

Prairie Manifesto Project

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Province: Alberta Saskatchewan Manitoba

Party: NDP Election Year: 1973

AA = Alberta Alliance
CON = Conservative Party
LP = Liberal-Progressive Party
PC = Progressive Conservative Party
SKP = Saskatchewan Party
UFM = United Farmers of Manitoba

CCF = Cooperative Commonwealth Federation
LIB = Liberal Party
NDP = New Democratic Party
SC = Social Credit
UFA = United Farmers of Alberta
WCC = Western Canadian Concept

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SK = Saskatchewan
MB = Manitoba

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UofC = University of Calgary
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HOUSING.

FOR MANITOBANS

The provision of adequate housing for Manitobans in all regions of the Province and in all income categories must remain a basic objective of the N.D.P. The essence of this objective is not for the rich to give something to the poor, but for the whole population, acting collectively, to provide for its own needs. As the figures presented below will show, Manitobans in the middle and lower income brackets are faced by exorbitant housing costs and an inadequate supply. Our aim must not be to provide subsidies so that a few of those caught in this crisis can meet the inflated prices in today's market, but to restructure that market and bring prices down to a point where people at virtually all income levels can purchase proper housing without public subsidy. Housing is a basic necessity, not a luxury. Under social democracy all workers, not just those in the upper income bracket, must be able to secure this necessity without undue sacrifice.

While our basic policy goal in this area is the creation of a sufficient supply of proper housing for all Manitobans, we cannot ignore the very sizeable employment spin-off that would accompany any large scale housing program. Housing construction is a fairly labour intensive industry characterized by domestic ownership, high wages, and a demand for locally produced as opposed to imported material. These factors should be kept in mind throughout this discussion.

THE CURRENT SITUATION.

The magnitude of the problem created by Conservative and Liberal Governments in Manitoba and Ottawa is not hard to describe. The major components of housing costs are land, construction and interest rates. Taking the period from 1961 to 1971 and using an average Winnipeg bungalow as our basis of comparison,

the first two have risen 70%, and 21.1% respectively while interest rates for the period averaged 7.6% reaching a high of over 10% in 1970! The net affect of this has been to place new housing far beyond the reach of a majority of Manitobans. These costs have made a mockery of the National Housing Act. Under this Act Canadians can obtain federally guaranteed mortgages to help pay for new housing so long as their monthly payments do not exceed 27% of the family's income. However, because of the inflated price levels demonstrated above, the N.H.A. no longer applies to most Canadians. For example, in Winnipeg, 82.3% of all N.H.A. mortgages issued in 1970 went to families having incomes in excess of \$9,000.00. Given that the proportion of families having such an income is approximately 30%, this means that at least 70% were left out in the cold. In areas of the province outside of Winnipeg, where income levels tend to be lower, the situation is that much worse. In fact, while the Federal Government has maintained for years that a family should not pay more than 27% of its income for shelter, at least 20% of Manitoba families have been forced to do just that.* In many cases the shelter obtained at these inflated prices was grossly inadequate. At the present time it is estimated that over 110,000 housing units in the province are in need of repair with 30% of these needing major renovation.

The current trends relating to new construction also indicates insufficiencies for Manitoba. To begin with, Manitoba does not receive its fair share of mortgage money from lending institutions. Secondly, the mortgage money that is made available by lending institutions has been increasingly shifted from moderately priced single dwellings to luxury apartment projects. This particular development has hurt moderate and low income groups in general and has been particularly serious for rural areas where large apartment projects are impractical. In 1962, for example, ^{\$2.8} 2.8% of N.H.A. mortgages for new housing in Manitoba went to families with incomes under \$7,000.00.* By 1971 absolutely none were available to people

* 1969 statistics

*² Figures for period 1962 - 1966 refer to purchase of single and two family houses, after 1966 the statistical base was switched to single

in this income group. At the same time the percentage of N.H.A. mortgages intended for new single detached dwellings dropped from 70% to 37%.

There are a whole series of other statistics that can be added and they all tell the same story. Between now and 1980 approximately 46,500 new housing units will be needed in Manitoba . (see Table I). To make sure that the price of this housing will be brought down to a reasonable level and that the type and location of housing provided will suit the needs of the various segments of our population, the Provincial Council urges the Government to take the strong measures in the following areas:

(a) Land

Land is the single, largest contributor to the rising cost of housing. The provincial government must take immediate steps to assemble land banks in all urban areas. The government should establish some definitions for "speculative land holding" and in areas where speculators have achieved an effective monopoly of useable land, it should not hesitate to make it clear that the people of Manitoba do not intend to play the speculator's game in providing themselves with housing at reasonable costs. At the same time the provincial government must enact legislation that will give it the power to curtail suburban sprawl so that the servicing aspects of land costs is also brought into line.

