renewable energy that Manitoba has and we were not prepared to enter into that kind of a deal.

We had concerns about the environmental impact but those were concerns that could in an orderly — and will be if the negotiations get to the point of a locational focus — those issues can be dealt with by open public hearings and a consulting of the environmental experts in that field.

We understand that our predecessors when they negotiated on the location for Alcan played a neutral role. They said, Alcan here's the information about Manitoba but we'll play hands off when it comes to where you locate. Now I respect that was the way they thought government should relate to private industry, that it was an area where private industry, private investments should have complete freedom of decision-making. Well, we don't believe that. We think that the public has some responsibility to at least enter into a negotiation and attempt to have some influence on where an enterprise locates — and it doesn't mean that we would play a dictatorial role and say you have to go up to Pukatawagan or something because we would like you to be there — we recognize the costs of transportation and the needs of people to have places to live and all the rest. But we don't think that the government should necessarily accept a kind of eunuch role in the negotiations. We think we have a legitimate right to put our concerns about location into the mix and into the negotiations.

Another concern that we've had with the Alcan is, is there any way that we can link the processing of the alumina with some kind of fabricating or processing of the finished ingots so that more value added, more jobs, more money gets generated here in Manitoba so that we aren't just following an extension of the old pattern of development. Now the Alcan plant, how should I say, aluminum smelting is a natural complement to the Manitoba economy and in fact as such we're interested in having an aluminum smelter.

We feel though, that we should discuss the prospects with several aluminum companies and not con-

fine ourselves to one. We think that that's only being responsible and being good stewards for the future economic development of Manitobans. It's a slower process, it's more complex, but we feel committed to it because we think it's honouring the kind of systematic analysis and approach that we think is the most responsible in the long run.

MR. FILMON: Mr. Chairman, I think the Minister has identified her hangups by virtue of some of the statements that she's just made. She said that it was the principle of giving ownership of a Hydro dam to Alcan.

Well, let's set the record clear. I think what the Minister meant to say was selling ownership; there was no intention of anybody to give anything away to Alcan, they were going to be paying the full costs of every megawatt of installed capacity that was there. As the Minister well knows, the agreement called for escalating clauses so that the returns from the Hydro plant to the Province of Manitoba were not just fixed for 35 years, but that there were escalating clauses and on and on. Alcan would not be here unless there was an economic viability to the development of a smelter and if the Minister believes that by dictating where they can go, and that happens to put them in an area which does not allow them to operate viably, economically - since they are not getting any grants from Manitoba or Canada or anyone else to come here, it's based solely on the economic viability of that operation - then I can assure her that they won't go to Pukatawagan or anywhere else unless that plant is economically viable. The healthiest relationship for the Province of Manitoba and the economy of Manitoba is for that plant to be located where it can produce the best return for Alcan, assuming there are no other environmental or socioeconomic problems that would prevent it from being there. That was the whole purpose of having set up the most extensive series of socioeconomic and environmental assessment reviews that has ever been seen in this province, or perhaps any other province, for that particular project, so that we, the people of Manitoba, would be assured that there would not be the socioeconomic and environmental negatives that the Minister says she's concerned about and there is a process in place.

The Minister keeps talking about moving things over that I have a hangup about involving the private sector. Well, I guess I do have a hangup to a certain extent. Everybody in our society, with respect to taxation, can be classified as either taxpayers, tax avoiders or tax consumers. What my hangup is that the Minister keeps wanting to transfer people out of the taxpayer category into the tax consumer category because she has a hangup about tax avoidance by some companies, in the manner in which they structure their operations. It seems to me that's a hangup that's a very valid one and as a taxpayer in this province I have a right to hold.

Mr. Chairman, I think I'll probably leave my remarks at that because I think the Minister has bounced us all around the mulberry bush on this and we'll be better served by getting at some of these things on a topic-by-topic basis as we go in detail into the Estimates.

MRS. SMITH: Mr. Chairperson, one more time around

the mulberry bush please. I never mentioned dictation, honourable member, of location. I said willingness to negotiate on the basis of location and play somewhat more active a role, not a neutral role. I said "of course we had to look at the economic viability of the company," but between the economic viability and what can be a better deal for Manitoba is quite a lot of negotiating space.

Alcan is a company that has operations around the world, 40 to 50 operations, and it is in relationship to other companies and other governments all the way from 0 to 90 percent control by the other partner. They're not strangers to governments that take their social and economic responsibilities seriously and I don't think that they are at all surprised that there are certain questions our government wants to look at. I don't think they're going to run away from the negotiations because of that.

On the global scale they are more concerned about security of supply of power than they are at differences to them that are fairly minor in the cost, but differences that to them can be fairly minor can be quite major to a province like Manitoba where hydro-electricity is one of our valued and important resources.

The escalating price that you say you negotiated - you know there's room for difference of opinion - at the moment we felt it was too slight an escalating factor, but that's something where one can understand there being a range of opinion. Still we wanted time and needed the time to look at that in some detail.

On the environmental issues, I don't have any hangup on the process that was described being one that could be carried out, provided there was full access to a range of data and not just company-supplied data. I agree with the honourable member that I think we're all "babes in the woods" in this field of environmental and social impact analysis, but I think when we are new at it we must be cautious and be willing to learn as we go. I don't prejudice the outcome of that process and I presume that the members opposite didn't either.

With regard to taxpayers and resources and tax evaders and tax consumers, . . .

MR. FILMON: Avoiders, not evaders.

MRS. SMITH: Pardon? Avoiders? Tax avoiders, I apologize.

MR. FILMON: The other one is illegal.

MRS. SMITH: Is tax avoidance not illegal?

MR. FILMON: No, tax evasion is illegal; tax avoidance is legal.

MRS. SMITH: Oh I see. Well all right, it is a tax expenditure though if you're referring to the practise of governments giving exemptions or whatever to companies as an incentive. Basically I'm not hung up on any particular kind of tax. What I am hung up about, and I don't apologize for it, is that there's only so much resource and there's only so much to go around. Some of the resources can be depleted; some can be protected and preserved and well used. My commit-

ment is that what we've got we use carefully and that we share the benefits of it. These resources are not owned only by the people who have the money to develop them, they are owned collectively by the people of Manitoba. I think, to be quite consistent, my colleagues and I have said that we would favour resource ownership by the people of Canada, but we have a situation where it's resource ownership by the people of a province and we are very hung up about the question of how those resources are used and developed and how the benefits of them are distributed. So I do accept that hangup, honourable member. The other ones I think your way of stating them was a little wide of the mark.

MR. CHAIRMAN: The Member for Tuxedo.

MR. FILMON: I just wanted to interject, Mr. Chairman, that if the Minister, by referring to the fact that Alcan is used to dealing with governments who take their social and economic responsibilities seriously, was suggesting that our government didn't, I suggest to her that was the reason that Alcan was here in the first place, was they felt they were dealing with a government that took it's social and economic responsibilities seriously.

MR. CHAIRMAN: The Member for St. Norbert.

MR. G.W.J. (Gerry) MERCIER (St. Norbert): Mr. Chairman, I just wonder, would the Minister confirm — I think I heard her correctly. Did she indicate that she and her party and her government had no magic solutions to improve the economic climate in Manitoba?

MR. CHAIRMAN: The Honourable Minister.

MRS. SMITH: Mr. Chairperson, we have no magic ones, but we have a philosophy and an assumption about people. We have certain explicitly stated values about economic development and about people in the community and their right to participate and share and those are by which we function, and on which we build our strategies; they're not magic, they're carefully thought out and seriously proposed.

MR. MERCIER: Mr. Chairman, can she offer any guarantees in improvements in the economic climate in Manitoba?

MRS. SMITH: Mr. Chairperson, I think it would be foolish at this stage of the economic trials and tribulations of our part of the world to guarantee anything, and to guarantee any kind of improvement. I think what we guarantee is that we will do our best given these circumstances, to use whatever means we have to ensure that we get the healthiest development that is possible, and in doing that, we will not have the difficulty or the cost rest unequally on one portion of the community.

We feel that the economy, good, bad, or indifferent, is to meet the needs of the people, and that government has an important role to play in doing some balancing out, that the money economy left to itself will not do it. If it weren't for a lot of the protective

programs that do exist, almost a third of the people today would be not needed by the economy, and the thing could function as well without them around, and we submit that that's not an economic system that's adequate. It has some strengths; it's certainly not irredeemable, but it needs some additional approaches, and that's why we adhere to a mixed strategy, and why we say we wish to link social and economic goals.

MR. MERCIER: Mr. Chairman, if as the Minister has stated, it would be foolish to make any guarantees under existing situation of world-wide conditions, could the Minister explain the basis for the statement of the Premier in his election material and promise, he says, "... that we can guarantee, we can turn around the harsh economic circumstances of the past four years. We can provide interest rate relief and an economic climate to ensure that small business stays in business. That is we, the New Democratic Party, acting alone." And we have seen, Mr. Chairman, the recent bankruptcy statistics which show that the first three months of 1982, bankruptcies have doubled over 1981, more than doubled, as the Member for Sturgeon Creek indicates, and those are only the hard statistics, the number of businesses that have simply closed up aren't shown in those statistics, can the Minister indicate the basis of that guarantee? As he went on to say, "That's a promise we can guarantee." Could the Minister indicate the basis of that statement, or was, indeed, the Leader of the New Democratic Party foolish to make that statement?

MRS. SMITH: Mr. Chairperson, I wish that the realities that we have to face in terms of continuing economic decline, we believe because of tight money and high interest, economic strategies held at the federal level, that we think are inappropriate and ineffective, have continued. I think we didn't really believe that the Federal Government would remain so blind to the events that are occurring in this country, and that they would hold back from the kind of corrective measures that are within the lexicon of human thought and enterprise. We don't need to be in as bad a state as we are in the Canadian scene.

Within that, we in the Manitoban situation have limited capacity, but I submit that within our limited capacity and within the very limited planning capacity that was left us by the previous government, we are making a very strong effort to turn things around here, and I submit that the emergency programs will assist the most hard hit for awhile, that the increased capital investment by the government will give some stimulus of public investment to the economy. The maintaining and slight improvement in the social service field will ensure that the people who are most vulnerable don't pay the worst price in this economic depression, and that we will be working as hard as we can to find the next range of things that are within our provincial capacity to ease and improve the next months and years.

There is a gap between complete security and economic recovery and where we're at now, but I submit we've made very significant steps and that our intention is there to keep moving in that direction. We regret that the gap between where we're at and a more

secure economy is still there.

MR. MERCIER: Mr. Chairman, would the Minister then be honest enough to admit that she and her government and her leader cannot guarantee that they alone can provide an economic climate to ensure — and there is no reference to the hardest hit, etc. — that small business, all small business, stays in business? Would she be honest enough to admit that she cannot guarantee that promise can be fulfilled?

MRS. SMITH: Mr. Chairman, if we're looking for 100-percent guarantees, we can't; if we're looking for the kind of guarantees that people would have had if they retained the previous government's policy, then I think you would have been looking at a low percent. What we're aiming at and I think will have achieved, is something in the middle, because by maintaining our social services by increasing the public investment in needed assets, we're putting money into the system and into the pockets of people, with the beef stabilization into the pockets of the beef farmers, and so on down the list, so that there at least is some greater stimulus to the economy in these difficult times.

One cannot turn around an unplanned and half-developed policy in four months, and I submit that the way we have been working, the open consultation and the careful planning, and the working as a team in each area where we have some capacity to move, our record is a sound one. It is not a miraculous one.

MR. MERCIER: Mr. Chairman, the Minister is saying that their record is a sound one, and in spite of the doubling at least of the bankruptcy statistics in the first three months of 1982 compared to 1981, there is no reference here in this promise, Mr. Chairman, to the fact that only 75 percent of small businesses will stay in business, or 60 percent will stay in business, or 90 percent will stay in business. This is a promise to provide an economic climate to ensure that small business stays in business. Would the Minister be honest enough to admit that statement, that promise, cannot be fulfilled?

MRS. SMITH: Mr. Chairperson, I think if we can be considered naive in any way, it's in thinking that the Federal Government would not see the developments that have occurred in this country in the past year and done nothing, or moved only in a tight money-high interest rate, direction. You know as well as I do, that when you have a tight money situation there are problems that occur initially where there's a little rationalization, a little shaking out. The longer that kind of a policy is in place, people stop purchasing, they pull back. The people who were in the initial round of tight money and economic decline, the people who go under are usually the ones that are poor managers and I suppose that we can say there's always some healthy cycling of businesses starting up and businesses going into bankruptcy. Not every person who goes into business is going to make it and the system is designed so that movement in and out can be accomplished without people losing all their personal assets and giving them some chance to start again.

What we are experiencing now is the cumulative effect of a tight money-high interest rate policy; what

we're experiencing now is increasing numbers of companies who have been well managed for years and years who are suffering because they have inventory which the producers have pushed to them, if you like, and which the consumers are not able to purchase. We're getting the cumulative effects of a recession that are very cruel indeed and a provincial government does not have the economic levers to do everything that is needed. I submit that a government which is willing to do what is within its capacity is a government that is acting humanely and responsibly. I don't claim perfection, but I claim a very strong concerted sincere effort to build and to do what we can and to not rest until we've explored every possible means of weathering this difficult economic time and building a better time for Manitoba in the weeks and months to come.

