

THE LEGISLATIVE ASSEMBLY OF MANITOBA

8:00 o'clock, Thursday, April 25, 1968

MR. CHAIRMAN: Before we proceed, I'd like to draw the attention of the members of the members of the committee to a group of lovely young ladies up here in the gallery up on my right here. They're the 13th Land Rangers from Transcona. Their guide with them is Mrs. Bagnall. They are from the constituency of the Honourable Member from Radisson, the Honourable Leader of the New Democratic Party. On behalf of Mr. Speaker and all members of the House, I welcome you girls here.

MR. GUTTORMSON: Mr. Chairman, could the Minister indicate is it the intention of the government to phase out the Manitoba Agricultural Credit Corporation?

MR. ENNS: Mr. Chairman, I believe I've answered this question on several occasions. I said this was anticipatory of legislation to come. I'm not prepared to make any further comments at this time.

MR. SHOEMAKER: Mr. Chairman, surely he is prepared to answer my question in respect to the specific question in regard to interest rates. You remember what my question was on that.

MR. USKIW: Mr. Chairman, I see the Minister is going to answer a question and I thought maybe I'd add one more to it. I didn't quite finish my remarks earlier this afternoon, and that has to do with the broiler industry. The Minister answered the question on turkeys but he ignored the question on what his policy is with respect to an application of the broiler industry for a vote on a marketing board, and I would hope that he would give us an answer as to policy with respect to that area.

MR. ENNS: Well, Mr. Chairman, to deal with the question raised by the honourable member from Gladstone, it has always been the policy of the corporation, at that time when an applicant chooses to renegotiate or re-open his loan, whether it's because of -- it's usually because of an extension of the loan or a greater amount being applied for, that it then be regarded as a new loan and the new protracted period of time applies, that is the 30-year payment of this loan applies, and this is made on the current rates of interest then charged. So, specifically, the answer is "yes", when a farmer now coming in for a re-application to increase the size of his loan for perhaps an additional 10 or 15 thousand dollars and a new loan application in effect is being made, the current rates of interest apply.

With respect to the answer for the honourable member from Brokenhead, I thought I had made the statement relatively clear. I have, just the other day, instructed the Manitoba Marketing Board to proceed in carrying out the vote with respect to the broilers, and this I imagine will happen forthwith or as soon as it's possible.

MR. GUTTORMSON: The Honourable Minister in answer to my question, said that he declined to answer on the grounds that it was in anticipation of legislation to come, but surely isn't this the time to discuss the problems of agriculture during the Minister's estimates? If he brings it later on - he said he may bring something in but he hasn't said he is and when - and surely this is the proper time to discuss the matter.

MR. USKIW: In connection with the interest rates on additional sums of money borrowed through the Manitoba Agricultural Credit Corporation, I wonder why the government doesn't pursue the policy of adopting a second mortgage principal whereby the first mortgage is held by the Corporation itself, because really I can't see any necessity of changing the terms of an existing mortgage reflecting a higher interest rate, and in essence placing a greater burden on the borrower on money that he had already contracted for some years prior at substantial reduced interest rates. This, Mr. Chairman, is a direct penalty for someone, or on to someone, that is trying to establish themselves further in their own business. I can't accept the fact that we can get into a second mortgage arrangement if we use as a criteria that the Corporation does hold the first mortgage, and I wonder whether the Minister could give us a reason as to why this policy can not be implemented. -- (Interjection) -- No, they're not.

MR. SHOEMAKER: Mr. Chairman, on this point, surely there must be some exceptions though. Supposing - and I cited earlier this afternoon a specific case - if I had presently \$15,000 borrowed at four percent and at the time that I made the application I would be considered a young farmer . . .

MR. ENNS: Mr. Chairman, I wonder if the speaker would permit a correction. Even the young farmer classification, which may be at four percent or whatever it is, changes of course after the five-year period.

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MR. SHOEMAKER: But this is my point. Supposing that I had borrowed \$15,000 at four percent and then I want to borrow an additional \$3,000 to make a total of \$18,000, well it surely wouldn't go then from 4 to 7-3/4 percent interest for the whole \$18,000. Surely there must be some exceptions made in this.

MR. CAMPBELL: . . . of the same question, Mr. Chairman. I can see a certain amount of logic in what the Minister has said if it's an increase on the same security, but another exception that I think would occur would be if a person who is already a borrower is doing that thing which has been so very prevalent in the last few years, buying an additional holding and get money to finance that new purchase. There is now new security as well, to use the term of my honourable friend, and surely that being a new operation with an additional piece of security, surely the rate wouldn't be changed on the earlier borrowing, would it?

I share the view of my honourable friend from Gladstone that the two public lending organizations, the Federal Credit Corporation - whatever its proper name is - and this one, the Manitoba one, have been to a great extent responsible for the tremendous rise in the prices of farms, and the availability of credit certainly has been one of the factors that has induced this purchasing of more land. Probably they are more economic units and probably - well certainly the people who are doing the borrowing should know their own business best - but it seems to me that where that is the case, that additional land is being purchased and the Corporation enters into that arrangement with them to provide their portion of the money, that that should not affect existing loans. I'm sure that a lot of the cases are that kind because I have the feeling that the vast majority of them are for land purchases of one kind and another.

MR. ENNS: . . . to deal specifically with the question raised by the Honourable Member from Gladstone, I would suggest, certainly in trusting to the good common sense of the farmers of Manitoba, that he would think twice before having a \$15,000 loan at say a five percent rate of interest, and then for an additional 3,000, jeopardizing that amount of money to the higher rates of interest, which are the regulations of the Corporation. The simple fact remains that he would find another source to borrow that money and continue the privilege which he has for the full tenure of that loan, until 1990 or thirty years hence, under the rate that the application was made under. But I think the principle of the matter remains that it's a variation of the mortgage, and any mortgagee, when he requests a variation from the original mortgage entered into, is subject to the current rates prevalent at the time, and in the Credit Corporation the same rule applies. This is no departure from practice as in the past; this has always been the case.

With respect to the honourable colleague's comments in terms of the public agencies involved perhaps being some of the reason for inflated farm land prices, I can find some concurrence with that. However, at the same time, I would have to put against that how often and how many cases has the existence of these funds made it possible for the orderly transfer of a father and son relationship, the orderly addition to a presently borderline farm situation, and I think in balance you would have to weigh it in favour of the programs that have been carried out, both by the Federal Government and the Provincial Government.

MR. CAMPBELL: Will the Minister not see a difference in the case that I mentioned to the one that he dealt with? Is there not a difference that additional land is involved - a new contract entered into? Why should that affect the existing contract?

MR. ENNS: Mr. Chairman, I would still have to say that it is indeed a variation of the mortgage that was originally entered into and one of the considerations that the individual has to make at that time. He has to gauge this in lieu of the current rates of interest, in lieu of the current money supply and what have you. I think that the Honourable Member from Lakeside would agree with me that we attempt to leave some decision making to the individual involved, and certainly these are the kinds of decisions that have to be made by the persons so involved.

MR. CAMPBELL: Mr. Chairman, I've been anxious to agree with my honourable friend on a lot of propositions that he has been making here but I can't on this one. I can not see that this is a change in the arrangement at all, because here we have a Farm "A" on which your Corporation already has a loan. The man who owns that farm decides to purchase Farm "B" and he goes to your Corporation to get assistance in purchasing it. Now your Corporation looks entirely at the equity that they think there is in Farm "B" - it's true that they may take his record as a borrower under the "A" Farm into account - but providing that's in good shape, this is an entirely new transaction and they will loan only the amount of money that they think

(MR. CAMPBELL cont'd.) is justified by that particular farm. Now that does not affect the other contract. Why should he have to pay more? This is a different operation completely. They decide on their loan on the basis of how much they think Farm "B" is worth. Why should it affect his loan on Farm "A"?

MR. ENNS: Mr. Chairman, it's not a matter of what we think a farm is worth or not, it's a matter of somebody asking a provincial body, an agency, to provide money at a different period of time under different circumstances. This is what I refer to as a change in the variation of the mortgage. To the Manitoba Credit Corporation, it is a request for funds, additional funds, at a different time under different conditions, and the Corporation has only access to these funds under these different conditions. These are variable conditions and the variabilities of them are set out in the statutes; namely, that we have to charge fixed amounts of interest over and above what the province can borrow for.

MR. CAMPBELL: Mr. Chairman, it is not a variation of the mortgage with regard to Farm "A". That operation stands on its own feet; it's entirely separate and distinct. He has already borrowed his money on Farm "A"; that is not changed. He wants to buy Farm "B" and the Corporation has a perfect right to decide whether they'll lend to him or not. They have a perfect right to decide what amount they will lend, based on a lot of things: his record with regard to his payments on "A" and what they think "B" is worth, whether it is an economic unit and whether they think it will help his operations or not. But that deal should stand on its own feet. There is no variation so far as their "A" Farm is concerned.

