

THE LEGISLATIVE ASSEMBLY OF MANITOBA

8:00 o'clock, Monday, May 4, 1970

MR. CHAIRMAN: We are dealing with the Department of Industry and Commerce. Resolution 62. The Honourable Member for Assiniboia.

MR. PATRICK: Mr. Chairman, I didn't expect to take part in the Industry and Commerce debate because one of my colleagues was to speak in this department, but he is out of the city this week and if we're still on this department by Monday he'll probably be back and make his contribution. I understand he's in Europe trying to bring industry to Manitoba, so perhaps he'll have some information and news for us when he gets back. However, I do wish to make a small contribution at this time, and the first thing that I wish to do is to wish the Minister well in his department and to - I know he's got a new deputy - to also wish him well as well because I know it's not an easy job to be Minister of Industry and Commerce. I could recollect quite well when the government was on this side and the Minister of Mines and Natural Resources at that time, he thought it was quite easy to get jobs and quite easy to get industry to come to Manitoba, and perhaps maybe the Minister of Industry and Commerce and the Minister of Mines and Natural Resources, if they can get together they can solve the problem of bringing industry to Manitoba, because the member who is Minister of Mines and Industry, when he sat on this side he said it's simple, you set up Crown corporations in any industry or national industry and have employment for many people and there's nothing to it. I'm sure that the present Minister is finding that it's not as simple as all that, what the members used to say when they were on this side.

MR. CHAIRMAN: I ask honourable members to give the member a chance to complete his remarks.

MR. PATRICK: So it appears now, Mr. Chairman, that it's not that simple to solve the economic problems in this province by just setting government Crown corporations. I still think we need cooperation with the private sector, and to help in many instances the private sector.

I also wish to, just in passing, I listened to the member for River Heights when he mentioned that to a great extent the Federal Minister, Mr. Richardson, was quite responsible for the Boeing Aircraft people to come here. I had an opportunity to talk to some of the members from the Boeing Aircraft people and I would say that he is correct because that is what I was told, and furthermore some of the members have also told me from the Boeing Aircraft people that the Department of Industry and Commerce in Manitoba were as well very helpful to those people. However, one of those members of the department is not in there today but I hope that the co-operation will still continue and the same understanding, not to have anything done or not to undo anything that was done in respect to this industry that's coming to St. James-Assiniboia.

Mr. Chairman, this is one area that I think the government has not put as much attention to as it should have, is economic development in Manitoba, because as I listened to the Minister of Industry and Commerce, he generalized in many fields, in many areas, but I don't think he really had a course that he could have presented, that he charted a course for himself on how industry is going to be developed in this province. I think really our whole economic . . .

MR. SCHREYER: Would the honourable member permit a question?

MR. PATRICK: Sure.

MR. SCHREYER: In the light of the last statement made by the Honourable Member for Assiniboia, would he care to comment on the fact that the number of new industries that have located in Manitoba in the last six months, eight months actually, that in terms of new major industries per every two months, it's been a faster clip in the past eight months than most of the time of the whole 1960's.

MR. PATRICK: I understand all these industries were in the negotiation stage, in the planning stage for the last three or four years.

MR. SCHREYER: If I heard the honourable member correctly, he's saying that the matter of negotiations - the fruit of negotiations that were started some considerable time ago, generally that's true but would he insist that the two industries in question had made a commitment to locate in Manitoba by last July? I'm referring to Boeing Aircraft and Tartan Brewery. Is the honourable member saying that they had made a commitment to locate here last July, because that's not the fact, that's not the fact.

MR. PATRICK: Mr. Chairman, I'm sure that the Boeing Aircraft came because of the concessions they received from the Federal Government, and . . .

MR. SCHREYER: But, Mr. Speaker would the honourable member not agree that the same concessions were available to Boeing if they decided to locate in North Bay or Drummondville, or Chacoutimi or anywhere else?

MR. PATRICK: I'm sure the Minister of Government Services in Ottawa played a big part in getting these people to come here.

MR. PAULLEY: So I did.

MR. PATRICK: You! Mr. Chairman, I said the Federal Government of Supply, Mr. Richardson.

MR. PAULLEY: I'd like to hear my honourable friend.

MR. PATRICK: I said Mr. Richardson.

MR. SPIVAK: Would the honourable member yield to a question?

MR. PATRICK: Yes.

MR. SPIVAK: I wonder if the honourable member believes, or would venture an opinion seeing that he's already indicated that he has had some conversation with Mr. Richardson, that it's not a fact that Boeing's entry into Manitoba is directly related to the change by Air Canada in its overhaul base operations.

MR. CHERNIACK: Would the Honourable Member for River Heights yield to a question?

MR. CHAIRMAN: The Member for Assiniboia.

MR. PATRICK: Mr. Chairman, I'm sure the Minister of Labour is not serious to say he had any part, or he played any part in getting the Boeing Aircraft people to come here. I'm sure he's not because . . .

MR. PAULLEY: . . . Mr. Chairman, if I can have a repeat on my honourable friend's statement just now?

MR. PATRICK: I'm sure that the Minister of Labour was not serious in taking the credit for getting the Boeing Aircraft people to come here.

MR. PAULLEY: Mr. Chairman, in answer to that, I would not take all of the credit, but I would say that the present Minister of Labour and Government Services had a part in getting the establishment, despite some of the opposition from some members on the previous administration, for the location here in Manitoba.

MR. PATRICK: Mr. Speaker, I know that one of the platforms in the government, or the New Democratic Party, was nationalization of key industries in the province, and there's one that states "Gonick Lays Down Plan for . . .

MR. SCHREYER: Mr. Chairman, on a point of privilege. The Honourable Member for Assiniboia, who is almost always quite fair - almost - surely must regard himself as being unfair now when he suggested nationalization was referred to four times in our platform. Who is he quoting exactly?

MR. PATRICK: I shouldn't probably attribute it to the NDP Party, but I can attribute it to one of the members of the NDP Party, the Member for Crescentwood, of course.

MR. PAULLEY: If I may interject at this time, that in my office there is a . . .

MR. CHAIRMAN: Is the Minister of Labour asking a question?

MR. PAULLEY: Yes. May I ask my honourable friend, is he aware of the fact that in my office there is a plaque presented to me because of my efforts to obtain for Manitoba the Boeing industry, and I'm very proud of that plaque.

MR. PATRICK: Mr. Chairman, if that's correct, I'm proud of it too.

Mr. Chairman, I feel that our whole entire society revolves around commercial and economic development in this province, and it doesn't matter what we say or what we do, there's only so many people in this province and if we want the better things in the way of social legislation, in the way of social help and in the way of education, Medicare and so on, we still need industry because we can only tax an individual so much; we can only get so much corporation tax. I understand at the present time it's higher than any other province in Canada; your personal income tax is higher than any other province in Canada. I think we've reached a point where it will be difficult to get any more money in that area, so whatever we do it means economic development.

I've said I wish all the success to the new Minister. On the other hand, I still feel that the government has not given us a proper course, what course of action they're intending to take. Even if we go back during the last -- after the last session finished, how much did we spend or how much of the time did our committee spend on economic development? Two hours and 10 minutes. Surely this is one area that I think the government should have put most of its

(MR. PATRICK cont'd) attention and should have put the greatest thrust of the government into this one area, economic development, and you know, two hours and 10 minutes, or whatever it was, two hours and 15 minutes last session, I think it's not very much and I'm sure the Minister could have done more in that area.

MR. EVANS: Would you permit a question?

MR. PATRICK: Sure.

MR. EVANS: How many hours and minutes were spent under the previous administration in that committee?

MR. PATRICK: Mr. Chairman, maybe perhaps -- I'm not dealing with the former Minister, but maybe we should be critical of him too if we felt that this was an area that he should have -- I'm sure he wasn't afraid to travel, he wasn't afraid to try and sell Manitoba and sell industry and sell the goods, but I'm not so sure about the present Minister.

Mr. Chairman, the other point that I wish to bring to the attention of the members, I just wonder if we are utilizing the Manitoba Research Council and the Research Department of the University of Manitoba, which I understand is one of the finest in the country. I'm sure we can use these people to a much greater benefit than we are at the present time to help industry, to help agriculture for instance at the present time. I'm sure that this is an area that can be of some assistance to the people, even in the Province of Manitoba at the present time. I'm sure that some of the farmers in our agricultural community would want to know what they should grow and what are the market possibilities. This is also an area where I feel that the Department of Industry and Commerce can play in order to help, and at the present time I don't think the government has given any assistance or any indication in that area, so I feel that our Research Council can play a much more important part than it has to the present time.

I mentioned that the industry pays business tax, property tax, sales tax and a host of other taxes as well, and I think that this is an area that this House must give attention to before this House dissolves, even if we're here for another month and a half -- (Interjection) -- Prorogues, this is an area that we should give our most attention to. In short, Mr. Chairman, what I'm saying is that we need new sources of capital in this province, and my feeling at the present time is one way that we can bring this capital is by attracting new industry.

And a point I also wish to make at this time is transportation. I know talking to many business people who are in competitive exporting dilemma, they say that they can't very easily compete or they cannot compete with the eastern manufacturing industries because of transportation costs. Now I know this is an area where Manitoba and some of the other western provinces really suffer, the disadvantages of transportation problems, because we can't compete because of the high transportation costs. I believe that we must be able to convince the Federal Government that regional disparity problem to some extent is linked to the regional transportation policy on the national level, and I don't think that in western Canada, and in this province particularly, we have made this point strong enough to the federal people and to the Federal Government. I feel it's the government's responsibility to try and establish policies to convince the Federal Government to sell these policies that we can overcome these transportation disadvantages.

