



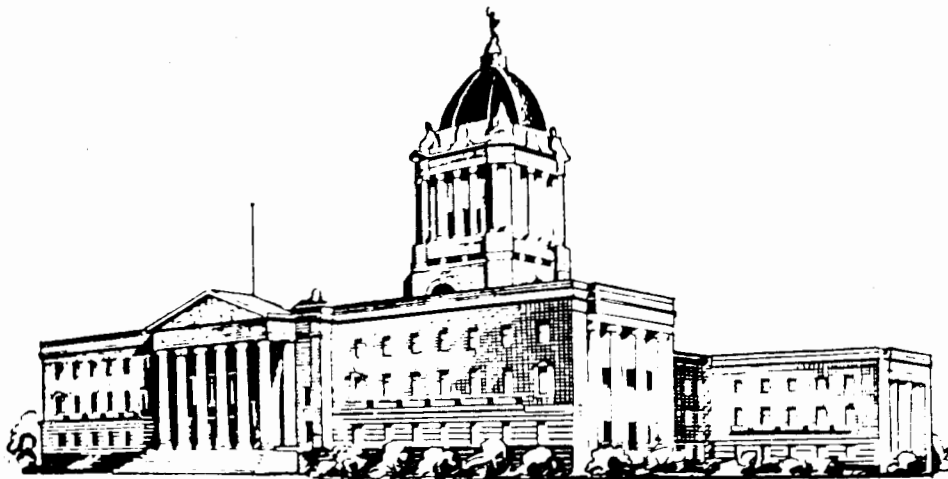
Legislative Assembly of Manitoba

HEARINGS OF THE SPECIAL COMMITTEE

ON

LAND OWNERSHIP

Chairman
Mr. Harry Shafransky, M.L.A.
Constituency of Radisson



Morden — 2:00 P.M., Friday, February 21, 1975.

2:00 P.M.

MR. CHAIRMAN: Mr. Adam.

MR. ADAM: Thank you, Mr. Chairman. Mr. Harder, I just wanted to comment on your statement that you felt that the Provincial Government is not doing a good PR job in selling its programs. Is that correct?

MR. HARDER: Well the impression that I get in the country is that when farmers talk of the Government buying land, the general impression that the farmers, in my opinion, seem to have is that the NDP wants to buy up all the land; and that's the impression; that's it. And they are of the opinion seemingly that this is your aim, to eventually control the majority of the farmland in this province. I don't know. Is that your aim?

MR. ADAM: Mr. Harder, have you any suggestions to make on how the Provincial Government would go about doing a good PR job in getting the information to the public in its proper context? -- (Interjections) --

MR. HARDER: Perhaps I'm getting all the answers.

MR. ADAM: Pardon?

MR. HARDER: Maybe I don't have any suggestions, I don't know. Perhaps in some of their literature, perhaps via the news media.

MR. ADAM: This is very serious and I'm telling you, I'm not trying to be frivolous . . .

MR. HARDER: No, no.

MR. ADAM: . . . but I hope you realize that we're having the same problems as the NFU is having, that you mention in your brief, insofar as the Co-operator coming out with the wrong information insofar as the NFU land program was concerned, and I'd like to suggest to you that we're having the same problems as a government. We're dealing with a hostile press the same as you are in your NFU organization.

MR. HARDER: Well I wasn't aware that you were dealing with a hostile press, but I have my views on the Manitoba Co-operator. I think you're well aware of that. Perhaps Mr. Morrison should be . . .

MR. ADAM: No. Are you not suggesting that we use public funds to get the programs or information to the people?

MR. HARDER: Well I realize that's very dangerous too because you can readily be accused of political partisanship, if I can use the words.

MR. ADAM: Well I just wanted to make that clear, to understand that it's very difficult for the Provincial Government . . .

MR. HARDER: Do you in fact have brochures in the agricultural offices? Perhaps because I haven't been making an application for this, maybe I'm not aware of it. I'm just trying to express freely what farmers have been expressing to me. Now, do you have brochures available clearly stating the aims and objectives, that this is perhaps a policy designed to assist young farmers and so on? Do you have that -- are you making that kind of information available?

MR. ADAM: I believe that most of the ag rep offices do have the information. Now it has come out at some of the meetings that some of the agricultural representatives did not have all the information themselves. Now, what the reason is for this I can't give you an answer, but I do agree with you that we have very much difficulty in getting our programs across to the people in the proper context, and one is Autopac, for instance - public automobile insurance.

MR. HARDER: Oh, is that a problem?

MR. ADAM: I agree that we don't have the lowest premiums in Canada, but we have the second lowest. But do the people know that?

MR. CHAIRMAN: I may say, Mr. Adam, that we are dealing with . . .

MR. ADAM: Sorry, Mr. Chairman. Sorry.

MR. CHAIRMAN: . . . land policy. Mr. Uskiw.

MR. USKIW: Yes, Mr. Chairman. I was rather intrigued by your statement that you were very patriotic, loyal, that if you were to sell your land you would prefer to sell it to the Government of Manitoba rather than to some foreigner. That was your statement.

MR. HARDER: Yes.

MR. USKIW: And I want to test your loyalty here by asking you whether that still applies if the difference in the offer was fairly significant as between the offer you received from the Government of Manitoba and that foreign buyer. In other words, if the Government of

(MR. USKIW cont'd) Manitoba offered you, say \$100.00 less per acre, would your loyalty and patriotism hold up?

MR. HARDER: Well, I would probably have very serious problems with my loyalty and patriotism at \$100.00 an acre. And this has been a problem with many of the people that have in fact sold to foreign investors.

MR. USKIW: All right. Apart from that, you feel there is a role to be played by government in the transition of farmers from one generation to another, the transfer of properties. So you don't see a major reason to object to the land-lease option.

MR. HARDER: Well it's a personal thing with me. I feel that if there are no other avenues open, if the farmers cannot through FCC facilitate this kind of thing, then I see this is the best option left open to them.

MR. USKIW: I raise one more question then. What is the difference between a mortgage and a lease?

MR. HARDER: Well that is of course a philosophical thing. A mortgage, somehow you still feel it is your own land. It really isn't; I know a lot of these FCC loans they're going to be many years, but there is a certain amount of freedom that if tomorrow I want to terminate that business I can get out of it. Perhaps I could with a lease too. At least you have some eventual hope perhaps of ever owning that, not for what it's worth. I realize that business-wise it doesn't make any sense because you'd be much better off with a lease, in fact, because you could use your capital in other businesses, but this is just the way that we're trained to think. We somehow, even myself, I would sooner own my land or make the payments on it.

MR. USKIW: Do you prefer that governments provide various services to the agricultural community, for example a line of credit, or would you prefer that we resort completely to the free enterprise concept and completely remove government from any role whatever in this field?

MR. HARDER: Well if you did that, I realize you'd be doing it only in the agricultural field and not in other fields, so . . .

MR. USKIW: Well let's take it generally. Do you think governments should be involved in the financing of private business of any kind?

MR. HARDER: Well I think under the present situation you have no choice, because I don't see the banks, the banks certainly haven't done their share in financing private business. I am personally not that opposed to government involvement in financing.

MR. USKIW: My big problem here, sir, is that the impression I have is that the banker, the finance company or the insurance company, is not as prepared to venture into high risk circumstances and therefore it seems to be the public that always has to get involved in these areas, and I'm talking now not only about agriculture but let's take a look at the Industrial Development Bank, let's take a look at the Manitoba Development Fund, or the Corporation as it's now called. All of these activities are designed to facilitate those people, creditwise, that would not be facilitated through the private lending institutions. In other words, the public lending system has been built up over the years as a system of last resort rather than a system that would be very selective and that would guard itself against the risks that they would undertake. Do you think that it's good for the people of Manitoba or the people of Canada to be a lender of last resort, or would you think we should get right out of the lending field? Because that's really the role we're playing, by and large. We're the lender of last resort. After everybody else has said, "No, we will not finance this venture," the industry or individual then go to the government, either provincial or federal, and say, "Well, we're a marginal industry, you know; there's a lot of risk; but we think it's good for the community where we operate. We will employ people. Take a chance on us."

MR. HARDER: Personally speaking, I don't -- you know, if you do this -- there again the public relation has been rather poor -- if you do this lending of last resort, it is often not known, not known by the general public that that in fact is what it is. You know, this government -- and I have no reason to think otherwise -- have a rather bad record of loaning money to other industries.

MR. USKIW: Why do you say that, sir?

MR. HARDER: What do you mean, why do I say that?

MR. USKIW: Why do you say it has a bad record? On what basis?

MR. HARDER: Well we hear much publicity about Saunders Aircraft, etc., etc., Western Flyer, etc., etc. and, you know, the press that we hear on it certainly . . . that the

(MR. HARDER cont'd) Government should have taken a second look before they made these loans.

MR. USKIW: Are you also aware, though, in that context then, that almost in every instance--not every, I would say 99 percent of those--were loans to private individuals or companies that went sour? And that's my point when I said should we be a lender of last resort, because every time a loan goes sour we end up having to make a decision. Do we throw up our hands and lose the money and offer that business for virtually nothing, be it a farm or be it a business, or do we then say, "All right. To protect the public's investment we're going to try to make this thing successful"? That's really the position we're in when that happens, and that's why it's important for you to tell me whether, in your opinion, the public should get right out of these things entirely to protect the public purse, so to speak, or whether we should continue taking these high risk ventures, whether it be in agriculture or elsewhere.

MR. HARDER: Oh I'm not sure, Mr. Uskiw - of course I'm biased perhaps because I am mainly a farmer - that you can compare agriculture with any other ind

MR. USKIW: Oh yes.

MR. HARDER: Let me finish--any other industry in this country. Any other industry to some degree has some control over its managements and its margin levels. Now as a farmer - and this is why the previous administration even perhaps went into MACC - I as a farmer don't have the controls of controlling my margin level and what I pay for my inputs and what I get for my product, and I am in the business of producing food, so therefore any agricultural area - of course I'm biased - I feel that there is more room for government involvement perhaps than in the industrial area.

MR. USKIW: Well really what I'm leading up to is this: that we have a multiplicity of lending institutions in Manitoba and in Canada in the business of financing agriculture, but every time the economy slumps - and I can take you back to three or four years ago when agriculture was in a very serious state of depression - every time the economy slumps, all of the private lending institutions pull in their horns and say, "You know, we have no money. We can't extend any more credit. We want you to catch up on your payments. We can't advance new operating capital." And just to give you an insight, in the years 1959, '60 and '71 the Province of Manitoba was very much involved in consolidating debts, which in essence meant picking up all of the arrears and bailing out the banks and the finance companies and the feed companies and the fertilizer companies in order to keep the farmers afloat. They were restructuring the debt, transferring it from the private sector to the public sector. And I ask you this question, you know, because I think either the public sector should be into it in the first place, and on top of it throughout, or they should not always have to rise to the rescue whenever the private sector finds itself in some difficulty. If we're going to operate on the basis of complete freedom of enterprise, then the public has no business being involved, and therefore the banks should worry about collecting their debts rather than the public. But our credit history has always been the opposite. We always come in very heavily with money at the time when the private sector pulls out, or feel that they've had enough of it and they can't carry the debt any longer.

MR. HARDER: I realize the situation that you were in, a lot of people consolidating loans and you were paying out FCC mortgages, you were paying out banks, mainly FCC mortgages. Now as a farmer myself, and other farmers, we were very pleased that the Provincial Government was doing this, but as far as that, really it was not the responsibility of the Provincial Government at that time, it would have been the responsibility of the Federal Government, because they in turn were setting agricultural policy in this country. And it's very noble and I realize the problem that you ran into. You did bail out the banks - you know, their records indicate that extensively - you did bail out machine companies. That was very noble. The Federal Government took absolutely--didn't take that much responsibility in that area.

MR. USKIW: Well I appreciate--I'm not sure if it was noble, because all these people have always told us that we shouldn't be involved in the private sector. Until they get into trouble!

MR. HARDER: Well I have never told you that. That's where I differ perhaps.

MR. USKIW: Okay.

MR. CHAIRMAN: Mr. Johannson.

MR. JOHANNSON: Yes. Mr. Harder, you made some remarks about your impression for the reasons why so many lawyers have appeared on behalf of banks before our Committee and - what was your statement?

MR. HARDER: I said in my statement when the Bank of Montreal hires a lawyer to make the presentation. I said I had become somewhat appalled because I didn't see where the Bank of Montreal had done much to . . . land policy in this country. I didn't say that a lot of lawyers. They may have . . . I'm sure they have.

MR. JOHANNSSON: We had quite a number of briefs presented by . . .

MR. HARDER: I think you'll probably be getting some more of that today.

MR. JOHANNSSON: . . . people either who made them on behalf of banks or who were working with banks. Now what would their interest be in this?

MR. HARDER: Well that's not for me to say. That's for you to say. What would their interest be in this? Well perhaps it has to do - you know, I can cite off the top of my head - perhaps it has to do with a land transaction, legal fees, perhaps that's where their interest lies. Although I don't see where government land purchase is going to hurt that any. They're still handling the land transfers and that.

MR. CHAIRMAN: Mr. Johannsson, I believe that anybody can present a brief. Whoever they are I don't think is of particular significance. They represent certain groups and they present briefs, and I don't believe that there are any restrictions as to who should be presenting briefs.

MR. JOHANNSSON: Well, Mr. Chairman, I have some figures here that indicate that in 1971, for example, the MACC paid out about \$4 million for debt consolidation, and among the figures, a large bulk of that went to pay off the Royal Bank of Canada - almost a million dollars - and a number of other banks. Why were these necessary?

MR. HARDER: Well because the banks, of course--you know, there again it's a question of my opinion. The banks of course were probably starting to foreclose on farmers and therefore there was room for government involvement.

MR. JOHANNSSON: In 1967 to 1969, MACC followed a policy, not of direct mortgage lending, but backing loans made by the banks. Is this an example of good free enterprise in action?

MR. HARDER: No, I realize that it's not. I've never been deluded by free enterprise, you know. Of course it isn't, but even the banks wouldn't go for that, some of them. There wasn't a good enough guarantee because--I mean at that time the banks were not all that concerned about the community itself. They're looking where they can make the best dollar at the best time. And incidentally, while I've been critical of banks, banks today are very good; you know, are starting to assist farmers to a large degree. I deal with banks and I want to make that very clear.

MR. JOHANNSSON: So do I.

MR. HARDER: Because I want to go back and borrow money. I don't want them to get the wrong idea why I'm sitting here. Because it's going to get back to them. The point is, they're with you when you're up, but when you're down! There again . . .

MR. JOHANNSSON: Then they want government guarantees.

MR. HARDER: Government bureaucracy.

MR. JOHANNSSON: They want it both ways.

MR. HARDER: And I have been very critical. I borrow a lot of money from the federal Farm Credit Corporation - and some of those people may be here - and I have, you know, criticized them a lot, but in times of trouble, if I have a choice, I would still much sooner deal with the Federal Government than private lending institutions because the Federal Government at no time is willing to chase you off the farm. You could be three, four years behind in payments and if you were reasonable with them, you know, you could still talk to them. And somebody in a previous presentation here lamented the fact that trust companies, private investors, were encouraged to get out of the lending field. Well, I'll tell you, when times are tough, if you have a mortgage with a private company and if they could see a dollar in it in foreclosing you, that would be their first thing, the first thing they would do. And you know, we can talk about the evils of government and that, but the Federal Government surely didn't take that approach and this is why I still support the FCC.

MR. JOHANNSSON: Okay.

MR. CHAIRMAN: Thank you, Mr. Harder. Mr. Graham.

MR. GRAHAM: Before you go on with the next witness, I would like to ask the Minister a question. This is for clarification. We have repeatedly heard references made to the transfer of land from father to son through the land lease program. Has the Minister any informati-

(MR. GRAHAM cont'd) as to the amount of purchases by the MACC that have been leased to the actual son? Would it be more than 50 percent?

MR. USKIW: I believe--I would guess at the moment, but I believe it would be in the order of about 25 percent. I think you have the information, Mr. Graham. We supplied the committee with a record of all of the transactions so I think you can establish that information.

MR. GRAHAM: The records we have only indicate the person that has leased, not where the land was purchased from.

MR. USKIW: Yes, but you have two sets of records, Mr. Graham. One, I believe it's the acquisition, or was that not distributed, Mr. Chairman?

MR. GRAHAM: The acquisition was not distributed.

MR. USKIW: Yes it was distributed, as well as the records of the lessees, and if you compare notes you will find that there has been a transfer from father to son in the process, and I am told it's around 25 percent of the total.

MR. GRAHAM: Thank you.

MR. CHAIRMAN: Mr. Jorgenson.

MR. JORGENSEN: I wonder, Mr. Chairman, if you could read the number of briefs that are to be heard yet this afternoon, and the order in which they will appear, so the people who are going to be presenting briefs have some idea of how long they are going to have to sit here and wait.

MR. CHAIRMAN: Mr. Harland asked me, when I came in, he would like to present a brief. He came in; he was on the list about the sixth or seventh, and he indicated because he has to leave for Winnipeg, if we would be agreeable to have him present his brief. He will be next, then we have Mr. Wheeler from Brandon; George - pardon me. There was a Mr. Doug Cram who had phoned me over a week ago, in fact about two weeks ago, and I neglected to put his name down. He was one of the first ones who had contacted me, so he would come in after Mr. Harland; then Mr. Don Wheeler from Brandon; George Smith, Rural Municipalities of Dufferin, Franklin, Macdonald, Montcalm, Morris, Rhineland, Roland; James Kitching, a private presentation; Lloyd Kitching, private presentation, from Carman; Lawrence Delichte, Livestock Producers; George Froese, private presentation; Eugene Gaultier, Notre Dame; Mark--I didn't get the last name, from Darlingford, the Cow-Calf Association; John Harms; Jack Wayne's private presentation and Gerald Parent, Ninette. So there are approximately thirteen briefs to be presented. Thank you, Mr. Harder. Mr. . . . -(Interjections)-- Pardon? Well, I had--pardon me, sir, I had Mr. Doug Cram, who phoned me about two weeks ago, I had the secretary phone him that he would be on the list. He was the first one to get in touch with me and I had the list made up. The Clerk also had people who phoned in yesterday and the day before. I had one list; we did not get together to get all of these lists together, in the same order. That's why you might have some names which are not exactly in the order that you might have seen, that the Clerk of the Legislative Assembly, Mr. Reeves, had. But I had people phone me in the Legislature some time ago and one that I neglected was Mr. Doug Cram, Young Farmers. So I apologize. I know that there is always going to be some dissatisfaction. Mr. Harland has asked me if we would be agreeable, and if it's agreeable to the other gentleman, then we would proceed on that. Is it agreed? Mr. Harland.

A message for Mr. John Hunter. Call Municipal Office, Dominion City. Mr. John Hunter, call your Municipal Office in Dominion City.

MR. HARDER: Let me say that there have been people that have asked for copies of my brief and I don't have any. I only prepared it Wednesday and Thursday of this week, and in the hall before I heard there were certain accusations that I hadn't prepared my own brief, and that's a bunch of BS. I don't let anybody do my writing for me. I want that very clearly understood.

MR. CHAIRMAN: Thank you, Mr. Harder. That is fine. Mr. Harvey Harland, Manitoba Beef Growers Association.

MR. HARLAND: I guess this thing is all set up so I'll just take the liberty of sitting down here, Mr. Chairman, if that's all right.