I suppose you could say political literature tends to get written in a simplistic form and that's probably true. These problems that we are dealing with are very complex. The important thing, I think, is the underlying assumptions you make about the system, the goals you have and the vigor and sincerity with which you're willing to work at putting those ideas and philosophies into practice. I submit that the interpretation we have of the economic system; why it's got problems; what the nature of those problems are and the kind of solutions that we're willing to introduce are the best that can be done, given the circumstances of today.

MR. MERCIER: Mr. Chairman, the Minister is referring to the fact that a provincial government does not have the economic levers, etc. that they are dependent on Federal Government policies, etc. without answering the specific question. Considering all of the factors that she raises, would she be honest enough to admit that a bare statement that we can provide interest rate relief and an economic climate to ensure that small business stays in business, this government and the Premier of this government cannot guarantee that? She's admitting that then, by virtue of her previous statement, that a provincial government does not have the authority or the power or the financial resources to do that, is she not?

MRS. SMITH: Mr. Chairperson, we are saying that between inaction and complete success there is a very wide range and that we are proud of the record of achievement of what we have done so far. We cannot turn the thing around completely, but there are many people who struggled, I suppose, to create a better world and they will often say, it's not where you arrive at but it's the spirit with which you travel the road. It's your willingness to try, your willingness to care enough and not to sacrifice the weaker or the more vulnerable members of the community.

I think the programs we've put in, we've tried to deal with the people who are most vulnerable in the situation because we feel they have fewer other options. At the same time, we are trying to find the ways by putting and maintaining money in the pockets of people by not cutting way back on all our social services or on our public investment in construction; we're trying to generate the economic activity in a percolator-up fashion, if you like, so that as much priming of the

pump as can be maintained here in Manitoba as possible is in fact done. If the condemnation is that we have not achieved perfection, we're guilty of not achieving perfection, all of us are, but I think the will to do what we can and to be inventive and creative and care and keep working at it is a record that I am proud of and I know my colleagues are as well.

MR. MERCIER: Mr. Chairman, I want a simple answer to this question. This was an important election document; this was an important promise to the people of Manitoba, the people in small businesses, a guarantee that they would stay in business; all small business would stay in business under an NDP government and we've seen what has happened so far; that promise hasn't been fulfilled, and I want the Minister to admit that a provincial government cannot guarantee that type of a promise.

MRS. SMITH: Mr. Chairperson, a provincial government cannot do all things for all people at all times, but it can do a lot. I think we have provided the kind of program where the worst hit small businesses can get some assistance. They can get some management consultation. We cannot make them avail themselves of that; in recent days the bankruptcies that have been occurring. Many of them preferred to go through their bankruptcy proceeding in private, in a confidential manner. It would be unwise really of a government to intrude if they did not ask for assistance. There is a variety of aids available; there are gaps.

The Interest Rate Relief program can assist the smaller groups, 80 percent in number actually of small businesses in the province, if the interest rate is the main source of their difficulty. They can avail themselves of the consultation help which should enable some of them to manage better in their dealing with the crisis. The consultation can also enable us to put them in touch with some of the banking institutions, some of the federal programs which can assist them.

It's a step one while we put in process the plan for a longer-term support program, but in the long run small business's best security is going to come from there being a high level of employment and money circulating here in the province, not cutbacks but maintaining a healthy level of activity and a willingness, I guess, for the money end of things to be handled in such a way that the burden is not left entirely on the poorer groups of people, that there is some recognition that when tough times hit, as any family, or at least most families, will deal with it; they'll all tighten their belts and they won't do it at the expense of the smallest or the weakest or the least vocal. There's a variety of ways that the storm can be ridden through, but I think the nature of the economic storm that we're weathering now is much more than just a provincial storm; it's a world-wide economic recession, but it's also a crisis in the structure of the world money and trading systems of the Canadian economic system. If election brochures permitted a full economic analysis of global economic relationships, some of these subtleties could be put in, but I submit that when a government such as ours puts in place, as quickly as is feasible, the emergency programs, and then starts planning and building the

longer-term programs, that is a sound record and a responsible way to deal with the current economic woes.

MR. CHAIRMAN: The Member for St. Norbert.

MR. MERCIER: Mr. Chairman, the Minister would admit then that she cannot guarantee an economic climate to ensure that small business stays in business?

MRS. SMITH: Mr. Chairperson, the business itself has to do part of the work. We can assist with management helps, we can provide some of the circulation of monies, if you like, that will provide a demand for small business. We can gradually build the better, tougher, more balanced economy in the province that will increase the opportunity and security in the years ahead, but there is a transitional stage that has to be gone through, and that is what we are going through now.

MR. MERCIER: Mr. Chairman, I don't know how long the Minister can keep it up, but she's giving all the reasons why she should answer the question in the affirmative. And perhaps if she would get on to that, in view of these most recent reasons, would she agree that she cannot provide an economic climate to ensure that small business stays in business?

MRS. SMITH: I suspect that the honourable member is trying to phrase his question in a black-white way, because he thinks that there are black-white answers but, you know, the problem is not that simple a problem, and I have given you as honest an answer as I can.

MR. MERCIER: I assume then, from the answers of the Minister, that she is agreeing that she, as Minister in this department, cannot guarantee an economic climate to ensure that small business stays in business?

MRS. SMITH: Mr. Chairperson, you know there's a way of reading that takes a very literal, limited interpretation, or understands the spirit of a statement, and I submit that the member is reading that in the most literal, narrow way he can.

I have said that in a transition from one condition to another that a 100 percent success is not possible. It takes time to build the conditions where small business stands a much higher probability of staying vital and alive, and that's what we claim to do and that's what we are working at.

MR. MERCIER: Mr. Chairman, I thank the Minister for finally answering that question in the affirmative.

MR. CHAIRMAN: The Member for Sturgeon Creek.

MR. JOHNSTON: Mr. Chairman, I am not going to be long because, as the Minister said, that once more around the mulberry bush, I intend tomorrow to follow up on some of the statements that have been made tonight.

The Minister wouldn't agree that the statement was

false and I did —(Interjection)— Well, that it can't be done. I would only say about the statement, and I don't relate it to the Minister; I feel rather bad for her and some of the members of the NDP party that they have to defend, and I'm sure that the members would agree and the Minister would agree, with all due respect, it is a stupid statement from the point of view that passing law that cannot be carried out, passing regulations, or putting up roadblocks, or governing people, when you know it can't be done, is probably the worst type of legislation that anybody can possibly do. So from that point of view, the statement is stupid.

From the other point of view, it was made, and it's an insincere statement which mislead the people of the Province of Manitoba. My colleague was basically not talking about what you are doing now; I think you would agree that he was asking you that, when you wrote that statement, could you do it; and it can't be done.

The Minister has referred to the economy that they took over in the Province of Manitoba, and nobody is going to say it was perfect, because we don't make those kind of statements, but I can tell you that your own prospectus said manufacturing was up considerably, every type of industry that we were working on, paper, food, machinery, clothing, all of them listed in your prospectus, was up in the Province of Manitoba and moving up from 1977. And when the 1981 preliminary figure from the Conference Board of Canada, at the present time, says that in 1981 Manitoba would have a real domestic product of 3.3, Canada was 2.7, and Manitoba would be the third highest in Canada behind only Alberta and Saskatchewan.

So would the Minister agree that the economy, although not being perfect because we don't make irresponsible statements, that since that time we have seen a complete turnaround in four months? And you will put it down probably to the national and international situations within the country, but for it to do that, to make the changes that have been made in four months, maybe the reason why people are quietly going out of business is because they don't really see that investment in Manitoba is going to be that good, especially if the government is going to not move ahead with the projects that they have available to them; and also the atmosphere that possibly the government is planning to go into more businesses; and also, Mr. Chairman, that the government may have some sort of program that they're working on that will maintain or hold profits within this province.

So would the Minister agree that the economy wasn't all that bad when it was taken over, and it has dropped drastically in the last four months?

MRS. SMITH: Well, Mr. Chairperson, I guess we can sit here and read statistics backward and forward all night.

MR. JOHNSTON: They're your statistics.

MRS. SMITH: Our assessment of the economy under our predecessors was that there were gains in some areas, and had there been a matching public investment maintaining the services and the investment in social assets, that the total package would have been

sound, but we maintain it was an unbalanced type of program. It's not that what was being done was all wrong, it's that there were some important things that were being left out.

What we want to be able to do now is, through careful analysis and planning, work out where the public money invested will get the most benefit for Manitobans. We are not running around buying up all sorts of businesses and discouraging investors who are coming in. I think we're behaving in a thoughtful and prudent way. We're giving open information to businesses that come and talk to us and being very clear that the kind of changes we want to see; some better employment rate with the people who have been traditionally disadvantaged; some gradual improvement in minimum wage; some better access for the people who have had inadequate housing and so on to those services; that a careful development on all these lines, people with money in their pockets who are going to spend them for necessities that these very small businesses were talking about, that the total package is the best that can be done in the current situation.

I haven't heard us legislating businesses to stay in or stay out of business. We have looked at business as an economic activity that is encountering special difficulties. We're offering emergency help for one type of difficulty such as high interest rate which is very much beyond the control of the small business. At the same time, we're offering the counselling help to improve the management practices and skills of small businesses because that is within their capacity to improve and it's within our capacity to assist them in it. I don't think there has been any legislation such as the honourable member describes, so I guess I just disassociate myself from that opinion.

Conference board figures have been adjusted down. I don't know the specific components of the earlier predictions. One thing that I would like to see is that we don't just work on aggregate figures of percentages and so on, but get somewhat more of a breakdown so we see which people in the society, which Manitobans, are getting the advantage of the development and which are often being left out. We choose to concern ourselves with many of the people who have been left out and I think we do it, not just because we have soft hearts or are more moral or anything like that, but I think we honestly think that in the long run a society that doesn't pay attention and take due regard for all its members will end up paying a dreadful price in all these social breakdown figures.

I would rather put some extra effort into higher wages, better job training, improved housing, support services now rather than put money into prisons and psychiatric facilities and all that later on and I submit that this is a sensible and balanced approach to both social and economic development. I think it will stand the test of time and get us through these really very difficult economic times in a reasonably healthy condition.

MR. CHAIRMAN: The Member for Sturgeon Creek.

MR. JOHNSTON: Mr. Chairman, I really kind of take exception to the attitude of the Minister and the government that not much was done. The pro forma that

has been brought up in the House and tabled in the House many times which is the pro forma of this government to borrow money, states that Manitoba was doing quite well, in fact very well, for the times that we were in, in 1980 and 81.

The Minister speaks about gradual increase of the minimum wage; it was gradually increased over the last four years. If the Minister would speak to the Minister of Housing, she would find that there was more public housing built in the City of Winnipeg in the last four years than there was in the previous eight, and that is fact. She would also find that the public and private investment in Manitoba in 1980 was 70.9 and the main reason for the public investment being down was because there was no Hydro construction which was stopped by the previous government, which was an average of about \$250 million a year. So, I take exception to the fact that this government took over and found this province in a drastic state because the figures don't show it and the figures presented by the government don't show it.

So, Mr. Chairman, I would really ask that the Minister kind of agree that the programs that she is going forward with is going to be the decision of their government and rightly so, but to be critical of the programs that were there previously when all of the figures show that it wasn't that bad, in fact, it was moving forward really well. The Minister has in her possession, I'm sure, and I will ask when I get to the specific department, the work that is being done to put out a statistical pro book of Manitoba in the '80s that can be presented to people that will show them that Manitoba is working hard and has been moving forward.

If I have any criticisms of her program, it will be maybe on the basis of philosophy or whatever, but the Minister, I'm sure, has to agree that they did not take over a ship that was sunk. It wasn't even starting to sink.

MRS. SMITH: Mr. Chairperson, I don't think I referred to the drastic record of our predecessors. I said they were doing some things that were working out well. Our criticism was the lack of balance and the disproportionate weight that was falling on people who were perhaps the most vulnerable. I think the out-migration figures are one of the statistics that we had great concern with. Perhaps that's a good point to leave it for tonight.

I think as we move along through the department programs that we can look forward to some good debate as to what is the best way to operate each program for the public benefit and I look forward to that process. I haven't assumed my duties in the department thinking that everything that went on before or in fact finding that everything that went on before was not productive. Many things were first class. Some needed strengthening, but that's always true of programs. There are some new initiatives that were not in place which we would like to initiate and I look forward to the chance to explain those and present them in later subsequent meetings of this Committee.

I'd like now to propose that Committee rise.

MR. CHAIRMAN: Committee rise

SUPPLY - AGRICULTURE

MR. CHAIRMAN, Jerry T. Storie (Flin Flon): The Committee will come to order. We are continuing with Item No. 7.(d)(1) Salaries—pass; 7.(d)(2) Other Expenditures—pass; (d)—pass. 7.(e) Agricultural Land Utilization: 7.(e)(1) Salaries—pass; 7.(e)(2) Other Expenditures—pass; (e)—pass. 7.(f) Manitoba Agricultural Lands Protection Board: 7.(f)(1) Salaries. The Honourable Member for Arthur.