Mr. Chairman, the other point, we must also encourage I think Manitoba businessmen to be more alert to the investment opportunities in this province, and the only way we can make them alert again is by the Department of Industry and Commerce doing a proper job and working in cooperation with the private sector, with the business industry. I'm not so sure that the private sector at the present time just knows exactly where it stands with the government at the present time because there's so many conflicting reports and conflicting statements from different Ministers in this province. I think this is an area that the Minister of Industry and Commerce will have to accept pretty quickly, that he has to deal with these people and have full cooperation between government and the private sector in the Province of Manitoba.

I know that we didn't hear much of the TED Report and I think the Minister should tell us to what extent he agrees with it. I think it's a challenging document to most Manitobans and to us here. It perhaps in some areas may be out of date, and I think this is where the Minister should probably issue some amendments and say where we cannot reach the targets that were spelled out in the TED Report and where we feel the targets is too high or too low, then I think he certainly should issue a supplement because I know there is areas we cannot reach the target. As long as Manitobans can enjoy a good standard of living in this province. as long as we're not taxed that many of our businessmen have to leave, then I don't think it's so important just

(MR. PATRICK cont'd) because if we reach a certain population or we attract so many more industries. But I think it's important that the Minister tells us if this document has any purpose today, has it anything worthwhile. I'm sure he doesn't consider it in the same light as the Minister of Transportation considered it, which I think was wrong.

So, Mr. Chairman, with these few points, I wish to warn the Minister that I think we must have full cooperation and the private sector must have as much assistance that it requires from the Department of Industry and Commerce in order to expand and to have more people locate in this province.

MR. CHAIRMAN: The Honourable Member for Rhineland.

MR. FROESE: Mr. Chairman, I always find myself in a position where I'm not quite ready to go when we start with the various new departments. It happens though that I have to participate in each one of the departments being the only member of my party, but nevertheless I wouldn't want to miss speaking on the Department of Industry and Commerce because I feel it's a very important department of our government and I feel that we should do everything possible that we can to promote Manitoba and the industrial growth of our province.

Mr. Chairman, it seems to me that from the discussion we've had so far, we are so concerned with providing jobs that this seems to be a key issue. Why is it so difficult a matter to provide jobs? Why are we depending more and more on government and on big corporations to provide these jobs, and why is it that relatively very few people will start an industry or a new industry? I think these are questions that we should ask ourselves and that we should think about and probably discuss, because I think they are very basic to whatever program this government will initiate and will follow. I feel that something is very basically wrong, something is lacking that we cannot get the industry that we need. I think this should be a matter of course, that the jobs would come about and be available if everything was right.

I rather feel that our people as a whole are too security conscious, that we are not ready and willing enough to risk. One reason this has come about I think is because of our education system, and the Minister of Education should probably take part and participate in this debate and speak up and probably give us some reasoning on his part why we do not have more people in this province going into business, start a business anew, because this is what we need. And another thing I think that we are failing in in Manitoba as far as our education system is concerned, that our young people do not know sufficient about finance. When they come out of high school, what do our young people know about financing? Very, very little, and I think here we are falling down, because when they come out of high school a job is all important to them. This is the first thing, they want to earn some money and have some money. At that time they are still young and free and they want to spend it, drive cars and so on. That's the first thing.

But I feel that our younger people should be taught right in school about money and finance because money is something that they will use the rest of their lives, that they use every day of their life, practically every day of their life. So I feel that they should have a much better knowledge of finance and of how our monetary system works and how money and credit is brought about, because we know that every dollar that comes into being is a borrowed dollar, that's the only way a dollar comes into existence.

MR. MACKLING: No, put it away.

MR. FROESE: Well, if you don't want to see it, I'll put it away. But that is correct, Mr. Speaker -- (Interjection) -- Yes, and this is no better than the funny money that a lot of people talk about social credit issuing or that they might issue, and they used to say -- in the early days they said, well social credit would be printing so much money it would cause inflation, we would have so much inflation that the whole system would break down. Well what do we have today? If ever we had inflation we have it now, and it isn't because of social credit, it's our present system that is bringing it about. And one other reason why we have the inflation today is the high interest cost and we know what contributed to that, it was the lifting of the ceiling on the interest the bank could charge -- (Interjection) -- Oh no, in social credit we would limit the amount of credit that would be created. It would be based on productivity and therefore there would be not as much inflation as we have at the present time, because I am sure under social credit we would limit the amount that the bank could charge in the way of interest. -- (Interjection) -- You bet, pass them around too. Social Credit is really sweet, and if the page boys will come around and . . .

MR. SCHREYER: Would the honourable member permit a question? If the honourable member feels that other members are making it difficult for him to uphold the decorum of the House, I would suggest that he appeal to Mr. Chairman to save him.

MR. FROESE: I don't know just what the Chairman's position is here. Does he confiscate these things, because I don't believe they are allowed under the rules.

MR. CHAIRMAN: They could be tabled.

MR. FROESE: I am afraid if they were tabled that he'd probably use them on some of these young people that generally appear in the gallery. I don't see them around tonight but he's welcome to them. But, Mr. Chairman, in all seriousness, I really feel that our education system is to blame to a large degree and that we should be instructing and teaching our young people more about how the monetary system works, how it is performing today and just what is wrong with it.

And then too, when a new industry goes up or is being started, do you really see the learned people starting them? I'm sure this is not the case because I know from the many new industries that have gone up, at least the smaller ones, it's not the professional people that start it, it's the other people that start it, and I find that very few professional people start a new business or a new industry. It's more or less the professional people, or the educated, the learned people, they will go into already an existing corporation and work from within that corporation. They haven't got the initiative to start a new industry themselves. This is why I say that there is certainly something lacking in our education system, that when they have received a degree and are professionals, surely you would expect them then to do something better and set an example for the others. But this does not seem to be the case at all.

The Minister mentioned our development corporations here in Manitoba. I think they are active, at least the ones that I know of, and I'm sure the department is trying to assist them in every way possible. But even there we still require people with initiative and resourcefulness so that they will go out and start an industry and start something new. Then, too, we know that in order to start an industry you need first of all the raw material, the supplies, you need a person with initiative to do the work, and then you also need the finances. I think this is another area where we are trying to assist through the Development Fund, we are trying to assist through the Agricultural Corporation, but whether there is not room for improvement. I think our Development Fund is set up in such a way that the people are supposed to exhaust all other areas of credit first before they come to the Development Fund. Am I not correct, Mr. Minister, that that is the case? If I'm wrong, I hope he does correct me on this. And whether we should not help them from the very start if it is needed.

One of the previous speakers mentioned processing plants. We have a cannery in my area and it has experienced great difficulties in the past, in fact if it hadn't been bought out on two previous occasions it would have gone into receivership twice. It is now owned by Vegetable Oils and they are in my opinion doing a good job, at least they have made very substantial improvements.

MR. SCHREYER: Would the honourable member permit a question?

MR. FROESE: Yes.

MR. SCHREYER: . . . that the plant, the cannery presently operated by Co-op Vegetable Oils went into receivership twice with previous owners and this is the third owner-operator?

MR. FROESE: They were at the stage where they would have had to go into receivership, but on both occasions -- the first time it was a local cooperative formed in our area that bought it out the first time. It was on the verge of bankruptcy. The second time around the Vegetable Oils bought it out from Altona. In this way you reduce the capitalization of the plant and therefore it then can remain in business and bring about a profit to the people concerned. This seems to be the case so often, that a plant when it is first established the overhead is so large, the capital involved is so large that it cannot bring about the necessary profits, and you see that quite often that these businesses will go either broke or go into receivership and then being bought up, and at that time you have a much lower capital and therefore you can make the thing succeed. I think this is something that I don't appreciate, but I don't know whether we'll ever be able to come around to it that this won't be necessary. But this has happened not only to that one particular business I'm referring to, I know this has happened in quite a number of other concerns. And certainly today the high interest rates is not aiding the situation, in fact it's working the other way around.

But, Mr. Chairman, too, I think we should do more in the way for our smaller industries than we are doing presently. Vegetable Oils has now been operating for 25 years in Manitoba, in southern Manitoba, and yet they have not got a proper variety of a soya bean that can be grown in Manitoba. Better than 25 years and here we're still without a proper plant to provide the extracting plant with a raw product that they can use. We're still importing large amounts

(MR. FROESE cont'd) of soybeans from the States and processing them here in Manitoba.

We now have distilleries going up, one at Gimli and another one up in the west. and if there is going to be another one in Transcona, I'm just wondering on what basis Transcona got it. Is that where they're using the most booze in Manitoba? Last year I brought up the issue too because they were building that plant at Gimli and yet here we did not have any spring rye to grow during that year. We could not supply the plant with Manitoba rye.

MR. SCHREYER: Would the honourable member permit a question?

MR. FROESE: Why shouldn't we when we're -- yes.

MR. SCHREYER: Would the honourable member not find it incongruous if someone were to suggest that a distillery or brewery be located in Altona or Gretna?

MR. FROESE: I don't think Altona would be the place for it because they haven't got the water. They have to import the water from the States.