MR. CHAIRMAN: Proceed.

MR. HARLAND: Well, honoured members of the Legislature, distinguished guests, and Mr. Chairman. I have been asked by the Beef Growers of Manitoba to present this brief here today. I would hope that one of our directors, Mr. Charlie Mayer from Carberry, would be here and if he is I would like him to come up and sit around here with me and help me field

(MR. HARLAND cont'd) any questions that may be coming later.

To get on with the brief, Mr. Chairman, the need for a land use policy in our province is at the present time receiving a lot of attention from both the rural and urban populations. The Manitoba Beef Growers would like to take this opportunity to commend the Government of Manitoba on its decision to establish this special committee of the Legislature and to thank them for the opportunity of appearing before the committee to express the views of the beef producers in Manitoba on this subject.

At the outset, Mr. Chairman, we would like to make a number of points that we believe are quite pertinent to the subject. The Manitoba Beef Growers Association were very disappointed that the Working Paper presented by the Department of Agriculture was made available to the public for such a short time prior to the opening of the hearings.

No. 2 Farmers have historically become somewhat larger in their farming operations and have thus definitely become more efficient in the production of food products. This fact has not been noted by the author of the Working Paper, and because an attempt has been made in the Working Paper to prove that large farmers are less efficient than smaller ones, the Manitoba Beef Growers Association certainly doubts the competence of the complete Working Paper.

We believe, Mr. Chairman, that land use and not foreign ownership is the main issue that our Government should be concerning itself with and, for this reason, we would highly recommend that this special committee consider the establishment of a land use and ownership commission such as the Province of Alberta has set up now, in order to give the public a period of time to have a direct input into such a program. We believe very strongly, Mr. Chairman, that if our province has a good land use policy we need have no fear of foreign ownership. In fact it is our firm belief that Manitobans are much less fearful of foreign ownership than they are of government ownership of agricultural land.

Many farmers in Manitoba at the present time are first, second and third generation farmers. It would seem to us that if a foreigner, say from Germany or France, wishes to purchase land in Manitoba, perhaps you should consider a policy whereby he would be required to show intent to actually settle on that land within a certain period of time. We believe that a policy of this nature would easily dispel any fears of foreign ownership that may be prevalent in certain locations in our province. The Manitoba Beef Growers Association feels that a land use policy in rural Manitoba should respond to the needs of our rural communities and, where possible, be kept separate and apart from the policies needed in our urban areas.

There are a few other things, Mr. Chairman, Many small natural bush areas in our province, we feel, should be left in their natural state, and we believe there should be tax incentives for the owners of those wooded areas in order to encourage the land owner to leave them in their natural habitat where it is obvious it would be in the best interests of the majority of Manitobans. Where there have been, and will be, many abuses or obvious abuses of some of our poorer quality lands - example, from wind and water erosion - and it would appear that such lands could be more adequately supervised by a Department of Agriculture conservationis then we believe that this course should be followed.

The Manitoba Beef Growers Association, Mr. Chairman, is of the opinion, and we feel from our discussions with various segments of the agricultural industry that the vast majority of Manitobans are also of that opinion, that the best use of good farmland is that it should be farmed for the production of food by family farms, farming co-operatives, or farming corporations. We are totally against the government of our province going out and actively purchasing viable agriculturally productive land.

Now, this relatively new government land lease program does really nothing more than give the prospective farmer another party from which he can rent farm land. This rental agreement from our government is completely non-negotiable. After the first five-year rental period, because of the traditional economics of production, the lessee will not likely be in a better position to purchase that piece of property from our government than he was five years before. And we believe, rather than be encouraged to enter into this agreement, he should have been offered a loan to purchase this property on a reduced interest rate, which would in turn encourage ownership of our lands rather than encourage more farmers to become tenants.

Also, Mr. Chairman, as the lease agreement stands now, there is no opportunity for the lessee to negotiate an agreement where the land owner would be obliged to share some of the risks of production.

(MR. HARLAND cont'd)

We also believe that Manitoba's gift tax and succession duty legislation should be changed. If it were changed to encourage more farmers to pass their farms on to their sons, it would help solve any problems that may exist of non-resident ownership of farm lands.

The Manitoba Beef Growers Association want to commend our government for the institution of a formula whereby land lease rates are now based on land productivity and commodity value. We feel, however, Mr. Chairman, the main issue concerning our cattlemen is the continuity of tenure on Crown land which has traditionally been used for grazing purposes. We feel that a five-year lease would be the bare minimum where land is used for livestock production. Perhaps it could even be longer than that.

In conclusion, Mr. Chairman, the Manitoba Beef Growers Association would like to stress the importance of providing an opportunity for the people of Manitoba to be involved in reaching decisions on land policy that may significantly affect them. We would again draw your attention to our earlier suggestion of having a commission set up to look into all aspects of land use and foreign ownership. We certainly appreciate this opportunity of presenting the views of our Association to the committee, and please consult us if we can be of any further assistance. Respectfully submitted.

MR. CHAIRMAN: Thank you, Mr. Harland. Before I proceed to have questions, possibly for the benefit of those people who were not present this morning - and there were a number of members who came here late - I'd like to introduce the members of the committee, and I'm starting on my left: Ken Dillen, the Member for Thompson; Jim Walding, the Member for St. Vital; Les Osland, the Member for Churchill; Wally Johannson, the Member for St. Matthews; Tom Barrow, the Member for Flin Flon; Pete Adam, the Member for Ste. Rose; on my right, Warner Jorgenson, the Member for Morris; Harry Graham, the Member for Birtle-Russell; Jim Ferguson, the Member for Gladstone; George Henderson, the Member for Pembina; Gordon Johnston, the Member for Portage la Prairie; Sam Uskiw, the Member for Lac du Bonnet and the Minister of Agriculture. We also have with us the Member for Rhineland, Arnold Brown, who is not a member of the committee but all members of the Legislature are entitled to sit in on a committee. The only time that they come in question is if there should be a vote --(Interjection)--.

MR. CHAIRMAN: I'm Harry Shafransky, Member for Radisson and Chairman of the Committee. Proceed, Mr. Uskiw.

MR. USKIW: Yes. On Page 2, sir, you suggest that there should be some incentive for owners of land, in particular farmers, to leave some of their land in its natural state. You're talking about a tax incentive. Isn't it your opinion that that is the existing policy? As I understand our assessment system, there is consideration given to the over-all value of a quarter of land, basis its productivity, its soil condition, etc., so that that already is a consideration of assessment.

MR. HARLAND: Yes, it certainly is a consideration in the assessment, but we feel that there is still too many small bush patches that are being bulldozed off and for one reason or another they're felt by the owner, perhaps, to be of more value if the bush was removed, but the immediate farmers around him may suffer wind or water erosion because of that, and rather than set up legislation to restrict him from doing this sort of thing, we feel that perhaps there should be even more tax incentive, even perhaps pay a person to leave the land in its natural habitat.

MR. USKIW: My next question has to do with your second major point, and that is having to do with the public purchase of land. I want to ask you, sir, whether you are a believer in a freedom of choice?

MR. HARLAND: Freedom of choice?

MR. USKIW: Yes.

MR. HARLAND: Yes.

MR. USKIW: Then do you believe that that individual that doesn't have money or equity on which he can borrow further sums of money - mortgage financing is what I'm getting at - whether that individual should be the only one with the right of access to land, or do you believe that public policy should also accommodate those individuals who don't have equity, or a down payment, or whatever you want to call it?

MR. HARLAND: Well, I feel a young fellow that wants to buy farm land, if he doesn't have the money his record or his back record or track record should be able to be of some

(MR. HARLAND cont'd) assistance to him. Now, I think that he's probably in a much better position, or just as good a position, to make a deal with another land owner; it would not necessarily have to be the Government. Because I feel he can get locked into this thing with the Government as well and it's not negotiable whereas, if he was able to go out and make a deal with a private farmer, after a year or two if we had a turn-down in our agricultural industry it is negotiable, whereby this five-year deal is not negotiable.

MR. USKIW: Why do you say that government is not a body with whom you could negotiate I thought it was the most negotiable body there is.

MR. HARLAND: This five-year agreement is not negotiable.

MR. USKIW: Well let me put it in perspective for you. Many cattlemen have made known to the government, and to myself in particular, that they are having certain income problems this year. And again, they ask us for a response to their needs

For the year 1975 we have eliminated our lease fees on Crown lands, which is a very substantive contribution towards their needs. Why do you in that context maintain that government is not a body with whom one can negotiate when the exact opposite is revealed within your own brief where you commend the government for having changed the lease policy to reflect the productivity of an acre of land rather than the straight cash rental system as before?

MR. HARLAND: Well it seems to us that you'd see it a little different situation when you're dealing with a number of individual grain producers in different locations where you might, you know, for crop conditions I don't think you'd want to be adjusting that lease.

MR. USKIW: Could you name me one private owner of land that for 1975 would be willing to give up the use of his land for a zero revenue? Is there one that you can illustrate for me?

MR. HARLAND: No I wouldn't think so.

MR. USKIW: All right. So then why are you saying that the Crown is much more difficult to deal with than a private landlord.

MR. HARLAND: Well, I'm suggesting according to your lease agreement, that I have a copy of, that I didn't see any indication in there that it was negotiable.

MR. USKIW: All right. Then if the Crown is a body which does not negotiate with its people, then how do you explain the presence of yourself and all of the people here today and the government and Members of the Legislative Assembly if it was not for the express purpose of arriving at an optimum position on land policy. Isn't that a negotiable approach or position that we are taking?

MR. HARLAND: Yes, this is today a negotiation.

MR. USKIW: You've overlooked that.

MR. HARLAND: I was going from the paper and I still don't believe that that paper is negotiable.

MR. USKIW: The Member for Birtle-Russell whispers to us. He says that the government negotiates from strength. I want to inform him in case he doesn't know the democratic process that it is the people that negotiate from strength because government is only representative of its people. It cannot be government otherwise.

Now you indicate on Page 3 that a lessee will be in no better position to purchase land on the fifth year than he would otherwise be if he was purchasing it on day one. I want to repeat the illustration I gave this morning that if you buy land at \$200.00 an acre and land values go up to 250 you are buying land at 250 and the Crown foregoes the recovery of its subsidy, which is the other \$50.00, for that five year period, so aren't you at an advantageous position if land values go up under the lease program?

MR. HARLAND: Uh huh.

MR. USKIW: You have a distinct advantage if land values go up from where they were when you entered the lease. The only problem you have is if land values go down and there the government says, "But we are not going to lose any of the people's money therefore we will want you to pay us back the minimum cost which is what the public put into this program." That's the only time that there is a negative result.

MR. HARLAND: That's right, but what I meant here was that I don't feel that the young farmer would be in any better financial position at the end of five years.

MR. USKIW: Well all right, let me put that in perspective then, sir. Let's say that five years ago you leased a section of land from the Crown through this program because you weren't eligible to arrange for mortgage money to acquire your farm, and of course this was the year in which you would decide to opt to purchase under the agreement. Why do you say

(MR. USKIW cont'd) that you wouldn't be in a better position given the fact that in the last two years the returns to agriculture were so dramatically increased that in those instances where there was a successful crop and a successful price, and that's the last two years, that your net returns exceeded \$100.00 an acre, and why wouldn't you be in a position now to say to the government, "This is my fifth year. I've made myself a pile of money in the last couple of years because things were good, because things were good." --(Interjection)-- Well I'm not so sure because no one can convince me that agricultural income was not good last year or this year. Why couldn't you apply the earnings on your farm towards the purchase of that farm?

MR. HARLAND: Well I'm not suggesting that you're all wrong in saying that everybody's made a lot of money the last two years.

MR. USKIW: I'm saying those that had a successful production year and who grew commodities that were paying well - I'm talking about grain for example - that those people certainly would be in a position to exercise that option at a very much advantageous position.

MR. HARLAND: That's right if they were going to be guaranteed that at the end of the five-year period we'd have had two or three years just passed like these.

MR. USKIW: Well all I'm saying is that their guarantee is as great as the guarantee of the man that goes into the mortgage field and borrows his money to buy a farm, his guarantee is just as great.

MR. HARLAND: All right, but I'm getting around to the point where I feel that the young fellow would have been just as well to rent land from you, if you owned it, individually rather than you as the government.

MR. USKIW: No, but all right. Let me then draw you into this question. I know I'm giving you a problem, but do you believe that the public should be involved in mortgage financing?

MR. HARLAND: The public should be involved in mortgage, any kind of mortgage financing?

MR. USKIW: I mean for agriculture, farm mortgages.

MR. HARLAND: Yes.

MR. USKIW: All right. Then why are you saying to me that, (a) you believe in the freedom of choice, but you only want to provide a program for those people who can borrow money but have no program for those people that can't borrow money, since it's public money and public policy we're talking about, if we believe in the freedom of choice.

MR. HARLAND: Well I think that there's enough young people to farm our land that can come up with the necessary funds from MACC.

MR. USKIW: That is not freedom of choice, sir. Let's say that I have a lot of money but I want the freedom to have a lease versus a mortgage. That's my economic management decision. I would prefer to lease rather than to own my land; rather than to tie up my money in land I would prefer to lease because five years from now I want to get out of agriculture, I want to move to British Columbia into the Okanagan Valley; why do you want to deny me the freedom to choose between two programs of government, one that involves a mortgage, the other one that does not involve a mortgage.

MR. HARLAND: Well if you were just going to farm the land for a short period and move out of Manitoba then I would . . .

MR. USKIW: Well that's just one illustration.

MR. HARLAND: . . . I realize it's just one illustration. Basically when it comes down to the, I suppose, the last of the eleventh hour I don't believe that the majority of Manitobans want the government to be involved in a lot of land.

MR. USKIW: All right, I'll accept that, and I think you're right.

MR. HARLAND: Yes.

MR. USKIW: We also don't believe though that because, or rather we also believe that because the majority of Manitobans don't want us to do that, that (a) they won't sell it to us; and (b) they won't lease it from us. So all we are going to be doing, and are doing, is responding to those that would want to be in the program, we are not forcing anyone in. So really we're saying we're providing a free choice to those that want to get into that kind of a program. That's why I raised the question. Are you opposed to the free right of an individual to choose the way in which he has access to land?

MR. HARLAND: I suppose I'm not. But I want to stress here that we believe that it would be really better if you would encourage them to own the land. . .

MR. USKIW: Oh, that's what we're doing.

MR. HARLAND: . . . initially, rather than get into your lease program.

MR. USKIW: That's exactly what we're doing through this program, is encouraging them to eventually own the land because we are basing an assumption here, or our position on an assumption, and that is as the world becomes smaller due to greater populations, there will be greater demands for land and hence land will become more valuable for each generation, and therefore the land values will creep up to the point where in most instances when it comes to the point of exercising your option to buy you are probably going to come out with a subsidy to own land under this program. We hope that we can come close to a break-even position on it but we rather doubt it. We think that we are going to be subsidizing the purchase of land on the fifth year, that's what we think is going to happen, based on the curve in land values.

MR. HARLAND: Well we feel it would be better to encourage them on the first year rather than the fifth year.

MR. USKIW: Well but they are already denied mortgage money because the present system says to them that they are ineligible, (a) they haven't proven themselves in terms of their ability; (b) they have no financial backing. You can only borrow money when you have money, is what I'm saying, under our present system. So that all of those options are not there for them so they really are not in the same position as their neighbour who has money, and therefore this program - disregard the fact that your neighbour does not have any money.

MR. HARLAND: Are you suggesting that no young farmers that are entering into this lease agreement have the financial backing to purchase then?

MR. USKIW: No, no, not at all. All I'm saying is that we have two boys, they're both 21 years of age, or 25, one is yourself and the other one is your neighbour, you are lucky your father helped you and you had another fortunate break you were able to accumulate some money, whereas your neighbour due to other circumstances was not.

MR. HARLAND: Yes. I think there's historic things here that enter into this picture.

MR. USKIW: I mean there are many circumstances.

MR. HARLAND: You're using two people and . . .

MR. USKIW: That's right.

MR. HARLAND: . . . I could say the one fellow didn't deserve to have any financial support.

MR. USKIW: That may be very well so, and therefore if you are looking at this program it will be determined very quickly in the initial years of a lease, (a) for the individual himself whether he is able to farm that land, whether it's rewarding for him, and whether it's worthwhile after five years to exercise the option to purchase. Maybe he shouldn't commit himself on year one because he's not quite sure of his own abilities.

MR. HARLAND: But if the government's not quite sure of him maybe it'll be at the taxpayers' expense that you did have him on there for five years.

MR. USKIW: Oh you know if we loan him money and he goes broke it's also at the taxpayers' expense if we can't recover our money.

MR. HARLAND: You don't really have a problem with farmland.

MR. USKIW: We've had that problem all the time.

MR. HARLAND: Not with farmland though.

MR. USKIW: Well unfortunately farmers have been discriminated against. We've only had that problem with big companies like CFI and Flyer, and Flyer's too early to say, you know, that may be a good one yet. --(Interjection)-- But there's still hope, that's right, but with CFI we know we've lost our shirt. The farmers have not been that fortunate.

I think that deals with all of the points that I have noted on your brief, sir. On the foreign ownership thing I'm not sure whether you were strong on your position. Do you feel that there should or should not be legislation?

MR. HARLAND: I would say that we would not be against having some type of legislation that the person would have to show intent to be here within a certain period of time.

MR. USKIW: Oh yes, I know, there's one point here that I wanted to pursue. You raise the question of estate taxes, and we had a presentation at the hearing on Monday where I believe one of the spokesmen for the Bank of Montreal indicated that that is a major barrier in the transfer of farms from one generation to the other. After we pursued that question for some period of time, and after he was able to during his noon break get ahold of some statistic:

(MR. USKIW cont'd) he came back with the following information, namely that there was 7,000 transactions in a 12-month period that he was alluding to, out of which some 120 were taxable under the estate tax laws of this province, and which resulted in less than one-third of 1 percent of the total involving agriculture. Then he wasn't able to indicate - there were only 22 farms involved - and he wasn't able to indicate the extent of their tax liability. My question is, since it only involved so few people, you know, and then the exemptions being so large, why do you mention that as a significant consideration that we should address ourselves to?

MR. HARLAND: Okay, number one: What year was that, those statistics that you just . . .

MR. USKIW: The last 12 months.

MR. HARLAND: All right. Perhaps if the succession duties had been changed you would have had more people passing their farms on to their sons rather than selling them, you'd have had perhaps a larger number to take the statistics from.

MR. USKIW: And you believe that there are a significant number of people in Manitoba that would have a net worth of \$200,000 or more, a net worth after all bills are paid?

MR. HARLAND: I think there's a few.

MR. USKIW: There are a few, I appreciate that, and those are the ones that we want to tax.

MR. HARLAND: Not at gross.

MR. USKIW: The estate tax is a tax on wealth. The estate tax is a tax on wealth. That's the definition of it. Now if we remove the Estate Tax we stand to lose somewhere between four and five million dollars a year in this province. Let's assume that we would go along with your observation and we removed the estate taxes, where should we re-apply the taxes in order to recover that four or five million dollars?

MR. HARLAND: I wouldn't want to suggest where you would get that money.

MR. USKIW: No, but let's keep it in perspective. The Estate Tax is a tax on wealth; it's a tax on something that you or I get for nothing.

MR. HARLAND: Yes.