MR. ENNS: Mr. Chairman, the Corporation borrows no money to Farm "A" nor to FARM "B"; we borrow money to an individual. If he wants to bring together the two units, then certainly the arrangements arrived at with that individual are changed, if for no other reason than for the increased amount that he is asking for.

MR. CAMPBELL: They loan money to the individual, Mr. Chairman, but they loan on the basis of security, and unless they think that security is sufficient they don't loan that amount of money, and unless they think that it's a proper deal on "B" they won't loan and they shouldn't. But I cannot see any justification in the world - certainly they should charge the going rate for their loan on Farm "B" - but I can't see any justification in the world of why they should change the contract that's already been made.

MR. HARRY P. SHEWMAN (Morris): . . . put into these farm lands has to be borrowed

MR. CHAIRMAN: Order. I give the floor to the Member for Turtle Mountain over here.

MR. DOW: Mr. Chairman, is it not true that the Manitoba Farm Corporation have a stipulation in their mortgages that they are renewable every certain period of years, be it three or five years. On the renewable portion of this mortgage, is the interest rate retained as negotiated in the first instance or is the interest rate increased at the current period? Let's say in 1965 and let's say it's a three-year period, it was negotiated as X interest and today it's renewable, does it come into the new term of interest? This has been a concern that has been brought up to me on several occasions, that when we renew, do we continue our original contract or do we increase? This has nothing to do with re-purchasing, it's a question of renewing their chattels, their farm mortgage.

MR. FROESE: Mr. Chairman, in connection with this same matter, what were the reasons, Sir, what was the purpose behind discontinuing second mortgages? From what I understand, this is the case. Apparently there were still some applications that had been received earlier and which had been processed during the year of this report, but the way I understand it, this has been discontinued. What is the reason for it?

Another question is - and I have brought this in on a previous occasion but I understand this is still the case - what is the distance that a farmer can buy a property away from his present home and still be able to get a mortgage or a loan from the Credit Corporation? I know of certain cases where they refused loans because they felt the distance was too large. What is the actual distance that they will agree to?

MR. CHAIRMAN: The Member from Morris.

MR. SHEWMAN: I was going to ask the question, Mr. Chairman, is it a fact that the rate of interest you have to borrow to loan to these farmers is governed by the amount of interest that you charge to the borrower?

MR. MOLGAT: Mr. Chairman, I want to go back to the original point. I brought this up to the Minister originally on the 10th of April and I was advised that there had been a change

(MR. MOLGAT cont'd.) made in the loan rate on farm loans. I brought the matter up in the House on that day on Orders of the Day, that the change had been made on the Monday and the House had not been advised and I asked the Minister a few questions.

This came from a direct enquiry I had from a farmer who had tried to borrow from the Credit Corporation. Now he had a loan to begin with of \$16,000 at whatever rate of interest was the going rate. The security for this was as usual his farm holdings. He wanted to buy an additional piece of land; he wanted \$8,000 for this additional piece. The Credit Corporation agreed to the \$8,000. Now the Credit Corporation was not putting out any further money than just the \$8,000, the previously \$16,000 obviously had already been supplied at whatever was the going rate of interest then. He wanted an additional 8. The Credit Corporation says you must bulk the whole of your farm as security. So we're going to charge you the new rate of interest, not just on the 8,000 that you want to borrow now but on the whole of the \$24,000 loan. Now the Minister says, "Well what he should do is go and borrow the \$8,000 from someone else." But it's not that simple because the Credit Corporation insists in the first place on having security on all of the farm and so he can't go out and borrow the \$8,000 that easily, because the first mortgage is held by the Credit Corporation. Now surely it's reasonable in this case in view of the fact that the Credit Corporation doesn't have to put up the \$16,000, it's already up, that they simply ask the higher rate of interest on the additional amount. Could the Minister explain why this can't be followed?

MR. ENNS: Mr. Chairman, I'll deal with the Honourable the Leader of the Opposition's query first. I can only say this, once again, that to the best of my knowledge that whether I am a householder in Winnipeg or a mortgagee of some other kind that if I, as a mortgagee, request a change in the terms of the mortgage I am subject to the current rates that apply at that time. Something that is being overlooked here of course is that - take the hypothetical case where I perhaps have borrowed \$10,000 from the Credit Corporation five years ago on terms of repayment in the next 25 or 30 years; I subsequently seven or eight years later come back and want to borrow another \$10,000 for additional property, because of the regulations of the Corporation who work under the principle of one loan, one mortgage, the first mortgage, that while it's true that the present regulations make it mandatory that the old or original loans fall under the current rates of interest, but at the same time the term is extended to include the old term as well. That is he is not being asked to pay the original \$10,000 in the remaining 20 years of his mortgage and the additional \$10,000 for 30 years but he is getting in actual fact an extension of time on the original amount as well. To me this is a variation of mortgage - a very very principal variation of mortgage which justifies the mortgagor, in this case the Manitoba Credit Corporation, for insisting on operating under the terms presently in use.

With respect to my honourable colleague's question with regard to the rates of borrowing yes, it certainly is true. We have to supply the capital year by year in terms of the Credit Corporation's borrowing and these are subject to the current expenses of borrowing that money and we have no alternative but to, by statute to place that charge upon it which will cover plus by half a percent the cost of provincial borrowing. So in real terms that when a new loan is in fact borrowed or new loan arrangements or a new mortgage is made to include both the old and new for all intents and purposes that is a demand of present or new money that is subject to the new rates of interest.

With respect to the Honourable Member from Rhineland's comments on the second mortgage aspect I would have to ask of him that I be allowed to get this information. I'm not that fully acquainted with it. I've tried not being stumped too often but I'm afraid you've stumped me on this one. To the best of my knowledge of course the Credit Corporation works on first mortgage principle, that is that they will attempt to advise and counsel the mortgagee to consolidate his debts. We believe very strongly, or the prevailing principle in the Credit Corporation is that you consolidate the farmer's debts into one major debt as it were, all into a first mortgage situation, and the Credit Corporation is not really designed or set up to get involved in the area of second mortgages, and if there are I am not aware of them. Some hold over second mortgages, I think the direction with which the Credit Corporation has been charged with taking has been such to eliminate these and this is possibly the reason that you noticed this in your particular report.

MR. USKIW: Mr. Chairman, I think we ought to elaborate somewhat on this area. I wonder if the Honourable Minister would not recognize the problem that is posed by this formula and whether he may not agree that possibly this is an area which should be studied so that we may make some alteration. If a borrower -- if one takes out \$10,000 or had taken out \$10,000

(MR. USKIW cont'd.) in mortgage funds from the Agricultural Credit Corporation ten years ago, if he was under the age of 35 or whatever it is - 32 at that time - he would have paid a 4 percent interest rate. On any mortgage that was taken out in the first few years of the operation of the Agricultural Credit Corporation the interest rate to young farmers was 4 percent. So when the Minister suggest to us that that is a 4 percent rate only for the first five years, he is wrong insofar as the initial borrowers of the first few years of operations are concerned. So, Mr. Chairman, this is something that the Minister ought to take into consideration. I don't know whether he was listening, I notice he's paying some attention to the points that I am trying to make now. And I'll repeat it for the benefit of the Minister. That those young farmers that originally borrowed money when this Corporation was first established were able to borrow money at 4 percent, and that figure does not change regardless of the legislation that we have on the statutes today, that mortgage is still 4 percent. Now if that person had borrowed \$10,000 he would have paid a \$400 percentage or interest rate on the first year, on a \$10,000 loan. Now assuming today that he wanted to borrow an additional \$10,000, the Minister is suggesting that he has to bulk his loan into one, which in essence means he would have to pay 8 percent on \$20,000, if the figures were the same; which means that he would have an interest rate of \$1,200 for a year. Mr. Chairman, if he kept the existing mortgage on the existing rate of interest at 4 percent he would have paid \$400 on the first \$10,000 and he would pay \$800 on the next \$10,000 which would be a total of \$1,200.00. This means that if we were able to split the mortgages into two loans, that he would have a saving of \$400 in one year on a \$20,000 total debt.

Mr. Chairman, there is a significant amount of money that the farmers are going to have to pay in this connection if they want to borrow additional sums of money from the Agricultural Credit Corporation, if they find themselves in this category. I don't know why it is impossible for the House not to amend the statutes to provide that we don't penalize people because they need substantial additional capital; in particular, in light of the fact that we are talking about trying to create economic units of production which does in fact, require large or substantial sums of additional capital. Mr. Chairman, let's take a good look at this and perhaps we do need some amendments in terms of the Act itself.

MR. CHAIRMAN: (b)--passed --

MR. CAMPBELL: Mr. Chairman, does the Minister suggest that this is a matter of legislation? I was out for a moment and I gathered from what the Honourable Member for Brokenhead was saying that perhaps there was something in the legislation that made this necessary. Is it not a question of administration rather than legislation?