MR. SCHREYER: What about Winkler?

MR. FROESE: Winkler has much better water I can assure him.

MR. G. JOHNSTON: Altona's the place.

MR. FROESE: But certainly if a new industry comes in, shouldn't we be concerned that we provide them with the raw product that they need, especially in these years when we are so short of a product that we can sell as farmers. Here we have a ready market for the rye and we don't grow it because last year we didn't have hardly a bushel of seed available to the farmers. I feel that the Agriculture Department for one should look into this and make sure that the farmers had a supply of spring rye. -- (Interjection) -- Yes, there was no spring rye available. People were calling for it at the seed companies and there was nothing available. It was too late at that time, they couldn't seed a crop. Fall rye you have to seed the year before, so there was no way of producing a crop for them. I'm just wondering what the situation is this year. I haven't checked it out yet but maybe I shall do so.

So, Mr. Chairman, I had one or two other things that I thought I would mention and I'm not sure whether I should do it now or maybe I should wait till a little later on in the debate. I briefly mentioned inflation before, that this was certainly harming the economy of this province. I think the program that the Federal Government is following certainly isn't helping us when they start fighting inflation because it is definitely affecting the number of jobs that are and will be available, and I feel when it comes to the point of choosing between inflation or not having jobs, that we should certainly see to it that we would rather provide the jobs than fight inflation. I certainly prefer to have employment and have some inflation than to have unemployment and not even necessarily deflation at this point. I don't know whether this government is really making any effort in the way of fighting inflation. It doesn't appear to me that way because we've been really passing capital supply here in large amounts -- (Interjection) -- As the Leader of the Liberal Party says, as though it's going out of style, so certainly we can't be blamed in that direction.

I certainly would not mind also the matter of trying to get help from the U. S. If they are interested in setting up plants and industries in this province I think they should be welcome to it, because if they're willing to risk the money and provide employment here, let's welcome them because the more industry we get the better. I for one certainly would not want to keep American investment out of Manitoba by any means.

So, Mr. Chairman, I will now hear some of the other members and later on come back on some others.

MR. CHAIRMAN: The Honourable Member for Lakeside.

MR. ENNS: Mr. Chairman, despite what I had on a previous occasion to say about the Minister of Industry and Commerce with respect to the long tenure that I was wishing him on that occasion in his job as Minister of Industry and Commerce, I nonetheless, being a traditionalist and a Progressive Conservative, wish to follow the tradition established in this House in congratulating the Honourable the Minister of Industry and Commerce in his portfolio and wish him well. I may have some regrets about the situation, or the fact that he finds himself in that portfolio, but we'll let that be a matter for posterity or history to judge.

Mr. Chairman, I rise really on just one or two occasions or comments that I wish to make at this particular time and not have this pass up. There is I think a general feeling in the House, Mr. Chairman, that I'm sure you detect, that we have on this side been somewhat harsh with the Minister of Industry and Commerce from time to time. I think, Mr. Chairman, that this is a fair observation to make on the part of an observer like myself who likes to sit

(MR. ENNS cont'd) here and in an impartial way and observe the goings on in the House.

Mr. Chairman, I do want to remind you, I think you would remember - not too many others - certainly some of the other veteran members in the House remember the time that a great disaster and calamity fell upon the province and the Souris Creamery closed, and the then Leader of the Opposition -- we just about held up the business of the day. Now, Mr. Chairman, I'm not making small of the economic hardship that was exercised on that occasion in the community of Souris, all I'm trying to say, Mr. Chairman, is that I can recall, and I'm sure some of the members who were in the House at that time can recall the extended time and debate that rose around that situation because an industry had failed somewhere in Manitoba. And the then Minister of Industry and Commerce was put through the hoops, if I can use that expression, and we had meetings upon meetings with the municipal people at that time. We did all we could to save the situation at that time and we failed, and I'm sure the like thing is happening now.

Mr. Chairman, all I'm trying to suggest by this little lead in our opener is that, you know, I wish to establish some fairness and ground here. You know, we have not brought the House down with the problems that canneries have failed in the south - Morden; that we have heard nothing from the Minister with respect to what is being done to alleviate the situation. We've made passing reference to the closing of such plants as Catelli, and we're hopeful, we're waiting, we're giving the government, the Minister of the Day, every opportunity to do something about it. I won't mention such firms as Gerhard Kennedy, because as the First Minister indicated, he doesn't particularly want them in the province to begin with. But that doesn't help me or doesn't help the people of St. Anne when their little clothing plant closed and it won't help me when my clothing plant closes at St. Laurent.

MR. SCHREYER: You own a clothing plant?

MR. ENNS: Not mine, but it's in my constituency. Forgive me for using that term. I regard all the things and all the people, all the things that happen in my constituency as being personally related to me. Now, Mr. Chairman, I'm only suggesting to you that while we have had ample occasion vis a vis other occasions that have risen in the House when we were on the other side, particularly when the Minister of Industry and Commerce was on the other side, when we could debate or use up an entire evening on the situation that had developed with the closure of this Souris Creamery plant, that I'd like to establish kind of ground rules, that far from being harsh on the current Minister of Industry and Commerce we have been attempting to do our job in opposition and doing it as best we know how, but not at the extent of attempting to . . .

MR. SCHREYER: Will you permit a question?

MR. ENNS: Certainly, Mr. Chairman.

MR. CHAIRMAN: The Honourable First Minister.

MR. SCHREYER: Mr. Chairman, the Honourable Member for Lakeside has repeated a number of times now that at the time of the difficulty with the Souris Creamery plant that the members that are now on this side were raising unreasonable opposition and sound and fury, etc. Can he give the page reference of Hansard where members of the New Democratic Party were making unreasonable accusations to the government relative to the Souris Creamery plant?

MR. ENNS: Mr. Chairman, the First Minister was not present in the House at that time so I overlook the fact that he has not got the information at hand, as I have not. Firstly, certainly in what I've just said, I never used the word unreasonable, in fact I used the opposite word. It was precisely the correct and proper action on the part of the opposition at that time and it was essentially the Leader of the Opposition I believe I referred to in my opening remarks who raised the issue, the then Member for Ste. Rose who is not present. All I'm suggesting is it was quite proper, it was quite right for us to be concerned about something that although in the scale of economic activity in the province generally didn't necessarily, you know, rate ten by the . . . scale or something like that, but certainly was very important to my colleague the Member for Souris-Killarney.

All I'm suggesting, Mr. Chairman, is to kind of, you know, refresh our memories that the Minister of Industry and Commerce is the custodian of all what goes well and all that doesn't go well in this province, just as the Minister of Transportation who is the custodian of roads in this province. And I must inform him that my provincial road No. 518 went out of service this morning because of a bridge collapse. But it's not his fault, it's the fault of the weather and the

(MR. ENNS cont'd) roads and the water that's flowing under it, but nevertheless, I'm sure that he accepts that responsibility in a general sense, and in a like way certainly the former Minister of Industry and Commerce accepted his responsibility and did all he could at that time to alleviate the situation in Souris. My only point, Mr. Chairman, I don't want to dwell on it, was to kind of re-establish a little sense of objectivity in this debate that we are now entering on the Department of Industry and Commerce. In the sense that if we're going pretty hard at the Minister for what we consider to be certain failures, that that is a very legitimate and very correct posture for members of the opposition to take.

Now, Mr. Chairman, I want -- What I wanted to speak to primarily in the debate of the Department of Industry and Commerce on the Minister's salary, which gives us some latitude prior to getting into the specifics, is the failure or the lack of mention that I heard -- and listened to the Minister's opening statement -- about the paramountcy and the importance that the food processing industry can be and should be in the Province of Manitoba. Mr. Chairman, I speak very deeply and very concernedly about this particular subject because it happens to deal with both our primary and secondary industry, particularly at a time when we, as do other western provinces, face a very serious agricultural problem and particularly at a time when we are told -- and we can recognize some of the warning signs of facing similar serious problems with respect to our general industry in our secondary industry position -- that the Minister of Industry and Commerce can at this time introduce his estimates without a passing reference, Mr. Chairman, to that one area that holds perhaps the greatest promise for us as Manitobans. I'm speaking about the food processing industry. I'm speaking about what promise it holds to all Manitobans, to farmers, to specialized crop growers, to rural Manitoba, to urban Manitoba, to the industrial worker, to the union worker and to industry as a whole in this Province of Manitoba.

Mr. Chairman, this is a subject that's quite familiar to the present Minister of Agriculture. In fact it's on that particular subject that the present Minister of Agriculture chose to make an issue of, suggesting that there was a serious conflict between the Department of Industry and Commerce and the Department of Agriculture in the previous administration. Mr. Chairman, of course there was conflict because you had, as you have now -- although I'm not quite so sure what we have now, I'm sure about the one side -- I don't question the fact that the farmers in Manitoba have a Minister of Agriculture there, just as I thought of myself when I was in that position, that saw a his responsibility first and foremost the welfare and the benefits directly accruing to the farming populations of Manitoba. My colleague at that time, the Minister of Industry and Commerce, had his responsibilities clearly set out for him, and that is to do what best could be done with the resources that we had in this province in developing some viable secondary industries. Mr. Chairman, one of the pleasure that I had in working in the past Cabinet was in working with a colleague such as the former Minister of Industry and Commerce because of his enthusiasm and his appreciation of the fact that, you know, we may not become the leading manufacturers of refrigerators in this country -- in fact I doubt if we ever will. We may not, despite our notable advances in the space age . . .