MR. USKIW: Okay. Now we have people in Manitoba that go to work and after they earn \$1,800 they pay taxes. They have about \$1,800 of exemptions, roughly for a single person, after which they pay income tax. Do you think it would be fair that if I received \$300,000 as a gift with no taxes against you going to work earning \$3,000 and paying several hundred dollars of taxes.

MR. HARLAND: I feel that if you're really serious about having young fellows continue in the farming operation that you should do as other provinces other than Saskatchewan have done, and that's waive this.

MR. USKIW: That's what I'm trying to get at. How is this a barrier to a young fellow that wants to inherit his father's farm and to continue farming, how is this a barrier? How is the Estate Tax a barrier? It has not yet been demonstrated by any single example that it has been a barrier.

MR. HARLAND: Well I think . . .

MR. USKIW: I could understand it, if I may, in the context of several years ago when the exemption at the federal level, because it was then a federal tax, was about 50 to 60 thousand dollars, but at \$200,000 how can it possibly be a barrier in Manitoba for the transfer of one's assets to a descendant.

MR. HARLAND: Well we feel that it discourages, it may not be a barrier but it discourages the passing it on, it encourages selling the property.

MR. USKIW: No, but you can't demonstrate for me by way of example . . .

MR. HARLAND: I have no statistics.

MR. USKIW: . . . someone has had a very serious problem in transferring one's assets over by way of an estate because of the estate tax.

MR. HARLAND: No I haven't. No, I haven't got any examples of that.

MR. USKIW: The banker in Winnipeg told us that if one inherits \$300,000 that one would have to pay about \$22,000 of inheritance taxes or estate taxes. If I were to give to you \$300,000 every month, would you say that it would be too difficult for you to pay to the Government of Manitoba \$22,000 out of every 300,000 that I gave you. Do you think you would turn it down on that basis?

MR. HARLAND: Not very likely.

MR. USKIW: Okay. Thank you.

MR. CHAIRMAN: Mr. Johnston.

MR. G. JOHNSTON: Mr. Harland, you say in your brief that we, meaning your group, are totally against the government of our province going out and actively purchasing viable agricultural land. Government, through the Minister here, has told a group such as this many times that the MACC does not actively go out and chase down land buys or they don't actively or aggressively go out looking for land. Your statement says the opposite. Do you know of cases where government agents have actively gone out after the land?

MR. HARLAND: Well our Board of Directors who helped me put this brief together indicated that they know of instances where the farm people that have sold some parcels of land to the MACC have been encouraged to sell the land. I, at this point, and I think I could get the statistics of one, because this was the one that was given to me but I didn't bother to find out who it was, but one young fellow was trying to borrow money to buy a piece of land, and I understood it was in the Carman district, for some \$80,000 - now this may be hearsay and it may not - but the MACC representative shortly thereafter found that the land was in fact for sale; it was purchased by the government and offered to this young fellow for rent.

MR. G. JOHNSTON: Do you think you could verify that . . .

MR. HARLAND: I could try to, I . . .

MR. G. JOHNSTON: . . . and supply the information to the committee.

MR. HARLAND: I could try to; I'm not suggesting that I could be successful in it but again I say, it may not be accurate.

MR. CHAIRMAN: Well, Mr. Harland, we've had the type of statement that you just made a number of times. The MACC has made enquiries and have written to the people who have made these particular statements or allegations. To date we have not been able to ascertain in any particular case of this having happened, and the MACC is very interested in order to be able to find if this is happening because it is against the policy of MACC to go, actively to go and purchase a farm from some individual. It has to be that the individual comes to the MACC and says, I'd like you to buy the farm.

MR. HARLAND: Well, Mr. Chairman, that's why I didn't put the point in the brief; I wanted to make it clear that we were against that type of thing and in answer to the question

MR. CHAIRMAN: So is the MACC.

MR. HARLAND: Yes.

MR. G. JOHNSTON: Thankyou for your assistance, Mr. Chairman. I understand that Mr. Harland will supply details if he can.

MR. CHAIRMAN: That would be very much appreciated.

MR. G. JOHNSTON: Also you state as one of your major points that you object to the lease agreement because it's so inflexible, and you developed that point when you discussed it with the Minister. Would you be satisfied if the government gave an option where there could be a crop-sharing arrangement or a fixed sum such as they now have in their lease - I believe it's 5 percent interest of the capital amount, the first three years . . .

MR. HARLAND: Five percent of the purchase price.

MR. G. JOHNSTON: . . . and then it goes to seven, is that correct? It moves up depending upon the cost of money but it's subsidized, then if the farmer takes the option to purchase all the subsidized interest is added back on to the price. Now, as I understand the lease - we'll use round figures for examples - a \$100,000 piece of property, that's what the government paid for it; they leased it out to the farmer for the first three years at five percent of the 100,000, which means he would be pay 5,000 a year lease rent.

MR. HARLAND: \$20.00 an acre.

MR. G. JOHNSTON: Yes. Now at the end of the five-year period the government says now you can buy that land at today's price. If high prices prevail land will probably go up in price, so the farmer will have to pay the 100,000, plus the increased value, plus about \$20,000 of interest. The Minister said I'm incorrect, and I'll let him explain it in a minute to clear that point up, but the point I'm making is if the price of land goes down, and while it appears unlikely but it has happened in the past, do you think you as a farmer would pay \$100,000 for a piece of land that you desperately wanted although the market value is now 75,000?

MR. HARLAND: Well, absolutely not, and this is where I feel that if it was negotiable to some extent, you know, if the price of land goes down the government are going to find themselves owning more and more land.

MR. G. JOHNSTON: Well that was going to be my next question. Do you think that this program is designed to actively encourage farmers to purchase their land?

MR. HARLAND: Well I don't, that's why I put that in there. We feel that it's more desirable for the government to encourage them, and really encourage them by providing low rates of interest to buy the land initially rather than hopefully buy it five years hence.

MR. G. JOHNSTON: Then, in your discussion with the Minister a moment ago the Minister took some pride in saying that in the past year the Provincial Government has forgave lease payments for grazing lands. If, and I'm surprised that you didn't ask the Minister, what would the government do if there was - individuals or province-wide - some farmers who had taken advantage of the leasing program, if they ran into financial difficulties due to light crops or crop failures or poor prices, would you expect the government to have a policy ready for that eventuality?

MR. HARLAND: Well, no I wouldn't expect them to have one and I think it was because the Cow-Calf people and the Beef Growers asked them to review the rates this year, that they did that on grazing land, and I pointed out in the brief that we commended them for doing this, and I certainly--no, I wouldn't expect them to have a policy ready to refund some of the rent that they would have in grain land.

MR. G. JOHNSTON: Well, would you then expect the full letter of the agreement to be lived up to, that if the individual could not pay his lease he be kicked off. In other words, it's an inflexible agreement and if you can't pay you leave.

MR. HARLAND: Well that was the point of my saying that.

MR. G. JOHNSTON: So you think that should be modified, or would you wait for the government at that time to make an announcement.

MR. HARLAND: I wouldn't want to suggest it be modified; I'd go right back to my statement in the brief that I would prefer them to not be involved in it.

MR. G. JOHNSTON: Thank you, Mr. Chairman.

MR. CHAIRMAN: Mr. Barrow.

MR. BARROW: Just one question, Mr. Harland. I think your brief was very good. The part that really interested me, I think the highlight of your brief was on Page 3, paragraph three, you say, "he should have been offered a loan to purchase this property on a reduced interest rate which would in turn encourage ownership of our lands rather than encourage more farmers to become tenants." So then, me as a non-farmer, or anyone that doesn't farm, is actually subsidizing the young farmer. Is that right?

MR. HARLAND: You have been doing it for years.

MR. BARROW: Yes, but this is what you're saying?

MR. HARLAND: Yes.

MR. BARROW: Well, would you go a little further and say the government should loan money to anything that is a worthwhile project at low interest rate?

MR. HARLAND: No, I wouldn't go so far as to say that, and I'll tell you why. You people in the city probably understand part of it, probably you don't, but you've been given a very low cost policy for a number of years and . . .

MR. BARROW: Just a moment there, I'm not from the city I'm from Northern Manitoba.

MR. HARLAND: I know, but there's not a lot of agriculturally productive land around Flin Flon, is there?

MR. BARROW: No, but we've been saying this for many years that the government should enable a miner to buy a house at a reduced rate. Would you say that was equally as important as a small farmer buying land, or a young farmer buying land?

MR. HARLAND: Gosh I wouldn't want--no, I don't think I'll comment on that.

MR. BARROW: It wouldn't be fair then?

MR. HARLAND: Pardon? I don't know the circumstances of the problems that would arise around Flin Flon. I understand it is a mining town owned by the mine. I, you know, I'm not sure, so I wouldn't want to say yes or no to that.

MR. BARROW: We have the same problem with housing as you people, younger farmers, do in buying land. It's hard to get started, not only to miners, different people. But, if I wanted to buy a farm, if I had the money I'd just buy it; second, I'd go to the bank and borrow

(MR. BARROW cont'd). . . money from bank. Can I?

MR. HARLAND: Certainly, you can borrow money from the bank.

MR. BARROW: But the interest rates are exceptionally high.

MR. HARLAND: Yes, very high.

MR. BARROW: Well would you suggest the government go into banking and lending money at a reasonable rate or a lower rate than the Royal Bank, HFC, IAC, and so on?

MR. HARLAND: Well, it is. I'm not suggesting this, it's already there, and I agree with it for agriculture purposes.

MR. BARROW: You mean it should be . . . general?

MR. HARLAND: I wouldn't say that it has to be more than it is now.

MR. BARROW: Thank you.

MR. CHAIRMAN: Mr. Adam.

MR. ADAM: Sorry, Mr. Chairman, I'm throwing all the papers on the stage here. I just wanted to ask Mr. Harland to clarify on Page 2, paragraph seven. I'll read the paragraph for the audience. "Where there may be obvious abuses of some poorer quality of farm lands, e. g., wind or water erosion, and it would appear that such lands could be more adequately supervised by the Department of Agriculture conservationists, then we believe that this course should be followed." Now, I presume you have to be talking about privately owned land because if it's Crown land we have the land, so the Department of Mines can adequately decide what the land-use is for. Now, you're suggesting that where there is privately owned lands, perhaps of poor quality, that we should do something with this land rather than farm it. Now could you elaborate on what method we would use to acquire this land. Should we use the same expropriation as in the Ontario law?

MR. HARLAND: Or if it's obviously being abused, and I'm not sure of the Ontario law, but if it is obviously being abused and not being used to the best of it's ability and production that it could be, then I think that the stage is here now where our government should be involved in taking some of these pieces of land over and putting them into a better state of productivity.

MR. ADAM: So we should walk into a small farmer, maybe a half section or more, and say, "Mister you're not managing this properly, we're taking it over." Is that . . .

MR. HARLAND: No, that's not really what I had in mind.

MR. ADAM: Well, could you explain.

MR. HARLAND: Well, if it's obviously being abused.

MR. ADAM: Yes.

MR. HARLAND: And there'd be a committee of people, perhaps it would be, you know, your agricultural people; you already have them. I don't think there's many places but I know there are some in the province, that I think it would be in the general interest of Manitobans particularly to have, and even agricultural Manitobans, to have these parcels of land in a better state of productivity, and certainly if the man is not doing his duty to conserve that land I think that the government should step in and encourage him to do it or else if, then . . .

MR. ADAM: Would we not be accused of being socialistic or land-grabbing and everything else that we get accused of?

MR. HARLAND: Well, perhaps if it was not within reason.

MR. ADAM: Thank you, Mr. Chairman.

MR. CHAIRMAN: Mr. Graham.

MR. GRAHAM: Thank you, Mr. Chairman. Just to carry on that point one step further: Is it not true Mr. Harland that at the present time under the Noxious Weed Act and Weed Control programs that the government is already doing this?

MR. HARLAND: Yes.

MR. GRAHAM: I wanted to carry on a little with the suggestions you had on the gift tax and succession duty. I'm a farmer myself and I have a 20 year old son who would like to start farming and he has come to me and suggested to me that I give him the farm, and when I look at the Gift Tax Act I find out that really I can't afford to give it to him. -- (Interjection) There's a suggestion been made by the member for St. Matthews that I incorporate, and I think that probably that will eventually be the avenue we follow. But, I would like your suggestions, or your advice; should I give the farm to him or should I lease it to him until maybe the government changes and we won't have those punitive gift taxes?

MR. HARLAND: Well, far be it for me to give advice to a rural MLA. I suppose if I was giving you advice I would suggest that you rent it to him.

MR. GRAHAM: Thank you. A second thing. The Minister of Agriculture had indicated

(MR. GRAHAM cont'd) . . . there might be a loss of as much as \$5 million in revenue and he suggested, or was asking for advice in what other avenues they could tax to recoup that. Do you really think that a government that has borrowed, in capital borrowing, over \$2 billion in the last five years, which is really a mortgage of \$2,000 for every man, woman and child in the Province of Manitoba, is really concerned about transferring that \$5 million to some other avenue?

MR. HARLAND: Well, I didn't come here to get into any political debate, so I think I'd rather not comment on that.

A MEMBER: That's what he came here for.

MR. CHAIRMAN: Order please. Mr. Walding.

MR. WALDING: Mr. Harland, on Page 1 of your brief you recommend the establishment of a land-use and ownership commission. Could you tell us what you visualize this commission to be and how it would be an improvement on this committee?

MR. HARLAND: Well I was thinking of something along the lines of the department in Alberta whereby they, as you are probably aware, have a commission set up to look into all aspects of land-use and foreign ownership, and ownership of any kind, and they go out and, I think, over a two year period, from various groups of our whole society have a total input into what land-use and ownership policy should be for that province. And I'm not suggesting it to be larger group than what you have here, but I can see it going into every town and village almost in the province and really getting the complete ideas from the people rather than from people like myself who represent a group and come here and tell you what it should be. I can see your Department of Agriculture, Regional Directors, and Agricultural Representatives conducting these meetings and getting a real input into this thing of what the land use policy should be in Manitoba, and I think you've got the personnel there right now to go out and seek this information if the department wishes to do this.

MR. WALDING: Well I had hoped that our committee was doing just that and you know, going out and getting information from people . . .

MR. HARLAND: Maybe you are, maybe you're intending to go for two years, I don't know, but it was my understanding, I was led to believe you were going to wrap this thing up in a few weeks and start drafting some legislation.

A MEMBER: Who told you that advice?

MR. WALDING: So your concern really is for the length of the hearings rather than the make-up of the group doing the investigating. Do I understand you right?

MR. HARLAND: Yes. This body would be fine if they are prepared to travel throughout the province, to the length that I have felt they should.

MR. WALDING: I think that is a general feeling among committee members that we do need further meetings and that maybe they should be continued.

One other point on this that hasn't been or only been touched on so far, is that this series of hearings has dealt only with agricultural land. I am told that the department intends to come up with a further paper on recreational land and another paper on urban land use, which would presumably have a similar series of hearings on those, so the procedure looks like being a long one. Thank you, Mr. Chairman.

MR. HARLAND: Well the one point that I would like to draw back to the brief was that we feel that agricultural land should be looked upon as agricultural land, not be lumped in with any urban policies that you're going to bring out.

MR. WALDING: That's why they were separated in separate papers.

MR. CHAIRMAN: Thank you, Mr. Harland. Mr. Adam.

MR. ADAM: I just had one more question, Mr. Harland. You've been quite patient and we'll let you go. You mention in your brief that you did not like to see the MACC be out actively purchasing farmland. I just wanted to point out that to date we have only purchased and leased out 40 percent of the land that has been offered for sale. So that doesn't appear to me to be very active on the part of MACC of acquiring land.

A MEMBER: It doesn't appear to be a question either.

MR. CHAIRMAN: No it certainly is not a question. Thank you, Mr. Harland. Mr. Henderson.

MR. HENDERSON: Yes. You were speaking that you believed in ownership and you were saying that our gift tax was rather tough and our succession duties were tough, and Mr. Uskiw read it into the field of succession duties where he talked about 200,000, you know, and from that point it got looking ridiculous. But are you aware of the fact that Manitoba has tougher

(MR. HENDERSON cont'd) . . . gift taxes and succession duty taxes than any province in Canada;

MR. HARLAND: Well I'm aware that it's high. I'm not aware of the exact figures because I'm not . . .

MR. HENDERSON: It's the highest of any province in Canada.

MR. HARLAND: . . . quite to the point of really thinking about it.

MR. HENDERSON: So if they believed in transferring of ownership they don't have to talk about \$200,000 farms; they could talk about any amount and they could just change the Gift Tax Act, if they really believed that they could transfer ownership from father to son, and keep people being owners rather than lessees.

MR. CHAIRMAN: Mr. Uskiw.

MR. USKIW: Yes on that same point, Mr. Chairman, we found out that there were only 24 farms that were in a . . .

A MEMBER: 22.

MR. USKIW: . . . 22 in a taxable position in the last year and my question is to you, it seems to not affect the vast majority of people and I'm still to be convinced that it is an onerous problem, shall we say, on those people that it does affect in that we're dealing with a transfer of wealth from one person to another and the choice has to be in the taxation field as between the taxation on one's earning ability, versus a taxation on natural resources, versus a taxation on wealth, one form or another. Just on a point of principle, do you think that we should shift the taxation from wealth where there is no work input and onto the backs of those people that have to go to work daily to earn their daily bread? Because that's what it implies.

MR. HARLAND: When you put the question that way there's no way that I can disagree with what you're saying.

MR. USKIW: Okay.

MR. CHAIRMAN: Thank you, Mr. Harland. Mr. Jorgenson.

MR. JORGENSEN: I'll follow that up. The Minister has suggested that this is not an onerous task and that the governments have a right to take that money away from a farmer who has worked for it all his life. A farmer who has \$300,000 . . .

MR. USKIW: I'm not taking it away, at all . . .

MR. JORGENSEN: . . . a farmer that has \$300,000 to pass on to his son. Did he not pay property taxes on that earned income during all the years that he was earning? Did he not pay income tax on all that money that he earned as well? And did he not pay taxes on all the other taxes that are being levied while he earned that, do you not think that he has the right to pass it on after all those taxes had been paid, and he has earned that money by the hard work that he has done, without having to pay a further tax to the government on it? (Applause)

MR. CHAIRMAN: Mr. Uskiw.

MR. HARLAND: Well could I answer that question?

MR. CHAIRMAN: Well proceed I didn't think there was a question? You may answer the question.

MR. HARLAND: Yes I think that the farmer has the right to pass the land on to his son without being further taxed but I had to answer Mr. Uskiw's question the way he asked them to me and I couldn't disagree with what he was trying to get forward either.

MR. USKIW: We now get to the point of the ridiculous, obviously. Dead people don't pay taxes. The people that pay taxes on inheritance are the survivors. It's the receivers of wealth that pay taxes, and I can't quite understand the context in which this discussion is moving in that it is alleged, it is alleged that the person that is deceased pays the inheritance tax, and that is incredible. I thought we all knew more than that. --(Interjections)

MR. JORGENSEN: . . . there is also capital gains tax and there is also gift taxes to pay, and he's ignored that.

MR. USKIW: Now, Mr. Chairman, I want to pursue the specific question, and that is that it is alleged that people that have more than \$200,000 of gifts and who they pass on through to their descendants when they pass away, that somehow they should be exempt because they have paid property taxes and because they have paid income taxes. I should like to inform Mr. Jorgenson that people that are not taxable in the Estate Tax deal, those that have property assets below 200,000, also pay property taxes and income taxes, and every other form of tax that society imposes on people.