(b) Construction

By eliminating effective monopolies in housing land, the government will be forcing construction companies to compete more on the basis of construction costs. It should also encourage joint research into the improvement of construction techniques of particular relevance to Manitoba.

(c) Financing

The provincial government should make full use of the facilities available to it to borrow directly from federal sources so as to increase the quantity and decrease the price of mortgage funds available in Manitoba.

(d) Property taxes

Both housing and the type of services that have been traditionally provided for by property taxes fall into the "essential" category. It is illogical and highly inequitable to provide for one by imposing, what amounts to, a sales tax on the other. The government must continue the program of switching from property tax to taxation based on a person's ability to pay.

(e) Public housing

In all the years prior to 1969 only a minimal amount of public housing (618 units) was constructed. For the most part past governments have relied upon the private sector for housing construction. In turn, the private sector has concentrated increasingly on providing luxury accommodation from which only minimal benefits have trickled down to the vast majority of Manitobans in the middle and low income groups. Since 1969 the N.D.P. government has constructed over 6,500 units of public housing in all parts of the province. If the objectives we have set in terms of numbers and price ranges are to be met, this program will have to be pursued on a continuing basis. (see Table II and III).

Given this projection, it is imperative that the government begin this program by disassociating the concepts of public housing and welfare. In light of the cost structure that has been allowed to build up over the years because of the neglect of past governments, families with as high an income as \$8,000 per year are going to require public housing if their needs are to be met. For this reason the Council strongly urges that the government devote the major part of its effort to providing inexpensive housing designed for full recovery sale or rental and reserving subsidized housing for those whose incomes could not absorb the cost of proper housing under any conditions.

SPECIAL REGIONAL REQUIREMENTS

Winnipeg.

In the case of Winnipeg, the Council urges the government to take special cognizance of the need to increase the vacancy level in non-luxury accommodation in the down town area where services of special significance to the elderly, single working adults and students are most readily available.

Agro-Manitoba.

To maintain its commitment of eliminating forced migration from rural areas, the government must speed up its efforts to close the large rural-urban gap in the availability of basic amenities such as central heating, indoor plumbing, etc. It will also have to provide housing suitable for young adults and retired people in rural areas. On the one hand this will entail a vigorous program of home repair including money for major renovations and even additions, and on the other, it will require a program flexible enough to operate on a very small scale, building public housing units in ones and twos to meet local requirements.

North

If the gap between housing conditions in Agro and urban Manitoba can be described as "large", then that between the north - especially the remote north - and urban Manitoba can only be described as "gross." To improve the situation, the government must be prepared to act on several fronts. It must be prepared to commit itself to long term planning so that it becomes practical to establish local pre-fabricating plants. At the same time steps must be taken to force major resource companies operating in the north to give some precise information on their intended period of operation and perhaps to guarantee individual mortgages against premature plant shut-downs so that there is some incentive to build housing of a substantial nature. As in rural areas, more provision must be made for housing (often rental)

suitable for young workers, transients and retired people.

LOCAL PARTICIPATION

A housing program of the magnitude suggested here should not be undertaken unless there is adequate provision for participation of local residents to ensure that the plans are well suited to the immediate environment. "Local", in this sense refers to neighbourhoods within urban areas as well as small centres in rural or northern Manitoba. Local housing advisory groups should be expected to play a major role in: the administration of public housing units; the voicing of peculiarly local housing concerns, and the dissemination of information about other aspects of the housing program.

To repeat what we said at the outset, housing is a basic necessity. A social democratic government must do its utmost to enable society to provide for itself in this regard in a manner that is rational, democratic and humane.

TABLE I

ESTIMATED REQUIREMENTS FOR HOUSING (1971-1980)

- to meet population increase	32,000 units
- to relieve current overcrowding	8,500 "
- to replace uninhabitable units	<u>6,000 "</u>
- total requirements	46,500

TABLE II

ESTIMATED REQUIREMENTS FOR NEW PUBLIC HOUSING (1971-1980)

- to meet population increase	11,100
- to relieve current overcrowding	6,800
- to replace uninhabitable units	<u>5,400</u>
- total requirements	<u>22,300</u> *

* These figures are part of, not in addition to,
those shown in Table I.