MR. MACKLING: Are you preaching gloom and . . .

MR. ENNS: . . . and in developing rockets for rocket research. But that is not necessarily going to be the industry for the future of Manitobans. But he did recognize, Mr. Chairman, and I recognize that we in this Province of Manitoba geographically, economically and agriculturally were in a unique position, were in a unique position to take advantage and seize hold of a revolution that has taken place in the food industry, that we should be climbing that ladder well ahead of anybody else and doing our utmost to get to the top rung, because that in fact could be the significant single industry, both primary and secondary resource, that we have in this Province of Manitoba.

Now we recognized it and we had our birth pangs with it. Because on the one hand, naturally the primary producer, the farmer, whether it was a turkey grower, the broiler grower or the hog producer or the cattle producer, he was concerned -- the potato producer -- he was concerned about his position, his relative bargaining position in this process. But let me tell you, despite all the talk that you have over there, it is this government that even during that time of crisis, as the Minister of Agriculture would like to indicate, that established the Hog Marketing Commission, that established the Turkey Marketing Board, that established the Broiler Marketing Board, all Boards or agencies that I'm sure the honourable members opposite would concur with me when I say agencies that were developed primarily -- (Interjection) -- Well now, Mr. Speaker, I won't get converted on that. I'll give them a preview

(MR. ENNS cont'd) warning though. I'm about to make a speech on socialism. Not tonight, I'm sorry, I don't want to compete with the efforts and the good speech made by my Leader on reply to his budget, but there will be occasion when I will talk about it. That's a very interesting subject, very interesting subject. For some reason or other it seems to be a word that frightens all of you on that side and has them all cringing and hiding behind that particular word.

MR. DESJARDINS: Mr. Chairman, I wonder if the honourable member would start over now that the Member for River Heights is so interested.

MR. SPIVAK: Mr. Chairman, if permission was asked of me, I would certainly permit him to start over.

MR. SCHREYER: Mr. Chairman, the Honourable Member for Lakeside mentioned the fact that the administration of which he was a part established a number of agricultural commodity marketing Boards. Inasmuch as marketing boards have the element of compulsion, regulation compulsion, and therefore some would construe it as socialism, how does the honourable member account for the fact that prior to 1956 this was exactly the attitude of the Conservative Party of those days that they were undesirable - marketing boards - but since 1958 apparently have been acceptable. How does he explain that?

MR. ENNS: Number one, I would have to say thank God for John Diefenbaker and men like Duff Roblin, and this of course if the precise difference. These fellows there are caught in a doctrinaire boxed-in position by somebody that wrote the book 50 years ago and can't understand us, whether it's Liberals or Conservatives, who don't have a doctrinaire position and who evolve continually and steadily, and will continue to evolve continually and steadily.

MR. SCHREYER: Nonsense, nonsense, nonsense.

MR. ENNS: Now as I say, Mr. Chairman, they're diverting me from the estimates of the Minister of Industry and Commerce, and as I indicated to them, there will be another occasion where I'll have an opportunity to speak on that.

I was speaking about the food processing industry that we were so enthusiastic about when we last were the administration, and for your benefit, the Honourable Member for River Heights, the issue which seemed to be construed by the present Minister of Agriculture as being so divisive between the Department of Agriculture and the Department of Industry and Commerce. Now, Mr. Chairman, naturally there was a degree of conflict here. You could not have two Ministers doing their respective jobs and doing them well without a degree of conflict. But, Mr. Chairman, we recognize the importance of this essential industry, this complex of industries to the Province of Manitoba and I'm disappointed to say the least, I'm disappointed not for our industrial magnates of Manitoba, although for them too, but I'm disappointed for the farmers of Manitoba. I'm disappointed for those growers of special crops in Manitoba, those people who are desperately now seeking how to diversify because the experts keep telling them they should diversify. But how are you going to diversify if you haven't got an outlook for the product?

Mr. Speaker, unless we recapture some of the enthusiasm for developing, and firstly, Mr. Speaker, a recognition for the fact that we are in that position to develop a first rate food processing industry in this province, then, Mr. Chairman, I have grave forebodings about our possibilities of getting ourselves effectively and on a long-term basis out of our agricultural problems and effectively getting ourselves into that kind of an industrial situation that I know the Minister of Industry and Commerce would like us to get into or would like us to get out of in the sense that these are industries based very soundly, very coherently with what our ability in this province is and what we can do and taking full advantages of those natural resources, those natural advantages, geographic or otherwise, that we enjoy in this province.

MR. SCHREYER: Would you permit a question? -- very important . . .

MR. ENNS: Yes, Mr. Speaker.

MR. SCHREYER: Mr. Speaker, I hesitate to interrupt my honourable friend as many times, but there is a very important question that emanates from what he's just been saying and it would be important for us to know what his views are, and that is this: if we accept the argument that there is great need to so adapt our agricultural production that it fits in well with opportunities for food processing in the industrial sector, but in doing that how shall the agricultural production be organized? Shall it be under a form of vertical integration where the food is produced by non bonafide farmers, in other words agri-business, or should we take pains to see that it's farmers, bonafide farmers, who continue to produce the food for processing industries

MR. ENNS: Mr. Chairman, I appreciate the validity of that very important question as the First Minister has indicated, and let me make it very plain that my position, the position of my Party, I believe -- (Interjection) -- Well I'm speaking of the position of the Party as it was and the government as it was when I represented it. I haven't . . . lately -- is without question, without question that that be so directed that the production lies in the hands of individual farmers and that the farming community be given all the tools, the bargaining tools necessary to insure their independence and to assure their ability -- and this is where it gets difficult because we start talking about making sure -- having assured the farmers of that independence, the second and far more difficult question is to make sure through our Extension Departments, through our agricultural services that we make it possible for our farmers to compete with the food producers of this world or at least of this continent. This brings us to the other question on the food processing industry, is to recognize, is to recognize what is happening to the consumption and the way in which food is being consumed, not only in Manitoba but in Canada and in the world at large. One of the tremendous problems that those engaged in the primary production of food have is to be able to sift out of what we call food, when we send our wives to the shopping markets what to sift out, what we're purchasing for our dollars in actual food value and what we're purchasing as convenience and service. And this has -- and I think it's a generally adopted phrase, we refer to that whole sector of the food industry as "convenience foods", the instant foods, the pop-in foods, the -- whether it's chicken or what have you. -- (Interjection) -- Mr. Minister, there's no question about whose pushing it. And you know, Mr. Minister, you have one at home and I have one at home, your wife and my wife. -- (Interjection) -- Before you answer that question, Mr. Minister, think quickly about it because there are occasions, you know I've got to be at a meeting on time and you've got to be at a meeting on time and what goes in the oven? Frozen chicken dinner or something like that for five minutes, and you know it and I know it.

Now we can blame that big corporate entity, we can blame the Madison Avenue crowd that says that, you know, I want to brush my teeth this way or that way; but, Mr. Chairman, here's again where I have to give some credit to the average individual human being, you know -- I know the advertising pressures are tremendous, but, Mr. Chairman, who is eventually, who is making the conscious decision of how they want their food. I suggest to you right now, Mr. Chairman, that we can reduce the price of beef by 15 percent or 10 percent tomorrow, tomorrow, if the government will abolish the supermarket and that we will go back to lining up behind that one counter with that one butcher who's got his one big hind of beef, one big hind of beef there, and each individual customer gets up and says now I want a three, a two, a four pound roast but I want it from that portion of the animal, I want one, and this and that; compared to what's happening today where you walk by a 400 foot long deep freeze and you have two pound roasts here and three pound roasts there and four pound roasts here and you've got this there and that there and you slim by with your cart and you pick it up. Now you can blame that on Madison Avenue, maybe the Minister of Agriculture wants to. The fact of the matter is, Mr. Chairman, surely that for some reason or other, maybe all for the wrong reasons, but human beings keep insisting on crowding one big ante, in this particular case it's Winnipeg. And when you have to try to service half a million people, and most of them get out of work exactly around the same time, between 4:30 and 5:00 on Friday afternoons, and they've all got little marketing instructions in their pockets from their dear little wives at home to pick up, you know, here's the list and you've only got 40 minutes to do it because at 6:30 you're expected at a cocktail hour, or at the Labour Temple for a union meeting, you know, or at the Labour Temple for a union meeting, or as in my case you know, I only give my wife 30 minutes to do chores by the time I get home. -- (Interjection) -- They're not being fair with me, Mr. Chairman. I'm being deadly serious about a subject here and I'm trying to be helpful to the Minister of Industry and Commerce.

A MEMBER: No question about that Harry, keep going.