MR. JAMES E. DOWNEY (Arthur): Mr. Chairman, the Minister has for some time now, I would say probably in his four years in Opposition, has made certain comments that there has to be certain changes made to Farmlands Protection Board to further accomplish what his objectives are. He's indicated prior to the November election, that he felt compelled to bring in some change in The Farmlands Protection Act, Mr. Chairman, that he has some major changes.

The basic question I have, is he going to proceed with amendments to The Farmlands Protection Act, and changes to the Board, and what basically does he plan to have the Board do? What new direction does he plan to give the Agriculture Protection Board, or changes to the Act? Is he going to make changes and in what direction does he plan to go, Mr. Chairman?

MR. CHAIRMAN: The Honourable Minister.

HON. BILL URUSKI (Interlake): Mr. Chairman, I'm sure the honourable member would like me to indicate what the policy thrusts of the new government will be in this. We announced that we would be bringing in legislation dealing with Farmlands Protection and those, I have to tell the honourable member, they will have to await the tabling of those amendments, whether it will be a new piece of legislation or whether there will be amendments, the honourable member will, of course, have to wait for those changes.

MR. DOWNEY: Mr. Chairman, I asked the Minister directly if he would be introducing either changes or a new Act this year. Is it his intention to do that? Does he intend to introduce changes in this Session of the Legislature, Mr. Chairman?

MR. URUSKI: Mr. Chairman, it is out intention if we can possibly make sure that all the changes that we're contemplating are handled through Cabinet and Caucus and if that's been able to be accomplished, it's my intention.

MR. DOWNEY: Mr. Chairman, he plans to operate somewhat different than the Member for Gimli. He is prepared to take some of their positions or some of the direction the government goes through Caucus and through Cabinet unlike what we saw earlier today. We saw some surprised looks on faces on the government's side with the introduction of the amendment to the Metric Resolution, Mr. Chairman. That's somewhat again a different direction for all the members.

I would have thought, Mr. Chairman, that the Minister would have been able to give us some idea on this at this time. After all, we are voting funds for the

board. Has he made changes — yes, he has made changes to the Farmlands — he has fired the board and has made new appointments to that board, Mr. Chairman, the same as he has done on some of the other boards.

Well, Mr. Chairman, if the Minister is not going to tell us the direction that he is going or has any plans, then I am somewhat disappointed that he isn't going to. He still hasn't confirmed whether he is moving on the legislation this year. I would think that what is in place is very adequate. We made changes to it as a government and feel that the effective control of the land is placed in the hands of the people of this province without making any changes. He is not able or not going to disclose tonight what his plans are, so it's very difficult then to debate any further on this particular item.

MR. URUSKI: Mr. Chairman, it appears that the honourable member doesn't recall the tone and the thrust of our debates when he brought in amendments in the last Session, in terms of where we indicated that it was more window dressing than actual substance that the amendments they brought in the last Session would have and that's basically what has occurred. They are still, in terms of allowing Canadian corporations to purchase farmland, the legislation is still enough loopholes that almost anyone can get around the legislation. I just recall that for the honourable member, but he will have to wait the legislation when we bring it in.

MR. CHAIRMAN: The Member for Minnedosa.

MR. DAVID R. (Dave) BLAKE (Minnedosa): Mr. Chairman, just while we're on this item, I wonder if the Minister could inform the House and the members, has he had any representation from municipalities or farm groups in connection with the purchases of fairly large tracts of land by the Hutterian Brethren in Manitoba.

MR. URUSKI: Mr. Chairman, any direct representations, no. There is always comments that one hears about in terms of an area when a colony decides to split off. One has to realize that when one calculates the number of acres per family, a Hutterite colony, in its share of land per family, is one of the smallest farming units found anywhere in this province or anywhere in this continent.

MR. BLAKE: That, Mr. Chairman, could be in fact true, there's no question about that. Sure that could be true, no question about it because there are a large number of families supported on the colonies. I'm just wondering, that land of course, once it is purchased into that type of an operation, never comes back onto the market or very very seldom comes back onto the market, whereas land purchased by other investors, whether they be other Canadians or not, that land will eventually come back on the market and be purchased by other smaller, farmer operators. That's happened in the past and it will happen again in the future but I'm afraid that's not the case with the lands that I was referring to earlier.

MR. URUSKI: I'm not sure what the honourable member is driving at. Maybe he wishes to elaborate on his comments.

MR. BLAKE: I merely asked the Minister if he'd had representation from any municipal groups or individuals suggesting that there maybe should be some gentleman's agreement, such as was in effect in the past I understand, that the colonies would not be any more than so many miles apart, it would appear, over the years that they are now virtually merging together.

I bring this up, Mr. Chairman, because there's just been large tracts of land bought in my particular area and it's caused great concern with the neighbours there, because they gradually become squeezed out. They buy up land around and it squeezes the farmers that are left to the point where they have to sell and just move out of the way.

MR. URUSKI: Mr. Chairman, my comments in that respect still stand in terms of what I've given the honourable member, nothing direct, any direct representation. There have been comments from time to time I'm sure to whichever Minister has been in office. But as far as I'm concerned my information is that in terms of the establishment of a family farm unit on the basis of a colony, the numbers of families that are supported on the tract of land is probably the smallest acreage per family anywhere in this province.

MR. CHAIRMAN: The Member for Minnedosa.

MR. BLAKE: Well, that might be a good analogy, Mr. Chairman, but if one of those families decides to leave that particular operation there's no way that they're allowed to take any assets with them, so it can't really be regarded as a small family farm. If one of those family units decide to leave the colony there's no way they can take any assets with them so it can't really be considered a small family-farm unit.

MR. URUSKI: Mr. Chairman, I'm not prepared to get into the internal arguments of how colonies work. We know what history has, in terms of court cases and the like, that have been involved; I'm not prepared to get drawn into any internal matters of the Hutterian Brethren amongst themselves.

MR. CHAIRMAN: The Honourable Member for Morris.

MR. CLAYTON MANNES (Morris): Thank you, Mr. Chairman. I'd like to ask the Minister if he could expand somewhat on some of the shortcomings, as he sees it, with the present legislations on land protection. And I don't want an all-encompassing philosophical speech. I'd like some specific examples as to what he feels, or where he feels regulations are being circumvented.

MR. URUSKI: Mr. Chairman, clearly the allowance of Canadian corporations to purchase farm land has allowed the establishment of dummy corporations within this country and has allowed that legislation to be circumvented, because you can easily allow the setting-up of paper and move paper around but you really can't move people. And when you allow the

establishment of, allow the legislation to permit land purchases by corporations, thereby you allow anyone to purchase land, even though you may have exclusions of foreigners, it is not very hard for legal people.

And I have to admit this, that's basically the major flaw in the legislation. No piece of legislation unless you made it so very stringent that almost no one could purchase farm land will be able to close all the sort of purchases that one might consider less desirable or in terms of ownership of land in the province. There will always be certain — not loopholes — certain grey areas in any legislation; even the former legislation we had brought in was not 100-percent proof; there is no legislation that anyone can bring in that will be 100-percent proof. However, one can bring in legislation to curtail to a far greater degree the nonresident absentee ownership to a greater degree than the present legislation does.

MR. CHAIRMAN: The Member for Pembina.

MR. DONALD ORCHARD (Pembina): Mr. Chairman, this government has prided itself on consultation with the groups that are affected by any policy and program and legislation they're going to bring out. They prided themselves on their consultation with the beef producers, and we now see some of the results of that extensive discussion they had with the beef producers and just how well they heeded the advice. My question to the Minister is, when you're in the process of drafting this legislation and we listened very attentively to all of the complaints in all of the areas that the now Minister of Agriculture was extremely critical about in our legislation; my question is, will the proposed legislation, the draft legislation, will it be put out for comment to the various interested parties in the farm community, the Manitoba Farm Bureau and other groups representing the farm community, to assure that this legislation has some semblance of concurrence in rural Manitoba and indeed in Manitoba and not be the same kind of hollow consultation that he undertook in the beef program?

MR. URUSKI: Mr. Chairman, the member well knows that representations have been made by the Farm Bureau to the government dealing with farmlands protection legislation when they were in office. They have made certain comments to us now and they will have the opportunity as anyone in Manitoba will have when the legislation is brought before this Legislature.

MR. ORCHARD: So, in other words the Minister is saying that his consultation program is already dropped. The promise to talk to Manitobans, the promise to consult Manitobans is already gone; he's not going to talk to anybody. He's going to let those groups make their presentations known at Law Amendments and not have any input into the legislation.

MR. URUSKI: Mr. Chairman, it appears that the member can't hear very well. He would be the first to stand up in this House, in this Chamber to criticize me if a draft piece of legislation was released to groups in the province, prior to being tabled in this House. He would be the first to get up on his haunches and say

"this Minister has circumvented the rules of this House and has taken legislation and given it to groups outside the Chamber." Mr. Chairman, I've been around here long enough and obviously for some members — (Interjection) — no, no, we're just beginning, Mr. Chairman, we're just beginning.

There have been representations made to myself by other groups, by individuals, by people within our party, Mr. Chairman, that we made certain statements. The members well know what those statements are and we intend to proceed on that basis and the members will know what the legislation will be and there will be ample opportunity to discuss it in Committee.

MR. CHAIRMAN: The Honourable Member for Niakwa.

MR. ABE KOVNATS (Niakwa): To the Honourable Minister, it's really with agricultural Crown lands — and I'll wait until Minister's Salaries if he prefers — I just really wanted to check on one item under the Crown Lands Appeal Board.

Now, one of the people that was just appointed was a Mrs. Monty Patrick. Could the Honourable Minister give me any idea as to Mrs. Patrick's qualifications, her background, things of that nature; any kind of a background that really makes her a fit and proper person to be a member of that board?

MR. URUSKI: Mr. Chairman, Mrs. Patrick is a long-time resident and a farm person from the southeast corner of the province. I believe the honourable member has property in that area, probably knows her maybe as well if not better than I.

Her name was recommended to the government in respect to her rural background and she does reside in an area where there is a lot of Crown land and knows and has experience and is a farm person. They farm in livestock in the Piney area, Mr. Chairman, and amongst other people she was recommended, I accepted those recommendations and she has been put on the board.

MR. KOVNATS: To the Honourable Minister, I go back an awful long way with Mrs. Patrick, when she was a Mary Monty, when she was single. We went to school together, and I do know her background; and knowing her background and she is a friend, and I'm not here to make fun of her, but she really has no qualifications in this regard at all, because she lives in a farm community seems to be the only criteria in why she was picked.

The thing that is upsetting to me, Mr. Minister, — (Interjection) — Oh, I love women; I wouldn't stand up here and make fun of them at all, I love them all. But the thing that is very disturbing to me is that the previous member of the Board, a fellow by the name of Bill Tkachuk who also is a personal friend and very very qualified and in that same area in Menisino, was replaced by somebody — and I'm not going to call Mrs. Patrick incompetent because she's not incompetent — but she really knows nothing about Crown lands or any of the background that she requires to be on this Board. That's the disturbing part, Mr. Minister, that this party replaces somebody who is really

almost, what I would consider, an expert on Crown lands and the political affiliation really should have . . .

MR. CHAIRMAN: Order please. The Honourable Minister on a Point of Order.

MR. URUSKI: I believe that the honourable member really should know and should meet again — maybe he knew Mrs. Patrick as he says, many years ago. I believe she has every bit of qualification in terms of serving on that Board, Mr. Chairman. I object to those statements.

MR. CHAIRMAN: The Honourable Member for Niakwa.

MR. KOVNATS: Well, to the Honourable Minister, he can certainly object and I understand him objecting, but he knows not of what he objects. I have known the woman over the years. I have had some contact with her just in the last short time. I was in Piney curling in a bonspiel and I had occasion to be associated with some very close family members of this same Mrs. Patrick, who told me straight to my face, well, it was Mrs. Patrick — and I'm not going to tell you the relationship because it could cause some family problems — why was Mrs. Patrick put onto this Board, she knows nothing about it? And why was Bill Tkachuk taken off?

If the Honourable Minister tells me it was a straight political ploy, I'm ready to accept it, and that's really all I wanted to hear from the Honourable Minister, that it's a political appointment, that the abilities of these parties were not taken into consideration, that's all I want to hear.

MR. URUSKI: I am not about to start debating the qualifications of one person versus another, Mr. Chairman. The fact of the matter is, we have had people recommended to us, we feel that they will do an excellent job, as I'm sure the people who are on the Board when you were in office were doing an excellent job for you.

Obviously a Minister, in terms of appointments to Board, wants to bring on people to the Board who he hopes will try and reflect more closely the views of government, that's always been a fact of life and I said that before, and nothing I am going to say tonight will change that. But specifically, Mr. Chairman, it seems I sort of get the impression that there is a subtlety here being suggested that because Mrs. Patrick happens to be a woman, and what do women know about farming and farmland, is really getting to the heart of the issue, and because she is a woman she doesn't know anything about farmland, and that's the kind of suggestion that I sense. Maybe I'm wrong, maybe the honourable member isn't suggesting it, but he'll certainly correct me if my impression is wrong. — (Interjection) —

Well, Mr. Chairman, if that's what is not being suggested, the member will tell me and I certainly will accept it, but I don't accept that kind of a criticism that someone doesn't know anything. Mr. Chairman, I don't accept that comment at all and I don't take that lightly, especially in light of the person who is on the

Board happens to be the only woman who is on this Board.