MR. ENNS: I think I would want to just go back one moment. I didn't answer the member from Turtle Mountain's query with respect to renewal clauses within the Act. I want to assure him that the renewal involves only the application for new funds. If an applicant makes a loan or has made a loan sometime in the past, it is only by his own action that those terms of that mortgage can or would be changed; it is not open for renegotiation at a later point. The point that has already been debated to some exhaustion is, of course, the fact that if he applies for new monies, new loans, then I submit, contrary to the suggestions by my honourable friend the Member from Lakeside, that we have a distinct variation within the mortgage and the current rates apply.

The matter that the Member from Brokenhead relates, I think we have exhausted the subject to some extent. I say this much, we have charged the corporation to run its business in a businesslike way. There is an element of subsidy in it, in terms that the Provincial Government pays for a major portion of the administrative or all of the administration charges which you will come to in my estimates. The other element of subsidy involved is of course the special recognition to the young farmer category in terms of interest rates. Now those are the two areas as defined by the Legislature, defined by the Act when the Credit Corporation was set up, that we would grant any special assistance to in this particular area.

In the other area I think it's safe and fair to assume, Mr. Chairman, that normal mortgage practices be followed and I would ask the honourable members who have questioned me on this particular point, whether or not this is not the normal course followed by any other money lending institution, whether it be a chartered bank or mortgage company or what have you?

MR. USKIW: The point, Mr. Chairman, which I would like to make is why do we have to operate like any other money lending institution. There is no rule in the book that states that the Agricultural Credit Corporation has to work under the same rule.

MR. ENNS: . . . taxes to support it.

MR. USKIW: Mr. Chairman, under the proposal that we operate, under the Act as I see it, the province is making a profit on a loan that has been converted into an increased figure. The province is making a profit on the initial amount of the original loan, because the farmer is then put into a position of having to pay a higher rate of interest on the total amount which if he didn't forfeit the right to carry on his old mortgage, he wouldn't have to do.

MR. CHAIRMAN: (b)--passed.

MR. FROESE: Mr. Chairman, I didn't get a reply to the question I put before in connection with the distance that a farmer might purchase land on another location and make an application for a loan and the loan is refused on the basis that they claim the additional parcel of land that he wants to purchase is too far away from his other place of residence or where he lives, and therefore they have refused application. Is this distance arbitrarily set, and does it vary from one application to another. What is the situation here? I would like to have some clarification on this point.

MR. ENNS: Mr. Chairman, I don't think there is a set or specific firm distance that you measure in miles. This is an area that we sometimes have difficulty in administration. The question is more of interpreting the purpose and the intent of the Credit Corporation's goal if you want to put it that - if it is a question of simply allowing a farmer to purchase more and more property, not necessarily designed to create that economic unit that we sometimes talk about, we feel that this is an area where the person is well disposed to going to the regular commercial sources. This is one of the reasons that the corporation operates in this manner.

I don't have the specific regulations before me that are involved here, but the principle involved is that you use the security of your present farm to do one or two things, to meet one or two of the basic intentions of the Act. One was to help the orderly transfer of say a father and son farm situation, or to help the farmer who requires some additional capital in-puts to increase his holdings to make that farm a more viable unit. Now to use a current base, a security base, to purchase other land in other parts, you know, distant to your current operations, don't necessarily meet this criteria. I recognize that in the exercise of judgment in this area, the Credit Corporation comes under some criticism from time to time. It's a difficult area to administrate properly. I think again where you have this developing very often is the case where a well established farmer would want to use his base or his holdings to maybe set up, you know in another part, distant from him. This in the eyes of the credit corporation is not wholly within their scope or within their principle of operation.

MR. FROESE: Mr. Chairman, on this very point, I am aware of more than a single case, I'm aware of more cases, where a farmer would dispose of probably a small piece of land or certain property close to his home and sell it to his son or give it to his son, and then since there's no more land available close by, they will have to go out somewhere else to purchase additional properties in order that the son can have a more economic unit, but then they proceed to apply for a loan and they are refused because they claim it is too far distant from the original place that he owns, and yet he has no other way of acquiring additional property. I feel that here is a certain injustice being done here to a certain group of people who have no other way of acquiring additional properties and making it viable units as he mentions. I feel that here is an area where we should certainly be more lenient and certainly come across to the applicant.

MR. ENNS: Mr. Chairman, just to further elaborate on a question brought up by the Member from Brokenhead who seemed to suggest that the government is making money off the farmers of Manitoba with this Credit Corporation operation. I would like to point out to him that the actual specific costs of administration which the province is bearing is some \$300,000 and a subsequent further cost of some \$400,000 in the area of subsidy of interest rates to the young farmer category which amounts to some \$700,000 per annum, is the level at which the government, this government is subsidizing Manitoba farmers in their credit operations.

MR. USKIW: Mr. Chairman, I did not suggest that the Agricultural Credit Corporation is making money in their operation. I was merely trying to point out that when one attempts to consolidate a loan, the province of the Agricultural Credit Corporation does gain financially, and the Minister cannot dispute that. He's trying to put words in my mouth here, Mr. Chairman.

MR. SHOEMAKER: Mr. Chairman, when -- you were here I'm sure or I think you were, maybe not, when the farm Credit Act was introduced into the Legislature in 1958 or 1959,

(MR. SHOEMAKER cont'd.) and the purpose of the whole Act was to subsidize the agricultural sector of our economy to some degree. It was really intended to alleviate to some small extent the cost-price squeeze. It never was intended to make money. Why I have before me a No. 2 in a three series article that the Premier of the province, Mr. Duff Roblin - he was Leader of the Official Opposition at that time - but this was article No. 2 in a three series headed "Agricultural Credit" in the Tribune, April 16th, 1958. True, he got to be Premier that year. But he's pointing up here in this article and in the article prior to it and the one following it that one of the things that the Campbell government failed to do was to (a) recognize that there was a cost-price squeeze, and (2) to do anything about it. And I just want to read the closing paragraph; it's a lengthy thing here but it's called "Manitoba's Liberal Progressive Government is debt depressive." This is what Roblin says, and it says -- I'm quoting: "It should perhaps be pointed out that farm credit is publicly subsidized in Quebec" - and he's suggesting it should be done in Manitoba - "interest is charged at the rate of 2-1/2 percent and at this rate Quebec farmers in 1955 borrowed \$12.5 million - 4 million more than was borrowed from the Canadian Farm Loan Board in all of Canada. How costly has this been to the Provincial Treasury? If the benefit to agriculture is considered it has been highly profitable." That's what he says. "The public cost has been the administration, the interest subsidization and the losses for bad debts and in the 21 years of operation between 1937 and 1957, inclusive, the total losses have been extremely small. The experience in Quebec is not an isolated example. While the Manitoba Government has been passing resolutions here urging the Government of Ottawa to do its work for it, other provinces have established desperately needed and eminently successful farm credit programs." It wasn't us that said that; it was the former Premier that said that. Premier Duff Roblin. And he said that if it has helped the agricultural economy by this small subsidization and everybody has benefitted as a result, the cost has been nothing. Well this is what we're saying. Is there anything wrong with, if my honourable friends pretend at least to do something to alleviate the cost-price squeeze, if they even pretend that they want to do something, isn't this one small way that we can help the depressed farmer, by giving him at least loans at reduced interest rates.

Now, all I'm doing is trying to support a statement that was made by Duff Roblin. So if I'm wrong then you get up and say that not only I'm wrong, but Duff Roblin was wrong when he made this assessment, because that's all I'm doing, Mr. Chairman.

MR. ENNS: Well, Mr. Chairman, the Honourable Member from Gladstone is dead wrong on one particular issue and I want to raise this particular one. The prime purpose for the Manitoba Government as I understand it, and I admit that I was a long way from this hallowed Chamber at that particular time, but as I understand it and as I understand it now, that the prime purpose of the establishment of the Manitoba Credit Corporation was to instill the confidence in all sectors of our economy that farmers can, in fact should be trusted with long-term credit. And this is precisely what I think the Manitoba Credit Corporation has done. We were unsatisfied with the job that was being done by the Federal Credit Corporation at that time - which was loaning at the level of one or two million dollars a year at that time with one or two agents in the province. We were unsatisfied with the response to farm credit needs by the private sector at that particular time, and while it is true that there was a specific purpose geared to the young farmer and there was an area of subsidization in it, I certainly always feel and I'm sure some of my colleagues feel, that one of the principal things that we were doing was to instill in our whole society the confidence necessary to bring into the farm sector badly needed new capital at that particular time. I suggest to you that the Manitoba Farm Credit Corporation did precisely that because it took very little time to have this confidence instilled to the extent that now the Federal Credit Corporation is loaning some 28-30 millions of dollars in long-term credit, whereas previous to our entry in this field, it was a very - to say the least - a very minor operation.