MR. ENNS: I'm trying to suggest to him that there is a whole area here, a whole area that is being completely skipped over or forgotten, at least to this point; now I would look forward to some anticipation as I'm sure the former Minister of Industry and Commerce will be, as to what are the prospects, what are the positive programs that are being developed by this government. I know what they're doing generally, or what they hope to be doing with respect to the primary producer in the sense that they lean toward the cooperative approach of livestock ventures; I know what they're doing in their credit policies in encouraging the

(MR. ENNS cont'd) diversification of agriculture into livestock, into other areas, and this is fine and good, but it still leads you up a street that, you know, doesn't have a clear end. And this is the tragedy of it, Mr. Chairman, unless we develop -- (Interjection) -- I'm drawing for them a blueprint, Mr. Chairman, that can solve two very serious problems that we face. On the one hand the fellow that's growing the hogs or the broilers or the turkeys, on the other hand, the several thousands of Manitobans that are looking for work, the under-capacity operating plants in the Cities of St. Boniface and otherwise generally in the province, and in our ability, in our ability to develop those modern food convenience packages that are now really the prevalent items, the ones that can open tremendous export doors for us, particularly in the American midwest, and particularly, certainly that we should retain, we should retain those markets for us in the east. Mr. Chairman, I'm prepared to accept as I said earlier, we're probably not going to be the leading manufacturer of refrigerators in this country here in Manitoba, but Mr. Chairman, today 55 percent of the eggs that go on the breakfast tables in Toronto are Manitoba eggs.

MR. SCHREYER: What percent?

MR. ENNS: Fifty-five percent give or take a few. Right? And these are the things that I am worried about though. Before I will agree with the Minister of Agriculture that we set up bulked marketing boards - and they have a very understandable desire to become self-sufficient, the Federal Government is pushing this at the moment, and if we get the same kind of a deal as we're getting under the Dairy Commission right now let me tell you we're in trouble. Because what will happen is that we will effectively block ourselves from such a significant portion of our egg production right now out of the eastern markets and what have we got in return? Nothing. We're not going to get any concessions on the other side of the scale; we're not going to get any part of the industry here in Manitoba other than what we win through hard competitive fighting and bidding.

Mr. Chairman, I don't want to belabour the point, I just want to give the Minister of Industry and Commerce an opportunity -- in reconsidering his further remarks. Certainly whatever he has to say on this very important subject that is of interest not only to the urban areas, that is pure industry as such, but is of tremendous interest to the agricultural area as well, particularly insofar as that in so many instances some of these processing plants it would certainly seem advisable from economical point of view, from transportation point of view, from product source point of view, to locate some of these new processing efforts within the rural areas of Manitoba and thereby help to balance our regional growth within the province. Thank you, Mr. Chairman.

. Continued on next page.

MR. CHAIRMAN: The Honourable Member for River Heights.

MR. SPIVAK: Mr. Chairman, it was not my intention to enter the debate tonight but rather to wait until the Minister of Industry and Commerce had an opportunity of replying to the comments I made earlier. However, in view of the discussion that has taken place and the comments of the Honourable Member from Lakeside and the comments that were made by the First Minister, I would like to for a few moments once and for all clarify a position and at the same time indicate what I consider is the basic concern in trend. . . .

MR. CHERNIACK: Once and for all?

MR. SPIVAK: Yes once and for all. From my point of view, I will publicly declare it in this House. I would suggest to the Honourable Minister of Finance that notwithstanding the fact that I will make my position clear here, as I've made it outside, that members on the opposite side, and particularly the Minister of Agriculture, will continually go out and stump the hustings and suggest that I have through my actions and through my words attempted to do something vastly different than what I'm going to say is my position here and which has been borne out by my actions and in turn borne out by every speech that I've made in connection with the development of agri-food business in Manitoba. So once and for all I'd like to make this clear.

MR. DESJARDINS: That's a promise?

MR. SPIVAK: Yes.

MR. CHERNIACK: We'll hold you to it.

MR. CHAIRMAN: Just before the member continues on his point I would like to remind members I think it is appropriate to deal with this question, but I would also ask them not to reopen the whole question of the Department of Agriculture. We've spent 13 hours in that area, I don't wish that this debate should be a repetition of earlier debates in another department. So I would ask the honourable member to keep that in mind when he's making his comments.

MR. SPIVAK: While I appreciate the comments of the Chairman, I must indicate to him that agriculture has a particular position in Manitoba; it's a primary resource, that is to say, it is a resource and therefore should be discussed as a resource of Manitoba. It is also an industry, it's also an industry. I must indicate as well to the Chairman, the members on the opposite side, that much of the development of our manufacturing has been based on the resources we have in Manitoba and agriculture being one of our primary resources naturally much of our manufacturing has been developed on this.

Now I must say once and for all that obviously in our situation, analyzing the number of small farmers we have in Manitoba and the ability of the small farmer to be able to handle the situation particularly with a fluctuating grain market which now has shown the difficulties that can arise with over-production, that it was very necessary some time ago for the Department of Industry and Commerce to analyze the particular trends that were developing in the agri-food business and to be in a position then to try and see if they could both identify and sell for Manitoba the developments that would in fact meet the requirements as determined by the so-called experts at the time as to what would happen in the future; and as a result, a major study was undertaken by Arthur D. Little. That study is available to the Minister of Industry and Commerce. If he hasn't read it I suggest that he does read it. That study is available to the Minister of Agriculture and I'm sure he has not read it, but I suggest that he should read it. It relates to what the Honourable Member of Lakeside has said. Now what that study indicated, and what's important for our discussion here when we talk about the Department of Industry and Commerce and the whole field of agriculture, is that it identified that the fastest growing and the most likely achievement for Manitoba would be in the development of the convenience food field. It identified that in the next ten years in North America that there would be greater advances made in this particular situation than in any other in connection with the development of the agri-food business. Now the reason this will occur is not so much because of consumer demand, that is demand by the individual consumer, but as a result of significant changes that were going to take place in the institutional commercial areas in United States and Canada, particularly in the areas of hotels, hospitals, commercial canteens in factories, high schools, and other major developments where it was going to be necessary to be able to produce inexpensively prepared meals which would be prepared in complete form and served to these various people involved in the institutions in a way that would give them both variety and quality and instantaneous preparation so that it could take care of the mass feeding that would occur and would be required and demanded as a result of changes in patterns and habits that would occur in North America.

(MR. SPIVAK cont'd.)

As a result of identifying this particular trend, and as a result of recognizing that this was going to be the great area for achievement for Canada and for Manitoba, the Department of Industry and Commerce went out and tried to seek and find someone who was going to be prepared to invest in Manitoba for this development; because it was very obvious if we could take the raw products of Manitoba and we could process them and put a labour input and sell them in a finished form for all of North America, we were achieving something that we had not achieved so far; because our raw products were either being sold, with the exception of grain, were being sold to the regional market of Manitoba and western Canada and in turn to the market market of North America, but that the raw products that we processed were being sold really restricted to our small market of five million to ten million people, and we had an opportunity, if in fact we were in a position to be able to attract the investment that would take place here for the convenience food field that we would be in a position not to sell our finished product to a ten million group of people but rather to 250 million, and that the potential for our primary producer, the potential for the small farmer whose interest we had at heart at the time -- believe me we had their interest at heart -- would be that he could diversify, he could produce for those corporations that would come in here and would then in fact put in the processing plant and take the raw product and change it in its finished form into a final form in convenience food and be able then to ship it and transmit it all over North America. That's when we went out to try and find those people who would be interested in this kind of investment. We determined as well that the investment we're talking about is between some 50 to 100 million dollars. -- (Interjection) -- I'm giving -- yes I'm giving the same -- the Honourable Member for St. Boniface. . . .

MR. DESJARDINS: Well, Mr. Speaker, on a point of order. I don't mind if the honourable member doesn't come in the House but somebody should tell him that the Honourable Member for Lakeside made exactly the same speech just a few minutes ago.

MR. SPIVAK: Mr. Chairman, I didn't hear the Honourable Member for Lakeside's speech but I did hear. . . .

MR. DESJARDINS: Well we did.

MR. SPIVAK: I did hear his reference and I hear the comment of the Premier with respect to the question of vertical integration, because this is the key point and this is the point I want to settle once and for all. The efforts of the Department of Industry and Commerce at that time, and I'm sure that the efforts of the Department of Industry and Commerce on this occasion now, is to try and see, as we did and as I'm sure the Department presently is attempting to do, but I think rather unsuccessfully, our efforts were determined to try and see that the small farmer would be in a position to sell his raw product to in fact a processing firm who would be in a position to buy it and would be able to finish it and sell it in a market that would be greater than 5 or 10 million, and of necessity we try to create in Manitoba a climate and activity and the investment that would in fact bring this about.