A MEMBER: Why differentiate? Why discriminate?

MR. USKIW: Discrimination is based on a principle of a tax on ability-to-pay and hence it is assumed that those that have a gift of more than \$200,000 can pay something back to society, and those that have less than \$200,000 are less able to pay something back to society. It's an ability-to-pay principle.

MR. CHAIRMAN: Mr. Barrow.

MR. BARROW: Just one question, Mr. Chairman, We've heard this argument over and over again. Could I address this question to the audience? How many . . .

MR. CHAIRMAN: Just ask the question to the witness. Ask the question.

MR. BARROW: I'll ask the question of the witness, okay. How many people in that audience, Mr. Harland, has a farm worth \$200,000 net?

A MEMBER: That's a very small farm.

MR. HARLAND: I wouldn't really have any idea. The audience is behind me and I don't know half of them that are there, so I wouldn't even hazard a guess.

MR. BARROW: Yes. Thank you.

MR. CHAIRMAN: Thank you, Mr. Harland. Mr. Doug Cram, Young Farmers, would you indicate - Young Farmers Association, where you're from? Morden?

MR. CRAM: Mr. Chairman, I believe our report is being submitted to you, it's being passed around. There are also copies for the audience as well.

Actually we don't represent any organization, there are simply a few of us young farmers that got together, and the two or three meetings that we've had we had these with bankers included, there was an accountant and older farmers, younger farmers, have put this brief together. I'm afraid the last 20 minutes that you've spent on succession duties, death taxes, gift taxes, I'm afraid we're not going to make the rest of your afternoon any easier for you.

My name is Doug Cram. As I say, we don't represent any organization but we hope that what we have to present here this afternoon is perhaps some alternatives that we hope that you will have a look at. As young farmers we're in this position of farming and hopefully we'll be able to contribute something to your problem of land-lease policy.

Traditionally we have tended to react to a problem only after it has reached our doorstep. Provinces of British Columbia, Alberta, Saskatchewan, Ontario, Nova Scotia New Brunswick, Prince Edward Island and Newfoundland have all reacted to the question of foreign ownership. Not one of them we suspect would admit they have found the answer.

If Manitoba is seriously concerned about retaining ownership in her province then we as young farmers should play an important role in that plan. If we represent the future of farming in Manitoba, then surely we should have a say in that future. In recent meetings which we have had in regards to ownership of land we have accepted and rejected many ideas. Today we'd like to develop for you the situation of the young farmer and how his future can be maintained.

Today's farming unit at the time of transition could contain a father age 50-55 with almost all the farming assets in his name. He carries probably five to twenty thousand dollars worth of whole life insurance and might also carry a reducing term insurance to age 60. He has a will that divides his assets equally among his beneficiaries. He does not have an estate plan because it is too complex. He doesn't have a pension but would like to retire in ten years.

The farming unit also has a wife. She stands in the middle between the husband and her children. The lack of a proper estate plan will surely see her lose the most in this transition for in the end she will probably outlive her husband but live to see the struggle her children will have created by death taxes.

The farming unit will also have children. These children could have university diplomas or degrees. If they do, they bring to the farm student loans and probably a wife and family. They bring the education we badly need on the farm but will they ever have the opportunity to use it.

Low equity, high risk, high cost of inputs, low returns and high cost of owning land are problems faced by the young farmers. Probably at no other time in history has the need been so great to have these individuals in farming and probably at no other time has the cost or the risk been so high.

The goals as we see them are: to acquire a pension for the father and the son - this pension could be through the sale of the farm to the highest bidder or the most

(DOUG CRAM cont'd) . . . desirable bidder; by maintaining the farm as a viable efficient unit the farm will pay tax - if the farm is paying tax the farmer is eligible for Canada Pension and your Registered Retirement Savings Plans; to make the transition of the farm from father to son as smooth as possible; total exemption on inter-spousal transfers in regards to death tax; forgivable death tax on the farm as long as the farm stays in farming; and to allow the modern farmer to bid competitively for land.

Now in a farm sale you might find the following buyers. What we've attempted to do here is to take a situation where we'd probably have all of the buyers that we'll have in Manitoba. They will probably fall into one of the four groups. For example, in this area that we live in here you probably will find all four of these bidders. We'll assume in this particular case that you had a productive value of land of \$300.00 an acre on today's market.

The family farm in our opinion is the most desirable buyer but he can only bid to the maximum productive value of the land.

The rural land investor: This can be your agricultural buyer, but again he's only large enough to pay cash for probably half or a percentage and then the rest would have to be on borrowed funds and again he can't go any higher than productive value.

Urban investors: Now this can be into a couple of categories of the people that have bought into this particular area. It can be the over 50-55 age group of a fellow that perhaps he's got some farm background - he might have grown up on a farm but now he may be a lawyer, doctor, dentist whatever it may be, but at age 50 he has reached the age where he thinks he would like to retire and he would like to retire to the farm. He has sufficient cash to probably outbid any agricultural buyer but he might be looking for some return on his investment. Again I don't suspect that the fellow that is retiring is looking for investment, a return on his investment, but I would suspect that investment clubs - now these things are not as common here as perhaps they are in Ontario around Toronto or Montreal and B. C. - but again investment clubs can certainly invest sums of money, this will not be money to make returns but rather simply to put some aside into what they feel is probably a firm security for a short period of time and they buy it into land.

The foreign investor: If you had these four buyers in a particular situation the foreign investor would probably be your eventual buyer because these funds that he brings could be industrial funds, they could be low interest funds, and maybe a large number of investors seeking security for their money in a foreign stable country. Now again on the foreign investors there might be at least three categories here. If this is strictly industrial money which they're putting in we have absolutely no way of competing with that kind of money. If it's agricultural-industrial, in other words if this is a group of farmers, say United States for example, who are investing funds in Canada in farming, this isn't that serious. We can bid, not competitively on today's system of borrowing money but at least we're a lot closer to that one than we are to the industrial foreign industrial money. The last one is the immigration, if there are groups of people in the foreign investor who are going to immigrate to this country and farm it, we're 100 per cent in favour of this because how else are we going to have people coming in, new ideas, and after all that's how we all got here too.

Now the questions arising from these examples: Would the seller have sold to the family farm if they could have bid higher? If the answer is yes, how much higher do we have to bid before a farm in this area will sell to the family farm rather than to an urban investor or to a foreign investor? How can we make the family the most desirable buyer? How can we discourage the absentee land investor from purchasing prime agricultural land? How can we encourage the absentee land investor to purchase only poor land or non-agricultural land? If absentee landowners purchase poor agricultural land can land-lease programs or policies be developed so that these lands can be farmed efficiently?

Answers which we came up to these questions are: In questions number one and two, reduced interest rates, and we've got this in a table you'll find on the second last page if you would turn to that in this brief. For example, if you were using a reduced interest rate on \$300.00 an acre land on a half-section of land and it cost you \$96,000, if you took it on a 30-year term at 10 percent versus 5-1/2 percent you can see the difference of annual payments \$6,000 versus \$10,000.00. Now if a farmer was trying to pay for 30 years \$6,600 a year, I don't think you'll find too many farmers in this area that will even go for that. It would be very difficult to maintain this type of an annual payment on a half-section of land. From this we must assume then that the father would also have a half-section of land if the other half

(MR. CRAM cont'd) was purchased by the son, which he could rent it back, purchase it, or inherit it.

Now the second part to that was forgivable interest rates, and that's Table 2 that you have below that. Forgivable interest rates would work much the same way only over the period of say a 30-year loan you could forgive off on the first 15 years. This has the incentive that it keeps the fellow in farming for as long as he only has to pay his principal and has the other portion forgivable, he's more likely to stay in. If the land ceases to stay in farming the interest then could become payable - that's on the basis that this farm changed from farming to industrial.

Third part of that was the Land Review Borderland Commission. Again this is something you have heard before and we are certainly in favour of it as well.

Question to No. 3 in regard to discouraging absentee land owners; restrict the purchase of agriculture land by absentee land owners to 160 acres or a total of \$15,000 worth of land. This isn't unlike what Saskatchewan has, they use \$15,000 I believe of assessed value for municipal taxes. This type of restriction will control purchases of prime agricultural land. Only land on classes four to seven can be purchased by absentee land owners. In other words, you are immediately classifying the land and then you're moving people into it in the areas of four to seven, or your non-agricultural classed lands. Unfortunately, if you were going in this direction the first thing that would have to be done is a reclassification of the present land system.

Tax of foreign investor: Land transfer tax is what Ontario does. Higher tax on money leaving the country, as you say, 15 cents on the dollar I think it is now. Well you could simply go higher on that if you were thinking of discouraging them in that regard.

Zoning: This is probably the single most powerful unit you could use. It can work to the benefit of the public, it could also work against them. This could involve land classification maps. Again the same as what we've indicated before, and you would simply zone according to the . . . Class 1, Class 2, Class 3 lands, and you can zone them, if they're agriculture they stay agriculture. The point has already been raised, what do you do about the value of lands within that if they don't change within agriculture? There has been different proposals brought forward under that. I know the Province of Ontario has suggested zoning. They have zoning in effect, certainly - I believe it was about four or five years ago now, they had briefs before them and this was to do with development rights, and so on. I am sure you are probably aware of those steps involved in that and it is extremely complicated and can be costly, but under proper management that could certainly work as well. You could use the watershed boundaries for zoning. This crosses then across your municipal boundaries, which may or may not work as well. The municipal and provincial governments could control the zoning. Again you run the problem that if you had zoning agriculture up to the border of one municipality and the municipality on the opposite side didn't agree, then you have problems of residential across boundaries.

Success of the above alternatives could weigh heavily on the independent agriculture review board. Very important exceptions to the restrictions above on absentee land investors could be:

No. 1. If the absentee land owner takes up residence within a specified period of time and agrees to maintain the land at maximum agricultural efficiency during his absence, then he could be allowed to purchase prime agricultural land.

If the absentee investor enters into a purchasing agreement with a resident Canadian farmer as defined by the review board, the investor will not be allowed to contribute more than 49 percent of the purchase price of the sale. This is really a step down from taking him out altogether.

Within the same context, there are other factors that will assist the young farmer in establishing and maintaining a viable agricultural unit.

For one, a review of Succession Duty Act and the Gift Tax Act. We have that in Table 3, we've worked through, it's on your last page of the brief. We've used a half-section of land, we've used this that we've actually costed this out. We kept a figure of \$300.00 an acre of land and that's in buildings, equipment, livestock, life insurance and feed inventory that he may have, giving him an assessed value, exemptions to preferred beneficiaries, taxable estate at rate, giving him a total tax payable of the \$29,000.00. The important thing that we feel in regards to succession duties is that you don't have any control over the value of No. 1. That land, if you're taking, for example, in Saskatchewan where their land values went up

(MR. CRAM cont'd) 100 percent one year and dropped 60 percent the next - I think Manitoba's was something like 30, or something, percent, it wasn't as much - but if you happen to die when the price is high, what's that done to your estate plan No. 1, and then what control did you have, and what provision have you made for it? And, in effect, of course, a half-section of land today is not really --(Interjection)-- it's a viable unit, or can be a viable unit, but if he had to start from scratch it probably wouldn't be. So you're looking at probably - if you went to double that figure, of course it wouldn't be double the tax because you would be paying more, a higher rate of tax on that - we are suggesting on this that the tax could be pro-rated and forgivable over 25 years as long as the farm remained in farming; failure to comply with this could cause the remainder of the tax to become payable as of the date the farm ceased to remain in farming. This is already in effect in Ontario.

Full exemption on inter-spousal transfers: What this does in an estate plan, of course, is that if you can put the name of that farm in both the husband and the wife, and if you can work a proper gifting program, if he happens to be a married son, on \$2,000 automatically you're looking at \$8,000 instead of on the present system, and \$8,000 a year certainly can go a long ways to clearing off, or reducing an estate down to a non-taxable estate.

Low interest rates or no interest rates payable on succession duty tax: Flexible repayment period. We feel that if in case of - I believe now it's five years for repayment, perhaps the situation, the age of family, or so on, may not be that five years is adequate.

Extensive research into alternatives for agricultural products: We feel that the research into agricultural products perhaps can take some of these ups and downs out of our marketing for surely there must be more alternatives to the meat industry than eating our way out as Eugene Whelan has suggested.

Temporary freeze on purchase of agricultural land by absentee landowners until a proper assessment of the situation can be made, and a review of land-lease programs.

In summary: The basis of our brief lies in pride of ownership. If the young farmer owns his own land then a larger step towards maximum efficiency has been taken. If he continues to work at maximum efficiency he will pay taxes, he will have an opportunity to have a pension, he will be able to pay his bills.

We feel that the following recommendations should be considered:

Temporary freeze on the purchase of prime agricultural land by foreign investors and undesirable absentee landowners. At the same time we are suggesting the establishment of an independent, non-political agricultural review board. This board will be set up to advise. Say in the time that you have your freeze on if there are people that are in the urban area that, maybe the second son who would like to go back to farm now, we don't feel it is necessary he wait that term, or whatever it may be six months or one year, or two years, whatever the freeze may be on, for him to stay out of farming. So there must be some exemptions, an appeal board set up immediately when the freeze is set up, so that they could still get back into farming, or could get into farming.

Pro-interest rates for young farmers for the purchase of land; forgivable succession duty tax; full exemption of death tax under espousal transfers to allow for maximum gifting in estate plans. In establishing a proper land-use policy the government will have to consider all the aspects influencing land in this province. This includes, ownership, transferage usage, rental agreements, and most of all the future. Thank you, gentlemen.

MR. CHAIRMAN: Thank you, Mr. Cram. Mr. Henderson.

MR. HENDERSON: Thank you. This is a somewhat different brief but there is - one of the things I'd like to question you on is on Page 3, section 3, where you talk about restricting a purchase of agricultural land by absentee landowners to one-quarter of a section. Now, are using the same definition of an absentee landlord as was used in the Red Paper?

MR. CRAM: Our definition of an absentee landowner applied to anyone who is not farming the land, who was not on the farm to farm the land. Now, we would certainly allow for, let's say for example a fellow who also had two jobs, lived in town and farmed, we don't consider him an absentee landowner. There are certain things that we feel do not classify him as an absentee landowner. But primarily, simply a foreign investor, a city dweller, a . . .

MR. HENDERSON: You're not using the word foreign investor in your paragraph here, and I'm talking about possibly somebody that lives in Morden, who is retired from the farm because they aren't using feed and livestock but they are still interested in looking after the grain crops, and so they drive out and do their farming this way. And, according to this paragraph, he'd be restricted because he isn't living on the land.

MR. CRAM: No, that's what I say, we're not making restrictions against the people that farm in that particular instance.

MR. HENDERSON: Well, how about somebody then that was living in town and was renting it out and it was over a quarter-section, would you stop him?

MR. CRAM: No. Of course if he still owns it, he's renting it, it's agriculture, the guy that's renting it is taking the income anyway, the agriculture income other than the rental.

MR. HENDERSON: Well the way this paragraph reads it says, "restrict the purchase of agricultural land by an absentee landowner to a quarter of a section."

MR. CRAM: Hm hm.

MR. HENDERSON: So that's very small . . .

A MEMBER: That's you George, that's you . . .

MR. CHAIRMAN: Order please.

MR. CRAM: Okay. I don't think that we have a problem--your talking about a person that's here, that's been in agriculture, that person is, in our opinion, is not one that's really going to fall into this category. This is a manging out now and purchasing land as a doctor, or a professional man purchasing land. In other words, you're talking about all people that already own their property and have retired, or any other aspect of it. They don't fall into that category; they're not purchasing more land they're simply farming the land that they have now and have retired.

MR. HENDERSON: Do you think it's such a bad thing if, we'll say, even the doctor in town who has done well, who has got, we'll say, some farming in his blood, if he would like to buy a half-section and rent it out to some tenant on a share-crop basis, do you see anything wrong with that?

MR. CRAM: There's nothing wrong with it unless there's a better alternative.

MR. HENDERSON: Under this paragraph he'd be restricted from doing that.

MR. CRAM: That's right. We're hoping that the alternatives are better, that if another fellow can afford to buy it, a young fellow can afford to get it rather than the doctor, we feel that he'll do a better job on that property than the man that he rents it to.

MR. HENDERSON: That's all.

MR. CHAIRMAN: Mr. Uskiw.

MR. USKIW: Yes, sir. I'm rather intrigued with your submissions. I have always been impressed by the Conservative members of the Legislature on the philosophy of most of their constituents. They have always alleged in the House that their constituents were the sort of the last frontier, is it, of the free enterprise system who wouldn't want to impose on society for anything, and in your submission, sir, you are suggesting that the public first subsidize the purchase of your first half-section of land up to - a totality in subsidy would be \$107,347, plus you're saying that we should forgive the inheritance tax on the second half-section which you would hope to inherit of \$29,000 - I think you're a little high on that, but be that as it may - for a total public forgiveness of \$136,347.00. Then I would want to know if land values appreciate, what your position would be on the capital gain, because that is another very relevant component. First of all, let me ask you what is your philosophy on this question, you know, it's certainly a vast departure from the free enterprise concept.

MR. CRAM: Well, are you finished?

MR. USKIW: Yes, please.

MR. CRAM: Well, number one, on the succession duty part of course, that was ours to start with. If you're taking the twenty-nine and adding it to your total, unfortunately that's not right because those are assets which my father worked for, not your father.

MR. USKIW: No but you're not--let me correct you. They are not yours they were your father's. You come by them only by way as a gift, and in the law of the land there is a gift tax so they were your father's, they were not yours, so, therefore, you come by it quite without any charge if there was an absence of the inheritance tax, and you're asking society through its government to forego the gift tax or the inheritance tax, which implies that you want a shift in taxation. So, to that extent, you are asking the state to help you acquire your property assets. And first of all you are asking the state to subsidize your purchase of land up to a \$107,000 and then to waive the other \$29,000 on estate taxes for the other half-section, so you are asking for a compromise from the state from its present position of \$136,000.00 That's what you're asking for. Now, in light of that, I want you to tell me what is your philosophy in the whole business of agriculture, is it free enterprise, should it be state and free

(MR. USKIW cont'd) jointly, co-operatively? You know, you are really involving the state very heavily here and I'm trying to understand your position.

MR. CRAM: Well let's take, going back to that \$29,000, or less, whatever it may work out . . .

MR. USKIW: It's about 22.

MR. CRAM: Okay, if it's 22. . . . \$22,000 and suppose I was 35 - 40 years old when my father died, and I worked that farm now for 35, well, I've been there all my life, worked it productively as a man say for 20 years, now, \$20,000, 20 years of working it, doesn't make it as much mine as it did my father's who worked it for 50 years?

MR. USKIW: Well, you know, obviously you're alluding to a management decision that you have made during your lifetime and your father's management decision. If you had worked for him in the building up of his assets without an agreement, or understanding, which would be definable in a court of law so that that amount could accrue to you during his lifetime, you know, or by agreement, then that is a management problem that you have, it has nothing to do with the estate question.

MR. CRAM: I would disagree. I worked five years in the Ontario Government in estate plans and we, and estate plans, we found that the majority of the families of young people in the same age group as I am - and you've got lots of them in this room here right now - now, the number of them that have that estate plan that you're talking about is very, very small.

MR. USKIW: Well let me . . .