MR. KOVNATS: I have to arise to respond to the Minister's last remarks where he makes remarks that I am anti-anything that as far as a woman being on the Board, and it leads to some further discussion, and I would like to discuss it.

When I go back a little ways when — and this is all concerning whether a woman should be on the Board, or a black should be on the Board, or a Native should be on the Board — you started it, Mr. Minister, and I've got to bring it up because you are not going to make me back down because I am not anti-woman, I am not anti-coloured, I am not anti-Native, I am not anti-Jewish, or any of this. As a matter of fact, some of my best friends are Jews.

But I would just like to bring to the Minister's attention that — I heard a remark, I think it was the Honourable Attorney-General, when he made a remark a little earlier in the week about that was a low blow — and that was a low blow. It really wasn't deserving of the Minister to make that remark about me making that remark, it was a low blow. I stand here and I tell the Minister right to his face that it was a low blow, and I don't appreciate it.

But anyway, the thing that I was trying to establish is that I do know both of these parties and they're both from the same area. One I know to be absolutely qualified because I have known these people for quite a few years, and the other one I know not to be quite so qualified. She has got to have some qualifications because of her rural background, but it certainly doesn't come anywhere near it, and the only thing that I was trying to establish was the former Member for Emerson, Steve Darianchuk, listened to, it was at his recommendation that this party be placed on the Board to replace Bill Tkachuk.

MR. URUSKI: Mr. Chairman, I want to tell the honourable member that I did not talk to Mr. Steve Darianchuk. I want to tell the honourable member that from my knowledge, and we've had some experience with the present Board, that they have had some very difficult cases so far, and they've handled I believe, somewhere in the neighbourhood of 30 or more appeals, and my word is that she is a very competent member, Mr. Chairman. She has good judgment, good common sense, and notwithstanding the comments that the honourable member might hear, she is certainly proving to be a very valuable member of the Board.

MR. KOVNATS: To the Honourable Minister, I accept that, absolutely. I know the woman to be competent, but I didn't know her to be competent in this field, and I think that she is probably getting some type of on-job training and becoming even more competent, so I'm not criticizing that. The only thing that I wanted to establish is that it was absolutely a political appointment for no other reason, and that she has developed into something that's doing the government credit and the Board credit. You can't take that away from her. I just wanted to establish that it was a political appointment and that she replaced somebody who I knew to be competent, possibly more competent, at

the time. That was all I was trying to establish.

MR. URUSKI: Mr. Chairman, first of all I want to tell the honourable member I also accept his comments with respect to not wanting to push the issue that he did. I tell the honourable member I apologize to him for imputing, or at least he may have felt that I included motives to him. I didn't want to do that, but certainly that was the reflection I was getting from him. I want to tell the honourable member any appointment that is made to any board or commission is a political appointment. Politicians make those appointments, Mr. Chairman. And we make them on the basis that we feel people reflect the views of the government; that they have — we hope that they have — good judgement, good common sense and that they are an extension of the government in power. Obviously every appointment is a political appointment. When it comes to Cabinet, who is sitting in Cabinet, who is the Lieutenant Governor in council? We are all elected; we are all politicians, Mr. Chairman. Every appointment is political. One might say that because we might appoint a Conservative to a board, or a Liberal to a board, it is still a political appointment no matter how you cut it, because it is politicians who are elected by the people of this province to make those appointments. Every appointment is a political appointment.

MR. KOVNATS: Thank you, I appreciate that these appointments are all political and I would assume at this point that when the Minister is making political appointments, or any of the government are making these appointments which are political, that these people when they are appointed are told that they are political appointments, and the term is for the length that government is in power, and therefore, that after another 3-½ years they won't be in there because these will be changed. If that is what has been established I'm ready to accept it and —(Interjection)— I think it's 3-½ years that these people will serve on that board and then they're finished.

MR. URUSKI: The appointments in most cases, are usually for a period of 3 years or until reappointed. It can be for a month; it can be for a year. While there is in most Orders-in-Council a fixed time, there are also appointments, I should tell the honourable member, at the pleasure of the Lieutenant-Governor-in-Council. In other words, every appointment is at the pleasure of the Lieutenant-Governor-in-Council; even though you have an appointment that you may say that the time frame is one year, or two years, or three years, it is still at the pleasure of the Lieutenant-Governor-in-Council. Because the Lieutenant-Governor-in-Council, the Executive Council, does have a judgment call to make that maybe some of the appointments from time to time they may want to change; the compatibility is not there from the members that they may have appointed. And they may want a change and they may appoint people who may not do a very good job after appointing them. I think we all from time to time run into that situation, so I don't think anything is new but it is understood that every appointment is at the pleasure of the Lieutenant-Governor-in-Council, even though there may be a

specified period of time that the appointment may carry on to.

MR. KOVNATS: Well, just to the honourable Minister. The honourable Minister has gained a great deal of respect from me this evening for making those statements, not because of his ability to run his department, but because he has made those statements and I do respect what he has said. He hasn't hidden anything under the table, which is contrary to what the Honourable Attorney-General does with the South African wine. But I do respect the Honourable Minister for his remarks and I say thank you to you. Thank you.

MR. CHAIRMAN: 7.(f)(1)—pass; 7.(f)(2)—pass; (f)—pass.

That completes the items under No. 7. Agricultural Land and Water Development Division.

THEREFORE BE IT RESOLVED THAT there be granted to Her Majesty a sum not exceeding \$4,697,100 for Agriculture, Agricultural Land and Water Development Division, for the fiscal year ending the 31st day of March, 1983—pass.

Continuing with Item 8. Canada-Manitoba Value-Added Crops Production Agreement, Resolution 15. The Honourable Member for Arthur.

MR. DOWNEY: Mr. Chairman, very briefly the contracts and work being carried out by the University, of course, we're aware adds to the overall provincial contribution to the development and research that's taking place. Does the Minister have any plans to change the overall intent of the agreement that has been signed between the province and the Federal Government and the work that it's doing? It's been a good tool, a good mechanism to support the overall on-farm research; the different regional work that is taking place; the Grassland Programs that are part of it. Just a basic question, does the Minister have any plans to change the direction of this particular appropriation or the money that's used in this appropriation?

MR. URUSKI: Well, Mr. Chairman, the program as we see it there are probably some components, and the Member for Morris knows that I'm looking at some of the specific contracts as they are being proposed; but basically, if there would be any change or direction change in emphasis, it will be more towards the livestock industry in terms of work that we can do to assist the livestock industry in this province. There may be projects that we may want to look at, so that would be of any emphasis if there was any shifts to be made it would be in that direction.

MR. CHAIRMAN: The Honourable Member for Morris.

MR. MANNES: Two questions in this area, Mr. Chairman. If there is to be a shift in emphasis, will it be within an area between specific research project, that type of shift? Or will in fact monies that have been directed to one specific broad area of research be removed from that area and directed to another? I'm thinking specifically of funds that may have been directed at some development stage by the previous government into research in a crop production sense.

Will that be pulled out and directed into livestock production? That's the first question.

Secondly, will all the monies that are to be spent this year — and I don't know if there has been set some formula of expenditure over the years, and if it is locked in — but if, in fact, that is the case, will all the monies that were to be spent this year, are they contemplated in being spent or are some of them going to be delayed until another year?

MR. URUSKI: Mr. Chairman, first of all to the honourable member. All funds that are generally voted, there is an intent to utilize all the funds that are available under the agreement from year to year. Those funds that are allocated in one particular year, it is our intent to expend those funds. To try and be as specific to the honourable member as we can in terms of whether or not monies from one project which might be going may be transferred to another; you see, there are a whole host of projects there and there may be some shift from in terms of the total budget, and at this point in time, I really can't give the honourable member a definitive answer. In some areas that there may be some funds that could be moved, or parts of the project in terms of timing, should be carried over for another year. I should tell the honourable member, we are now already having preliminary discussions to see whether or not we can continue and extend the program. So, it's in context of going beyond the years where this agreement is ending so some of the projects may not be finished in the five years. But there are always ongoing reviews of every project; whether there will be monies transferred from one to the other at this point in time I honestly can't tell the honourable member.

MR. MANNESS: I don't want to belabour this point and I won't, but I was always under the assumption that these projects pretty well had to be well defined before, in fact, an agreement was reached with the Federal Government. Is that the case?

MR. URUSKI: Mr. Chairman, no, that's not the case. The intent is defined, in fact, there are some projects that we had information on that while there was a fair bit of funding last year, in previous years we thought we would get the information that we wanted, and we didn't get the information that we wanted, and we're now funding them again, there is additional funding put into some projects.

So, that's why I'm being as vague as I am, because I really don't know. There are projects in for, say, crop production, that we thought we would get certain information from the results of the project that was put into place. We didn't get it, and we're having, in some of the areas, to refund.

MR. CHAIRMAN: Item 8—pass.
No more discussion?

Therefore be it resolved that there be granted to Her Majesty a sum not exceeding \$1,711,300 for Agriculture, Canada-Manitoba Value-Added Crops Production Agreement, for the fiscal year ending the 31st day of March, 1983—pass.

Continuing with Item No. 9. Acquisition/Construction of Physical Assets, Resolution 116.

The Honourable for Arthur.

MR. DOWNEY: Mr. Chairman, the expenditure here, if I understand correctly, is pretty much locked in as the funding for grants to towns and villages for their water systems, interest and the drug purchase for the Department of Agriculture, or the purchases of drugs for the veterinary clinics. Has he made any change in direction in this particular area, or has it been pretty much locked in like in the past, that it's commitment of government and it's just a matter of the work that was started last year, in some cases, ongoing commitments by the province? That's the question, really, is there any changes in the direction of this expenditure?

MR. URUSKI: Mr. Chairman, basically not, there is approximately, \$200,000 increase in the Budget of Community Water Source grants. That's one of the major ones, and A. I. Sieman purchases, and also the drug centre purchases; there are hefty increases there from \$2 million to \$2,300,000, for the drugs from \$380,000 to \$450,000, in the Sieman purchases, there are funds now \$200,000 for community pastures. Those are basically the increases in the funding in this whole area.

We have the Manitoba Water Services Board — I'll go through the entire list so the honourable members will know — Manitoba Water Services Boards, Sewer and Water grants \$3 million; Farm Water Source grants \$160,000; Community Water Source grants \$440,000; Water Pipeline grants \$50,000; Water Distribution and Sewage Collection grants \$450,000; Future Water Use \$150,000; Vet Drug Centre Purchases \$2.3 million; A. I. Sieman purchases \$450,000; Veterinary Clinics \$115; and Community Pastures \$200,000; for the total of \$7.315 million.

MR. CHAIRMAN: Item No. 9.—pass.

There being no further discussion, Be it resolved that there be granted to Her Majesty a sum not exceeding \$7,315,000 for Agriculture, Acquisition/Construction of Physical Assets for the fiscal year ending the 31st day of March, 1983—pass.

Continue with Item No. 10. Income Insurance Fund, Resolution 17.

The Honourable Member for Arthur.

MR. DOWNEY: Mr. Chairman, I have a hard time understanding why this figure is so low in the Estimate Book at \$50,000.00. I know that since the Estimates were tabled that there has been \$40 million in one way or another introduced by the Department of Agriculture, and possible the Minister could indicate why it was not in this particular line, and what is he going to do with the \$50,000 that's there?

MR. URUSKI: Mr. Chairman, for the honourable member's edification, the \$50,000 that is in the Estimates here covers only the administration of the Hog Program. There are no funds, whatsoever, for the Beef Income Assurance Program; they will all be brought in in the Supplementary and Capital Supply that we brought in and tabled later on in this Session. At the time that these Estimates were printed we were not in a position to define and hadn't reached an agreement within government as to the amount of

funding that would be made available. So, rather than put some kind of a sum into the Estimates, we said we will put nothing into the Estimates, and we will bring in all that we have announced in Supplementary and Capital Supply.

MR. DOWNEY: Mr. Chairman, I would say that it would have been, certainly more helpful, as far as the overall projections of the expenditures of government if it had of been in, however, I can appreciate somewhat what the Minister said. With that, Mr. Chairman, I would agree to pass this item and go onto the Minister's salary.

MR. CHAIRMAN: Item No. 10, Be it resolved that there be granted to Her Majesty a sum not exceeding \$50,000 for Agriculture, Income Insurance Fund, for the fiscal year ending the 31st day of March, 1983—pass.

I direct the member's attention back to Page 9, Item No. 1.(a) the Minister's Salary.

The Honourable Member for Arthur.

MR. DOWNEY: Mr. Chairman, I would like to, first of all, say that the Estimate process, looking at it from this side of the Assembly, is somewhat different than what I've had the experience of going through or working through, as the now present Minister finds himself, Mr. Chairman. I would expect for one's learning experience that that maybe is not all bad, however, I would have still have preferred to have been on that side of the House in debating the Estimates and expenditures because I would have felt a lot more comfortable, Mr. Chairman, with the types of policies and direction that the government was still proceeding to go, and not, Mr. Chairman, like what we are seeing today.