PROVINCIAL PROGRAMS AND THE COMMUNITY

Since the end of the Second World War, senior levels of government have taken over the lion's share of responsibility in a number of areas that were previously handled by municipal authorities or the individual citizen himself. These include social assistance, pensions, medical services, hospital services, roads, urban planning, education, agricultural redevelopment, consumer services, etc. From the citizen's point of view, the net result of these changes has been to decrease the importance of municipal governments, (which have been traditionally regarded as being closest to him and the most amenable to popular influence in their operation), and to increase the importance of services performed by federal and provincial authorities. During the last half of this post war period much of the effective jurisdiction over the expanded responsibilities mentioned above has come to rest within the sphere of provincial governments. Because of this, the Provincial Council has felt the need to set out recommendations that would restore the principle of giving the local citizenry in the various regions of the province maximum accessibility to the public officials that most strongly influence their daily lives. Because this influence now emanates increasingly from provincial sources, our recommendations are aimed at obtaining a restructuring of the provincial administration.

In view of this Council, there are two basic methods of achieving the objectives set out above. One would be to restructure local government on a regional basis, provide them with new sources of finance, and then delegate to them responsibility for the administration of as many of the provincial programs which affect local communities in a specific way as is possible.

The second method would be to deconcentrate provincial services on a regional basis. To operate on this basis, provincial authorities would have to begin by adopting a regional zoning scheme for use by all provincial departments in the administration of province-wide programs. Following this, each department would then be asked to examine its program inventory and to delegate local administrative functions from departmental headquarters in Winnipeg to its various regional offices.

The regional directors in these offices would have to be given the constant responsibility of recommending the changes necessary to bring provincial programs into line with peculiar, local requirements. To render all of this effective in terms of our overall objective of increasing local participation in the design and implementation of provincial programs, the regional directors would have to be instructed to invite and facilitate the establishment of citizens' advisory groups relating to each of the major program areas within their jurisdiction. In this way, the principle of local influence over local administration of services could be extended to the newly expanded areas of provincial jurisdiction.

This means more than a willingness to delegate some responsibilities to regional offices. It means a determination to make these offices fit harmoniously into the local scene. Provincial programs, planned and launched in Winnipeg, must contain enough flexibility to allow regional directors to fulfill their duties regarding accommodation of local peculiarities in their implementation at the regional level. The civil servants selected as regional directors must have enough initiative and sensitivity regarding their area of operation to bring local concerns to the attention of their departmental superiors on a continual basis and to shun the practice of using the existence of these superiors as a way of aborting any local requests for program modification.

Finally, if deconcentration of provincial services is to be effective, a harmonious relationship must be established by the various departmental directors operating in a given region. The regional agricultural representative must have a strong rapport with the regional representatives from urban affairs, health and social development, etc. Each must attempt to develop a regional viewpoint in addition to the civil servant's traditional concern for his own particular department.

In Council's view, the two methods suggested to improve citizen participation in provincial programs, viz. delegation of authority to expanded local governments, and deconcentration of provincial services on a regional basis, the latter is clearly preferable at present.

The "regionalization" of local governments, changing of their tax base, the transference to them of provincial responsibilities - all of which would be involved in the acceptance of the first method - is a costly step that does not appear to be warranted at this time. However, it should be noted that adoption of deconcentration of provincial services rather than decentralization of provincial powers does not preclude moves in the other direction should this become more feasible in the future. It is possible that local, regional governments may be established one day to take over some of the functions now being proposed for the regional offices of provincial departments. However, the Council feels that our immediate objectives should be: the rational organization of existing provincial services on a regional basis, the greater integration of departmental efforts, and a concerted attempt to strengthen local citizen participation in a systematic way. This will allow the provincial government to provide much more effective service throughout the province and would leave the way open for any changes in the organization of municipal governments that may be deemed desirable in the future.

If the above recommendations are accepted and instituted with determination, it is our view that social services can be expanded while the gap between the citizen and government is, in fact, narrowed. The Council appreciates the consistent stand against arbitrary administration of government programs that has been taken by the government and we suggest that the recommendations made here are directly in line with that policy. It should also be noted that the measures proposed here would serve to strengthen the socio-political fabric of community life in both rural and urban Manitoba and, as such, are completely consistent with the fundamental themes developed elsewhere in these papers.

PROPERTY TAXES

Achieving an equitable tax system must remain a top priority for the New Democratic Party. A truly just society cannot be created without substantial spending on public services. This being the case, the method of apportioning the tax burden arising out of that spending is itself a major factor in determining whether a society is becoming more or less just.

Despite the existence of a progressive income tax, the overall tax structure for the province of Manitoba remains regressive. That is, people in the middle and low income groups pay out a larger share of their earnings for taxes than do those in the upper income groups. Of the twenty revenue sources (excluding federal grants), utilized by the provincial and municipal tax collectors, the property tax is both the single largest and the most regressive. (see Table I).