MR. CRAM: Now why? I'm asking you as the Minister of Agriculture, why we don't have an estate plan for our young farmers.

MR. USKIW: Let me then tell you that I too worked in Ontario as a young fellow some 20 years ago, and I too sent to my parents many thousand of dollars to enhance their farming operations, but after the first year of doing that I flew home to draw up an agreement with my father in order to protect my investment.

MR. CRAM: Yes, but how many others did that?

MR. USKIW: That is their own management decision, the state cannot be responsible for that. That is every individual's own decision that determines the final outcome, that is not something that the state can provide for, obviously.

MR. CRAM: But the majority of farmers now that grew up, say in that 50-55 age bracket, that came up say during the depression, during the wartime, how many of these had assets that you know, that they were even concerned about now? But now all of a sudden that asset that they only purchased for 12,000 or 20,000 is worth 300,000.00. Now, how do you propose that he make that adjustment in such a short period of time?

MR. USKIW: Well, first of all, I don't think he has to. I don't believe that if you were to inherit \$300,000 that you would be hard done by if you paid the state \$22,000 in inheritance taxes. So, to me, that is not a problem. That is a problem in your mind, sir.

MR. CRAM: But, I don't get \$300,000.00. If I'm out there feeding those cattle today, and my father dies today, tomorrow I go out and feed the same cattle but I don't say, by gosh now all those things are worth \$300,000 to me; and the land for example, I've got to work that land whether it's worth a \$100.00 and acre or if it is worth \$300.00 an acre. So you're talking about a value which the young farmer will never see. He doesn't see that unless he liquidates every bit of asset that he has.

MR. USKIW: You're now getting us into the position where you have not looked after your affairs again, and there's no point in pursuing that.

I now want to ask you, though, again --(Interjection)-- Well, but that is a fact. That is an absolute fact.

MR. CHAIRMAN: Order please. Order please. I believe that if you people feel that it's going to be determined on the type of reaction that Mr. Jorgenson would like to have this meeting conducted, I think it is not going to be very conducive to that type of exchange of ideas. Mr. Minister, proceed.

MR. USKIW: Yes. It is a fact that the reason you have a problem is because you haven't dealt with your own management decision, and therefore I don't think anyone can help you if you haven't done that. That's all I'm pointing out.

MR. CRAM: Yes, but the problem is not mine. I'm speaking of young people in this province.

MR. USKIW: Oh I agree. I am speaking of everyone that is involved in this . . .

MR. CRAM: Well then, why can't you see what the problem is rather than saying it is my problem and my only problem.

MR. USKIW: Well the problem is education, sir.

MR. CRAM: Very good.

MR. USKIW: The problem is not the Inheritance Tax, it is an education as to how to use it or how to get around it.

Now, the question that I have put to you, sir, is I'm trying to determine from you your philosophy as to ownership of property. You say you want to own property because of the pride that goes with the ownership of land or property, but at the same time your pride doesn't suffer when you ask the state to subsidize that ownership to the tune, without the Estate Tax portion, of \$107,000. You know, I can be proud to own land too, if you give it to me.

MR. CRAM: The example here is a joke. Unfortunately you missed it. Because \$6,000, if you're going to pay the half section of land in \$6,000, what we're saying is that even if the interest rates were 5 1/2 percent, he couldn't afford to buy for 30 years paying \$6,000. Now, if we can find a way, an alternative, to having to do that, then we've found the answer.

MR. USKIW: Yes. All right. But your whole suggestion is really relevant only in the sense that it says to us here, as legislators, how much can we do for you? How much can the people of Manitoba do for you in the area of property ownership? That's really what you are suggesting. Now, you are saying the state can subsidize your ownership by X number of dollars a year, and I could go further. I could say maybe the state shouldn't do that, maybe the state should give you the farm without any cost to you. I mean, that's just an extension of what you are asking for in this brief. It's a question of how much should the state give you, is what we're discussing here. Now, why should the state give you land ownership with a huge subsidy, in other words of any amount of money, be it 100,000 or more or less, why shouldn't the state give any individual in Manitoba property at the cost of the state? I mean, why you? Why is the farmer to be preferred in that way?

MR. CRAM: No, I agree that we shouldn't be involved in that at all. If the farmer can bid competitively for land, there should be no need for subsidy. Correct?

MR. USKIW: If he can which?

MR. CRAM: Bid competitively for land. Now why can't he bid competitively for land? What is wrong with you or me bidding competitively in this province?

MR. USKIW: All right. That then brings me to the important question: do you believe in the freedom of enterprise?

MR. CRAM: Well, yes.

MR. USKIW: All right. Then it follows that in the free market system the highest bidder should get the land. So then why are you asking the state to do something about the fact - and I don't want to be overly critical but that's what you're saying - to do something about the fact that you can't bid as much for land as your neighbour can, or as Mr. Henderson, who is an absentee landowner, can, or someone in Europe? I mean, what is your problem? (a) You believe in free enterprise, but now you are telling us, "Please do something because I want to own my land but I have competitors that I can't cope with." That's what you are saying. "So please legislate some way in which I can compete with my competitors."

MR. CRAM: That's correct. That's the role of the Government. Right? Do you want farmers in farming or don't you?

MR. USKIW: No, no. I'm just trying to pin you down on your philosophy here. You said you believed in a free enterprise approach. Now you are contradicting your statement by saying, "But help us do it by giving us a Government grant."

MR. CRAM: We can bid against farmers. We're not having a problem with our own people. It's with the other people that we can't bid against. So now if you would like us to continue the way it is and let them buy all they want to buy--okay. So in certain areas of this province it may be--we're not talking about foreign investment, let's talk about urban investment or anything else--they're going to buy up these tracts of land. Now is this desirable as far as the Minister of Agriculture is concerned?

MR. USKIW: No, I think it's fair to say that I have the same concerns as you have, but I wanted to know how you arrived at them and if you arrived at them in the way that Mr. Jorgenson and Mr. Henderson would lead me to believe that you have - and they've always led me to believe that in Morden and in Morris people never want anything from government, they

(MR. USKIW cont'd) just want government to leave them alone. And if that is the case, then I would have difficulty in understanding why government should do anything to help you to own your land. It doesn't make any sense. It contradicts itself, sir, is what I'm saying. So to get a perspective on it, you are putting the position that somehow it should be in the public interest. You know, if you said that it was in the public interest rather than your own interest, then I could take a look at it a little more broadly. If it's in the public interest that the state should help you own the land, then I think we can discuss how that should be done.

MR. CHAIRMAN: Order please. Mr. Adam.

MR. ADAM: Thank you, Mr. Chairman. Mr. Cram, I just had one question to ask you on your brief, and that is in your summary Item 2, the establishment of an independent and non-political agricultural review board. My question is in two parts. Mr. Chairman, could you ask the audience . . .

MR. CHAIRMAN: Order please. Proceed.

MR. ADAM: There's a considerable amount of mumbling at the back and it's difficult to hear.

I have two questions and that is, do you believe you want a non-political agricultural review board? You suggest that we do this? Do you believe that there's anybody on this stage here that would qualify to sit on that board?

MR. . . . Not a single one.

MR. ADAM: Not a single one. Then my second question is, is there one person in the room here - and I've watched what's happened, you know, some remarks, interruptions, I've watched what's happened here - is there one person in this room that could sit in clear conscience on that board as a non-political person?

A LADY: I could.

MR. CRAM: As non-political yes.

MR. ADAM: Well we have two at least who are non-political. I suggest to you, sir, that it would be very very difficult, very difficult to set up a non-political review board.

MR. CRAM: If, for example, that board had - say you were to take people that are in the industry - now when I say non-political I mean by that that they don't hold office at the present time. We all vote so perhaps we have an opinion, so you're not going to rule that out anyway. But the fact is that if you were to take a board which is people in the industry - and there's some very intelligent people in the farming industry that could very easily perform the functions of that board.

MR. ADAM: Thank you, Mr. Chairman.

MR. CHAIRMAN: Mr. Uskiw.

MR. USKIW: Yes. We have had suggestions like that from time to time and I think I should throw out a proposition to you so that you could then tell me whether that kind of agency would be non-political. The Federal Government for years has sought the advice of what they consider to be very important people in the Province of Manitoba on prairie agriculture, on government policy and so on, and they relied heavily, and still do by the way to some extent, on gentlemen like Mac Runciman, the late Mr. Parker was a very significant individual in making his policy contributions to the Government of Canada, and a whole host of other people. Would those kinds of people in your view be non-political individuals?

MR. CRAM: I don't know the gentlemen so I couldn't really tell you whether they . . .

MR. USKIW: All right. Let me then cite people that you would know about. Let's say that we appointed Roy Atkinson on to that board. No, and I'm serious because you know your question has to be taken seriously.

MR. JORGENSEN: Mr. Chairman, I'd like a point of order.

MR. CHAIRMAN: Mr. Jorgenson, on a point of order.

MR. USKIW: What is the point of order?

MR. JORGENSEN: Mr. Cram made it very clear. I think Mr. Uskiw's pursuing a line of questioning that doesn't really bear any relevance to what Mr. Cram said. What he suggested, and I'm sure I understood him correctly when he said what he is suggesting that you don't appoint anybody on that board that currently holds a political office. He made no reference at all to that person's particular politics.

MR. USKIW: Mr. Chairman, I think that the gentleman is quite capable of answering the question without any intrusions from Mr. Jorgenson. Let's assume now we zero in on an individual that appears before us from time to time - and by the way who has aroused a degree

(MR. USKIW cont'd) of discussion in the political arena but who's not a political individual - and I'm talking about the present Chairman of the MACC. In your mind you are satisfied that he is a non-political individual?

MR. CRAM: No, if I was selecting this group I would take it from - you may even, take it from some of your own people, you farm management specialists in the field. You have some very excellent farm management specialists; I think some of those would certainly qualify to sit on this board. Now if I was going further I might make a selection of somebody from the economic staff at the University of Manitoba. If I was going further I might take prominent people - if I was selecting them there are people I know in this community who would do very well on that type of board. Perhaps an accountant, perhaps a farm lawyer.

MR. USKIW: You know I want to take you back a few years. During the years 1958 through to the spring of 1969 I couldn't identify any significant degree of non-partiality on the part of the then Government of Manitoba in their appointments to boards and commissions. I don't recall the representation on these commissions or boards as being composed of a number of people of different political philosophies. By and large the trend was to try to make sure that the representation on boards and commissions reflected the then thinking and policies of Government. I'm not sure that there's anything wrong with that. I think we have deviated far from that since 1969. But, you know, all I'm trying to point out is it is difficult, very difficult to try to pin down what one would assume to be a neutral individual in the political context. That's all I'm pointing out. It's not an easy task.

MR. CRAM: I agree.

MR. CHAIRMAN: Mr. Johannson.

MR. JOHANNSSON: Mr. Cram, in 1973 the people of this province elected a government and what you now want us to do is to turn over government-making policy decisions to non-elected people do you?

MR. CRAM: No. You're talking about the board now are you?

MR. JOHANNSSON: Yes. You're suggesting that the Government that was elected by the people of this province should now turn over the decision-making on politics to people who weren't elected. Is this democracy in your view?

MR. CRAM: How many people are represented by the NDP vote and how many are represented by the other?

MR. JOHANNSSON: Mr. Cram, that's not the way, that's not the way the parliamentary system works.

MR. CRAM: I agree.

MR. JOHANNSSON: If I may, if I may, Mr. Chairman. The Government of Duff Roblin never had the majority of votes in this province. I never questioned their mandate to govern this province, because that's the way the system works. You are now questioning it because your government doesn't happen to be in office.

MR. CRAM: No. I wasn't talking about . . .

MR. JOHANNSSON: You question the ground rules of the democracy under which we've operated for a hundred years in this province, for several centuries in the British parliamentary system.

MR. CRAM: No, the question we're talking about here is of rural agricultural land.

MR. JOHANNSSON: Now Mr. Cram supposing - and this could happen - supposing that this Government does nothing in this area for the next two years, until the next election comes around, and then the Conservative members of the Opposition who sit here campaign for re-election, Mr. Jorgenson, Mr. Graham, Mr. Henderson, and they campaign on the basis that if they are elected they will do away with a land-lease program, they will do away with inheritance tax, inheritance tax on the farmers of this province. Are you saying that they will be being democratic, that they will be being fair to you - supposing that you then elect them and the people of the province elect them - they're being democratic if they then don't do that but proceed to turn over these matters to a non-partisan group. Is this the way democracy functions?

MR. CRAM: First of all, I didn't know how you found out whether I voted NDP or not, that certainly must be . . .

MR. JOHANNSSON: I don't know how you voted, but I know that this area certainly didn't.

MR. CRAM: But if this government has those powers I'm afraid we're already beaten before we get started. But speakers before have said we don't want to make this thing political.

(MR. CRAM cont'd) Now if we're concerned about the young people here then why do you people keep bringing back politics. That's the trouble with this particular board perhaps. If you're arguing amongst yourselves politically then what are we supposed to do.

MR. JOHANNSSON: Mr. Cram, politics is what we call democracy and I happen to believe in democracy otherwise I wouldn't have stood for election. And I happen to have a lot of respect for Mr. Jorgenson. I don't think that he's a bad man because he's a politician. So I don't share your aversion to politics.

MR. CRAM: Well would it not be better for people then to talk to, as independent, you say you can't get one - let's say as best you could do for an independent board to listen to the people, to then advise the politicians. I mean, why is it then that we must talk to the politicians and then have to just listen to the fact that we didn't vote for the Government. I mean that in my opinion is a real slap in the face just because we showed up here.

MR. JOHANNSSON: Well, Mr. Cram, we wouldn't be here if we weren't interested in listening to the opinions of people.

MR. CRAM: Then don't bring up politics into it.

MR. JOHANNSSON: I'm not getting through. I'm sorry. The fact that all of us were elected means that we were elected to do something, and that one of the basic functions of MLAs is to make laws, and that happens to be political. Now we're coming here to consult with the people of the province as part of the law-making process and you say that is bad.

MR. CRAM: No I say that's excellent. I would just do it. --(Interjection)-- My apologies, I didn't mean that.

MR. CHAIRMAN: Thank you, Mr. Cram. Mr. Wheeler. Mr. Don Wheeler from Brandon. Order please. We have not concluded the meeting yet. Would you please allow the presentations to be proceeded with.

MR. WHEELER: We are here on our own responsibility, we represent no organization or institution. We welcome the initiative of the Provincial Government in launching an inquiry into problems of land tenure in Manitoba. In the course of the hearings important issues have been clarified and a dialogue established, nevertheless there is reason for disappointment in the Special Committee's work.

The Committee was set up, it is said, in response to expressed concern of Manitobans with respect to speculation in land, land transactions involving non-residents and absentee ownership of land. But it is clear from the Working Paper submitted by the Manitoba Department of Agriculture and from many of the briefs submitted to the committee, that Manitobans are concerned with the future of agriculture in general and not only with those matters stipulated in the preamble to the resolution setting up the committee.

The concern is with a continued trend toward concentration of land holdings, the impoverishment of much of the rural population and the decimation of rural communities, the terms of reference of the committee are too narrow to comprehend these grave concerns. The key factors producing these trends are: (1) the decline in prices of farm products compared with the prices of goods consumed on the farm and with purchase of farm inputs, and (2) the instability of farm prices and thus a farm income. This cost-price squeeze is the result of the weak bargaining position of farmers compared with monopolies which supply farmers with their inputs and the monopsonists who buy their products. To meet these pressures the stronger farmers expand in order to take advantage of economies of large scale. The smaller farms are liquidated or stagnate at subsistence level. The bidding up of the price of land leads to a great increase in the initial capital required to enter farming and this in turn is contributing to the depopulation of rural Manitoba.

The Working Paper demonstrates that one of the factors contributing to the plight of rural Manitoba, the inflation of land prices, has been aggravated by the increasing participation of non-residents in the bidding for agricultural land. Non-residents evidently acquire land in the hope of speculated gain. This tendency for non-resident holding of agricultural land to increase, of course, leads to an increase in leasehold farming; quoting from the Working Paper, "a separation between the owner of the land and the operator of the farm". Therefore, the authors of the Working Paper conclude, this trend threatens the family farm structure and the very fabric of rural Manitoba.

The authors of the Working Paper demonstrate that non-resident ownership results in a drain of cash from the region, that the beneficiaries of rising land prices are landlords and that there is no economic justification for paying rent to landlords. This implies that legisla-

(MR. WHEELER cont'd) to curb non-resident ownership would be justified. The signers of this brief support such action and suggest that legislation similar to that recently passed in Saskatchewan should be adopted in Manitoba. But this would be only a small step in the right direction.

The logic of the Working Paper's argument leads to the conclusion that all land should be publicly owned including land in urban centres. The equities of present holders should, of course, be respected but the Government should be prepared to acquire land at every opportunity. Certainly there is a widespread opinion held by many farmers that outright ownership of land is necessary to protect the tenure and the equity of farm families. It is understandable that many immigrants from Europe had faith that the outright ownership of land, the homestead, would protect them from eviction, but the record shows that this faith was misplaced.

Fee simple ownership of land does not give security of tenure nor does it protect the farmers investments in improvements. He may lose both through foreclosure or forced sale or his equity may be eroded for many reasons. A very large percentage of all the families who have farmed in North America have, in fact, lost their farms and all that they've put into them in this way. Nor does fee simple ownership open a channel by which a farmer can build up a farm unit of adequate size. A farmer under the necessity of expanding may find, and usually does find, that there is no suitable land adjacent for sale. He may be obliged to buy or rent land at a distance and waste a lot of time in crosshauls. In countries like France this is a serious and longstanding problem. It is becoming a problem in Canada.

Much has been said about the danger that the government as landowner may interfere in the management of farms. In fact, farmers already work in a maize of constraints. Some may be laid down by public health agencies which specify the maximum bacteria count for milk, the tolerance for chemical residues on fruits. Many result from the policies of the buyers of farm products and the sellers of farm supplies. Processors often specify the varieties to be grown, the dates of seeding and harvest, and the methods of cultivation. Creditors often have the power if they disapprove of what a farmer is doing to enter on the premises, take remedial action, and add the cost to the farmer's debt. It is true that this kind of power is seldom used in prosperous times but it is used in times of depression. The kinds of crops a farmer can grow are frequently under constraint. If a cannery closes down the farmer may have no alternative but to change his line of farming or give up. A farmer can't ship milk unless he can find a buyer and unless his establishment meets the requirements of a code. Some of the constraints on a farmer's decision appear arbitrary but others are in the community interest.

Tillage methods that expose the land to erosion, pest controls that endanger neighbour's crops, or the public health, should be forbidden regardless of the kind of farmer's tenure. For many years much land has sold higher than its capitalized economic rent. This is especially true of poor land. This is probably because given very great economies of large scale in agriculture, many farmers need to expand their operations and are ready to bid up the price of land in order to do so. There is also the competition from non-agricultural uses for land which take out a very large acreage every year by parties who are able to afford high prices.

The movement toward concentration in agriculture is proceeding at an accelerated rate. In the United States in 1969, 52,000 farms with sales over \$100,000 representing three percent of commercial farms, sold 34 percent of the farm products. These farms average 3,305 acres in size and \$295,000 in products sold. The value of the land and buildings, not counting machinery or livestock, averaged \$573,000 per farm. Unfortunately, there are no strictly comparable statistical series for Canada but the trend is certainly in the same direction as shown by the following figures:

The Saskatchewan Department of Agriculture's Annual Farm Business Summary for 1967 includes the result of a survey of 65 farms grouped according to cultivated acreage. The group of smallest farms had 462 cultivated acres, showed production costs of \$46 per acre, while the group of largest farms with an average of 2,365 acres had production costs of \$21 per acre, or less than half as much. This group of largest farms had an average investment in land, buildings, machinery and livestock of \$263,000 per farm.