I think the same can be said at this --(Interjection) -- that's right, in offices and agents throughout the Province of Manitoba. Also, I can say I think this has also had a beneficial spread in terms of the private sector. We estimate that the private farm supply sector carried some 50 to 60 million dollars worth of credit, short and intermediate credit that they are holding on behalf of the farmers, whether it's for fertilizer or feeds or fuel or what have you. We suggest the whole good experience that we have had in our credit corporation, the fact that we have demonstrated that farmers are perhaps the best risk that anybody can have in terms of when it comes to borrowing money, that this was indeed one of the principal motivating forces that motivated this government in getting into farm credit. We think we've demonstrated this;

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(MR. ENNS cont'd.) we've demonstrated to the extent that we are now prepared to take a long hard look at some new directions and some new involvement of fields where we presently feel there are gaps.

As I mentioned earlier, I don't intend to be drawn into the debate at this particular time; I've given ample answers to the questions raised by the Honourable Leader of the Opposition and other members; that it's my intention to introduce legislation that would tie in with the notices or with notice given in the Throne Speech with respect to the Agricultural Credit Corporation.

MR. SHOEMAKER: Would my honourable friend agree with me that the cost-price squeeze is even worse today than it was 10 years ago? It certainly is. The cost of a farmer acquiring his initial - his initial tools of the trade is much higher today than it was. There's that point and then number two, does my honourable friend not agree and does he not say out on public platforms all over the province that he still professes and intends to do something to alleviate the "squeeze", and is there anything wrong then with subsidizing the farmers to some degree by low interest rates? Now that's what we are saying here and I still, and I'm just -- (Interjection) -- I am just reading what Duff Roblin said 10 years ago and if it was required then, it is required more so today because the cost-price squeeze is still with us. This is what I'm saying.

Now, so far as the public - I see the Deputy Minister of Agriculture is having a caucus with the Minister. But I want to tell my honourable friend something and I hope that he will go along with this one. It is true that private enterprise grants credit free, not only to farmers but to everybody, to the tune of millions and millions of dollars every year. Why, just on -- free -- on January 1st this year we took in our own office - and we run a very very small business at Neepawa - but on January 1st of this year, we had accounts receivable totalling roughly \$19,000.00. We don't charge a red cent of interest on the overdue accounts and never did for 30 years and we don't intend to. We don't intend to. We know the people that we're dealing with. Now, if you've got - if you have 10,000 other businessmen even doing that little small amount of business, you've got several millions of credit outstanding at no rate of interest, and I don't see anything wrong with it. And I don't see anything wrong with a government subsidizing, that is, the people of the province subsidizing the backbone of our economy - and my honourable friend has said and everyone of you people over there have said that agriculture is the backbone of our economy. Right? Well what is wrong then. If the backbone of our economy is depressed and in a cost-price squeeze, what's wrong with subsidizing it if it is the backbone; because if you don't do something for the backbone well the rest of the body is going to die and wilt with it. Ask my honourable friend the Minister of Education and "choirpractor" - where is he? - the Minister of Labour? -- (Interjection) -- Good for him. But you've got to look after the backbone of the economy, you've got to look after it. And I'm one of those guys that don't mind admitting that I favour a two-price system for wheat. I don't mind admitting that.

MR. ENNS: Tell it to your colleagues in Ottawa, my friend.

MR. SHOEMAKER: Pardon.

MR. ENNS: Tell it to you're colleagues in Ottawa.

MR. SHOEMAKER: Well, I don't care what they say. As I said on TV the other night, 40 wrongs doesn't make a right. I believe in it. As my honourable friend the Member for Inkster said, 50 wrongs doesn't make a right. It sure doesn't. But if we do have in fact a cost-price squeeze, and gee whizz you fellows admitted it in the Throne Speech, you admitted it in the Throne Speech. "Expansion of existing farm management programs as part of a move" - just part of a move - "designed to help farmers facing a cost-price squeeze to obtain a fair return for their labour and management."

MR. SAUL CHERNIACK, Q.C. (St. John's): Mr. Chairman, would the honourable member permit a question?

MR. SHOEMAKER: Permit a question? Certainly I'll permit a question.

MR. CHERNIACK: I'm wondering what document he's reading from. If he speaks of it as the Throne Speech, it doesn't look like one.

MR. SHOEMAKER: Well, Mr. Chairman, I would be delighted to reveal the source of my information, -- (Interjection) -- it is Public Information Branch Service Bulletin dated March 8th, 1968.

MR. CHERNIACK: Would you permit another question then?

MR. SHOEMAKER: Certainly.

MR. CHERNIACK: Does he accept the veracity of all the statements referred to in that document he's reading from?

MR. SHOEMAKER: No, I don't accept them all but this one - this one is headed a new government program cited and it is a boiled down version of the Throne Speech. And do you know what it cites as number 1, as the number 1 thing that the government is going to do for Manitoba? Exactly what I read: It recognizes there's a cost-price squeeze and they're going to do something about it. Now they could do something about it, they could do something about it by subsidizing the farmers to the extent of giving them interest-free loans if necessary. You could do something about it, and certainly . . .

HON. THELMA FORBES (Minister of Urban Development and Municipal Affairs) (Cypress): Farmers don't want subsidization, they want to sell their product. When will you get that through your head.

MR. SHOEMAKER: I don't. Well, I hope that that statement made by the Deputy Minister of Agriculture gets on to Hansard and I'm going to sit down and let her make that statement so that it will get on the Hansard.

MRS. FORBES: Thank you very much and I appreciate it. But I've echoed it before in this House and it hasn't got through to you yet. It has amused me ever since I came into this House to hear people from all over talk about farmers. You'd think you were one and that you knew the problems, and you're far away from it, Sir. Because if you think that the farmers of this province are asking for those little handouts of subsidization, you're wrong Mister, you're dead wrong. The farmers are asking to sell the product that they grow at a fair price, and if you have all the wind you'd like to send in this area right here, if you'd send it down to your counterparts down there and get some markets for the farmers in this country, you'd be doing something worthwhile.

MR. SHOEMAKER: Thank you very much for that statement. Thank you very much. I wanted that to get on the record, because Duff Roblin, Duff Roblin - and he's never in the House at this session of the Legislature - I have only seen him here on about three different occasions for about three minutes each. But . . . -- (Interjection) -- well maybe 3-1/2 or 4, but he hasn't earned his 7,000 bucks that I suppose he will collect . . . -- (Interjection) --

MR. CHAIRMAN: We're on resolution . . .

MR. SHOEMAKER: Well, I want to continue with my remarks. Before the Minister of Agriculture entered this House by eight years and before the Deputy Minister of Agriculture entered this House, because I don't think that she took part in the campaign of 1958, but Duff Roblin did, and what did he say in respect to agriculture? He said the Campbell Government had abandoned the farmers to the cost-price squeeze and he said that he was going to do something about it. That's exactly what he said. He didn't say it? And Duff Roblin said on dozens and dozens of occasions that Campbell said that there was nothing the Provincial Government could do, that Campbell said that it was Ottawa's responsibility. Duff said, "Leave it to me and I'll show you."

Now we are just human beings, every politician makes a lot of promises that he shouldn't make, there is no question about that, but I guess, Mr. Chairman, I'll have to read this one again or have a photostat copy made and given to every member of the House. Surely to goodness most of you have it, if you've any files at all, but this one was put out by the Progressive Conservative Government, not the government but the Progressive Conservative Party, and everyone sitting over there that ran in that campaign in 1958 used it and they put their picture on the back of it - every single one of you. And the first item on the program and I'll read it again, I'll read it again for you. It's not our document, it's yours.

HON. OBIE BAIZLEY (Minister of Labour) (Osborne): Read it all.

MR. SHOEMAKER: "The Campbell government" it says, "has abandoned Manitoba farmers to the pressure of the cost-price squeeze. The Liberal Leader has said there is very little the Provincial Government can do to help. Just as the Ottawa Liberals were dismissed from office for their failure to deal with farm problems under their Federal jurisdiction, so should the Campbell government be dismissed for its failure to deal with agricultural problems within the provincial jurisdiction." Inferring what? That elect -- (Interjection) -- propaganda? I'll say it was propaganda.

MR. JOHNSON: . . . Crop insurance. You can't hear very well.

MR. SHOEMAKER: Oh, crop insurance. I thought you said propaganda. But they did

(MR. SHOEMAKER cont'd.) not alleviate the cost-price squeeze, and if you had alleviated the cost-price squeeze, if you had, if you had, why did you refer to it in the Throne Speech ten years later as being one of the - well, according to this news bulletin, the No. 1 thing to be dealt with. What? The cost-price squeeze. Well it must still be there or you wouldn't have -- and I'm confident as I'm standing here, that the Lieutenant-Governor did not phrase the Throne Speech himself, and deliberately refer to the cost-price squeeze. Did he? -- (Interjection) --

MR. LYON: I said I hope not, or we'd be back in the 17th century. You might be at home . . .