I somewhat, Mr. Chairman, had a difficult time in doing this, but I would like to make a change or move a motion to change the Minister's Salary and I would like to do it at this time, Mr. Chairman - and I do have copies for the House.

I'd like to move, seconded by the Member for Minnedosa, Mr. Chairman,

WHEREAS the Minister of Agriculture has failed to provide the farm community with policies and programs to further enhance their incomes and opportunities; and

WHEREAS the Beef Support Program should be designed to give the producers immediate relief through a one-time payment and continued efforts to bring about a Federal-Provincial Stabilization Program for Canada; and

WHEREAS the Beef Program has included a compulsory marketing board system for beef producers who in 1977 rejected a marketing board by over 75 percent; and

WHEREAS the Interest Rate Relief Program is of little, if any, use to assist the farm community; and

WHEREAS the Minister has not supported the dairy producers or employees of the two Manco cheese plants when they closed; and

WHEREAS the Minister does not believe that private land ownership is a basic right of every Manitoban and a system where freedom is exercised by

farmers to produce food is the best, most efficient way; and

WHEREAS the farm community has lost confidence in the ability of the Minister of Agriculture to represent them and support their industry and protect their freedom;

I, therefore move, seconded by the Member for Minnedosa, that the Minister's Salary be reduced to \$50, the same as he is prepared to pay on a per cow basis to the beef producers for the government control of their industry, Mr. Chairman.

MOTION presented.

MR. CHAIRMAN: The Honourable Member for Arthur.

MR. DOWNEY: Mr. Chairman, in introducing this Resolution, I somewhat regret that this has to be done because I should first of all tell the Minister that I had a very difficult time with my colleagues to have it that high, that he were to get \$50.00. It was a major debate in Caucus and I had to work very hard to retain \$50 for him.

I guess, Mr. Chairman, if the proper feelings were to be demonstrated that I feel, I think they were put forward by the Leader of the Opposition this afternoon and yesterday in his comments and questions to the Acting First Minister of this province, that it is very disappointing indeed that we have a Minister of Agriculture that, if he is reflecting the policies and directions and the feelings of his government in the farm community, then I would have said it would have been better to have the Premier of the province ask his Minister of Agriculture for his resignation because, Mr. Chairman, that is how serious the Opposition feel about what the Minister of Agriculture has done in almost five months in office.

He's put on the record yesterday in his Estimates that he feels, or in the night before in his comments that he feels, that the private ownership of land and the private production of private ownership has nothing to do with production of food. Mr. Chairman, that is just not acceptable to the farm community of Manitoba and it is not in the best interests of the consumers of the Province of Manitoba or the consumers of the country of Canada.

Mr. Chairman, it is totally an unacceptable approach, an unacceptable philosophy to force onto the people of the Province of Manitoba and I have to speak out very strongly on this because it's a very basic principle and a basic freedom that we have enjoyed. I, Mr. Chairman, cannot support a Minister of Agriculture and I don't think that the farm community want to have very much to do with an individual who has those kinds of beliefs or feelings.

That is a state farm program, Mr. Chairman, if I have ever heard one. Everything we have talked about, all the monies that he has anything to do with in his redirecting of the government or the department, has nothing more than to do with the hands-on approach to the farm community.

He has demonstrated it, Mr. Chairman, in the Crown lands section; he has demonstrated it, and I'll go to the Beef Income Assurance Program, where in fact it stipulates that he has to have the marketing controls of the beef industry. He stipulates, Mr.

Chairman, that he has to have the decision-making power within the beef industry, that he has to now tell the producers when and what kind of livestock they should sell for the Province of Manitoba, a totally unacceptable approach to the basic freedoms in which agriculture has operated in this province from the beginning of its conception as a province and the development of this country.

How, Mr. Chairman, in five months can a Minister of Agriculture come forward with such ill-conceived socialistic state manipulative type of approach? Mr. Chairman, the way he has done it is he's said to his colleagues that he has the support of a farmers' organization. He has the support of a few farm union members, Mr. Chairman, who do not in any way, shape or form reflect the general feeling of the agriculture community, very much the opposite.

I, Mr. Chairman, as we look at what the Minister has proposed in the Interest Rate Relief Program — and I mention that specifically — because in their election promise of the N.D. party there was a strict commitment not to allow any farmer, any businessmen, businesswomen, any homeowner to lose their home because of high interest rates. Well, Mr. Chairman, let me tell you, I believe that the bank interest rate was set again in Canada today and I don't think that this Minister of Agriculture in one way, shape, form or another has any ability to protect those farmers that he said he was going to protect, a totally false statement, something that he has not lived up to, something which he cannot live up to.

Mr. Chairman, the Minister with his smile and the approach that he has, he thinks he is able to fool the farm community. He cannot fool the farm community, Mr. Chairman. The First Minister of this province, Mr. Chairman, I have to say is one of the — I'll pick my words as carefully as possible because, Mr. Chairman, I do not want to do as some of the members may have, I don't want to make them as a personal note — but the policies and the direction that this Premier is trying to take this province and is at this point, has been a disastrous failure on some of the major thrusts that have been put forward in this province, to support the farm community and all the groups in society have been a total disaster.

Look at the bankruptcies and look at the layoffs. Look at the failure of him and his Ministers to put together at least meaningful programs and meaningful discussions to accomplish some of the major projects that have been established in the four years of our office. Mr. Chairman, we are seeing a First Minister in this province who has appointed a Cabinet who have got the philosophies of something totally unacceptable to the people that they're representing and namely, the Minister of Agriculture. I, for the life of me, cannot associate myself in any way, shape or form with voting him the kind of money that he is asking for, for the Minister of Agriculture and that, Mr. Chairman, is why I have moved the motion that I have to reduce his salary to \$50,000.

Mr. Chairman, I had some regrets and I honestly have to say I did have to fight with my colleagues to get it to that \$50, because there are strong feelings and I mean it; there are strong feelings and I have them as deeply as anyone else that the Minister should, after misleading the public, misleading the

Legislative Assembly and misleading this Committee, after telling us, Mr. Chairman, that he met with the farm community; met with the associations before he introduced his programs. Mr. Chairman, he either is telling them that they are not telling the truth or he is not telling the truth.

Let me tell you, Mr. Chairman, I had the privilege of working with the farm community for the past four years and I did not find too much difficulty in getting along with them. We didn't always agree; we had some difficult times in certain areas but we worked them through in a consultative way, Mr. Chairman. I have been criticized by the now Minister for maybe not moving in certain areas as fast as possible, but, Mr. Chairman, it's on the record that I didn't have any violent opposition to the direction in which we were taking agriculture under the Premiership of Mr. Sterling Lyon.

It's on the record, Mr. Chairman, that we were able to work with the farm community and support the farm community and provide an environment in which we, in all possible ways with our policies of government, were not the stumbling blocks that we're now seeing be put up for the farm community. Yes, Mr. Chairman, I call them stumbling blocks. I call them stumbling blocks because you know it's unfortunate that we have now seen a Minister of Agriculture introduce \$40 million in an Agriculture Support Program — remember \$40 million. It's very nice and I honestly say I'm pleased that money was put in place; but the ill-conceived way in which he's going to use it, Mr. Chairman, flies in the face of the common sense and the farm community that produces the food for this country. Why has he done that, Mr. Chairman, because they need that kind of financial support; they need it on a one-time payout.

Then, Mr. Chairman, I have no problem in agreeing with the Minister when he says we should have a national stabilization program for the beef industry, that was our position, Mr. Chairman. It was our position in the hog industry and that's why, Mr. Chairman, one of the reasons it was a two-year program so it could be phased into a national program without disrupting the overall provincial hog production picture in Manitoba; and it was a good program. The beef industry, Mr. Chairman, needed a one-time payout; they needed that \$50 now and no strings attached and put them on even ground, Mr. Chairman, with the producers of Ontario, with the producers of Alberta.

Yes, Mr. Chairman, the Minister comes back and he says, "Well Mr. Member for Arthur, you had lots of time to do that." Mr. Chairman, the beef industry did not get into extreme difficulty until the latter part of our last year on office, Mr. Chairman. Mr. Chairman, the province had to have money paid back to it under their other ill-conceived program. That's evidence that the beef industry didn't need the support at that particular time and we were working with the national government on stabilization.

Mr. Chairman, it's unfortunate indeed that he has taken that \$40 million and done what? He is now trying to accomplish, as I've said in my resolution, he is trying to bring in a nationalized or a state marketing board for the beef industry, without — and he's admitted it — without doing one bit of research to the economic impact of the feed lot industry or the auction

mart industry in this province.

Yes, Mr. Chairman, he has done it without the consultation and without the direction and support of the farm community, representing the majority of the farm community. But who did he listen to? He listened to the provincial and the national farmers union, Mr. Chairman, that represent less than 5 percent of the farmers of Manitoba. That's the kind of Minister of Agriculture. Because he believes as they do, nationalize the farm community, state farms, I'm going to introduce state farm policies and programs so that we can have a hands-on approach.

That, Mr. Chairman, as I've said and I'll continue to say it in my term of office, is not in the best interests of the consumers of Manitoba. You see what it leads to; you see that kind of policy. It heads to a state food store system. Yes, and I want the consumers to pay attention to this, with that group of consumer-orientated people over there the policies that the Minister of Agriculture has shown to us will be introduced at the consumer level as well. Yes, Mr. Chairman, that's the kind of thing we're going to see coming from the Pawley government - hands on, state control. That isn't in the best interests of feeding the young people and giving them opportunities within the whole of agriculture and the whole of all the other industries that this province has.

Mr. Chairman, what the Minister has done, he has gone directly opposite to the direction that the farm community want to go. I'm warning him, Mr. Chairman, I'm giving him good notice right now. I'm giving him good notice right now, because it just won't wash because he didn't listen to his directors and the people within the Department of Agriculture who are very qualified people. He listened to a couple of advisors, Mr. Chairman, and I'd be interested to know, some time during the Minister's response in his salary, I would be interested, Mr. Chairman, just who are his personal aides and his advisors and his assistants? —(Interjection)— Well, Mr. Chairman, he's got some other ones around that have got some pretty interesting backgrounds.

I think it has to be laid right out, but you know we have a Premier now who comes to this House and he can't stand up and defend his Minister of Agriculture; he can't stand up and defend his Minister of Agriculture because he has proven every time he does, he says, "Where's your position on the Crpw, where's your position on the Crow?" He cannot stand up and and come clean, straightforward in this House and say, "My Minister of Agriculture, I believe in him and he's the Minister who's introducing state farm policies; he's cancelled Crown land sales; he's cancelled MACC loan programs for land." He can't stand up and say that and "my Minister with \$40 million is introducing a marketing board system which is being imposed on the beef industry." No, Mr. Chairman, he can't do that. He can't do that because he cannot protect his Minister of Agriculture. They are not the policies of his government and I challenge the First Minister, if they're not the policies of this government, then stand up, stand up and say that they aren't and ask his Minister to find another place on the other side of the House. I mean on this side of the House if they would in fact give the people of Manitoba what they want in agriculture.

Mr. Chairman, the Minister of Agriculture is either in agreement, or his government are in agreement with him, or they're not, and if they are, then I would think that the First Minister and I challenge him — I challenge the First Minister to stand up and defend his Minister of Agriculture. If he agrees with the Minister's policies, as he has stated them on the record, then let him stand up and say he does, but if he doesn't, let him also stand up and ask his Minister of Agriculture to not take this \$50 that we have voted for him, or going to vote for him, that I had to fight so hard to get to, Mr. Chairman, in Caucus. Mr. Chairman, let the First Minister of the province stand up, let him stand up and defend his Minister of Agriculture or say he doesn't deserve the \$50 that you fellows want to give him, I will ask him to resign his post as Minister of Agriculture because he is directly opposed to what the farm community want and what's in their best interest.

There's another good example that he's proven, Mr. Chairman. He has introduced, with his beef program, a marketing board system that I referred to, management decisions on whether a farmer should market his cattle at slaughter as calves, but force them to go market weights because he automatically assumes that there's going to be profit. He wouldn't guarantee it. My colleague from Turtle Mountain asked the Minister, "if you force those individuals to feed those calves on to slaughter weight, do you guarantee them a profit?" And he would not, Mr. Chairman, he did not guarantee them a profit.

Well, Mr. Chairman, that is totally unacceptable. But the most difficult one of all that I have to swallow, Mr. Chairman, and that is that he is now saying that the people within the farm community who are elected the same as he is, elected through a democratic system to the Cattle Producers Association, that the Manitoba Farm Bureau, who represent the major pools and larger producer-owned grain companies, the marketing boards of which he himself is a member, through the Turkey Marketing Board, of which he is a producer of that commodity. The egg producers, the broiler producers, all make up the Farm Bureau and here it is, in their last meeting just held the other day, are saying that the Minister of Agriculture did not, did not individually or collectively meet with them or have input into the development of this program. Mr. Chairman, I do not see how a Minister of Agriculture can sit in his place in this Legislative Assembly, in his office, and truly say that he is in the best interests of the people of Manitoba, when he has gone directly against, accused of misleading the public with a statement that has been made. That, Mr. Chairman, is totally unacceptable and we can't tolerate that kind of leadership within the Department of Agriculture and again, I have some reservations about the \$50 and I'm sure I had better be careful or it may be changed by my colleagues.