In Manitoba, the Working Paper shows the number of farms with over 960 acres increased from 951 in 1931 and 768 in 1951 to 4,522 in 1971. By 1971, that 1.7 percent of Manitoba farms with sales over \$50,000 sold 22.6 percent of the agricultural products; while at the other end, the lowest 27.6 percent of the farms sold 3 percent of the products. The largest

(MR. WHEELER cont'd) farms had an average capital investment of \$291,635 per farm in land and building, machinery and livestock. Already the value of a farm large enough to have any chance whatsoever of successful operation is beyond the reach of all but a handful of rural young people; is becoming accepted that the only way to get a farm is by inheritance. This is an awkward solution to the tenure problem. It puts too great a strain on family relations. Most young people in farm families accept the fact that they have no prospect for a good life in rural Canada and they plan to get out.

It appears that the Federal Government intends to press for concentration on consolidation with the result that a large part of the present farm population will be shaken out of agriculture and rural depopulation will continue. Such policies as branchline abandonment and the undercutting of the Wheat Board indicates the intention.

The Provincial Government, on the other hand, hopes to check the drift from the land. The policies so far announced are a step in the right direction but they do not represent a coherent policy for rural Manitoba. Much more must be done. The Provincial Government might well impose a limit on farm size, not in the interests of efficiency or more intensive land use, but simply to check the decay of the rural communities. Much more encouragement could be given to agricultural co-operatives of all kinds, from farm machinery co-ops to processing co-ops. In this way some of the economies of large scale could be realized without allowing the concentration of land holdings to proceed without limits. The Government could designate a minimum number of rural communities as growth centres which could be supported in providing technical services, job opportunities and cultural services for the surrounding district. It would not be politically easy, technically simple nor economically cheap to carry through such a program but if due regard is paid to the spillover benefits it will seem to be a bargain. Thank you, Mr. Chairman, and members of the committee.

MR. CHAIRMAN: Thank you, Mr. Wheeler. I believe you have a couple of gentlemen with you who are prepared to assist in the answering of questions.

MR. WHEELER: Yes that's right. This is Mr. Black and Mr. Hanley, both of Brandon.

MR. CHAIRMAN: Mr. Black and Mr. Hanley. Are there any questions? Mr. Uskiw.

MR. USKIW: Yes, I would like to pursue that last point you made, sir. You suggest that a rural community should not be based on agricultural economics as I understand your comment, but rather on the aesthetic needs, environmental needs and community needs of rural Manitoba, and I gather you're suggesting there is a degree of public financial support that should go to that end. Am I correct in that observation?

MR. WHEELER: Pretty close to it, although I wouldn't admit it. It's not a part of agricultural economics, it's just agricultural economics more broadly viewed.

MR. USKIW: You're saying that the return on labour and investment to the farmer is not the only consideration then?

MR. WHEELER: Yes.

MR. USKIW: I see. All right if there is another consideration are you saying that society should be prepared to pay some price in the insurance of income to those people who may not be economically viable but in the rural context would be the desirable kinds of enterprises we would want to sustain?

MR. WHEELER: Yes, sir, that's what I meant by calling attention to the spillover effects or - I think that term is self-explanatory, If the entire range of benefits is weighed off against the alternatives then I think policies of this kind would be economical.

MR. USKIW: Then I would gather from that that you would observe perhaps that the drift to the large centres also has a social and economic price tag against which you would want to weigh the cost of some government subsidy program to agriculture. Is that what . . .

MR. WHEELER: Exactly, yes.

MR. USKIW: Okay. Fine.

MR. CHAIRMAN: Mr. Graham.

MR. GRAHAM: Thank you, Mr. Chairman. To Mr. Wheeler. In your brief you stated that you suggested the government limit the size of farms for economic viability. What size of farm would you suggest the limitation be?

MR. WHEELER: It would vary of course with the type of culture, type of operation; acreage is not a good measure of the size of a farm, as you know. It is very difficult in fact to find a generally satisfactory one. I would recommend that the Department of Agriculture should make a study of minimum viable units and back-up new farmers in setting up viable

(MR. WHEELER cont'd) units. And conversely, that a ceiling should be set on the very large farms. Not for economic reasons but for social reasons.

MR. GRAHAM: So the economic viability of the farm no longer becomes relevant?

MR. WHEELER: That's not quite right. I would like non-viable farms to be made viable.

MR. GRAHAM: If you are going to limit the size of the farm and it is not an economically viable unit, how would you supplement that income to make it possible for people to stay on the farm?

MR. WHEELER: Well now I think your question implies a misunderstanding of the point I was making. I wouldn't limit the size of a farm to a point below the viable level.

MR. GRAHAM: Then economics must, of necessity, be one of the major determining factors in limiting the size?

MR. WHEELER: I don't think I have your question quite clear.

MR. GRAHAM: Well, if you are going to use economic viability as one of the factors in determining what size a farm would be, and you also want to use the social implications as another factor in determining the size, are there any other factors then that you would recommend be considered when you're arriving at whatever size you would suggest?

MR. WHEELER: Oh I think I understand you now. Yes, well all of the external benefits to the landscape, to water supplies, wildlife, amenities, and also, as Mr. Uskiw pointed out, you have the negative side of it, the cost to the urban centres, many of which are already overcrowded and are being driven wild by problems of congestion, crime and so on. When you squeeze a man off the land any proper calculation is going to have a price tag on those costs and we're not putting the price tags on there now.

MR. GRAHAM: Then you are suggesting perhaps that the government should be -- if these dangers occur that perhaps they should be spending less money in the urban area and more in the rural area to make these things possible?

MR. WHEELER: No, I didn't say that. I -- (Interjection) --

MR. GRAHAM: I was just wondering what criteria and how you would arrive at putting a limitation on the size of the farm.

MR. WHEELER: Well I'd be willing to discuss it at some length but it is just a general principle, it's not something that I have a clearcut size in mind for.

MR. GRAHAM: Very good. Thank you.

MR. CHAIRMAN: Mr. Uskiw.

MR. USKIW: Yes, just on that point, sir. As I understand the development of agriculture in this province and the question of viability, I think I can draw a picture by simply following sort of a pattern that we've witnessed in the last ten or fifteen years, namely that as the squeeze on rural incomes became more acute that there were shifts taking place towards greater units, that is in order to multiply more units times a profit pictures per unit, in other words dependency on more production per farm, was sort of one way of dealing with a cost-price squeeze. The other was to make it more efficient in man-hours and many people shifted to very large machines, and beyond that they shifted to many more hours per day per man in order to further maintain viability. Instead of putting eight hours a day on the biggest machine they are putting sixteen hours a day and so on in order that they end up in a profit position.

So do I take it from your suggestion that one has to take into account what is the reasonable return per man-hour expended on the land and on the dollar invested and therefore that the price of farm products may have something to do with the size of the farm that would be viable?

MR. WHEELER: Yes, I think so. But I myself believe that there are important economies of large scale, including very large scales, so my argument is not based on the idea, for instance, in the Working Paper the point made about a greater output per acre, I fear I can't go along with that because that's not by itself adequate criteria. What I am concerned with is depopulation. All across North America we see the depopulation of the rural areas; it's policy of, at best of drift, and I fear in some cases deliberate intention or acceptance of the idea.

MR. USKIW: No, but viability does have a lot to do with price and return on one's labour.

MR. WHEELER: Yes.

MR. USKIW: So that you know, if it takes a return of "X" percentage points on every

(MR. USKIW cont'd) dollar invested on the part of General Motors, likewise is the situation with any farm. You know, you have to balance it off in that way, so that in essence if your price is so low that you have to have an extremely large turnover in order to squeak out a bare living, you know, the price picture there could double the numbers of people on the farm if the returns per unit of production were greater rather than less. That's my point.

MR. WHEELER: I agree, and in our brief we did allude to the weak bargaining position of farmers compared with the other sectors of the economy. Broadly speaking, farmers are perfect competitors in a world of monopoly and therefore their bargaining position is inherently weak, and therefore the marketing readings on efficiency of a farm are invalid readings. It may simply reflect the weak bargaining position of the farmer rather than any true measure of efficiency. So I would go a long way - I think there's a lot of excessive profits in processing and distribution but farm-gate prices of food I think are extremely cheap even this year. They are cheaper than any time in the history of the world relative to other prices, like prices of drugs or the prices of manufactured goods. The farm-gate prices of food are still very cheap even this year.

MR. CHAIRMAN: Yes, Mr. Black.

MR. BLACK: One of the things we recognize is that it's likely inevitable that the prices that farmers receive for their products are going to continue to decline relative to the prices they pay for inputs and so on, and we recognize that there are large numbers of farmers now in Manitoba and certainly all over Canada who are living at a subsistence level, they have a very low standard of living; and certainly we don't wish in our proposals to condemn farmers to continue to experience a low standard of living.

The argument in the Task Force Report a couple of years ago that was put out by the Federal Government, the argument was that cheap food policy was incompatible with the maintenance of relatively small family farm units. We're arguing I think that they're not incompatible, they are compatible but society will have to be prepared to permit the transfers of income necessary to permit rural areas, family farms to be retained. If they're not prepared to do that then it's all rhetoric and this committee might as well go home and the rest of the committees might as well go home.

MR. USKIW: I wonder if you would just stay there for a moment, sir, to pursue this. It seems to me that - well as I understand your observations, you suggest to us that as farm input costs escalate so will farm prices, that that's inevitable. But that is not really true, because we are witnessing now a disaster in beef prices at a time when the input costs are the highest ever. In fact we've had the inputs going one way and the prices on beef going the other way. We've had a very significant widening between the costs and the realized price.

MR. BLACK: Yes. I didn't say that. I said the opposite; that prices received by farmers for their products are going to continue to decline in the long term relative to prices they pay for the things they consume and the things they use as inputs.

MR. USKIW: Oh I see. I'm sorry I misunderstood. Thank you.

MR. BLACK: So if we continue to, you know, accept monopoly in the industrial sectors and market in the agricultural sector and capitulate to those things then this is all, you know, rhetoric.

MR. CHAIRMAN: Mr. Jorgenson.

MR. JORGENSEN: conceded that in agriculture there is declining incomes, that farmers are leaving the farms because they are unable to realize a decent standard of living. That was part I think of your presentation.

MR. BLACK: Yes.

MR. JORGENSEN: You have also conceded that there are numerous constraints placed on farmers for various reasons.

MR. BLACK: Yes. Some good, some bad.

MR. JORGENSEN: Some good, some bad. But nonetheless the constraints are there.

MR. BLACK: Right.

MR. JORGENSEN: But in the early part of your brief you suggested that foreign and absentee ownership of farmlands was taking place because of speculation. Now if the situation in agriculture is as bad as you paint it, what kind of speculative profits do you suppose that some of these foreigners will be able to realize as a result of these declining prices and higher costs. Do they know something that the farmers in this province don't know?

MR. BLACK: Some of them may get burned. That's happened in the past.

MR. JORGENSON: Right. Right.

MR. BLACK: But meanwhile they bid the price of land up and that's a factor of reality for farmers today.

MR. JORGENSON: So speculation you will concede can work both ways. They could get severely burnt - as indeed has happened in the past.

MR. BLACK: It has happened in the past.

MR. JORGENSON: So why the concern?

MR. BLACK: I'm not concerned about the speculators, if they get burned, fine. But unfortunately farmers are forced to speculate under the present system of land ownership whether they want to or not. There's no way that they can hedge, there's no way they can opt out of speculation. If you buy a piece of land you're stuck with it speculatively. You've got to hope that land values are going to go on up, and if they don't you're in trouble. Every farmer has at the back of his mind, they are giving me a rough time now but the time is going to come when I'm going to cash in my chips and then I hope that I'll do well. I argue that that's a miserable life. Farmers ought to be paid for what they do for society which is raise food and they shouldn't be paid for land speculation.

MR. JORGENSON: That's all, Mr. Chairman.

MR. CHAIRMAN: Mr. Adam.

MR. ADAM: Mr. Wheeler, to you through the Chairman. I just wanted to perhaps clarify somewhat Mr. Jorgenson's mind on what these foreign investors would do in the event of decline in farm prices and farm lands. I will go back to this article that I showed the audience this morning printed from the Dauphin Herald; this is an interview that these people made through the Dauphin Herald. They have purchased 5,000 acres of land in my constituency and they also have 2,000 acres at Brunkild and they state that they also have large holdings in Quebec, according to these people themselves because these are supposed to be their comments. Now in answer to Mr. Jorgenson's comments, it says here that the money they make in their investment if successful - and they don't seem to be too concerned whether they're successful or not - the money that we make if we're successful will stay in Canada. Their wealth comes from other sources. In other words, they're not too particular whether they make a go of it or not. They have outside sources for their livelihood. --(Interjection)--

MR. CHAIRMAN: Yes.

MR. BLACK: May I make a further comment on that. We mention in our brief the competition for land for non-agricultural use is often by very powerful buyers, land for military use, for highways, for recreation, for pure speculation, and all this makes it harder for new farmers to get started in farming. Now on the other hand of course from the point of view of farmers getting along toward the end of his career, he's going to feel pained if you take away from him the prospect of cashing in his blue chips at the end. I don't blame him. It's a very humanly understandable thing, and especially since he's locked into the system and he's reaching his retirement age, he's got to fight for that. But the whole system is a bum one. If he could acquire his land in his early years without encumbrance then he could concentrate his resources on machinery, cattle and so forth and it would be a better deal.

MR. CHAIRMAN: Thank you Mr. Wheeler, Mr. Black, Mr. Hanley Mr. George Smith, Rural Municipality of Dufferin, Franklin, Macdonald, Montcalm, Morris, Rhineland and Roland. Mr. Smith.

I guess he is not present. Oh you are. Sorry. Do you wish to sit down Mr. Smith? Pardon me, Mr. Smith. I didn't recognize you. It's been some years since I've seen you.

MR. SMITH: How is Mrs. Shafransky?

MR. CHAIRMAN: Very good.

MR. SMITH: Mr. Chairman, honourable members, ladies and gentlemen: This submission is made on behalf of the Rural Municipalities of Dufferin, Franklin, Macdonald, Montcalm, Morris, Rhineland, and Roland, given in alphabetical order.

On February 13, 1975 reeves and councillors of these municipalities met at Morris, Manitoba to consider the statement, if any, which should be made to your committee. That meeting of busy men who had to travel long distances and spend valuable personal time is ample acknowledgement of the deep concern these representatives have for their communities, their neighbours and their way of life. Our municipalities contain the most productive, most valuable and best managed farmlands in Manitoba. They are peopled by the most cussedly independent farmers in the country who are nonetheless ready at a moment's notice to assist

(MR. SMITH cont'd) a neighbour in times of disaster. The individual farmer adopts a hands off attitude toward his neighbour and his neighbour's property, offering his opinion but never his advice, accepting his neighbour's hand but never his charity. It is this remarkable mixture of independence and reliance which makes a farmer a difficult person to understand, especially by those who do not know him on a day to day basis.

However, there is one message we want you to receive. It is this: Our people want to be left alone by those who do not understand them or perhaps to be understood by those who will not leave them alone. This brief is not political, it is designed neither to embarrass nor to humiliate. It will not seek to score points. It will not isolate issues, phrase questions, analyze problems or answer questions. It may not even keep you awake. It will merely tell you how we feel. Our residents come from all walks of life. They are farmers and families of farmers; they are businessmen who deal with the farmer's produce and supply him with his requirements. They are teachers, mechanics, carpenters, labourers. They live on the lands they farm or in villages or towns located within our borders. Some not directly engaged in farming nonetheless live on land surrounded by cultivated fields. They are of all ages; they are being prepared for the contribution they will make to their communities or they are already making those contributions or they are retired after having done so. Almost without exception they are where they are because they want to be. Is it to be said, now, that their futures are to be controlled by others who whatever else they may know don't know their respective fundamental orifices from a farm dugout. Like free men everywhere our people want to control their own destinies. They do not ask to control others and they cannot understand, they cannot comprehend why others would control them.

If there is one thing all residents within our borders admit without hesitation, it is their independence in varying degrees upon the welfare of the farmer. Only the farmer produces food. It requires little thought to realize without the farmers' efforts what the rest of us do eventually becomes quite meaningless. The farmer is an incredible combination of skill and prayer. The input of one and the answer to the other mean food on the tables of the world. Our rural economy is vitally dependent upon them. We would no sooner think of dictating to him or interfering about matters of his personal independence than he would of curtailing ours. The farmer respects his neighbour's right and expects by doing so that his own rights will also be respected. The borders of our municipalities form a rough rectangle approximately 60 by 70 miles stretching from the International Boundary to the southern limits of Winnipeg. Within this area all types of farming are carried on. Many of our farmers own all of the land they farm. Others rent some or all of the land they earn their livings from. Pride of ownership is evidenced by the almost reverent care they take of their lands, their yards and their homes.

The lease arrangements between the owners and the tenants are as varied as the parties to the agreements themselves. Some of these arrangements have existed for a generation or more with the sons of the original tenants now farming the lands owned by the children of the original owners. Some of the land is owned by fourth generation Canadians and some by new Canadians. Some is owned by Canadians resident outside our borders in other provinces and even in other countries. Some is owned by Americans, some by Europeans. Somehow all these people have lived and worked together in the past and are doing so now and we expect will continue to do so in the future. The lands change hands through deaths, inter vivos transfers, gifts, tax sales and foreclosures. Occasionally an individual manages to acquire a large holding of land but it is merely a matter of time before these large holdings have broken up and the lands fall into several different hands again.

It is rare, in our area, to see a title for farmland which is more than 20 years old. The people of our area have not been concerned about who owns the land within their borders, although some concern was expressed about 18 months ago. This concern arose because of rumours that huge foreign corporations were invading our area, gobbling up every available farm, enticing even the unwilling with irresistible offers to purchase. The concern has vanished because the truth is now known. The nameless, faceless devouring monster vaguely referred to as "they" turned out to be an ordinary human being just like the vendor himself. Some of the new land owners farm the land themselves or to hired managers. Some rent their lands for three or five year terms to local farmers on a cash rent basis which nets them less than 5 percent a year. In not one case has a foreign purchaser taken the land with him. None of the new owners votes in municipal, provincial or federal elections, thereby trying to effect a legislature which will establish policies affecting his property in Canada. He, the foreign

(MR. SMITH cont'd) buyer, has invested in a country renowned for its political and economic stability. He realizes that he may face feelings of nationalism and his own treatment of the nationals of this country with whom he deals will determine the extent and direction those feelings will take. The foreign buyer faces nationalization, or legislation amounting to the same thing. He is at the mercy of the government of this country which he cannot effect in any way. In the meantime his purchase funds are now in the hands of the vendor, invested for his retirement, working to accomplish those things which are accomplished with capital. It is a fair and accurate statement to say now, that the vast majority of our residents do not fear the foreign purchaser, if ever they did. They look upon the transactions from the point of view of the vendor, their neighbour, whose independence, his freedom to do with what is his as he wishes, is an enviable right. They can't understand why the city folks who don't have a cent invested in their communities, and who it seems do everything in their power to create problems for the rural people, especially the farmer, with strikes, walk-outs, study sessions, and malingering, and come up with the idea that foreigners shouldn't be allowed to buy "our land". Since when did it become "our land".