MR. SHOEMAKER: You would hope that the Lieutenant-Governor didn't or you'd be back in the 17th century. Well all I'm saying here is that you recognize the cost-price squeeze is still with us, right? You recognize that? Well then I say there's nothing wrong with subsidizing the farmers to the extent of giving them low interest rate loans. That's one way. Now you name a lot of other ways that you can do it. There are other ways, because you people said you were going to do something about it.

MR. ENNS: Mr. Chairman, the other night I went through my little black book in telling what we are trying to do about it in the area that we're empowered in. Now I made a mistake, I shouldn't say little black book, it's a pretty big book, it's a book filled with a lot of programs and a lot of policies that have been designed by the imagination of the men on this side of the House, backed up by the capable staff that I have working with me in the Department of Agriculture. And that's what we are doing for the farmers of Manitoba.

MR. CHAIRMAN: (b)--passed.

MR. CAMPBELL: Mr. Chairman, I couldn't resist saying a word about the review that my honourable friend the Minister gave us in connection with this credit legislation. He not only seemed to infer but he very definitely tied the two together in mentioning that once this was introduced in here, in Manitoba, that the Federal farm loans immediately opened up and became much more free with their money. But the fact is that they opened up in just the same way in Ontario and Quebec and Nova Scotia and those places that already had provincial farm loans.

MR. ENNS: . . . following our lead.

MR. CAMPBELL: Well they had had it as Duff's article mentioned there, that you heard read, for thirty years or twenty years or something of that nature, they'd had it all that time. My honourable friend forgot to mention as well that at the time that Duff was writing these articles, and the time that he was berating us for not being in the agricultural credit field in the Province of Manitoba, that the transformation had already taken place in Ottawa, the Messiah had arrived, Diefenbaker was there, and we had a different group of people down there. At the very time that this legislation was being put on the statute books here, at that very time, the Honourable Mr. Harkness, who was Minister of Agriculture then, had given official notice that he was expanding the farm loan of the Federal Government, and they have continually expanded right along since.

Now, this had no more to do with it than it had with the price of corn in Egypt, not the least bit more and what the people down there were doing was something that probably should have been done before; but it's the federal farm loans that should have been in this business, rather than Manitoba. And as my honourable friend has pointed out, Roblin got in here in Manitoba largely because he promised this and promised the Business Development Fund as well and I took the position then that duplication was one of the worst things that we could have in government, duplication between the Federal Government and the province. I still say it's one of the big reasons for our high taxes. The increases that come naturally through the expansion of programs and the growth that occurs, in several ways, that's bad enough to swallow, goodness knows; but in addition to that, when you get duplication between the two governments, that's adding fuel to the fire. I still say that the program having been sold on that basis though that it was going to be a subsidized program.

My honourable friend the Minister of Urban Development and Municipal Affairs, can talk all she wants to, but the fact is it was sold on the basis of subsidization. It was sold on the basis that the young farmers in particular were going to get a subsidized rate. And this has been implemented. They have been getting a subsidized rate and they are getting a subsidized rate. And when my honourable friend the Minister of Urban Development says that the farmers don't want it, it's proved very well that they want it by the number of young farmers that apply for that subsidized rate. And my honourable friend's own report, when he gives the report on

(MR. CAMPBELL cont'd.) the farm credit corporation, he points out the percentage, the large percentage of the money that has gone through the years to the young farmers. Why? Because it's subsidized.

I'm not asking for subsidization in this, but what I am asking for is that you don't penalize them. If you don't subsidize at least don't penalize them. Mr. Chairman, you can cut it any way you like but you are penalizing them when you add the current high rates, when you apply the current high rates to a loan that's been already granted. That in my opinion is not only penalization but is a violation of the contract.

MR. SHEWMAN: Mr. Chairman, I had no intention to get into this debate. I did listen to the Honourable Member from Lakeside this afternoon and I know that he was quite sincere when he made the statement that the sins of the forefathers shall rest until the third and fourth generation and possibly the seventh. Now I don't want to think this thought and I don't want to express it out loud, just what generation he belongs to, because the promises that were made in the election in 1958 we have fulfilled to the best of our ability, what monies we had to put in to subsidize farmers. And for the benefit of the members in the Liberal Party, that weren't in the House previous to 1958, we have got to look back for a moment and think of all the things that we asked for when we were sitting over there that was turned down by the government in those days.

We asked for this government to plead with Ottawa to give loans to farmers; we asked them to ask Ottawa to make loans available so farmers could build storage space; we asked them for a crop insurance scheme. In the early 1900's there was an insurance scheme started in Manitoba and it went broke, for the simple reason that the company that was handling this insurance was insuring for dollars and for the highest dollar a crop would pay to a farmer. Then the previous government in 1940 had a committee set by the House to look into crop insurance and one of the best agricultural men that we have in the Province of Manitoba today, and has been, was Mr. W. J. Parker who is President of the Manitoba Pool Elevators Association and in reading that report he recommended there was a possibility that we could have crop insurance. But did they move on crop insurance in 1940 or after that? No, they didn't move until 1957 or '58 I guess it was. It was time after time that I introduced a resolution asking for crop insurance to be set up in this House and I even thought maybe with a change of tactics we would let the NDP Party at that time bring it in in one year and Mr. Swailes who was a member of the House introduced the crop -- (Interjection) -- CCF days. They brought it in, but they didn't move. But they did move on the eve of an election; "Yes, we'll do something about it." That's when they moved to do something to help farmer John. You can go over and enumerate all of these things, and I guess they are sins, and I don't know whether they belong to the third or fourth or the seventh generation, but somebody should stand up there and take the blame for them for not helping the farmers in the cost-price squeeze that they were in in those days. The cost-price squeeze in those days was just as serious, maybe more, that it is now, in my opinion. We have a bunch of suitcase farmers over there that are pleading the case of the farmer and I doubt very much if they've ever spent very much time on the farm, which I have in the past, and I know what it is to struggle along when you get 35 cents a bushel for wheat, 12 and 13 cents a bushel for oats and barley. Those were the days that I was brought up in.

Now when we had to bring in the farm credit corporation, and the Member for Lakeside mentioned that, that we were duplicating Ottawa, and one of the reasons we duplicated Ottawa for was because the Federal Government had no policies to help the young farmer. That was one of the reasons that prompted the Manitoba Government to move to bring in the policies that exist today and I don't care where you come from or where you go, it costs money to operate a plan such as that. We have got to borrow the money in a good many cases, in all cases, to be able to make these loans to help the farmers that we have helped and in my experience the many farmers that I have contacted that have got a loan from the credit corporation are happy and satisfied. I have run across a good many cases where the chaps over in the Manitoba Credit Association has refused to give them a loan. True they refused to give them a loan. But they would sit down and paint the picture, show them the picture where half the loan or three quarters of the loan which they could pay would be of greater benefit to them and they wouldn't be swimming up to here to try and get out of debt. In almost every case that I have run across, Mr. Chairman, the farm credit has helped a good many farmers and still will help the farmers.

Now I had no intention to get into this debate but I would like the members of the Liberal

(MR. SHEWMAN cont'd.) Party to go back and read just a little bit of history of what happened to the resolutions that were brought in when we sat over in that House, because it has been mentioned here how they were watered down. Sure our resolutions were watered down, and any government and every government will do the same thing. You done it. We'll do it, but when we do it, we'll do it in such a sensible manner that it's going to do someone some good.

MR. CAMPBELL: Mr. Chairman, I expect that I probably belong to the category of suitcase farmers that my honourable friend is speaking about, but whether I do or not, I'm quite willing to answer the allegations that he has made.

My honourable friend has said that this side of the House proposed resolutions during the time that we were in office asking us to ask the Federal Government to expand the farm loan system. We did that; that's what we did. This is what Duff's article is blaming us for. This article blames us for the fact that we were asking the Federal Government to do that, and that's right, that's what we were asking. We took the position then - I take it still - duplication is one of the worst things that we face, and with the farm loans already having had at that time 20 years, 15 years or something in that neighbourhood of experience in that field, we argued all the time and I still say the right thing was for them to make the changes that were necessary, and by the time this government went into it, they were prepared to do it. Colonel Harkness had already given notice down in Ottawa that they were starting to expand, but my honourable friend's argument that they were trying to get us to do it is completely negated by the fact that Duff in this article is blaming us for the fact that that's what we did - and that's what we did. This is what my honourable friend read when Duff was an editorial writer for the Tribune, and he was writing on agricultural credit and it's really quite worthwhile.