Mr. Chairman, we have talked briefly about the Interest Rate Relief Program. The Minister has said he expects 300-and-some farms to be in difficulty, to go broke with the problems of high expenses and interest rates. How many is he going to help, Mr. Chairman? He said in his election promise that none of them would lose their farms or their businesses, but he's now saying in here that there are 300 of them as opposed to 21 last year. He's saying that there were

40-some helped with the Debt Consolidation Program. Mr. Chairman, we introduced that Debt Consolidation Program, not under any false leadership or false statements that we were going to help all the farm community with their debt, but we said — and I want this to be very clear — that those people that had extremely high operating debts or debt with fertilizer companies or farm suppliers, that if they could consolidate those and put them over a 10-year period or a longer term period at somewhat of a less interest rate, that they would be helped. The Minister has admitted that has been a program that has helped, Mr. Chairman.

Now, we've seen a government with \$23 million to help interest rates over a two-year period to help three groups in society. Well, Mr. Chairman, very little hope for anybody to get any support in that particular program and he is again coming forward trying to fool the people. That is why, in my motion to reduce his salary to the \$50, Mr. Chairman, I have to bring that to the attention of the public of Manitoba.

Mr. Chairman, let us talk about the dairy industry for a few minutes. He is a member who before being the Minister of Agriculture, voted against the milk-pricing system that we now have that was acceptable by all the dairy producers in the province, Mr. Chairman. He voted against the present Milk Pricing Commission that's in place to support the dairy producers. He, Mr. Chairman, is not even looking at the recommendations by the Chairman of the Milk Producers Marketing Board to look at the two-price system for the milk in Manitoba. He's closed his mind, Mr. Chairman. He will not look at a two-price system or the two-pool system for the pricing of milk. They've asked for it. I told them, Mr. Chairman, that we would do a review of the benefits that may be achieved if that were to be changed back to the system prior to the Schreyer years. Mr. Chairman, we indicated we would at least look at it in their best interest, but what have we seen? We've seen two dairy places close. ManCo closed two cheese plants. He didn't even put a committee together with the Minister of Economic Development and the Minister of Co-operatives to at least assist or to work with the dairy producers and the industry and the labour movement.

What happens when the mining industry have a few layoffs which they have had a tremendous amount of layoffs? At least, the First Minister goes and he says, we're concerned and he talks to them. They didn't give a damn about the people who were laid off in the ManCo cheese plants, Mr. Chairman. Why didn't they do something about it? They wouldn't even meet with them, Mr. Chairman, so I can't support a Minister of Agriculture who will not shoulder the responsibility of all segments of the agriculture community.

The one of course that is really the toughest one of all for me and my colleagues to accept and that, of course, is the fact that he is allowing or is prepared to let slide our farm ownership, our land tenure, our ownership of land to slide toward the Soviet Union system, admitted in the comments in this Legislature.

If he believes in the system we have, why didn't he stand up and say, "I'm prepared to retain it?" But he says, "We are sliding in that direction; we are going in that direction and we are not going to try and stop it." He said he did not stand up and say that he was going

to stop it. That, Mr. Chairman, flies in the face of our basic principles and freedoms as a nation and as a community of agriculture producers. I'll tell him something about private ownership or renting of land from a private individual versus renting from the state because, Mr. Chairman, he didn't invent renting from the province to the people. He didn't invent anything when he brought in that ill-conceived state farm program or land lease, whatever it was. That wasn't any new idea.

Since Day One in the development of agriculture, Mr. Chairman, producers could rent land from their neighbour for a third crop share, a quarter crop share and they looked after it pretty well. You know why they looked after it? Because the fellow or the individual who owned the land or rented it to him was helping to advise in certain cases if that was a good practice to be carried out on that land. They worked together, Mr. Chairman. They didn't invent anything. In fact right now, Mr. Chairman, he could go and rent land on a quarter or a crop share basis, I'm sure, any part of Manitoba if anyone wanted to start up. I'll tell you right today, Mr. Chairman, that there is lots of land to rent; there is lots of land to farm and the profit could still be made if the right combination of things were put together.

He doesn't have any magical ideas with his state control of the system. Just because you have the government involved, as far as I'm concerned, discredits the program particularly when it is under a Minister of Agriculture who has the kind of philosophy and policies that this Minister has. It scares me skinny, Mr. Chairman, and I have to be made skinny, but I'll tell you it scares me skinny when I hear the kinds of policies and comments coming from that Minister. That, Mr. Chairman, is a basic right and a freedom and a principle that we have subscribed to; that this country has fed itself well with; that we've become one of the major exporters of food and food products in the world.

Yes, Mr. Chairman, it wasn't because the government owned land, it's a system where we have been able to produce and to feed the international and the hungry world, the kind of countries that have the system that he is trying to impose on our Manitoba farmers. That's the point that has to be made. Every day, you can see it happening in Poland; you can see it in Russia and yet he says, that's the way we are going and he's not going to do anything to stop it. It's on the record, Mr. Chairman. He cannot get out of this one.

I have a very difficult time. I wish, Mr. Chairman, he had made those statements during the election campaign. I wished he had made those statements, Mr. Chairman, earlier in the Estimates in the Department of Agriculture. Mr. Chairman, the Leader of the Opposition put it very well the other night. You know, we are concerned about the broken election promises in their, whatever document that is, something for Manitoba under the NDP. It's what he didn't say, "A Clear Choice for Manitoba," it's what they didn't say in that document that now has me so concerned and it has the members on this side of the House very concerned, Mr. Chairman. It is what they didn't say and there is what is happening right now. We're seeing all the introduction of those programs that are not in the

best interests of producing food; not in the best interests of protecting the opportunities; not in the best interests of protecting the freedoms that we have enjoyed in this country and, Mr. Chairman, that is why we have recommended or made the motion to reduce his salary to \$50.00.

To \$50 that he's trying to buy from every beef producer in this province, each cow of theirs, so he can control the production for six years, at the same time take 6 to 8 percent, 4 to 8 percent of their gross income at the same time. I, for the life of me, Mr. Chairman, cannot swallow that. I do not believe that it's in the best interests of the agricultural community when the Minister says, "I want to introduce a marketing board system; I want to take all your decision making power away and at the same time pay me 4 to 8 percent of your gross returns to do it." What does he think the farmers are? What does he think they are? Made of money.

Well I'll tell you, they won't be very long under his direction and leadership, they'll be going hungry like the consumers of the Province of Manitoba and like the consumers of Canada and the international world that we've traditionally marketed our produce into. He is, Mr. Chairman, so misdirected in this way that the First Minister I think has to reassess the individual and the thoughts of that particular Minister, because it is not and — it's again pointed out that the cattlemen, the Manitoba Farm Bureau who represent the farmers of this province and not in total, but in pretty large part, Manitoba Pool Elevators that make up some 18,000 members of their organization or members of the Farm Bureau, The Turkey Producers that he knows very well are members of that organization elected democratically, 15,000 cattle producers, Mr. Chairman.

You know, it's not very heartwarming or very comforting to sit here and see that broad support of agriculture that he has behind him and I have to say that if he is allowed to run rampant with his ideas, Mr. Chairman, that the members of the government had better take a pretty serious look at the kinds of reactions or reception that's going to take place in the farm community with the government of Howard Pawley.

You know particularly again it was pointed out today when the resolution was amended, my colleague from Roblin-Russell when he introduced the resolution on metric, that the amendment to that resolution came from the Member for Gimli and what is he saying? He's saying that we should move in the same direction as the Ottawa government in enforcing and putting metric on the people of Canada, without having to calculate a cost on the farmers, because we know that it's going to cost them money to buy new scales; it's going to cost them money to put in elevator scales to weight the grain. It has cost them money and yet, he stands up on this very same day and says, "I want to support the Crow rate because it's going to cost the farmers more money to transport grain." At the same time he's saying, "I want to implement metric. I don't know what it's going to cost the farmers and I don't give a darn." What is he talking about? On the same day he gets up and speaks in opposite directions and he introduced an amendment to a resolution.

Mr. Chairman, I can't for the life of me understand a

member of this Legislature who would get up and introduce an amendment to a resolution supporting the imposition of metric on producers. It's going to cost them thousands of dollars each on this whole conversion. The consumers, it has already cost and will continue to cost more and he, Mr. Chairman, says that he's a protector of the farm community. Mr. Chairman, that kind of thing doesn't wash as far as I'm concerned.

Mr. Chairman, the confidence that the farm community place in government I think is something that we all have to pay attention to. Farm people in a general sense respect government; they respect the law and they expect a Minister of Agriculture and a government to give them the umbrella policies and protection that is in the majority of their interests, but, Mr. Chairman, we now have a government that don't care about that. Even though he says he's met with the farm community; he's met with the producer representation. He introduced a Marketing Board System with his Beef Support Program, Mr. Chairman, that seventy some percent of the producers voted against. When his colleague, the Minister of Highways and Transportation who is now sitting here he, Mr. Chairman, introduced a program that gives us compulsory marketing that the majority of beef producers said they didn't want. What makes him think? What, Mr. Chairman, makes him think, because the Minister says "Why didn't I get rid of it?" Didn't get rid of what? I didn't try and impose anything onto them in a marketing structure like that. I didn't want to change the whole system because the beef producers said they didn't want it. That, Mr. Chairman, is what they have got.

They've got a Minister who they don't have confidence in. How can they have confidence in him when he brings in the ill-conceived policies that he's brought in and programmed? How can they support a Minister who believes in the state farm system that has caused so much difficulty throughout the world and caused — the people that he says he's trying to help throughout the world, are the people he's made hungry with his policies and programs through state control and it's demonstrated in everything he's done, Mr. Chairman.

Therefore, I have no problem at all in supporting the motion which we've introduced to reduce the Minister's salary to \$50.00, the same as I've indicated that he's trying to buy the beef industry for from the beef producers of this province. Well let me tell you this, Mr. Chairman, the beef producers aren't going to buy it. They're not going to buy him and I would hope that the First Minister of this province would either clarify his government's position on the ownership of land policies, whether he believes the state or the private owner should have it or ask his Minister to find employment elsewhere, Mr. Chairman.

MR. CHAIRMAN: The Honourable Minister of Government Services.

HON. SAMUEL USKIW (Lac du Bonnet): Mr. Chairman, I did not think that I was going to be part of this debate, but the Member for Arthur is so eloquent with his misinformation that I believe that there ought to be some response from this side because, Mr. Chairman,

the Member for Arthur has a bit of a problem. That is that during the course of the last four years, just before the advent of this government through the policies of that Minister, the former Minister and that government, Mr. Chairman, we had the demise of the livestock industry in this province. It went from a high position to a bankruptcy position, Mr. Chairman. So, Mr. Chairman, the Member for Arthur is indeed embarrassed by that fact that he sat by while the industry was collapsing. He didn't offer the industry any form of assistance, but shortly after the election results, Mr. Chairman, the member was very vocal about the need for assistance to the beef industry of this province, but it took him a defeat at the polls to bring about that realization that there was indeed a problem in the agriculture economy.

Mr. Chairman, I want to remind the Member for Arthur that he destroyed the confidence of the producers in a stabilization plan that gave them guaranteed cost of production prices that was in effect until March 31st, 1982. He destroyed it by fiddling with the plan and by encouraging the producers to opt out during the course of the last four years.

Now, Mr. Chairman, let's go through that scenario because it was a stabilization plan that was designed to guarantee to the producers of beef in Manitoba and producers of calves in Manitoba that as the costs of production would go up, so would the guaranteed price go up and that the taxpayers of this province were going to make up the difference between the market price and the cost of production price. That was the formula that was in place from 1975 to March of 1982, Mr. Chairman. This Minister came along and discouraged the program; said it was not a healthy program because it restricted the industry in whatever way he could imagine, I don't know what restrictions there were in the program. But his former Minister found a horrendous number of restrictions that were handicapping the industry and this program was going to kill it if he didn't get rid of it.

Mr. Chairman, the people that he was appealing to, the farm community, fell prey to his urgings because of the history of the industry itself. He had an ally to his argument, Mr. Chairman, and that was the experience of time. One of the things that most farmers know, and indeed the cattlemen know, is that the cattle industry, the price cycles in the cattle industry were usually 9 to 11 year cycles historically. You could almost have timed it, it was like clockwork, the boom and bust cycle in the beef industry. For decades and decades that's the way it went, and most cattlemen will support that argument, Mr. Chairman.

So when the Government of Manitoba came in with almost, well with an excessive \$50 million of taxpayers' money to support the beef industry in the 1970's, Mr. Chairman, they did it because they too thought that it was going to be an interim measure; that the cycle would come back again and we would recapture some of that money. Mr. Chairman, that never happened. The people of this province did not recapture the \$50 million that was paid out. The traditional cycle did not last, or did not repeat itself anymore, it did not repeat itself anymore. So the taxpayers of Manitoba ended up with a fairly substantial, in fact the most aggressive program of income stabilization in the history of the province was provided for the beef industry

as a result of those conditions, Mr. Chairman.