If there is a second part to the message we want you to hear, it is this. Where rural property is to be affected by legislation, listen to the rural people. It goes without saying that were urban properties to be affected we in rural Manitoba will not interfere. It is true that there are some among us who do consider foreign ownership of farmland a problem. I refer to young men who have not yet assembled the type of farm unit they want and they are understandably resentful and frustrated. Part of their resentment and frustration is against those with the required capital; part of it is against the local vendor who has sold to the man with the cash. But even these young beginning farmers admit that if they were in the same position as the vendors they'd take the best deal to their way of thinking, that was offered. They are frustrated by the fact that the Manitoba Agricultural Credit Corporation has fled the lending field as far as land is concerned. The farm Credit Corporation will not lend them money unless they can demonstrate that they don't need it. And that the banks won't consider lending under the Farm Improvement Loans Act because the return is too low.

We submit that the position of the farmer in Canada's economy is so important and so obvious to those of us who walk down the main street of every rural settlement, that the real issue, the major problem of the future, is not who owns the farmland or the use to be made of it, but whether in fact there will be an adequate supply of people who know the land, who love it, and can coax from it what it will give. Those gifted people who would be our future farmers must be encouraged now, before they leave the farm and disappear into the cities and the towns.

In this connection we offer for your consideration the following: If foreign ownership of farmland is of concern to some and if closing of the borders of our province would penalize the farmer ready to retire, by drying up the supply of potential purchasers, and if rising land prices compound the problem, would not forgiving all, or some of the capital gains tax a retiring farmer would have to pay, if he sells to a resident farmer, solve all three problems. If a young man wants to farm and has demonstrated an aptitude for farming, but is short of capital to get started, could he not be assisted with long-term financing, at subsidized rates of interest, perhaps recoverable or forgivable, so that he can compete with other potential purchasers. If it can be shown that provincial and federal taxing laws relating to generational transfers of farmland tend to nullify each other could not these two levels of government compromise to achieve a desired objective. If a problem of a cyclical nature hit some segment of the agriculture community why is the solution so long in being found, that by the time some action is taken the patient has either died or recovered by himself.

Until now Manitoba Agriculture Credit Corporation, the vehicle the government has chosen to own its farmland, has passively been acquiring land. This is a matter of almost universal concern to our people. We have stated that a farmer has a right to sell his land to anyone he wishes, and to be consistent, we state that if he wishes to sell to MACC he ought to be able to do so. However, we have serious reservations concerning the program because we have no historical pattern in this country that will assist us to determining the effect this program will have five, ten or fifty years from now.

Most of the questions have been asked in previous submissions to this committee. Our fears and suspicions would be allayed if we were assured that the government would do everything in its power to put the lands as soon as possible back into the hands of an individual farmer. It seems to us that this is a program spawned in the bleak years of 1970 and 71 and

(MR. SMITH cont'd) implemented when it was not required. What happens if a tenant cannot be found for a particular parcel of land? Why, when a man sells his land in lease-back arrangements, can't he buy back the whole farm, including the mines and minerals and sand and gravel he originally owned? Is the lease and option agreement between MACC and a tenant a fair one considering the substantial fluctuations in the farm economy we have all witnessed? How much freedom to negotiate the terms of his lease does a tenant have? Have variations of the lease, such as a combination crop-share cash-rent agreement been considered? How does the lease compare with that currently in existence between a non-resident and his tenant? Who will take care of the farmyards and the buildings not required for the farming operations of the tenant, and at what cost? Who will pay for the cost of mowing the road allowances? Who will summer fallow the land which is on a long-term, cash-rent lease? Is the apparent intention of our government to close the borders to foreign purchasers in reality a device to enable MACC to maintain its low profile? When will the government's passive acquisition of farmland become active? Is not the government's purchase of farmland a side-door method of expropriation? There is only one country where the state owns all the land and the ancestors of most of our residents came from that country to this country to avoid just that situation. Because we do not have the answers to so many questions and because we do not know what will happen in the future as this program grows and accelerates, we say, with one voice, there should not be government ownership of farmland.

The Manitoba Farm Bureau has suggested a land use and ownership commission, with full power and authority to gather and distribute information, to study historical patterns and to read the future from them, to go into the fields and collect the considerable wisdom of the man who farms them, and to do nothing more until the maximum input possible has been obtained and analyzed. The Pembina Valley Development Corporation with 50,000 people contributing to its collective intellect desires the establishment of a task force to which it could, and will make a substantial contribution. We would confirm the Canadian Federation of Agriculture's observation of a very strong feeling of need to retain a great deal of control at very local levels. With these suggestions we heartedly agree. It is not easy to undo what has been done. Before doing anything therefore, our government should be as certain as it is possible to be of what it is going to do is the best possible mixture of individual freedom, quality of opportunity and collective well-being. What we are trying to stress here is our concern for the individual and his personal freedoms. If you lose sight of this, no matter what other great things you may do, you have done nothing.

MR. CHAIRMAN: Thank you Mr. Smith. Mr. Uskiw.

MR. USKIW: Yes. Mr. Smith, you present a very interesting submission to the committee and it's obvious in going through it that there are a whole host of contradictions within it, and that is not unusual when one receives a brief that it's supposed to reflect the thinking of many different groups of people, which yours does, a whole host of municipalities. But I'm intrigued by your introductory remarks, and I want to quote. It says here on Page 2 that "our people want to be left alone by those who do not understand them or perhaps to be understood by those who will not leave them alone". That's a very interesting observation.

I should then like to draw a number of questions to try to see whether there is consistency within the areas that you represent in terms of what has happened in recent years. I want to ask you whether or not it is the opinion of the municipalities that you represent in this brief, that government should not be involved whatever in any way, shape or form in these communities?

MR. SMITH: No.

MR. USKIW: What then is the meaning of your opening remark on Page 2? To be left alone means that you don't want government programming of any description; that you want to do things for yourself. I want to draw a specific to your attention; namely, the massive amounts of money that have been invested by the Manitoba Government in Morden Fine Foods, and namely that they are requesting another four million dollars to expand Morden Fine Foods, and reflect upon the fact that when Aylmer decided to go out of business we had delegations from Morden pleading with the government not to close down the plant, to get someone to buy it, and if someone doesn't buy it for the government to buy it to maintain employment and to maintain the acreage of production of various vegetable products and to make this a much more viable industry in the town of Morden. Now that was a very substantial request. The current request, which hasn't been decided upon is staggering and yet you come here and tell us that you don't want any government involvement. And we are looking at 5.150 million dollars, just in one request.

MR. SMITH: First of all, Morden is not contained, or not surrounded by any of these municipalities . . .

MR. USKIW: No, but let me put it in perspective for you then. The people that produce the vegetables that are canned in the plant in Morden probably do reside in some of those municipalities; and if not, I would like to know.

MR. SMITH: That's possible.

MR. USKIW: That is possible? All right. Well then isn't the brief inconsistent, or are you saying that the people who are not producing for the Morden plant would like us to close down the plant? Because that is direct government involvement in the economic affairs of your town and of your municipality, should we withdraw?

MR. SMITH: My submission, or our submission rather, concerns itself with ownership of farmland or policy affecting farmland.

MR. USKIW: But that's not what you say on Page 2, sir. You say, our people want to be left alone by those who do not understand them or perhaps to be understood by those who will not leave them alone. And I presume that is a broad general statement which applies to virtually any government involvement anywhere. And here we are dealing with your farm clients in those municipalities that do supply products to the industry in this town. And, you know, if you think that government should not respond to the economic needs of those farmers, I mean we would like to know. But we have had delegations from these very same groups - I would hazard a guess some of those municipalities must have been involved - to the effect that they would want the province to invest money in this region, (a) to create job opportunities; and (b) to sustain those farmers who had contracts with Morden Fine Foods.

MR. SMITH: I can't answer you because I don't know how many of the people from our municipalities--Rhineland possibly is the only one to be affected by this, you know, that come in this direction towards Morden.

MR. USKIW: Well I can assure you that there are many demands for government financing and government economic intervention across the province and if we were to assume for a moment that we can shift four million dollars away from Morden and into some other community.

MR. SMITH: That would be fine if you'll leave the four million dollars that goes out of Morden here where it is in the first place.

MR. USKIW: Pardon me? I'm sorry I didn't catch that.

MR. SMITH: That would be fine if you'd leave the four million dollars that goes out of the Morden area, or let's say this area . . .

MR. USKIW: No, but that is public money.

MR. SMITH: . . . in income taxes and so on. No, it's private money which goes out in the form of income taxes or . . .

MR. USKIW: We are talking about four million dollars of taxpayers' money which is to be invested in Morden if that decision is made, if we respond to the needs of Morden. That's what we're talking about and you know, there is a demand from every corner of the province for that same four million dollars. But we seem to think that we should spend four million dollars - or we may think, we haven't decided that as I understand it. But if we come to the decision that Morden needs four million dollars, do you think we should not do it because you feel that would be interference in your community?

MR. SMITH: You're talking about dollars and basically what I'm talking about is personal freedoms and food. I don't think we're on the same wave lengths.

MR. USKIW: Well your submission is very general and you know, I have to conclude . . .

MR. SMITH: It has to be.

MR. USKIW: Yes, all right. Then let me pursue it further. You feel that the province of Manitoba should not be involved in facilitating young people who want access to land but who are unable to buy it?

MR. SMITH: I didn't say that.

MR. USKIW: Oh, all right. Then you are not opposed to the land-lease program per se?

MR. SMITH: That's a matter of individual choice. And if . . .

MR. USKIW: You don't mind that, if it is that, if it is left to the individual to choose or to leave, that is all right in your opinion?

MR. SMITH: Yes, because that's a matter of personal choice and it goes along with what I'm saying right from the beginning here. It's a matter of individual freedom. If he wants to do so I believe that he should be allowed to do so.

MR. USKIW: You raise the need for massive government subsidization in the ownership of land. Why do you think government should subsidize the ownership of land?

MR. SMITH: Because on land you grow food and every human being, the 100 percent of them in Canada, need food to live by.

MR. USKIW: Okay. Let's assume that we accept that. Let's assume that that is accepted on face value and the government is prepared, federal, provincial or combination thereof, to subsidize the private ownership of land. Who then should share or should collect any capital gains that accrue on land values?

MR. SMITH: Mr. Uskiw, if I could ask you the same question almost in reverse here. Those lands which Manitoba Agricultural Credit Corporation acquires and which lands improve in value - let's just take the years that you did some time ago, 1969 to 1974 - would MACC be paying capital gains tax on the capital gain that it realizes in the rise in land values from 1969 to 1974?

MR. USKIW: Well if the individuals who opt to buy the land that the MACC is buying the land for, if they make a capital gain they will be subject to whatever tax laws this country has. We're talking about individuals, we're not talking about MACC.

MR. CHAIRMAN: Mr. Uskiw, just on a point. I wish to bring to your attention that Mr. Smith did mention on Page 8 that we state that if he wishes to sell to MACC he ought to be able to do so. So Mr. Smith had not . . .

MR. USKIW: No, no, I know, but there are contradictory statements later on in the brief and I tried to draw him out on what the true position is. You also make the point, sir, that when farmers get into financial difficulty due to weather conditions and I presume due to market conditions, that there should be some way in which the state would come to their rescue, and of course that has happened from time to time, you know, that is not something new. But you are prepared to admit that you don't want to be completely left alone in that context. You want someone to come to the rescue if the need arises.

MR. SMITH: I've referred to a phrase which I'll call collective well-being, and if the farmer is not assisted in surviving, if he can just leave when the things get rough and he's not encouraged to stay in at those times - and this is what I mean by government involvement in times if problems of a cyclonic nature occur - he might not be around when 100 percent of the people need help. And I can't stress too strongly that there's only one segment of our society that produces food; a primary producer. All the rest of us take whatever the farmer does, or whatever the fisherman does, or whatever it is, and we do something with it and then we earn our livings from it, but only the farmer produces food. He takes from the sky and from the ground and then the rest of us make our livings; the other 94 percent of us do this because of his efforts.

MR. USKIW: My last observation and question has to do with a statement in your submission to the effect that city folks have no money invested in rural Manitoba, and you're sort of saying to the city folks, "Keep your nose out of rural Manitoba because you have not put your dollar in any way, shape or form on risk, and therefore you have no business in rural Manitoba." Is it not a fact that the cities of Winnipeg, Thompson and Brandon, put together, substantially subsidize the rest of rural Manitoba in every program?

MR. SMITH: That might be true for other areas. For our area I don't believe it is true.

MR. USKIW: Well I just want to pursue that. Under the School Foundation Program are you saying to me that there is no transfer of provincial education dollars from the taxpayers of Winnipeg to any of these municipalities that you are representing?

MR. SMITH: I have no figures on that particular point. I will answer your question perhaps in another way by saying there's a huge transfer of tax dollars from the residents of our municipality outside of the municipalities.

MR. USKIW: I'm sorry. I didn't catch that.

MR. SMITH: I'm saying that our people manage their land so well and work so industriously, and earn so much money by doing so, that they transfer out of our municipalities huge amounts of tax dollars, and all the rest of Canada benefits.

MR. USKIW: All right, let me then take you back a couple of years. It is only in the last two years that farm incomes have been so dramatically increased that many of our farmers found themselves in a taxable position. Up till 1972, from 1968 to 1972 statistically speaking, virtually - I say virtually - most of the farmers in Manitoba never paid any income tax for about a three or four year period. But their school services were maintained, the municipal services were maintained, the provincial grants were maintained and increased, the

(MR. USKIW cont'd) province brought in new programs such as Medicare and hospitalization, regardless of ability to pay. These were income transfers from people who were making money to people who were not making money. These were actual income transfers from the City of Winnipeg, the City of Thompson, the City of Brandon, to all of the rural people - virtually all of the rural people of Manitoba. And yet you say to this Committee, "Please don't look at rural Manitoba. You have no business here because you have put no money into rural Manitoba".

MR. SMITH: The only thing I can say is that even through these hard years, when the farmer could not show any taxable income, he still kept on producing food. He was doing what he was supposed to be doing.

MR. USKIW: Oh absolutely. No question about that.

MR. SMITH: And as a result he kept alive those people who, you know, had cash coming in from a corporation or from whatever else they were doing.

MR. USKIW: Well the fact of the matter is that the farmer was getting such a low return that one could very easily argue that he was subsidizing all the consumers in Canada, and beyond, during those years. But all I'm trying to point out, sir, to you is that the city folk are making a very gigantic contribution to Manitoba's economy as a whole, and in particular into rural Manitoba, and I take some exception that there is some feeling as expressed in your brief, that they haven't done so and aren't doing so. They are pouring in hundreds of millions of dollars into the support of rural programs, and I can list hundreds of programs to you where, if it was to be financed by rural people alone, we would have to eliminate at least a hundred programs.

MR. CHAIRMAN: Mr. Johannson.

MR. JOHANNSON: Yes. Mr. Smith, you seem to draw a very clear distinction between people who live in rural areas, particularly your area, and people who may live elsewhere, particularly in the city, and I'm not sure that the distinction can be that rigid. I spent two-thirds of my life in rural areas, living and being brought up in rural areas, and my family continues--much of it continues to reside there. Roughly two-thirds, probably half of the people of the City of Winnipeg were brought up in rural areas and moved in there.

MR. GRAHAM: They can't understand you either.

MR. JOHANNSON: Well, Mr. Graham, they elected me and they didn't elect the Conservative in my area. But that's not the point. I'd like to get clear your statement at the top of Page 2, because it really disturbs me. Because I do happen to come from a rural area and I'm trying to get at what your meaning is there. You say, our people want to be left alone by those who do not understand them or perhaps to be understood by those who will not leave them alone. Who are those mysterious people you're talking about? Please tell us.

MR. SMITH: My information that I have obtained and the basis of this, when I talk about city folks - and I put that phrase in quotation marks - this is answers to questions that I received from people resident within the City of Winnipeg, because I don't go to Brandon or to Thompson, and it's the answers to the same questions that I have asked our local people. And I'm amazed at the lack of understanding. Some of these people --well of course, you know, you can't blame them, but they don't even know where the Town of Morris is, for instance, or where Morden is, or where Carman is, or any of the other places like that. They've got a vague idea but that's about it. Their lack of understanding isn't just lack of geographical knowledge. It goes farther than that. You mention something like foreign ownership to them and they say, "Bank off", you know; "Let's get them 'furiners' out of here." And if you want to have a scapegoat for someone, just put it like Mr. Jorgenson did - and he used the colloquialism 'furiners' rather than foreigners, as the proper pronunciation is - if you want a scapegoat, let's get them. They can't defend themselves, not one bit.

MR. JOHANNSON: I don't know where you got your impression that the Committee, and particularly the government members of the Committee, were out to get foreigners, because this concern about foreign ownership was originally raised in the Legislature and the Committee resulted because of this. It was raised by the Liberal party, not by the Government. The Committee resulted because the Government was divided on the question; it had no policy on this; and the Committee was set up to look at this question and others, and there was certainly no clear-cut policy on the part of the Government. Would you tell me, would you give me an example of where the Government has expressed this antipathy towards foreigners or 'furiners'?

MR. SMITH: All right. I'm assuming that the Red Paper - I believe this is what they call this book here - was prepared by a department of the Government and by civil servants employed in that department. The question of foreign ownership is brought up time and time again or alluded to, in a very gentle way I must say, but at the same time it appears from reading that paper that this is a very serious matter. And then schedules are attached to the paper here which indicate that it is a problem and it is a growing problem.

MR. JOHANNSON: I think the paper does point out that only one percent, roughly, of the land is owned by foreign buyers and I think the emphasis in the paper is not so much on foreign acquisition as non-resident.

MR. SMITH: Yes, and in that connection I'd like to bring up a point, you know, for this Committee to consider. In all of our municipalities where the land is owned by a non-resident who is not a foreigner, not an American or a European, this person was originally a resident within that municipality, or his parents were, and he now becomes the owner of that land through a devise or some method like that, but he chose not to remain within that municipality and to go and work elsewhere. So he's not a non-resident really. We could have a centennial celebration or any kind of a celebration; we could write to all of these people and say "Come home" and he would understand what we mean. So if you want to talk about American investors and European investors and so on, they don't fall into the same category as non-residents.

MR. JOHANNSON: I have no hang-up on foreign ownerships; I'm not greatly concerned about it. But I want to get back to your statement. I gather that you mean that the people who should leave you alone are city people, or is it the Government, or what?

MR. SMITH: If they don't want to understand what our particular problems are--well, of course, any program is going to come about through legislation, but if the people who elect you don't give you also that understanding that we're asking for because we have particular, unique problems and so on, if they don't give you that, well then, we don't want you to do anything that's going to harm the situation. Don't make the situation worse than it is, is what we're saying, I suppose.

MR. JOHANNSON: Well, you expressed the concern that you want to be left alone. Now Mr. Uskiw was trying to pin you down on the question of Morden Fine Foods. You have referred to the people in this area as being - and I'll quote you - "the most cussedly independent farmers in the country," and I assume that you regard them as good free enterprisers.

MR. SMITH: Yes.