Then my honourable friend the Member for Morris talks about the crop insurance study that we had back in the '40s some place that Bill Parker was a member of. Yes, and what did that crop insurance report say at that time? They said that without subsidization - without subsidization - that the farmers of this province couldn't afford it, and the ones that could least afford it were the ones in the southwest corner of Manitoba that needed it most. That's what they said, and we were like my honourable friend the Minister of Urban Development, we were not prepared to subsidize such a scheme as that unless the Federal Government would join in with us. We said at that time that Manitoba could not afford to carry that program alone and we were urging Ottawa - it's another thing those articles blame us for - we were urging Ottawa to join with us. I made a distinct proposition to the then Minister of Agriculture to turn over to us the surplus funds - the surplus that Manitoba had provided - to the PFAA account down there in Ottawa, to turn that over as a basic reserve for a crop insurance program. The reason that we were not in it was because we recognized the fact that the province alone couldn't do it, and this province had to recognize that.

My honourable friend and some of his cohorts talked him in to starting it and they had to get baled out by Ottawa. It has been proven in the fact that it couldn't be done by the farmers alone, and it's still being subsidized. When my honourable friend the Minister of Urban Development tries to say that the farmers don't want subsidization, they're getting subsidization on the Farm Credit Corporation; they're getting it on the crop insurance scheme; and they're getting it on a lot of the others; and for my honourable friend from Morris to say that -- (Interjection) -- Well, probably that's enough of an answer to the review that he gave us.

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MR. GREEN: Mr. Chairman, we're still on the Minister's salary and I wasn't here yesterday when there was a vote taken on the resolution put by the Honourable Member for Brokenhead that the Minister's salary be reduced to \$1. 00, and I just want to advise the House that if I was here, I may have been forced to vote against that motion because it's less than the minimum wage.

MR. SHOEMAKER: Mr. -- (Interjection) -- No, no - not quite yet. I want to ask my honourable friend the Deputy Minister, because there's no reason why she shouldn't be into this debate, she has got into it. She said, as I understood her to say, that the farmers do not want subsidization of any degree in any sector of the agricultural economy. They did not want subsidization; they did not want to be subsidized. That's what she said. Well what about the dairy, the butter subsidization that's been going on for years? What about down at St. Claude, for instance, in certain areas of her constituency? If there was no subsidy at all on dairy products - none whatever - what would the price of raw milk be? What would the price of butter be today? Cream? All of these things, what would they be without subsidization?

Now I want to ask my honourable friends that and will -- I got a notion, Mr. Chairman, to send that Hansard down to the Minister of Agriculture at Ottawa and say here's what the Deputy Minister of Agriculture thinks in Manitoba, that we should cut out all the subsidies -- (Interjection) -- Acting Minister - cut them out completely. We in Manitoba, we have eliminated the cost-price squeeze; we need no more subsidies. Duff Roblin handled them all and they're all identified and eliminated. That's what Duff said nine years ago: first, identify them, then eliminate them. They haven't been eliminated or you never would have put this phrase in the Throne Speech this year. That's my point.

And furthermore, is it not a fact - is it not a fact, Mr. Chairman, that most industries in Canada today enjoy a profit because we do have protective tariffs to some degree? Is that not a fact? Isn't it a fact? -- (Interjection) -- Well what is the distinction between protective tariffs and subsidies? Would my honourable friend try to explain the difference between those two? To me, they're one and the same thing -- (Interjection) -- like making special deals my honourable friend says - certainly. If agriculture is the backbone of our economy, why is it so different that it does not need a subsidy or a protective tariff of some kind? Why?

Do you know that I've spoken to quite a few school children in my day - like my honourable friend the Deputy Minister of Agriculture, she's spoken to a lot more than I have -- (Interjection) -- the Acting Minister. Did I say the Deputy? Well that is a demotion and I want to apologize; it is the Acting Minister. I have explained protective tariffs or subsidies - call them what you like - but it's a measure that is designed to assist some sector of an economy. That's what it's designed for. I have often said to a high school group, "Listen, if you could buy a Honda today" - and surely you know what a Honda is, us swingers know what a Honda is -- (Interjection) -- I want to inform my honourable friend that we have a lot more "suitcase farmers," if that's what you want to call us on this side, than you have over there. What about my honourable friend the Member for Emerson that has presently 28,000 turkeys down there on his farm? How many have you got over there? Two turkeys eh, two turkeys. What about the honourable member for Birtle-Russell that's got a thousand head of cattle and a lot of other things? Is he a suitcase farmer? Tell me . . .

MR. ENNS: A particular point, Mr. Chairman, he of course is a prime example of the farmer in need of subsidy I would imagine.

MR. SHOEMAKER: Well, despite my honourable friend, I'm glad you raised that point. Would my honourable friend, if he was Minister of Agriculture at Ottawa, only subsidize the dairy farmers that are depressed and make them pass a means test to qualify for a subsidy? Is that what you're suggesting? Is the Minister a suitcase farmer? Is the Deputy Minister a suitcase farmer? Kindly define -- (Interjection) -- or the Acting Minister?

MRS. FORBES: . . . so let him call me what you like, you . . .

MR. SHOEMAKER: Not me. It wasn't my term. It was your honourable friend to your right, three seats down. But what is wrong with subsidizing the backbone of our economy? That's the point we're trying to make, to alleviate the cost-price squeeze since it's done in every other sector of the economy.

MR. ENNS: Mr. Chairman, if I can just recap this aspect of the debates on the agricultural estimates, there is nothing wrong with some rationalization of support for the agricultural industry in Canada, and the Acting Minister of Agriculture was not pertaining to the whole field. Here in Canada we are presently spending between three or four hundred

(MR. ENNS cont'd.) millions of dollars in this area in total. I'm not satisfied how they're being spent; I think they can be redistributed in a better way. I couldn't help thinking though, if the Honourable Member from Gladstone was expressing that western Liberal point of view of free trade and so forth which we sometime hear emanating from him when he is calling for protection of all industries, and agriculture in particular, but I seem to recall hearing some particular points of view of division within their colleagues, or within their ranks, on this particular point of view with some of the particular comments made by a certain Mr. Gordon of their Party in the Federal House.

However, I think -- (Interjection) -- no relation, I'm sorry -- to recap the situation, Mr. Chairman, the point that the Acting Minister of Agriculture very capably put out, and it's a point that I endorse very strongly and sincerely, that us farmers shouldn't put ourselves in a position of grovelling for handouts or subsidies of one particular form or another. If it's a matter of supporting an industry which is of the national interest or of vital concern to Canadians as a whole in the interests of providing and to continue to provide cheap food, which certainly is of national interest, then I regard that not so much in the terms of subsidy but a plank of sound government policy, be it federal or provincial.

MR. PAULLEY: Mr. Chairman, there has been some reference to "suitcase farmers" and I think possibly it's time one who can fill that description should say something in regards of agriculture. It's most -- (Interjection) -- yes, and I might only have an onion in the middle of a petunia patch and it may be true that in my City of Transcona that basically my farming constitutes a flower box, but, Mr. Chairman, it's most interesting for one who's had the opportunity of serving in this House for some reasonable amount of time to listen to the arguments from both sides of the House respecting the plight of the agricultural industry. It's very interesting to hear my friend, the member for Morris, draw to the attention of the House that another suitcase farmer, namely Donovan Swailes, a former CCF member of this House, from time to time did present resolutions on agriculture. . .

MR. HARRY P. SHEWMAN (Morris): On a point of privilege, I did not name anyone. I mentioned the fact that I had been introducing crop insurance year after year, but I thought for a change that we might do something about it, because it was the official opposition at that time, that we might get more support had the CCF Party taken over the resolution for that year. I did help them with that resolution, but I did not call the honourable member a suitcase farmer.

MR. PAULLEY: Well, he was a suitcase farmer whether he was called one by my honourable friend or not. That doesn't alter the point that I want to make, Mr. Chairman, that we have had in this Province of Manitoba, Liberal Governments; we've had Conservative Governments; we've had coalition of both in this House. Likewise at Ottawa, we've had Liberal and Conservative Governments, and the plight of the farmer today is no different under a Conservative Government in Manitoba and a Liberal Government in Ottawa than it has historically been in Canada over the years. -- (Interjection) -- Do you want to make my speech for me? And the reason for this, Mr. Chairman, I suggest, is that neither Liberal nor Conservative have been prepared to give other than lip-service to the plight of the farmer, depending on which side of Mr. Speaker at Ottawa or Manitoba that they sit.

MR. ENNS: Is \$40 million lip-service?

MR. PAULLEY: This government that we have here now in Manitoba, a Conservative Government, is wont to criticize and condemn - of course they're not a government today because they're facing an election - but they were wont to criticize and condemn the federal authority recently because of a lack of programs or policies on behalf of the farmer of Manitoba, because of the fact that the previous Conservative administration at Ottawa neglected to take under consideration and do anything about the plight of the farmer. If it were not for the fact a few years ago that there was a lack of abundance, particularly in the cereal crops of our importing nations, we wouldn't have got rid of the surpluses of grain that we had at that time.