I may say that as Minister I was extremely happy to be present when Labatt-Ogilvie announced that they were prepared to enter in this field, and they announced as well that they were prepared -- and I think this becomes pretty significant -- to first of all set up the research that was necessary, because it was understood that in order to do it would require tremendous research to be able to produce a quality food that would be capable of being packaged in the way that I suggested, and that in turn they were prepared to put in throughout Manitoba the various plants they estimated at a value of \$50 million within a short period of time. I must say as well, that the people who were responsible for announcing this development and who had worked with the department for many months indicated as well that in their opinion they would achieve in a period of 10 years approximately sales of \$200 million. And \$200 million, as the Honourable Minister of Industry and Commerce knows based on the statistics that he mentioned today, would represent 20 percent of the total manufacturing of everything we produce now in Manitoba and the significance and the implication of this kind of development for Manitoba I say truly boggles the imagination for what it would have done for Manitoba in the manufacturing field, for the new job opportunities it would have created, and particularly for the farmer who would be in a position to be able to sell his product, to sell his product to the firms that were coming in here to be able to produce the finished product in the convenience package form. I may say that in discussions that took place with the corporations who were considering Manitoba, and finally with the one that did make the decision to come into Manitoba, that

(MR. SPIVAK cont'd.). . . . discussion was taking place as to how this would work with the small farmer. First was it possible and was it economically feasible for the small farmer to be in a position to invest the kind of money that would be required to be able to handle the situation, to be able to produce the goods whether it be in poultry, whether it would be turkey items, whether in fact be red meat, whether it would be the vegetables that he would be dealing with. And we in turn determined - we in turn determined that it was both feasible, practical and in the interest of the major corporations to have that investment handled by the small farmer because it would save the corporation the major involvement in financing it and our problem would be to marshal our credit facilities in such a way that the small farmer could in fact benefit from this plan. And we worked towards this. And so far I've heard nothing in the last nine months except Labatt-Ogilvies have closed the Catelli Plant and I have not as yet heard what their plans are. I do not see the major developments occurring, and I hope that the Minister of Agriculture can stand up and tell us that it is in fact happening -- (Interjection) -- Oh I'm looking for trouble; oh, I'm looking for trouble -- (Interjection) -- Oh yes. I hope the Minister of Industry and Commerce can stand up and tell us that it's happening. It's essential, because I'm going to suggest that you can talk all you want about the diversification of the small farmer, but unless he's going to be in a position to sell his finished product, unless he's going to be in a position to deal with the processors, you are not going to be in a position to create sufficient diversification to take care of his problems today. So therefore, Mr. Chairman. . . .

MR. PAULLEY: We'll still sell pickles in Manitoba.

MR. SPIVAK: Well I'm sure that they'll sell As a matter of fact, there are a few people. . . .

MR. PAULLEY: They're still a few pickle factories. . . .

MR. SPIVAK: I know there are a few pickles on the other side and I would suspect that maybe pickles will still Pickles will be pickled in Transcona.

MR. PAULLEY: You're the first farmer to farm out of Tuxedo.

MR. SPIVAK: I'm not in Tuxedo but in River Heights. I have to tell the First Premier, he was absent. I married a farmer's daughter and as I repeated once before, my grandfather was a farmer, my father-in-law was a farmer, and notwithstanding the fact that he would think that I have - I'm a hay seed in many respects although I am a River Heights lawyer I have some understanding of the farmer, and I must tell you as well, I have great compassion for him and I know. . . .

MR. PAULLEY: That's not true.

MR. SPIVAK: And I know, that nothing that the Minister of Agriculture has done is really helping him. I can tell you that right now. Nothing -- (Interjection) -- Nothing is helping him -- (Interjection) -- nothing is helping him, and I can suggest. . . .

MR. PAULLEY: Ah come on now.

MR. SPIVAK: . . . that the real way in which the small farmer in this province is going to be helped is by the attraction to Manitoba of the processing industries who in fact are going to be able to buy his raw product from him and give him an opportunity for a greater market than he now has. If not, the situation remains stagnant, and if it remains stagnant, the only possibility is to accomplish what the TED report said, which is to go down from 30 thousand farms to 20 thousand farms and from there on down again.

MR. SCHREYER: Would the member permit a question?

MR. SPIVAK: Yes.

MR. SCHREYER: Mr. Chairman, I can agree with the last few paragraphs or sentences of what the member has just said, but what does he say with respect to those situations that develop where a food processing firm may come in and in the initial instance for the first year or two or so maybe, it may work out well for the local farmer producer, but then eventually the food processing company wants to secure its own production and so they enter into direct production. Now what does my honourable friend say to that?

MR. SPIVAK: Mr. Chairman, you know, the honourable Member for St. Boniface, and I'm going to answer the question of the First Minister, has always said that I keep acting as if I'm the Minister. Well right now the First Minister is asking me a question which puts me in the same position as acting as the Minister, I'm very happy, and I'm going to try and advise him, as I'll try and advise the Minister of Agriculture and the Minister of Industry and Commerce, and my advice is very simple. The rules of the game are set by the government. The

(MR. SPIVAK cont'd.). . . . government can set the rules of the game. There was nothing that was ever suggested in anything that I was involved in which suggested that the rules of the game were going to be that the small farmer was going to be put in a position that vertical integration would take place and wipe him out. I'm suggesting as well, I'm suggesting as well, that this is the position that's to be taken. I'm suggesting that there was consideration in negotiations that took place for a basis of research to be done to be able to produce a quality product to be based on probably new feeds that would be developed so that in fact that quality could be maintained. There was a recognition as well by the people whom we dealt with, and we dealt with more than one company, that the convenience food that was now offered by the consumer, which my Honourable Member from Lakeside referred to, and which we're all aware of, does not have necessarily the quality that could be sustained, or the quality that would sustain and warrant the development of the investment that had to occur, and that the quality that's now produced in the convenience food field would not be of sufficient nature to be able to build the institutional market that has to be developed in the years to come. Therefore it was recognized as well that there was going to have to be a substantial investment in research to be able to develop that quality food, and once the standards had been set, that the standards now having been set, that the market opportunities were there, that the rules of the game could be arranged and in terms of the efforts that I put forward, the department put forward, the previous government put forward, it was done on the basis that the small farmer would benefit and in turn would be producing the raw product that would go to the companies involved.

MR. PAULLEY: I wonder if my honourable friend would permit a question? -- (Interjection) -- No. Agriculture. My honourable friend is talking about research and he refers to Catelli's and the production of pickles and cucumbers and research in that field. Can my honourable friend tell me what development has taken place between last year and this year in respect of the development of cucumbers in the Province of Manitoba that might have retained Catelli and the production of cucumbers and pickles in Manitoba?

MR. SPIVAK: You know, Mr. Chairman, I'm going to answer the question, and again I refer to the Honourable Member of St. Boniface by saying again I answer the question as if I was Minister. Well to begin with, these are things that I would have done. And I'm not sure that the Minister did them and I'd be very happy to have someone say that he did do them. First, I would have taken an inventory, or at least I would have taken an assessment of the goods that are now being produced by the company, including the pickles, and I would have determined where our market was and then in turn I would have gone to those institutional accounts that in fact sell the finished product and I would say to them, as we did in the case of the Canadian canneries, and we did this in the case of Canadian canneries, and I would have gone to the institutions and to the supermarket stores who in fact sell the product and I would say to them -- (Interjection) -- well if you did this is fine, I'm happy I'd like to hear you say this because it is important -- and I would have said. . . .

MR. PAULLEY: the reduction of pickles.

MR. SPIVAK: No. The Honourable Minister of Government Services appears pickled to me and I wish he would allow me just the opportunity of finishing my remarks -- (Interjection) -- I would think that the Honourable Minister of Government Services will be someone who will enjoy their product in its raw form or finished form will be manufactured in Transcona.

MR. PAULLEY: but you didn't change the pickles.

MR. SPIVAK: No I didn't change the pickles and I may not have even offered anything that the government did not do, I did not know whether the government has done this. But I would have undertaken, and I think the proper way, to have seen the major supermarkets and the major wholesalers and indicated that there was in fact a manufacturing firm that was in trouble that would possibly leave, see to it whether it's capable through their institutions to be able to sell the product. I would then attempted for them to see whether it was capable of making contact with some -- and I hate to use this because there are a few members on the opposite side who will be concerned -- to some of their father plants, seeing that we are branch plant operations, to find out the father plants in the United States to see whether they in turn would buy the product. I would have then travelled to Eastern Canada to see who I could solicit to try and find who would buy the product that's manufactured in Manitoba. As a result of this whole process, I would have tried and attempted, at least, to ensure that the 45 or 50 or 60 jobs, which based on all the estimates I know were equivalent to about a million and a half of investment, because the 40 or 50 jobs would have been maintained in Manitoba. Now maybe

(MR. SPIVAK cont'd.). . . . this was done. If it was, I'd be happy to hear -- (Interjection) --

MR. PAULLEY: Mr. Chairman, if I may. . . .

MR. SPIVAK: The Member for St. Boniface says where did I learn these things. I learned these things being Minister. Yes I had a chance, and by the way, I did it. You may not know that. -- (Interjection) --

A MEMBER: . . . got in trouble now.

MR. SPIVAK: We're not in any trouble. The problem that the Member for St. Boniface has, is that most of what we've done is bearing fruit right now. But we have to be concerned about - well we have to be concerned about is what's going to happen in the next six months. And I want to tell the Member for St. Boniface if he's not worried, he should be; if he's not worried, he should be. Now I'd be very interested in hearing the answers to my questions. -- (Interjection) --

MR. CHAIRMAN: The Minister of Agriculture.

MR. USKIW: Mr. Chairman, -- (Interjection) --

MR. CHAIRMAN: The Minister of Industry and Commerce.

HON. LEONARD S. EVANS (Minister of Industry and Commerce)(Brandon East): My colleague the Minister of Agriculture will assist me in a few moments. I can't help but refrain from getting up at this point to answer a few of the comments, and answer a few of the questions that have been posed over the last short while. Particularly I'm interested about the remarks made of the importance of the food-processing industry in the province. Nobody questions this. Indeed I've said the same thing as my honourable friend from River Heights and as my honourable friend from Lakeside has said a few moments ago, that this is one of our most important industries in the province, that it is an industry that probably has a greater potential than any other type of industry in Manitoba. Now he mentions the Catelli Plant specifically and I think earlier in the afternoon he was saying it's not good enough to be an academic, you've got to get out their boys and work. Well I can assure the honourable members of this House that we have been working. That we've had lengthy discussions with many, many people, with many many businessmen, with many many executives. We had lengthy discussions with the senior executives of this particular company and they informed us that their operation in Transcona had been unprofitable for years and years and years, and that they've finally come to the conclusion that under the previous administration it was as unprofitable as you're claiming they were unprofitable under our administration. And indeed we did look for alternatives. We did many of the things and more than the member for River Heights has suggested. We looked at all kinds of alternatives in the food line and related lines. I can state categorically that I for one am satisfied that this government and the members of my department has done everything possible to keep the Catelli Plant in operation. But they made a corporate decision. They made a corporate decision to produce pickles, centralize the production of pickles in their Montreal factory. They made a corporate decision to centralize the production of products in Lethbridge, Alberta, and that's their privilege.