MR. JOHANNSON: Do you wish the Government to continue operating a Crown Corporation, Morden Fine Foods, in your area? Do you regard this as an intrusion? It's costing the Government and the people of Manitoba--it's already cost a million dollars in terms of initial investment and a net loss over a period of four years, although the last year, 1974, the operation showed a profit, but the cost so far has been about a million, and the board is asking for a further investment of 4 million. Now do you want us to get out of this or do you want us to come in?

MR. SMITH: How many jobs are created? What was the multiplier effect of those wages that were paid out and so on? Was that money which the province of Manitoba put back in there recovered through jobs created, through taxes paid and so forth, or is this a totally irrecoverable amount of money which you put in there? I don't know about this particular enterprise.

MR. JOHANNSON: That's not the point. That's not the point. All I'm saying is that there has been an investment by the taxpayers of the province, including the ones in my constituency, including the people in this area, there's been an investment of a million dollars, which has created jobs. It provides a market for people in this area, farmers, and it provides a multiplier effect. But that's not the point. I simply want to find out whether you regard this as an intrusion, whether you would like us to pull it out. This is a Government-owned enterprise; it's owned by the people of Manitoba. Do you want us to close it down?

MR. SMITH: The issues that I've dealt with or what I've tried to say here is where individual freedoms, where individual choices are involved, we don't want that to be interfered with under the heading of some, whatever is good for the rest of the public, or for the rest of the province. This is what I'm saying. I can't answer your question because we're just not on the same wave length.

MR. JOHANNSON: Well there have been a number of members of the Legislature, Mr. Henderson among them, and Mr. Froese, who used to be the Member for Rhineland, have pressed very strongly in the Legislature for the Government to go ahead and invest tens of millions of dollars in the Pembilier Dam. I'm not sure what the latest capital cost estimate is--50 million? 40 million?

MR. SMITH: The total cost was 15 million a long time ago.

MR. JOHANNSON: But the present cost is what we're concerned about. This would be moneys raised by the people of the Province of Manitoba in order to build a dam to service this area, and I gather it would affect your area, would it not?

MR. SMITH: Yes.

MR. JOHANNSON: Would you regard that as an intrusion by outsiders in your affairs?

MR. SMITH: Well, there are several levels of government involved, municipal, provincial and federal in Canada, state and local and federal in the United States as well. Now, what portion are you asking for from the people of Manitoba? There are going to be . . .

MR. JOHANNSON: Regardless of the portion, a good part of it will be raised outside of this area. It will be financed primarily outside of this area.

MR. SMITH: And on both sides of the border.

MR. JOHANNSON: Through taxation, yes. But do you regard this outside financing of a capital work which would benefit the people of this area, I assume, do you regard this as something that is obnoxious, a way in which outside people, that my constituents are interfering with you?

MR. SMITH: Your constituents will receive the benefits.

MR. JOHANNSON: Because my constituents will help pay for that.

MR. SMITH: And they'll receive a benefit.

MR. JOHANNSON: Yes, but the fact remains that we're talking about something that is financed by outside government. Now you have said that the people want to be left alone. I assume by city people.

MR. SMITH: Well, perhaps I could just generalize a little more and maybe I can make it more specific in your mind. I have the feeling that the people of our area have struggled along against and under all sorts of circumstances, against all kinds of adversities and so forth, without too much help federally, without too much help provincially, with a great deal of reliance upon their local councillors and the local municipal governments. This is a level that the people here involve themselves at, but they're being spoken to, programs are being developed or work is being done by local people who understand them, and our people are prepared to take something from these people because they do understand, because they're part of them. They're not prepared to take it from someone who hasn't got the faintest idea how we make our livings out here or what our hopes are or anything else like that.

MR. JOHANNSON: Now you've stressed repeatedly that the people of your area are independently-minded, that they are free enterprisers . . .

MR. CHAIRMAN: Mr. Johannson. Mr. Johannson.

MR. JOHANNSON: I have another question, Mr. Shafransky . . .

MR. CHAIRMAN: Order please.

MR. JOHANNSON: . . . and it's the last one. You've stressed --he hasn't heard my question yet. You've stressed that the people here are independent-minded, and I'm sure they are. My two grandfathers were farmers; they were independent-minded people; they never got a subsidy any day of their life and they didn't ask for a subsidy to buy their land, they bought it on their own. But you say they're independent-minded, they're free enterprisers, they don't want outside interference, and there is a fear of the government land-lease program. Why don't the farmers simply go out and buy their own land . . .

MR. CHAIRMAN: Mr. Johannson, I must point out that the . . .

MR. JOHANNSON: . . . without government assistance?

MR. CHAIRMAN: Order please. Order please. I must point out that on Page 8 Mr. Smith does point out that he has no objection, so if you will check Page 8. Mr. Adam.

MR. ADAM: Thank you, Mr. Chairman. Mr. Smith, I just wanted to pursue or question you on your comments that the municipalities that you represent here today, and I presume the local government that represents the farmers in their areas, are independent - cussedly independent, I believe you stated in your brief - and that they got along without too much help, and that the people, the group that you represent, would like to see the least involvement by government possible. And I just wanted to say, for your edification and for the edification of the people here, that of the \$80 million that MACC have out in loan, between \$50 million and \$60 million has been loaned to the people from the area that you are representing here today.

MR. SMITH: But are these people not being asked to pay that money back, and are they not paying it back with interest?

MR. ADAM: It's a loan, but Mr. Smith, I'm just suggesting to you that your statement in your brief that the people don't want any government interference must be incorrect, because they have taken advantage of this government program. Could you comment on that?

MR. SMITH: Well, you're saying that we don't want any government interference. Now I'm not saying that at all. What I am saying is this: that if the program isn't something that you get from the people here, and they're going to tell you what they need, if it's not that kind of a program don't give us something that we didn't ask for. (Applause) I don't know if I'm answering your question or not.

MR. ADAM: Well, you know, really you haven't answered one question yet relating to your brief. --(Interjection)-- No, I mean he has skirted around every question that has been posed by Mr. Uskiw.

MR. CHAIRMAN: Order please.

MR. ADAM: One more question. Do you people here, the people you represent, would they like to have subsidies?

MR. SMITH: You'd have to define what subsidies you're talking about. I would think that there is room right now in this particular area to solve the generational transfer of subsidized rates of interest, and I don't mean 6 percent, I mean 3 percent, like we can get 20 miles from here across the border in North Dakota, and even golf courses can get it, you know, for the purpose of agricultural land. These are federal loans or whatever it happens to be. I mean subsidized rates of interest. Three percent, let's say, to a young farmer who wants to get started. That gives him an edge right away, you know, in order to compete with someone else who's buying.

I'd also like to bring up another point here. The difference between the price that a local boy wants to pay for the land, and is willing to pay for the land, and the price that a foreign investor is prepared to pay for: the land and so on, is almost exactly equal to the rip-off commission that the real estate agents are getting.

MR. ADAM: Well at least, Mr. Chairman, I know what the people you represent want. They want subsidies. Thank you, Mr. Chairman.

MR. CHAIRMAN: Mr. Jorgenson.

MR. JORGENSEN: It will have become obvious to you by now that although you were invited to present your views, or the views of the people that you represent, those views appear to be under question. But there was one interesting point that was raised and I'd like to pursue it just a little bit. Do you make a distinction between what can be classified as a government responsibility, such as the building of roads and the provision of services, as opposed to an economic interference or an economic investment in matters that could best be left in private hands?

MR. SMITH: Yes, I think so. There are certain things which are of interest to every public person. You mentioned roads, and with that I certainly would have to agree. There are other things where a particular program is good for one area and it's not good for another. The Interlake area has specific problems which you don't have here in south central Manitoba.

MR. JORGENSEN: And there was government intervention in that Interlake area to deal with that specific problem. You have no objection to that.

MR. SMITH: If the people there want it, yes, let them . . .

MR. JORGENSEN: I'm not talking about Saunders, I'm talking about the other things, ARDA programs that were brought in there, and I think one must admit that that kind of government intervention has improved the quality of life and the ability of those people to take care of themselves.

MR. SMITH: Yes.

MR. JORGENSEN: Would you not suggest that the Pembina River Dam would be classified as one of those projects?

MR. SMITH: Yes. Of course there are all kinds of problems which the legislators are going to have to resolve in connection with that, but I can see a great many long term benefits, not only for the production of food: the irrigation of lands bringing more lands into production, using our technology to better purposes to make more food and so on, the recreational values, aesthetic values, and so forth.

MR. JORGENSEN: So you make a distinction between what has been said here, between a completely "hands off" attitude in the whole area that you are speaking for, or complete government control. You feel that there is an area in-between in which the government has a

(MR. JORGENSEN cont'd) specific responsibility but that responsibility should respond to what the requests of the community are.

MR. SMITH: I think so.

MR. JORGENSEN: Now one further thing. You have mentioned that land is an asset that is required for the perpetuation of humanity in this world. Without it we will not survive. And some mention has been made about the vast amounts of money that the people from the urban areas have been pouring into the rural areas. I want to ask you now: the tool of the farmer's trade is his land, is it not?

MR. SMITH: One of them, yes.

MR. JORGENSEN: The tool of a doctor's trade is his education, his training. Is it not right?

MR. SMITH: Yes.

MR. JORGENSEN: You're a lawyer. The tool of your trade is your education as a legal counsel. And so it goes on. There are people who live in most of the urban areas who have acquired the tools of their trade through a university education, through training schools and the like. Can you tell me to what extent the education was acquired as a result of subsidization, what part of the doctor's education or the lawyer's education, or what have you, was a direct subsidy by the taxpayers of this province or of this country?

MR. SMITH: I don't know. Some figures have come out recently in that connection advising what portion of what it costs to train

MR. JORGENSEN: Would you say 80 percent?

MR. SMITH: That might be accurate. In my particular faculty I don't think it was at the time that I went through.

MR. JORGENSEN: Well would you suggest, then, that a small subsidization of interest rates on the purchase of land so that the farmer can acquire the tools of his trade would be out of line with what others are getting?

MR. SMITH: No I don't, but I'm suggesting that if that subsidization can be recovered at some future time, or even if it can be forgiven, if that farmer will stay on that land and produce food for the rest of Canada and for the world, all right, fine.

MR. JORGENSEN: Thank you.

MR. CHAIRMAN: Mr. Uskiw.

MR. USKIW: Yes. You indicated, sir, that you drew a conclusion from this document to the effect that there is a governmental concern on the extent of foreign ownership of land. I want to draw your attention to the bottom of Page 14 wherein the document itself suggests that there isn't much to worry about since less than one percent of the people who own land in Manitoba are outside of Canada, so the document does not indicate any governmental concern or policy with respect to foreign ownership. Now that doesn't mean that there isn't a concern within members of government on that question, but the document does not express that concern, sir.

Now to pursue the point you made, namely, that government shouldn't introduce programs that people didn't ask for, I now want to determine from you how to identify things that people ask for from government. How do you know what people want? How does government know?

MR. SMITH: Okay. It can come from two different directions. It can come from some person coming to his elected representative, or it can come about as a policy of the government which feeds back through that elected representative back to his constituency. Now . . .

MR. USKIW: All right. Let's now broaden that a bit. In the last provincial election we had a very interesting thing happening. We had the government with its platform advising the people of Manitoba that if it is elected it would do certain things. One of them was that it would go into the land-lease program. There were a number of other major important items. The Opposition said, "But this government is going to be a monster. It's going to dictate every phase of your life and therefore you should reject this government." But nevertheless, notwithstanding all of that nonsense, the people of Manitoba re-elected the government - basis, as I would take it, its program and its commitment to implement certain things if it was returned to office. So tell me, sir, do you think that the Government of Manitoba should now renege on its commitment to the people of Manitoba, who elected it on the basis of its then position or party platform, or do you think that being elected means that the people have indeed endorsed the policy of the government?

MR. SMITH: Well, I imagine the platform of the government presently in power consisted of a number of planks. One of those planks might have been that land-lease program. I don't have the figures, the breakdown of the present House before me, but I don't believe that the majority of the rural constituencies elected members to the present government. Is that then considered to be a rejection of this land-lease program ?

MR. USKIW: No, that doesn't imply that whatever, because government
. No, it doesn't imply that, because government is the whole of Manitoba and, if that implication were true, then we would be back to your paper, which would say to us that we have a divided society in Manitoba, that the urbans have no right in the countryside and the countryside has no right in the community, and that would be one hell of a state of affairs, if I may say so. We are inter-dependent on each other and therefore the views of the total community are very important in the determination of government policy. So I think that it would be--you know, I can predict that if we didn't implement any of those policies that we said we would, that even if our loyal Opposition disagreed with them they would then accuse us of failing to keep our commitment to the people of Manitoba.

MR. SMITH: Well that's politics, you know.

MR. USKIW: That isn't politics; that is real. Well, it's politics in the sense that a democracy has to have a political structure, of course, but the point is, that is the way in which it has to function and there is no escaping that. So really, I think we're getting to the point where we are somehow - and you seem to imply in your submission - getting away from the right of the people of Manitoba to expect from their government what they were led to believe the government was going to do.

Now, let's zero in on a specific. If in the area of Morden, the Municipality of Stanley, we have ten farmers who wish to participate in a certain government program, any government program, but the rest of the farmers say they're not interested in that program, do you think that that program should be denied to those ten farmers in Stanley Municipality ?

MR. SMITH: I would reiterate again, this brief is not presented on behalf of Stanley or any . . .

MR. USKIW: No, that was just an example. Let's take one of your municipalities.

MR. SMITH: No, if you wish to take Stanley Municipality, I think the freedom of choice that every human being in this province, in this country, is entitled to have, and so on, should be exercised by those people as well in Stanley as well as in Montcalm or Morris or whatever.

MR. USKIW: So then you would not argue against all of the programs that are voluntary in nature? If people want to participate they may, and if they don't want to they don't have to, and those programs are not bothersome to you.

MR. SMITH: No, it's a matter of personal choice.

MR. USKIW: Okay. Fine.

MR. CHAIRMAN: Mr. Brown.

MR. BROWN: Thank you, Mr. Chairman. In regards to some of the questioning that we had before from Mr. Johansson to Mr. Smith as far as the Pembilier Dam is concerned, do you feel that the municipalities that you represent contributed towards the Greater Winnipeg Floodway ?

MR. SMITH: I suppose they did.

MR. BROWN: Do you at the same time--you were referring to Morden Fine Foods now--do you at the same time feel that your municipality contributed towards Flyer, Saunders and CFI ?

MR. SMITH: Yes, in the same proportion, I suppose, as any other portions of the province did.

MR. BROWN: Then do you think that it would be only fair if we received the same consideration in regard to industry and flood protection as other areas have received ?

MR. SMITH: Yes. I would point out that the Floodway, of course, does not protect any of our municipalities.

MR. BROWN: Thank you, Mr. Chairman.

MR. CHAIRMAN: Mr. Dillen.

MR. DILLEN: I like the term that you used, Mr. Smith, about these "cussedly independent" people. I happen to represent a constituency of miners that are probably in the same category of cussedly independent in that they are all contractors or self bonus miners, and I happen to share your views and certainly the views of your brief in that the freedom of an

(MR. DILLEN cont'd) individual to do with what he owns as he chooses is his right, just like I would not deny Warner Jorgenson the right to sell his property to whoever he chooses; I would not deny the right to Mr. Henderson to sell his property to whoever he chooses, whether they be foreign or whatever, and in that respect I think we have agreement. But I think that while I'm on this subject and on the subject of your brief, I want to point out that I can't find anywhere in here a distinction between foreign ownership or the sale to foreigners of agricultural property if one chooses to do so, but by the same token I'm asking you if you would deny the right of the government to sell agricultural area to foreign owners.

MR. SMITH: The right of the Province of Manitoba to sell land which it owns to foreign --Crown land. The government's going to have to take its chances with your electorate if it does that, but if there's some good reason for the Province of Manitoba, for instance, to do so, they're in the same position really as any owner of land. I don't see why the Province of Manitoba would sell Crown land to a foreign owner when they won't even sell it to a native Manitoban or a person resident in Manitoba. I just don't understand.

MR. DILLEN: That's where I want to draw the distinction because we're going to - I think you heard earlier - going to be dealing with recreational land, agricultural land, urban land and so on, and then I wanted to get some feelings because I will represent what is considered to be the prime recreational land in the province, and I want to get the feeling of the agricultural sector as to what their views are on recreational land. When I say that, I have a little bit of difficulty when I know of areas where I have hunted for years in, you know, the northwestern part of the province, to find that there has been a change of ownership from one fall to the next and this person puts up the sign that says "No Trespassing". Where I have historically hunted I no longer have access to that land. Now that person happens to have lived in Winnipeg, and you have to ask permission and this sort of thing, and I couldn't find out right at that time who the owner was. Now, the owner who was resident on the land allowed me access to it. The non-resident who was in Winnipeg, a Manitoban, denied me access to it as a Manitoban. Now what would be the difference between that person living in Winnipeg denying me access to that land than somebody living in North Dakota and still denying me access to the land?

MR. SMITH: It's his land.

MR. DILLEN: That is right, and he has the right to do with it as he chooses . . .

MR. SMITH: I would agree.

MR. DILLEN: Okay. Now . . .

MR. SMITH: And he exercised that right in denying you access, to trespass upon his land. I'm sorry, that's it - one of the incidents of ownership.

MR. DILLEN: Now, while I'm in agreement with your brief on the question of foreign ownership, we have heard over and over again that we should restrict ownership to foreign purchasers, whether it's Crown or privately-owned or whatever. Would you classify that, if that restriction were imposed, as a restriction on the basic freedoms of an individual?

MR. SMITH: Yes, I would.

MR. DILLEN: That's fine. Thank you.

MR. CHAIRMAN: Thank you, Mr. Smith. It is now 6:00 o'clock. I still have a number of people to present briefs. The Committee will recess. 7:30.

MR. JORGENSEN: I wonder, Mr. Chairman, if you would find out how many of those people who have indicated their intention to present briefs are still going to be with us after 8:00 o'clock.

MR. CHAIRMAN: Mr. Kitching.

MR. KITCHING: Yes.

MR. CHAIRMAN: There's Mr. James and Mr. Lloyd Kitching.

MR. KITCHING: Yes, sir.

MR. CHAIRMAN: Mr. Delichte.

MR. DELICHTE: Yes. Is there a chance of another hearing on another day?

MR. CHAIRMAN: No I don't believe it is possible. I was inquiring of some of the members about tomorrow and a number have meetings set up and it is not going to be possible to have another date for meetings. --(Interjection)-- Not before the Session. Mr. Froese. That's George Froese.

MR. FROESE: My brother was here this morning but he couldn't be here this afternoon because of another function.

MR. CHAIRMAN: Will he be present, be able to come this evening.

MR. FROESE: I don't know because he is not . . .

MR. CHAIRMAN: Well you can check with him. --(Interjection)-- Yes it is also possible that those people who wish to submit, make a submission, they can write, send it in to me and I will have it included in the transcripts which will be made.

Mr. Gauthier? Mr. . . . and I still didn't get that last name from Darlingford - Cow-Calf Association, Mark . . .

MR. BEER: That's Morley Beer.

MR. CHAIRMAN: Morley Beer.

MR. BEER: I will be here.

MR. CHAIRMAN: Mr. John Harms.

MR. HARMS: No.

MR. CHAIRMAN: You will not be present. Jack Wiens. Mr. Parent. You will be present. Okay. Any other people who wish to make a presentation we shall be back at 7:30. Committee rise.

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