At the present time - at the present time we have almost a billion bushels of wheat in storage in Canada in one way or another, either on the farm or in our elevators. In the meantime, who is caught in the middle because of this fact? The farmer. Has there been any endeavour by Conservative or Liberal to recognize the plight and the financial situation of the farmer by suggesting, or adopting for instance, a two-price system for wheat? Talk - yes, for it in opposition and against it in government. And this is my point, Mr. Chairman, and

(MR. PAULLEY cont'd.) it's typical of both Liberal and Conservative because they will not face up to facts when they have the power to do something about it. --(Interjection)-- Pardon?

MR. ENNS: Is that why you get such a big farm vote?

MR. PAULLEY: I don't know why. You may be perfectly correct, it might be, Mr. Chairman, that my honourable friend the Minister of Agriculture can criticize my Party because we don't get the big farm vote, but I do suggest that we have a solution to the problems of the farmer, and I suggest to my honourable friend the Minister of Agriculture that he hasn't. I suggest that until such time as we recognize here in this country of ours that the farmer is entitled to a fair share of our national wealth, the plight of the farmer will continue to be what it is; and until the farmer himself realizes this, they will still return to office tweedle dee or tweedle dum, and in the process harm themselves.

My friend the Honourable Member for Morris was referring back to resolutions that have been proposed in this House in the past for the benefit of the farmer. By whom? Who suggested first of all in this House a program of crop insurance? The suitcase farmer from Winnipeg, Donovan Swailes. Who suggested in this House first, if I recall correctly, credit for farmers? The suitcase farmer from Winnipeg North, Donovan Swailes. Who supported it for years? Depending on whether they were in power or out of power in Ottawa, so acted the government of Manitoba - Conservative and Liberal. Who has made suggestions insofar as the disposition of our huge cereal grain crops, our surpluses in Canada, in the interests of humanity or in the interests of those less fortunate than ourselves but the New Democratic Party and its predecessor the CCF.

Has Liberal government or has Conservative Government taken up the challenge? A two-pronged attack could result from a proper approach to these agricultural problems in Canada, and at the same time give succour and aid to those who require our help. Why can't our national economy be utilized in the purchase of grain to give to the farmer a fair return of our national income on one hand, and to give to less fortunate countries than our own the wherewithal to feed the hungry. -- (Interjection) -- You need the money first? You've got the money first. You've got the money first. -- (Interjection) -- Yes, you need money for Medicare, but while we've got the type of government that we have got here in Manitoba, the farmer will still be faced with the cost-price squeeze and the citizens of Manitoba will still have to be deprived of adequate medical care. Any other point that you want to raise as to what we need my honourable friend, because there is answers to such stupidity as you've just suggested. We can afford it, and in the process of affording it we can make a better community for all concerned.

So I say, Mr. Chairman, we hear continuously from both Liberal and Conservatives, and the odd chiding from the Social Creditor, of solutions to the agricultural industry in Canada, but until such time government is prepared to attack the problem at the base, which is a lack of participation or fair sharing in the economy of this great country of ours in the agricultural industry, we are going to be faced with the same problem that we have at the present time and the farmer is still going to be caught the way he is today.

So again I say, Mr. Chairman, a billion bushels of wheat in our granaries, our farmers still having wheat that they can't dispose of except on a very small quota basis, our farmers still in the position where they haven't got the cash wherewithal to purchase their requirements, and what are we doing? What are we doing? We are not attacking the problem directly but merely, depending on where we sit in government, giving lip-service to the plight of agriculture, and while we continue that way, Mr. Chairman, the farmer is the man who is suffering the most.

MRS. FORBES: Mr. Chairman, I can't sit here and listen to that, not for one minute, to hear the Leader of the NDP tell us that the Conservative Party of this country has never done anything for the farmers, just don't tell me that.

MR. PAULLEY: What have they done?

MRS. FORBES: Just don't try to tell it to the farmers of this country either. -- (Interjection) -- They sure do know. We can't go past the fact that there must be a demand for what you are supplying and there must be sale for that product or you can't do anything about it. And don't say that Diefenbaker didn't get sales; don't tell the farmers that he didn't get sales because he did, and believe me, you just ask the farmers of this country if they had the millions of bushels in their granaries that they have right now; they did not. They had grain in their

(MRS. FORBES cont'd.) granaries and we couldn't get boxcars. There were ever so many reasons why there weren't boxcars, but when Diefenbaker got in, we got the boxcars. He got sales, Mr. Leader of the NDP Party, and he was a Conservative and he still is, and if he was there today he would still get us sales. This is why he got members in Western Canada. That's why, because they knew full well that he was the man who was providing them with an opportunity to sell their product. — (Interjection) — He certainly did.

Now then, I'm not going to — (Interjection) — never mind for one minute, I have the floor now and I'll give it to you if you want to, you gave it to me for a moment, but just a moment I'll give it to you. Just let's look at the situation where the farmer is. Is there any other business in this country — just tell me one that's controlled on the quota system that he's controlled on. Just think about that for one minute. He does all the things that he's supposed to do, he uses fertilizer, he increases his acreage, he does everything that he can possibly do to increase the amount that he is producing on his farm, and where has he got it today?

MR. SHOEMAKER: Cost-price squeeze.

MRS. FORBES: Will that twitter or tweeter over there keep quiet? It's in his granary and he can't sell it. The quotas that he has had so far are so miserable and so small that he can't meet his requirements of paying taxes or anything else. That's his difficulty, and when I stood up in this House and said that he's not asking for little handouts anywhere at all, I just meant that, because what he wants to do is to sell his product, and if he can sell his product he can meet his payments and it's as simple as that. So what we need are sales for the product. I'd like to send all the Hansards that you people are talking right back to the farmers in your own constituencies and let them read what your ideas are, and I'm quite willing to stand up to it. The Minister of Agriculture, certainly he expressed his support for any — and I want support for an industry too, I'm not saying that in a general wide expanse of agriculture, but I am saying that we dwell on the fact always that we are in this House constantly saying what can we do as little incentives to help the farmers. You let him sell his product and he'll help himself. The farmer today who on the one-bushel quota could get about \$600 on that first delivery — and most of the stations in Manitoba today are only on a four-bushel quota — so how can he meet his payments or pay for anything that he wants to buy? What I'm saying is that he needs to sell his product; that's it.

MR. PAULLEY: Or we need to give it away.

MRS. FORBES: I'll tell you that you have to find sales for it and the Conservative government under John Diefenbaker found those sales.

MR. PAULLEY: Mr. Chairman,

MR. CHAIRMAN: Order please, order please. Would the committee come to order. Order please. I think that we have had about enough of this political debate in here. We should get back to the Department of Agriculture.

MR. CAMPBELL: May I ask the Honourable Minister a question? Mr. Chairman, I would like to ask the Honourable the Minister who just spoke and who is so sure that Mr. Diefenbaker got the sales and would get them again, is she aware that in the last three, every one of the last three years that are reported by the current Canadian Wheat Board report, that in every one of those three years more wheat was sold than in the best years, the very best year under the Diefenbaker regime? Is she aware of that? Every one of the three years, the last three that are shown in the report, was better than the highest year that they had in the Diefenbaker time. Does my honourable friend know that?

MRS. FORBES: Mr. Chairman, in response to your answer, yes I do know it and I don't mind you getting up and saying that the Liberals sold grain. This is all right with me too, do it, but Diefenbaker sold it too. As far as I'm concerned, I'm answering the Leader of the New Democratic Party who doesn't think that we have sold any grain.

MR. PAULLEY: . . . at all, that isn't

MR. CAMPBELL: Mine was a question. — (Interjection) — Well, not yet I haven't. I just wanted to ask my honourable friend the Minister if she has to admit that that is the case, that every one of these three years, every one of them, that more was sold than in the best year in the Diefenbaker time, why under those circumstances can she argue that if Diefenbaker were there now he would sell more grain. — (Interjection) — Just because he was there.

MR. PAULLEY: Mr. Chairman, this is getting to be a — the Honourable the Minister of Acting Highways — or Acting Agriculture wants the item passed, I'm sure. I'm sure that the trend of the discussion has been most, well stimulating, but I'm sure most embarrassing

(MR. PAULLEY cont'd.)... to the Minister of Agriculture in Manitoba. My honourable friend --(Interjection)--

MR. CHAIRMAN: Order, order.

MR. PAULLEY: You know, Mr. Chairman, one thing I like about this hour of the evening, it sometimes makes people wake up, and right at the present time we have so many Ministers of Agriculture on the other side that they are all acting up.