Now let me say this. It's a rather interesting observation. Many years ago we had a small company in Manitoba that manufactured pickles and was doing very nicely. It was a Manitoba company as far as I know and it would still be in operation. It was taken over by an eastern company and after several years they decided to close it out, as they've done recently with the Catelli operation. This is where I say, we should put our - as a Minister I would think that we should put more emphasis on home grown companies. I'm sorry that the Honourable Member from River Heights is unhappy that we've put a brewery in the place of the -- (Interjection) -- and indeed that's a food products industry, it's based upon supply of food. And incidently I'll be happy to make an announcement within the next week or so of an additional expansion in the brewery industry. -- (Interjection) -- Barley, malt and corn. So there's been no academic approach. It's been a very hard working, very detailed, very businesslike approach. I've had 100 percent co-operation of the department and other colleagues including the Minister of Agriculture and the Minister of Government Services who's constituency the Plant happened to be in.

The Member from Lakeside happened to mention about the Morden Plant. We're very concerned about that too. His MLA from that area can vouch for me, he can underline every word that I've said, that I've held several discussions with the member concerned, his MLA, the MLA from Pembina, that we've held a meeting with the delegation from the Town of Morden, that we've held an extensive meeting with the senior executives of Canadian Cannery Ltd. to try

(MR. EVANS cont'd.) to persuade them to change their minds on this decision with respect to the small cannery at Morden, and we provided various kinds of incentives that we thought would keep them there. This was not successful. However, I'm happy to report that we've had discussions with another group that's interested in running this Plant. We've stated that we as the government are prepared to back this group up with good hard cash if that's what's necessary to keep the cannery going in the Town of Morden. So don't say we're not interested in the food products industry.

I'm pleased to say, also, that I have senior staff in Europe right now working on possibilities to establish further industries based upon the supply of food and agriculture in the Province of Manitoba; and I would further point out that we have now a full-time director of food products instead of a part-time director as was the case under the former Minister. Not only that, we're making special efforts to promote food product sales in a number of U. S. Midwest centres. We have a detailed program laid on and I think that with the right kind of effort that we shall be able to encourage the sale of agricultural products and processed products in the United States. Well so much for this particular industry, there are other industries in Manitoba which we might discuss.

I'd like to go back though for a moment to the remark made by the Member from River Heights prior to the supper hour adjournment when he referred to the fact that we shouldn't be too happy about an increase in the expansion in manufacturing activity in the second half of '69 over '68 compared with the first half. He said this is natural because this is when the farmers get their cash, but I would remind the honourable member that last year was supposed to be a bad year, and in spite of the poor cash situation of the farmers, the rate of manufacturing shipments relative to the first part of the year was twice as good. And I would not only do that, but I would point out if he looks at the statistics back over the years he will see that there is no pattern necessarily. Two years back there was a six percent rise in manufacturing shipments in the first half of the year, in the second half of the year there was only a 1.9 percent rise, so there's nothing magical about this. I think the significant thing is that in the first two months of 1970 there's been an even greater increase in manufacturing shipments - 7.1 percent.

Now I'm certainly not going to take any credit away from the -- reference was made to the Boeing plant and the efforts of the Federal Government and their grants under the Department of Regional Economic Expansion. I'm not going to take any credit away from the Federal Government in this respect, but this was not the basis of my criticism. My criticism was that the fiscal policy of the Federal Government was the boogey man that was the cause of the major increases in unemployment that we see across the country. There is no doubt about this. There's a restraint in monetary policy; there's a shortage of credit; there's a shortage of capital supply. The Federal Government, concerned with fighting inflation in Toronto, in Montreal, in Vancouver, unfortunately using monetary policy as a weapon is a very blunt weapon, and while they're effectively perhaps fighting inflation in those centres, they're causing recessions in other sectors of Canada including this area.

And I would say, too, let's take a little credit where credit is due, and this province is doing its share as well as the City of St. James, I must say for my honourable friend, to assist the establishment of the Boeing factory. As a matter of fact, we have a full time employee, an employee who is working full time to assist this company to get located in the province because they don't have as many connections, etc., as is necessary in the immediate stages. And there are other things as well. There's financial grants and the honourable member knows about them.

Now there was reference made to the TED report and population growth and so on. It seems to me there's more confusion on what growth is and the role that population plays in stimulating growth than enough, and I'm afraid the Honourable Member from River Heights is more confused than anybody else in this House. There is no evidence that population increase leads to economic development; there's no evidence about this at all and you can debate this until the moon turns blue. In fact there's a lot of evidence of the reverse. In many parts of the world population increase leads to stagnation. I think it's a mistake to -- (Interjection) -- Somebody suggested I should have another drink of Adam's ale. In fact would you fill it up again please.

What I'm suggesting is that population forecasts have to be built into the economic model but population has to be an input rather than a goal of economic progress, and I'm afraid the honourable member has got the thing twisted. Now he keeps on referring to 33,000 jobs, and I said well what's so magical about 33,000 jobs. He says it's magical because it's in the TED Report - or this is the implication at least. First of all, you know, it's announced that we must

(MR. EVANS cont'd.). . . have 33,000 new jobs in the next year, then it's revealed - you know, it's in the TED Report - and then it's explained that this was because the TED Commission was concerned with the entry into the labour force of so many of our younger people - and I'm quoting the honourable member, page 906 of Hansard if he wishes to refresh his memory.

Now what are the facts? If the Honourable Member from River Heights will refer to pages 523, 524 and 525 of the TED Report and is willing to do a bit of arithmetic, he will find that the TED Commission targets, not projections - remember these are not projections but they're targets - for increases in labour force and employment over the next five years average 10.8 thousand and 10.4 thousand per year respectively - not too far short of the 33,000 in three years so we'll admit it's about that in the targets. These targets represent not what the Commission felt we needed but what it felt we should want. And was this because of the entry into the labour force of so many of our young people? Not at all. It was because - and I refer one and all to pages 523 to 525 of the Report - the Commission set itself the irrational goal, I would suggest, of maintaining through to 1980 - now listen to this - through to 1980, Manitoba's 1966 proportion of the Canadian population which has been falling steadily over several decades. To do this, and I quote, "substantial net immigration will be required." In fact. . . .

MR. SPIVAK: I wonder if the honourable. . . .

MR. EVANS: No, no, no, no. In fact if you look carefully at the top paragraph of page 525 you will find that the Commission, in order to make its figures balance, was forced to assume that suddenly in 1970 a net outward migration of a thousand persons a year, every year from 1966 on which occurred, would suddenly stop and would be replaced all of a sudden by a net immigration of 7,400 people per year, year after year in good times and bad times until 1980. Well, that's the basis of the projections and I suggest, Sir, that this is bad methodology and I think it has resulted in a very wildly inflated figure of the number of new jobs that will be needed.

MR. SCHREYER: They anticipated the New Democratic Government.

MR. EVANS: Right. That's right, that's the only basis of this assumption. Well I don't really like to bring in this particular company at this time but the Honourable Member from River Heights has asked to point to one industry where the previous government sought growth for the sake of growth and I'd like to suggest as one prime example, and I really don't want to get into a big discussion of this but I'll mention it anyway - I wonder what it's called - is the complex up at The Pas known as CFI. Now there are a number of jobs being created in that area, there's no doubt about that, but I would submit to honourable members of the House that if you created a great big balance sheet and you listed all the costs on one side and all the benefits on the other side, I sometimes wonder, you know, which way it would tip.

I suggest that here's a case of the previous administration seeking growth for the sake of growth, where a fantastic amount of the people's money was put into the project, where all kinds of concessions were made with relation to pollution, with relation to the construction of roads, with relation to the expenditures of monies to bring immigrants in to work in these industries where presumably the native people or the natives in that area were to have the opportunity. What about the effect on the existing operators? Here's another external cost, existing operators who may be squeezed out of business. And what about the millions of dollars of infrastructure costs that are being put into The Pas today both by the Federal and the Provincial Government? I suggest to the members of the House that if you really and truly and honestly and sincerely and rationally and objectively look at this thing and take a balance sheet, I submit to you that this is a case of growth for the sake of growth and maybe we're paying far far too much for growth, just to say we've got a few hundred more jobs in a particular area of the province.

Reference is made to anti-pollution measures and so on. I suggest to the honourable member that this is in the domain of the Clean Environment Commission, but we have the opportunity within the Department of Industry and Commerce to assist in anti-pollution members through our TAG program, Technical Assistance Grants, which we can and will make to industry to help them in studies of any possible pollutant effects of their production.