Now, the Minister who came in in '77, the former Minister, tried to convince the cattlemen that this aberration is nothing more than an aberration, that we're going to get back on track. If you get out of this program the marketplace is the safer place for you to be. That's essentially what he was urging them to do, not only urging them but coercing to get out of the program, Mr. Chairman; a degree of political blackmail if you like. Mr. Chairman, the cattlemen bought that proposition; they too, thought yes maybe it was an aberration, this one miscycle, if you like, or mis-event in the beef production and price cycle. And they opted out to the point where by March of this year a couple of hundred out of about 5,000 were left in the program.

They would have loved to have that program right now, Mr. Chairman, but they are out of it, voluntarily, through the urgings of the former Minister, in the belief that the marketplace indeed will give them a higher reward than the guaranteed cost of production price that was put in place by the previous government of this province.

Well, Mr. Chairman, before that 5 year contract expired, which was last month, the very people that held those contracts, individually and collectively through their associations, marched back to the Legislature on numerous occasions since December 1st, and even before December 1st, and said we need a program. We need more provincial taxpayers' dollars to save the beef industry. You know we could have said, "But you had a program, it was still in effect but you chose not to participate." Full cost of production were the benefits, Mr. Chairman. We could have said that but we didn't. We felt that they had to learn that lesson and that we will forget what happened and we will pick it up from this point on and hope that the lessons of the past will be such that we will not make the same mistakes into the future.

Mr. Chairman, they did indeed believe that the market cycle is going to be such that they will have money in their pockets if they stayed away from a provincial stabilization plan. The result of that belief is that many of them are on the verge of bankruptcy and, indeed, most of them certainly aren't making any profit on their production and so they want a new program. But the encouragement for the demise of that program came from the previous administration who said it was state control; the government was too involved with the industry; it was a gimmick; it was a manipulation. The same arguments that are now being proposed here through this motion, Mr. Chairman, were used over the last three or four years in order to discredit a program that was sound financially, from the point of view of the beef industry, and who wished they now had it, Mr. Chairman.

The industry is volatile; the market system is not secure; the costs of production are no longer predictable; and that, in essence, is the nub of the problem with respect to agriculture as a whole, but very much more so with respect to the beef industry. And so the Government of Manitoba again is prepared to offer to the industry a degree of stabilization in order to save the industry again.

In the course of the representations that were made to the Minister by these groups in recent months, and

indeed to the whole of Cabinet, Mr. Chairman, the proposition that was put to Cabinet by the Farm Bureau, and it's in their brief, it's not a secret, it's a public document — the proposition was that if the Minister would give the industry a one shot grant and then follow up with a stabilization plan, that would be what would be the best method of dealing with the economic stress of that industry of our time. Well, you know, what is the size of the one shot payment? That was something that was not quantified either by that group or by the government. They eluded to the fact that they recognized that Manitoba's financial position was one of restraint, if you like, on the spending side of the ledger; that we didn't have a great deal of financial flexibility. They made that point in that discussion as well. What their dollar expectations were in terms of subsidy dollars for the industry were not defined. But what they said, let's give us a 5, or 6, or 7 year stabilization plan that would follow the one shot grant that we would receive now, immediately. But we don't want the government to put a penny into that second phase; we will finance it ourselves through a check off in the industry. That's what they said, at which point I interjected and I said, "Well you must have a tremendous amount of confidence in the next 5 years, or 6 years, because, on the basis of your model that you are proposing, if we were to apply that retroactively to the previous 5 year plan, you still owe us \$40 million; so what makes you think the next five years is going to be better than the last five years?" And they said, "Mr. Premier, perhaps the time is getting on, we should get onto other subjects." That was the response to that statement on my part, that we really can't spend all of our time talking about this one commodity. Well, they realized that really it was not a viable proposition and they backed away very quickly.

Now, what the Minister has introduced here, Mr. Chairman, and which he has not finalized, but what he has introduced is a concept that will put some money in their pocket, and that will give them guarantees on the basis of some cost-to-production formula that's yet to be worked out.

Of course, there are strings attached, and that is that they will encourage the industry to go the full production cycle, that is the cow-calf industry, and we had that component in the last plan — up to 50 percent of their production. —(Interjection)— Well, that was probably, well, we did, we had the option to purchase. The Member for Pembina says, "We didn't have a marketing board." Yes, we had an option to purchase at the guaranteed price. Mr. Chairman, that is the same thing. —(Interjection)— I don't know what you're talking about Donny.

Mr. Chairman, the fact of the matter is that the program that the Minister is proposing is designed to bail out the industry; to bail out the industry, to put it back on a sound financial footing. Why do we say that, Mr. Chairman? The former Minister of Agriculture knows it; I'm sure the Member for Morris wouldn't know it. He is as I understand an economist. I don't believe that he would disagree with what I am saying, but anyone that has done an analysis on the cow-calf component of the beef industry knows fully, Mr. Chairman, that is the industry that never makes any money in the market system that it operates under. That is, Mr. Chairman, a fact. A fact, out of 22 years —

out of 22 years — and the analysis that was done by the Department of Agriculture some several years ago, over a 22-year period, I believe, there were two years that were designated as profit years for that sector of the beef industry. Well, two years out of 22 in my mind, Mr. Chairman, is never-never-never Neverland. It is not a viable proposition. I know that the medical profession would not want to make money two years out of 22; I know that the MLAs would not want to get paid two years out of 22. Mr. Chairman, I don't know of any sector in the economy that would want to get paid two years out of 22, Mr. Chairman.

So, in recognition of that stark reality, the Department of Agriculture has decided to push, to encourage, and to offer a carrot, Mr. Chairman, to offer a carrot and order a \$50 carrot at this stage of the game to encourage the producers to go the full cycle in production, from the calf right through to the slaughter animals, because if there's any money in the beef industry it is in the latter part of the production cycle.

Mr. Chairman, the Member for Morris is correct, the industry as a whole is not viable today. There's no question about that. The feedlots are, as he says, for sale everywhere. In fact, we had a few offers. When they heard of our program, we, I understand from the Minister, received a few telephone calls wanting to know if we'd like to buy some. That is indeed the state of the industry, but, Mr. Chairman, that state of the industry didn't arise as of December 1st, 1981; it was developed at that stage by the former Minister of Agriculture of this province, Mr. Chairman, who expired on November 17th.

Now, Mr. Speaker, the former Minister is indeed embarrassed by the fact that four years of Conservative administration did nothing to stabilize that sector in the agricultural economy, whatever, in fact, it was a backsliding operation, Mr. Chairman. Now, he wants to latch onto an ideological debate, because that is the only fighting ground that he has left, is an ideological debate. He wants now to stir the emotions of the people with respect to state ownership, state control, state farms, the Russian system.

Mr. Chairman, who is promoting the Russian system? Well, I'll tell you who it is; it is the Conservative Party of Manitoba, it is the former Minister of Agriculture, who is indeed promoting, promoting, Mr. Chairman, promoting that kind of a system into this country.

Mr. Chairman, the Member for Arthur says, "Did you read the comments of the Minister of Agriculture?" Yes. I have read those comments and they are accurate, Mr. Chairman. The fact is, if there is no public policy that protects the rights of ordinary folk to have access to land, then only a few people will have the land. There is no question about that, it is a matter of time.

You know, European history is full of that, Mr. Chairman, that is why a lot of Canadians are Canadians, because they ran away from what was taking place over there, Mr. Chairman. They ran away from what was happening in Europe, where we had the landlord and the tenant. —(Interjection)— Yes. But the landlord tied in with the state which was Czarist Russia of that time, yes, the feudal system of Europe, yes, Mr. Chairman, where an ordinary individual couldn't dare, Mr. Chairman, walk into the forest to

drag out a twig in order to fire up his stove to cook a pot of tea with. That's how bad it was, that's the desperation that those people had to face, Mr. Chairman, and that's why they came here.

The policies of that group over there, Mr. Chairman, is that we should let the marketplace have free reign, free reign, Mr. Chairman. The marketplace should have free reign, Mr. Chairman, no public involvement, so that eventually we have land owned in this country by very few people as it was the case in Europe at that particular time.

So, if you want to create a revolution, you have to vote Conservative, that's what you have to do. You have to vote Conservative, so that the wealthy become much more wealthy much quicker, and so that the state laws support the people that have already too much at the expense of the masses who have much less. —(Interjection)— Yes, Mr. Chairman, that is the philosophy that is being advocated, that is the philosophy that is being advocated, and that scenario pushes society into two choices and that is the extreme left or the extreme right. That's really where this former Minister is pushing this issue, Mr. Chairman, where you either have totalitarian communism or fascism. That's really what they are promoting, Mr. Chairman.

The advent of totalitarian communism came out of the fact that we had rampant, not free enterprise, monopoly enterprise, state control monopoly enterprise, during Czarist Russia and during the feudal period of Europe, Mr. Chairman. That is where it came from and out of and the members opposite could never make the argument, Mr. Chairman, that democratic socialism eventually became totalitarian communism because they can't show me the example. I can show them many examples, Mr. Chairman, throughout the world where the extreme left became a power within that particular area of the world because of the position of the governing extreme right for many many years prior to that.

So, Mr. Chairman, the proposition of the Minister of Agriculture is indeed credible. I have to admit, Mr. Chairman, it will not be accepted by everyone — I'm talking now about the beef program — because there are constraints in it.

The other point that has to be recognized is that there is a limitation of funds. You know, we just got through giving that same group \$50 million over the last five years —(Interjection)— oh yes, \$50 million. This concept here has allocated about \$40 million over the next five or six years. —(Interjection)— Sorry, Mr. Chairman, not over the next five or six years, \$40 million committed for this first year. We are now up to \$90 million, Mr. Chairman, committed by an NDP government, \$50 million; 40-some-odd in stabilization and 10-some-odd in feed assistance —(Interjection)— yes, you got to throw all of that in and now another \$40 million is being committed; \$90 million, none of which was put forward by the previous administration during their four years of administration in this province. Mr. Chairman, the Member for Arthur has the gall, the nerve, to stand up in the House and move a reduction of the Minister's Salary?

Mr. Chairman, the members opposite have relied on the market system . . .

MR. CHAIRMAN: Order.

MR. USKIW: . . . for so long that they just can't get into a pragmatic position when the issues demand that they change, when new situations arise. They are so entrenched with the old ideas and that explains very much, Mr. Chairman, why it takes a term of New Democrats in government to pick up the pieces to put things back right after one term of administration on the part of the members opposite.

The Member for Arthur also dealt with — I gather I've only got on minute left, Mr. Chairman. Mr. Chairman, in committee there is opportunity to speak many times, so I am not going to pursue the next point, but I want to tell the Member for Arthur, the former Minister, that it was a do-nothing period of four years from '77 to '81 marking time depending on the marketplace that didn't deliver. A new government comes in and tries to rescue the situation and this former Minister hollers and screams "state ownership, socialism, communism." Mr. Chairman, the people of Manitoba threw you out because of that position last October. I don't know how long it is going to take for members opposite to learn that fact, that the screams of socialism and communism that came from the First Minister over the last four years scared very few people in this province and I indeed suggest that they will scare fewer into the future.

MR. CHAIRMAN: The Honourable Member for Pembina.

MR. ORCHARD: Thank you, Mr. Chairman. Mr. Chairman, the Minister of Agriculture tonight has just been bailed out by the Minister of Highways and Transportation because the Minister of Agriculture in the last three weeks that we have been debating his Estimates has suffered extremely from that cattle disease, only it's foot-in-mouth not foot-and-mouth, it's foot-in-mouth.

You know, this Minister of Agriculture is an incredible person to be leading the farm sector in the Province of Manitoba, to be the man that is in charge of agricultural policy in Manitoba. We have this Minister of Agriculture, the MLA for the Interlake, doing in five short months what it took his colleague, the MLA for Lac du Bonnet, eight years to do. It took the former Minister of Agriculture eight whole years to lose the confidence of the farm community; this man is doing it in five short months and it all started out on such a high note and such a high plane in the Throne Speech, Mr. Chairman.

Here is what they said in the Throne Speech. This Minister of Agriculture's contribution to the Throne Speech was that "Rural Manitoba is the heartland of our province and agriculture is the backbone of the diverse Manitoba economy. My government is committed to protecting the family farm and to the rural values which helped to shape this province." That's what the Minister of Agriculture contributed to the Throne Speech and then, what does he deliver to us? Well, he delivers to us a system in which he is not going to sell Crown lands to farmers. That's one of the strongest held values in the rural communities is the right to own property. The Minister of Agriculture is going to eliminate Crown land sales. He's going to

take away long-term mortgages and MACC; he's going to revert MACC back to the state farm program and he says that this is a government that is going to live up to rural values which helped to shape this province.

Mr. Chairman, I hate to keep referring to this delightful little election document, this package of campaign fabrications that was foisted upon all Manitobans, and some unfortunately read it and believed it; but they say in here that what they're going to do for farms and agriculture is they are going to introduce support and marketing programs necessary to protect Manitoba producers. And here, Mr. Chairman, is the catch phrase: "in consultation with the producers."

The Minister of Agriculture ignored the advice of the Manitoba Cattle Producers Association that they wanted to maintain freedom of choice in their marketing of their livestock animals. He didn't listen to them. They only represent 95 percent of the beef producers in the province. He didn't listen to them. He didn't put that feature that they wanted in the marketing program, the support program he's got.