My honourable friend the Minister of Urban Development suggested that the reason that we got rid of the wheat, or our former Prime Minister got rid of the wheat - Diefenbaker - was because of the fact that he was there. This is a bunch of hogwash. The reason that we were able to dispose of our wheat was because of the fact that the countries who normally produce a considerable amount of grain for home consumption were faced with drought years and the lack of production. They had to purchase from Canada and that opportunity befell John Diefenbaker. He wasn't the Lord High Poo-bah that was enabled to sell wheat to people who didn't require it; he only sold it because of the domestic situation in a number of countries that normally produced. That is why he was enabled to.

Now my honourable friend the member for Lakeside has quite properly pointed out that in the last few years, two or three years, we have sold more wheat than even John did, because of growing population, because of still a limited production in the importing countries, but this trend has changed. Now my honourable friend the Minister of Urban Affairs said "yes, but we still are not going to get rid of our surpluses unless somebody can buy," and I suggest to my honourable friend that the situation is changing and has changed rapidly, that if we are going to await, so far as the agricultural industry in Canada is concerned - and of course particularly in Western Canada - the sale of our wheat to importing countries, the plight to the farmer is still going to be in pretty tired circumstances, because they're ...

MRS. FORBES: What are you going to do, give it away?

MR. PAULLEY: I'd be prepared, I'd rather give our surpluses of wheat away to underdeveloped, undernourished countries - now my honourable friend this is where we differ in philosophy and approach - I'd rather give every single bushel of surplus wheat we have to our underdeveloped countries than to spend almost a third of our national budget on weapons of destruction that we are doing under both Conservative and Liberal governments, and we have been doing it. And I say ...

MR. ENNS: Who are you going to tax to pay for it?

MR. PAULLEY: You are paying for it anyway. Who's paying for the hundreds of millions of dollars for so-called defence that we are expending at the present time but the people of Canada? It will not cost us any more and the results will be far greater if we utilize our tax dollars to feed the hungry all over the globe than it is to maintain the establishment that we have in the name of so-called national defence.

Does my honourable friend, either the acting Minister or the Minister of agriculture, really realize and know the extent of the contribution that the taxpayer of Canada is making to weapons of destruction, when they have in our granaries and in our elevators weapons of construction and goodwill? And yet my honourable friend the Minister of Municipal Affairs turns around and talks about the taxpayers' dollar. Madam, there has to be a change in thinking among us all.

I say, principally and firstly, a good place to start that change of thinking is in our legislative assemblies, provincially and federally, and until such time as we do that, we will still have here at home an industry like our agricultural industry that hasn't got the tools to provide for themselves within the country and we will still have a surplus of needed commodities for the people outside. Yes, Madam Minister, we have tools and we have the provisions that can achieve both, but unfortunately, unfortunately for humanity within and humanity without our country, we haven't had the type of government either here or in Ottawa that have the courage or the fortitude to put into practice that ideology that we all get, be they Liberal, Conservative, New Democrat or Social Credit, the ideals that we are prepared to give lip-service to almost every day in the week and particularly on Sundays, and until such time as we do that, while we harp and carp from one side of the House to the other between Tweedle Dee and Tweedle Dum about the plight of agriculture and the farmer, we are doing a disservice to that industry; we are doing a disservice to humanity.

MR. CHAIRMAN: Order please. Order. I think we'll have to terminate this political debate. If there are any members that have questions further of the Minister on the Minister's

(MR. CHAIRMAN cont'd.)... salary, which we now are supposed to have passed, and we're down on item (c) -- has anybody got a question?

MR. CLEMENT: Mr. Chairman, this is a democracy and I think I have as much right to say a word as several members here tonight have spoke a half a dozen times. As one of those suitcase farmers - there's only five minutes to go now anyway and the Minister will still be here tomorrow and we can pass his estimates - if it's a dollar -- I'm quite prepared to give him more than a dollar even though he is a part-time Minister.

Mr. Chairman, my point in rising right now was brought on by the Honourable the Minister of Municipal Affairs who said that she would like to send out a Hansard to everybody in rural Manitoba about what has gone on here tonight. My question to you, Madam Minister, is would you like to send a Hansard all over southwestern Manitoba - to the Member from Arthur, the Minister from Springfield, the Minister from Rock Lake, the Member from Dufferin, the Member from Virden, the Member from Rupertsland - would you like to send a Hansard out to every constituent in that country and let them look through the Hansard to see what their member has said? I'll give credit to the Honourable Member from Churchill who is at least man enough when he's here to stand up for the rights of Churchill. That's what he's elected here for and that's what you gentlemen are elected here to do. And you're not doing it; you're letting everybody else but yourself do it. Now you fellows were elected from rural Manitoba, and if you're not prepared to do it, somebody has to do it and I maintain that I'll continue to do it whether it's here or whether it's in Ottawa. And now are you prepared to send those Hansards out?

MR. CHAIRMAN: The Member from Emerson.

MR. TANCHAK: I just have a question to ask the Acting Minister of Agriculture. If the honourable Prime Minister, John Diefenbaker, was so good a Prime Minister, why is it that the Conservative Party booted him out?

MR. CHAIRMAN: The Honourable Member for Brokenhead.

MR. USKIW: Mr. Chairman, the Minister a few moments ago made a statement and it sounded like \$40 million on this side of the House. I wonder if he can tell me what he was trying to suggest?-- (Interjection)-- Pardon me?

A MEMBER: He didn't get the question.

MR. USKIW: You mentioned \$40 million a few moments ago. What were you trying to imply?

MR. ENNS: The suggestion was that this Party and this government was only paying lip-service to farmers' needs, and I recommended that perhaps \$40 million worth of long-term credit was a little more than lip-service.

MR. FROESE: Mr. Chairman, I was delighted to hear the Honourable the Minister of Urban Development and Municipal Affairs to take part in the debate, and I do hope from what she said that she will support what I had to say this afternoon and recommend to the Minister of Agriculture that we provide for storing facilities so that the farmers in Manitoba can sell their grain. This is the very point that she brought out tonight, that farmers should be able to sell their grain and this is all we require. We have storing facilities in our elevators and they can sell it as far as selling to the Canadian Wheat Board --(Interjection)-- well this is the other part. If you'd been in here this afternoon you would know what I talked about.

We have two restrictions. One is the matter of selling grain to other countries, that's the part that the Canadian Wheat Board and the Federal Government is looking after. The matter of storage facilities, which is the other part, the other restrictions, this is one thing we can look after here in Manitoba if we want to do something, and this is what I recommended to the Minister, that we should provide bigger and better storage facilities right here in Manitoba so that the farmers can deliver their grain. They can sell it, and they can sell it to the Wheat Board. All this would do is increase the inventory of the Canadian Wheat Board as far as grains are concerned and our problem is solved as far as the Manitoba farmers are concerned. Why don't we do this ?

As far as the matter of sales of our wheat to other countries - and I was quite interested in what the Leader of the New Democratic Party had to say, that we should, if necessary, give our surpluses away and then pay the farmers - I take it from the National Treasury. This would mean tax dollars, and we in Social Credit say that this does not mean that we have to have tax dollars to pay for that wheat. We can do that through the Bank of Canada the same way as our chartered banks are doing today. Why do we have to go to a private institution as

(MR. FROESE cont'd.)... a charter line bank to create the credit when we have the Bank of Canada, which is the people's bank, to do the same thing? And it won't be a debt; it can be wiped out just like that. Why do we have to give this power to a private institution and then pay high interest costs year after year on that credit that they extend and which they create out of nothing.

Mr. Chairman, this is what we in Social Credit propose, because the introduction of purchasing power should be based on productivity. Wheat is a product that we produce and therefore there is nothing wrong with this whole matter at all and it can be done very nicely.

MR. LYON: Mr. Chairman, just before you rise tonight, I wonder if I might bring to the attention of the House the following item in connection with our sittings. As of 10:00 o'clock tonight we have sat in Committee of Supply for 40 hours and 55 minutes. We have devoted nine hours and a half to the Department of Agriculture and I think we've passed three items in that department. We have dealt with only four departments out of the 17 that are before us and we have used up half our time. I thought this information would be of interest to the honourable members. They're also aware of what the rule is and they're aware of the fact that everyone in the House intends to observe the 80-hour rule.

MR. CHAIRMAN: Committee rise and report. Call in the Speaker.

Mr. Speaker, the Committee of Supply has considered a certain resolution, directed me to report progress and asks leave to sit again.

IN SESSION

MR. DOUGLAS J. WATT (Arthur): Mr. Speaker, I beg to move, seconded by the Honourable Member from Springfield, the report of the committee be received.

MR. SPEAKER presented the motion and after a voice vote declared the motion carried.

MR. LYON: Mr. Speaker, I beg to move, seconded by the Honourable the Minister of Welfare, that the House do now adjourn.

MR. SPEAKER presented the motion and after a voice vote declared the motion carried and the House adjourned until 10:00 o'clock Friday morning.