The Honourable Member from River Heights also referred to and sort of brushed aside my suggestion that we would involve a dollar a year man, if I can use that expression, people who have been very successful in business and who are prepared to assist this government - I don't care what kind of a government you call us, a Socialist government, a Social Democrat Government, an NDP Government or what have you - but here are successful businessmen voluntarily coming to us and say: Look, we want to help you help the Province of Manitoba grow economically and socially; now how can we do it? And we've had lots of these people come to us - and I

(MR. EVANS cont'd.). . . . don't mean just putting them on boards or commissions, we've put lots of such people on boards and commissions and all you've got to do is look at the make-up of the Manitoba Development Fund - but I mean people who have ideas and who are dedicated and who are prepared to deal with specific problems relating to specific companies or specific industries and who will spend the time and the energy working on it. We've already got such people working with us in that respect, and I consider that to be a major step forward in our activities to bring about economic development.

. . . . continued on next page

(MR. EVANS cont'd)

Well, there were a number of other items raised by the honourable members and I could speak for hours on them. I don't know whether I should however. Time is getting on. -- (Interjection) -- Okay. The problem of transportation. Well obviously the problems of transportation are crucial and they always have been in this Canadian economy. In fact this is perhaps in many ways the most fundamental economic problem facing the Canadian nation, the fact that we have the Canadian Shield, the fact that we have the Rockies and that this country is split up so badly as it is geographically and physically, and our location in the Canadian economy, in the North American economy and in world economy does present problems to us. The problems of distance are with us and therefore the problems of transport costs are with us.

But I can assure the honourable members of the House that we are most cognizant of this, that we have undertaken many specific projects in a very practical way to attempt to overcome some of the cost problems presented by the transportation situation. I would refer, for one example, a study which we are now doing for the fashion industry of Manitoba specifically designed to help overcome their transportation costs. As you know, materials have to be brought in and finished products shipped out essentially to eastern Canada and elsewhere, and there is the real problem of trying to bring down transport costs. We're helping to make that industry more productive so in the long run it can pay its employees higher wages, and in the long run do what I said earlier, to improve the lot of the average Manitoban.

As the honourable member knows, we have a very good group of transportation economists who are continually doing evaluation costs, not only in rail but also in air and other types of transport. As a matter of fact, I invite the honourable member to talk any day - if he's talking about academician and wondering if I can talk to businessmen - I suggest any day he talk to the officials of Trans Air and see whether they've been able to talk to me and whether I have not offered the services of the department and the government to assist that company in its expansion program.

Recently we did a study of transportation costs relating to a fish plant located, we hoped, in the Town of Selkirk. Here is a case - you're talking about transportation costs - here's a very vital area where transportation plays a very crucial role and I think we presented the facts, the transportation, that the logical location was in Selkirk. Unfortunately, the Fish Marketing Corporation wanted to deal in intangibles and decided otherwise.

With respect to the solicitation of foreign investment, I can suggest to the honourable member that if he looks at the investment pattern in major secondary industry in Manitoba over the past three years that the bulk of the capital has not been foreign but it's been native capital, it's been capital that's come through the Manitoba Development Fund and capital that's come through Federal Government grants. And I can point to some of the largest industries in this province who have -- this hasn't been a case of whether you're worrying or not that you're going to frighten away foreign investment, the fact of the matter is that the bulk of the investment has been investment dollars that have been raised right within the Province of Manitoba.

I am very concerned however with foreign trade, and I think we should make great efforts to expand our exports to any part of the world, and I would suggest to the honourable member in that connection that I recently attended the opening of the Canadian Consulate which will have its major emphasis on trade promotion in Minneapolis. In addition, we have business development presentations arranged, or about to be arranged in many large American cities as well as other countries abroad including England, Germany, Japan and Hong Kong. We have a vast export program laid out and I can mention the details of these export promoting programs: an International Snowmobile Show in Minneapolis June 2nd to 4th; June 3rd to 7th we have a couple of Manitoba participants in the Caribbean Hotel Association Convention Exhibition to try to sell them a couple of airfields; June 23rd to 25th we have a Quality Control Show which we're participating in in Toronto; in June there's an export freight and insurance seminar; and on and on and on and on - the Kansas State Fair in September and so on. So what I'm saying is we're quite cognizant of the need for promoting foreign trade and I will not accept the suggestion that I'm not interested in promoting such trade.

Reference was made to Japanese investment. I think the Honourable Member from River Heights will agree that trade missions often take years before anything materializes. He himself has had that experience, and I don't think he can expect that you visit a country one month and the next month industry comes marching into the province.

(MR. ENNS cont'd)

Respecting Regional Development Corporations, I would suggest the honourable member was a little concerned that we'd made no special reference to promoting development in the north. From the announcements of various mining companies, it seems to be that the north is doing fairly well. However, I would suggest that through the Manitoba Development Fund and the equity participation that that fund could take, we could perhaps alleviate this problem if indeed it is a problem.

The question of a regional office in the City of Minneapolis or thereabouts, I think the suggestion was made by the honourable member, if I heard him correctly, that we should go there now that the Federal Government has an office and make sure that we had somebody there for liaison. All I can suggest to the honourable members of this House is that the Member from River Heights is suggesting that we go into in effect what amounts to competition with the federal office in that area. It would certainly be a duplication of services and I would suggest it would be an unnecessary waste of the taxpayers' money.

Now the members raised the question of salesmanship. I suggest to the honourable members of the House there's a significant difference between being a good salesman and being a gadfly. It's one thing to hop around across the country, around the nation, around the continent, around the world and telling people where Manitoba exists and so on. We have exhibits laid on, we have promotion shows laid on and we have a good staff that are looking after this. But let me tell you this, if there's a deal to be made, I'll be there to make it.

-- (Interjection) -- We know . . .

MR. SHERMAN: Are you gonna wait for them to ask you? Even your front bench laughed at that one.

MR. BILTON: Never mind, Len, you tried.

MR. EVANS: Shall I say it again.

MR. SHERMAN: Phone Lorne Dyke and get his advice.

MR. EVANS: Well, there are other points that are raised but - you know, time is running, I'd like to slip over to - The Member for Assiniboia made some reference to the need to work with the private sector and to provide plenty of assistance and so on. Well I would like to suggest to him that we are very cognizant of the small to medium size firm, that we have made great efforts to alert these firms to the Federal Department of Regional Economic Expansion Grants Program and I'm pleased to say that Manitoba, even though it's got a much smaller population than Quebec, Manitoba is only second to Quebec in the number of applications for DREE assistance. I think that's darn significant and I like to think that it is because of the efforts of the members of my department. Indeed, I addressed a meeting with respect to applying for DREE assistance only two months ago in the Fort Garry Hotel. Also I would suggest that we are supporting the efforts of the University of Manitoba in their attempt to establish an industrial development institute; and in addition we have the tag and research and development and the DIG incentives program. There are plenty of programs available to assist the small businessman of Manitoba and I suggest the doors are open and they're coming every day and we're glad to help them.

The Honourable Member from Rhineland mentioned there was something wrong in the state of the economy and why don't we have more enterprise or entrepreneurs and I believe he suggested that one way to overcome this was to teach finance courses in high schools. For a moment I thought we were discussing the estimates of the Department of Education. However, I guess there may be some relevance. I'd like to inform the honourable member that there is a course called economics now provided in the General Course in high schools and I think it's been accepted - I know it's been accepted by Brandon University as an entrance course and I think this is true of some other universities.

The honourable member was quite concerned about the cost of money and interest rates and so on. I can assure him that I am quite cognizant of the role of interest rates having taught a course on Money and Banking for at least five years.

He, too mentioned the need to help smaller industries and so. I'd like to say this, and I think we'll have an opportunity to discuss this when we bring in a Bill to amend the Manitoba Development Fund Act, that this government will attempt to put more emphasis on small and medium sized firms. We'll try to do far more than has ever been done in the past to help the small firm in Manitoba. I'd like to think that this close to \$100 million we're investing in C. F. I and the so called 3 or 4 thousand, or whatever number of jobs are supposed to be coming

(MR. EVANS cont'd) from that particular venture, I'd like to think that if we could take this money and spread it around 100 good sized, medium sized small enterprising companies in Manitoba that we've got 3 or 4 or 5 times the number of jobs that we were or supposedly getting in The Pas. Well, I think -- (Interjection) -- I've got a minute? Okay, well . . .

MR. GRAHAM: Mr. Chairman, will the Minister submit to a question?

MR. EVANS: Okay a question, yes.

MR. GRAHAM: Mr. Chairman, the Minister has been quite lengthy. The question that I would like to ask him is with respect to some of the statements that the First Minister made when he was in Ottawa previously regarding inflation and said that they were doing everything they could to cooperate with Ottawa to hold inflation to a minimum and this Minister has stated that the maximum increase in manufacturing to date was 7.1 percent and further in the budget speech of the Minister of Finance, where he stated that government spending had been 7.6 percent . . .

MR. GREEN: Mr. Chairman, I would think that not only will you not be able to finish your question but the Honourable Minister won't be able to start on this answer, so perhaps . . .

MR. GRAHAM: I think the Minister should wait a couple of days to think this one over before he answers it. When the government spending is exceeding the rate of manufacturing, how is the government going to curtail inflation on measures such as this?

MR. GREEN: Mr. Speaker, I move the Committee rise.

IN SESSION

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

MR. SPEAKER: It is now 10 o'clock. The House is adjourned and will stand adjourned until 2:30 p. m. Tuesday afternoon.