The Manitoba Farm Bureau represents 18, I believe, farm organizations, production organizations, in the Province of Manitoba. He didn't listen to them. They speak for agricultural policy. They are the formal policy spokesmen for 18 groups of producers in the Province of Manitoba. He didn't listen to them. He didn't listen to the cattle producers. He didn't listen to the Manitoba Farm Bureau. Who did he listen to? He listened to his buddies in the National Farmers Union, and he followed their advice.

The Minister of Transportation chastised me the other night in his Estimates for using a civil servant who didn't have the ability to be in this Chamber to defend himself, but he used Bill Janssen. This Minister of Agriculture used Bill Janssen to design his Beef Income Assurance Plan again. The same man that, when he was Deputy Minister of Agriculture for the previous Schreyer administration, developed a program that 76 percent, I believe, of the farmers voted against. The man had that much confidence of the farm economy in Manitoba that 76 percent voted against him, and under the consequence, voted against the then Minister of Agriculture. What do they do? They learned their lesson so well, they brought him trotting right back in from Saskatchewan as soon as they won the election to develop a beef income support program, and they said they were going to listen to producers before they formulated any policies. Well, that, Mr. Speaker, and I know it's unparliamentary, but that's a lie. They didn't listen to the speaker; they didn't listen to the producer groups; they didn't listen to the producers; they listened to Bill Janssen.

MR. CHAIRMAN: Order please. The Honourable Minister.

MR. URUSKI: A point of order, Mr. Chairman.

MR. CHAIRMAN: A point of order.

MR. URUSKI: The honourable member is using unparliamentary language. I ask the member

to withdraw.

MR. ORCHARD: Mr. Chairman, I will withdraw the statement that I made that this line in here that they're going to "develop support marketing programs necessary to protect Manitoba producers in consultation with the producers," I will withdraw that it is a lie. I will withdraw that it is a lie. I will say that it is a great distance away from the truth, and that, Sir, is exactly what it is.

Mr. Chairman, here's the man, the Minister of Agriculture, who's going to formulate the agricultural policies for the future of the farm economy, which in their Throne Speech they say is the backbone of a diverse Manitoba economy. This is the Minister who's going to develop the program to support that industry, and what did he say the other night?

I'm going to read this back to him, and he is going to hear this time and time again. He says, "What does ownership have to do with the provision of food?" That's the Minister of Agriculture that has that kind of an appreciation of what the farm communities' values are. You, Mr. Chairman, have a greater appreciation of the value that farm people hold and the belief they have in the ownership of land, much more than your Minister of Agriculture does.

Then he follows it up, after being slightly chastised by several of us on this side of the House, he follows it up by giving this statement to the farmers of Manitoba, the very system that the Leader of the Opposition speaks about that he is so opposed to, Mr. Chairman — "We will eventually come about and what happened in the Soviet Union, we're slowly coming to that."

We asked him, are you going to develop programs to prevent it? No answer. No answer. And then he tries to tell us, well, that isn't really what I meant to say, that isn't really the context, it's taken out of context. Well, Mr. Chairman, trying to duck from that statement will not wash. Smiling Billy can go to rural Manitoba and smile at the farmers at the meetings, and they are all going to remember this statement, and they are going to evaluate and weigh carefully every single word this Minister of Agriculture says, and they, Mr. Chairman, are going to be extremely suspicious of this Minister of Agriculture and his motives when he lays it out in black and white that he believes the Soviet Union landhold system is slowly going to come about to the Province of Manitoba. Every policy direction that he has alluded to so far indicates that he firmly is going to take this province in that direction. He's going to do it with his policies. He shakes his head and he points his finger. But, Mr. Chairman, that's exactly what he's going to do.

So, Mr. Chairman, I'm not going to prolong this debate. The Minister of Agriculture is a dismal failure. He is not providing leadership to the farm community in Manitoba. I repeat, that in five short months, he has done more to lose his credibility in the farming community of rural Manitoba than any other Minister of Agriculture has ever been able to accomplish. He has beaten the record of his former bench mate who took eight years to do that, and since this Minister of Agriculture has been in here, we have asked him questions and asked him questions and we haven't got a straight answer yet, until the other night, when he

came clean on what he believes is a landhold system. He has skated over answers, and he's been skating for the last five months, and the only problem is, Mr. Chairman, he hasn't had the puck since the Session started. He's been skating without the puck.

Mr. Chairman, the agricultural community, I can assure you, has no confidence in this man as the Minister of Agriculture, and that will reflect upon your party seriously, and there will be a number of the backbenchers who will not be around after this short-lived government goes to the people, because they will remember the things that your Minister of Agriculture has done and they will not support that party.

MR. URUSKI: Mr. Chairman, it's interesting to hear the honourable members from the Opposition speak. It seems that they're overwhelmed as to what has happened in the last five months, Mr. Chairman. Otherwise, they're very unsure of their position, Mr. Chairman, with respect to what has happened in this province over the last five months. You know, the honourable members want to speak and impute motives in terms of land policy and the like, Mr. Chairman. It is they who really are opposed to ownership of land. It is the Conservatives who are opposed to the ownership of land by people in the Province of Manitoba. You know what their criteria is, Mr. Chairman? Their criteria to the ownership of land is how much of these you've got, Mr. Chairman. That's the criteria of the Conservative Party in terms of the ownership of land in the Province of Manitoba. Mr. Chairman, it is very clear that the Conservatives are and have been bankrupt for the last four years. For the last four years in the Province of Manitoba, we've seen a decline in net farm incomes like we have never seen before; we have seen the reduction of family farms. They talk about freedom. Mr. Chairman, my colleague pointed out how they effectively with one fell swoop ruined a stabilization program — (Interjection) — well, ruined it for political reasons obviously, very clearly and when the producers, his own organization, came to him in July of this year, he showed them the door. He said, I've got no money.

Mr. Chairman, he now is advocating a program of one-time payment and we are providing that and so is the MCPA, but here is the kind of recommendation that was made on the basis of slaughter cattle marketed in 1980. Mr. Chairman, we know what is being done in terms of other provincial programs, of how payments are made in Alberta, of what the honourable member is recommending. Mr. Chairman, there are payments going out in Alberta to feedlot operators and the program is there. One feedlot is reported to be receiving \$1.25 million in assistance, Mr. Chairman, and that's the kind of a program that they would like to have us put into place in Manitoba. To heck with the basic industry, Mr. Chairman; to heck with the basic industry that provides the animals for the feedlot and the whole industry. We'll forget it; we'll put in a program; we'll recommend a program like they have got in Alberta, Mr. Chairman, where some feedlot operators are receiving with several cheques from 250,000 to 500,000. One feedlot is reported to be receiving 1.25 million.

That's the kind of a program they are talking about, Mr. Chairman. That is what they are supporting, Mr.

Chairman, and who are they really talking about assisting? Who are they really talking about assisting? They talk about being friends of the farmers, Mr. Chairman, and yet they have the gall to come here and say, there is no program; you have delayed for so long when the industry came to them in July and the Minister told them — it's been negative, Jim Downey's reaction. He told them to go home. Clean up your act; go on home; I've got nothing for you, the same way as he treated the hog industry in the Province of Manitoba.

You know, we're picking up \$5 million of that announcement of last April yet, Mr. Chairman. It is that kind of miscalculation, that kind of analysis and economic analysis that these members talked about knowing what they're doing. Mr. Chairman, they had their heads in the sand. They did not know what they were doing. They made \$10 million of announcements and then the Minister of Finance got up in this House and said, we will not need those funds. We know we won't need them — (Interjection) — well, Mr. Chairman, it is in Hansard that he said it. When I asked him, where is the \$5 million that you made the announcement for the hog producers of Manitoba? We won't need those funds, Mr. Chairman. — (Interjections) — Just listen to them, Mr. Chairman. There would not have been any need for a massive infusion of capital at this point in time, Mr. Chairman, had the stabilization program been in effect, there would not have been any need but it was through your politicking, your nonsense to the agricultural industry, the farmer's friend, the true farmer's friend.

The Member for Pembina, he talks about stretching the truth, Mr. Chairman. Why doesn't he read some of his mail and some of the presentations that I read to the honourable members? I won't bore them with it again, but they know that basically in terms of principles of acceptance, the details are not the same, Mr. Chairman, what the MCPA has presented, and the member waves the article from the Winnipeg Free Press. For which organization does MCPA belong? Do they not belong to the Manitoba Farm Bureau? Don't they belong to the Manitoba Farm Bureau? Who has closed the door on the Manitoba Farm Bureau? They met with Cabinet; they made presentations, Mr. Chairman, to Cabinet. It seems that the Conservatives are very afraid that the plan that I have announced will have some impact and that farmers will want to join and maybe, Mr. Chairman, there may be even some feedlot operators who will benefit from the plan. There may be, Mr. Chairman, there may be. If feedlot prices or feedlots are going very cheap, it isn't as a result of our plan. It is as a result of that good market condition, that good market economy, that you fellows support. — (Interjection) — Oh, absolutely, it has come about as a result of the market situation that we have had over the two years, the market situation that you fellows thought would continue.

Mr. Chairman, the farm community has desperately searched and looked for leadership in this province over the last four years. They certainly didn't have it, Mr. Chairman. This was the policy of the Conservative Party, absolutely to do nothing, Mr. Chairman, and now they laugh about the farming community, about saving them money. It is the height of arrogance, Mr. Chairman, on behalf of the Conservative Party that they come to this Legislature and say that they have

assisted the farm community over the last four years. It is arrogance to the highest degree that they can come here and say that they are the friend of the farmer when they have turned them away. They did not provide them with the assistance, with the leadership.

When the Member for Arthur comes in and now is starting to push, for example, a two-market system in the price of milk, Mr. Chairman. I guess maybe some of his people had him convinced that he shouldn't say very much about the system, but at least now he's coming out and saying, we should have wrecked the dairy industry as well while we were in office. We should have torn it apart, Mr. Chairman. We should have taken it apart and went back to the old system of dual pricing because obviously that's what he's recommending at the present time.

Mr. Chairman, I don't even want to go into the area of land ownership. We certainly have had a long debate in this House over the last few days and it was only because, Mr. Chairman, somehow the Leader of the Opposition didn't get the press coverage that he desired. He had to make an issue because he thought he made such a major speech and, Mr. Chairman, it backfired on them. The fact of the matter is they can use those remarks and they will, I'm sure they will, to attempt to spread whatever scare tactics they can. I mean they've done it before; they did that in '77. I expect that to happen again but I think, Mr. Chairman, the people of Manitoba and the farmers of Manitoba are not — they don't scare very easily anymore, Mr. Chairman. They don't scare very easily anymore.

Maybe now, maybe there's a few people in Pembina that the honourable member might be able to excite with some of his statements but, I don't think the rural Manitoba gets excited very much by the statements that the honourable member makes. I really don't think so, Mr. Chairman. —(Interjection)— The only ones that get excited, Mr. Chairman, are those that are bankrupt and when they have no arguments to make on policy, they go after people and talk and character assassinate and go around attacking people. That's been the history of the Conservative party in terms of, if we can't get you on policy and I say that again, they go after individuals, whether they be in this House or out of this House. That's the basis of the Conservative attack, Mr. Chairman.

I'm not talking about myself. Oh, I expect to get attacked because at least I can defend myself, Mr. Chairman. At least I can stand here and debate but, Mr. Chairman, the kind of nonsense that goes on in terms of character assassinations will not wash and I think that and I will keep repeating that. That is just low gutter politics, Mr. Chairman. It is gutter politics of the worst degree, Mr. Chairman, and the honourable members will hear that from me time and time again when they decide and continue to attack people in this Legislature. Who I'm referring to is the Member for Pembina.

He is the one that wants to go and attack people of Manitoba who have worked very hard in terms of — well, you may not agree with the policies and I expect that debate to go on between you — You go a bit far as far as I'm concerned. You go a bit low. You go so low, Mr. Chairman, it is hard to see you from your seat in respect to comments that you make about individual

members, Mr. Chairman.

So, Mr. Chairman, we've discussed most of these issues through these Estimates. I am pleased frankly that the members of the Opposition have taken our programs so seriously that they now believe, that they are worried, that the farmers or the farm community of Manitoba will accept those programs and they want to do as quick a hatchet job to try and discredit them as possible. Mr. Chairman, time will tell.

We are involving as many producers as we can to work on the details of the plan. Mr. Chairman, we have consulted with hundreds of producers in the Province of Manitoba in the last number of months and I believe that notwithstanding this motion of \$50.00 in terms of salary, it is —(Interjection)— Mr. Chairman, I guess it is. I guess it is, Mr. Chairman. It's come a lot quicker than I expected. I would have expected that in probably year two or year three. However, I am very pleased that I've been able to make some impact and you have at least —(Interjection)— well, Mr. Chairman, if that's the case then the Honourable Member for — not from Fort Garry, for Arthur there. Mr. Chairman, the Member for Arthur really couldn't or doesn't want to fight very hard or what, I don't know. Maybe, he wasn't listening to his colleagues very well and he moved a motion maybe without their concurrence. I'm not sure which.

Mr. Chairman, I believe that likely the members will want to debate this matter tomorrow and have the vote on this motion, since we can't have a vote on it tonight.

Mr. Chairman, I move the Committee rise.

MR. CHAIRMAN: Committee rise