EDUCATION

Since the NDP came to power in 1969 it has made considerable progress in reducing the burden of property taxes by shifting more and more of education's costs from this source to general provincial revenues. Three measures are worth repeating:

- (i) 1972 provincial portion of Foundation Program raised from 70 to 75 percent - \$6 million.
- (ii) 1973 provincial portion of Foundation Program raised from 75 to 80 percent - \$6 million.
- (iii) School Tax Reduction Act, 1972 - \$12.5 million
- (iv) Education Property Tax Credit Plan, 1973 - \$28 million.

These measures are extremely important for two reasons. Firstly, they have reduced the regressivity of property taxes and secondly, as each measure was introduced and debated, the NDP was given yet another opportunity to educate the public on the inequities that existed in our tax system in the past and the reforms that are needed in the future. So well received were these various measures that, for the most part, spokesmen for the old parties had to content themselves with saying that the measures didn't go quite far enough in relieving the burden of property taxes. Given that these are the people who fashioned this burdensome system in the first place, this is quite an admission!

Nonetheless, despite all the advances made in this area the overall property tax remains regressive - although less so. In education, for example, all school divisions have come to rely rather heavily on special levies. Since these levies are outside the provincial government's sphere, they are not equalized across the province as is the money spent under the Foundation Program. Therefore the Provincial Council urges the government of this province to:

- (a) increase the proportion of the Foundation Program paid out of general revenues,
- (b) expand the Education Property Tax Credit Plan beyond the current maximum of \$140.00, and
- (c) develop a formula for equalizing the expenditures currently financed by local special levies.

PROPERTY TAXES IN GENERAL

As pointed out above, approximately 45 percent of property taxes go for things other than education and therefore even when the measures outlined above have been implemented a sizeable problem of inequity will remain. The seriousness of this problem varies from region to region as well as from income group to income group and this has important implications for other policy directives favoured by this Council. Thus, in attempting to provide reasonable municipal services as well as educational opportunities, local governments have produced tax rates which are highest in those parts of the province where capacity to pay is often very low. For example, whereas the real property tax on single dwellings amounts to a consumption tax on shelter of about 20 percent in the cities, this rate rises to approximately 30 percent in towns and often reaches 50 percent or more in villages.

At the same time, the property tax amounts to a heavy production tax on farmers. Land is a more basic factor in agricultural production than other industries and the current property taxes amount to a productive tax of 6.5 percent of gross farm sales. This compares unfavourably with the rate of from 2.5 percent to 4.0 percent that applies to other industries. Because the farmer, unlike other businessmen, has almost no control over the prices he gets for his products, this tax cannot be passed on to his customers and must be borne almost exclusively by him. All of this serves to obstruct the objectives this Council has set in its position paper on agricultural policy by acting as a further stimulus to the depopulation of our rural areas.

SUMMARY

The property tax is an obvious element of injustice in our existing tax structure. Measures taken by the NDP government of this province since 1969 have served to reduce this injustice but have not eliminated it. However, these measures and the public debates surrounding their introduction have served to heighten the public's awareness and to demonstrate that this system of taxation be removed over time. Further, largely because of Manitoba's strenuous efforts in this regard, the federal government has become willing to accept the notion of income tax credits as a way of reducing the inequities of the property tax and other regressive taxes. Therefore we strongly urge the government to use the vehicle of tax credits in areas other than education spending. At the same time we urge the government to keep up its pressure on Ottawa to substitute credits for exemptions as a way of increasing the progressivity of the personal income tax as well.

Taxation is, and always has been, an area where a party's commitment to equity is most clearly and consistently manifested. We urge the government to continue to act on the basis of this principle.

TABLE I

PROVINCIAL AND MUNICIPAL GOVERNMENT REVENUE FROM TAXATION ^{*1}		
		(\$ Million)
1. Property Taxes - Residential Property Tax	68.9	
- Farm Property Tax	21.9	
- Other Property Tax	47.8	
- Business Tax	<u>9.6</u>	148.2 ^{*2}
2. Personal Income Tax	106.1	
3. Revenue Tax, 1967 ("Sales Tax")	68.4	
4. Gasoline Tax	39.3	
5. Corporation Income Tax	30.8	
6. Liquor Control Commission Profits	30.2	
7. Medical and Hospital Premiums (1970)	28.8	
8. Tobacco Tax	9.1	
9. Motor Vehicle Licenses and Permits	13.0	
10. Motive Fuel Tax	6.9	
11. Revenue Tax, 1964, Part I	5.0	
12. Estate Tax	4.8	
13. Mining Royalty Tax	4.4 *	
14. Insurance Corporations Tax	2.4 *	
15. Public Amusements Tax	1.9	
16. Mineral Claim Lease Tax	.1	
17. Mineral Tax	<u>.1</u>	<u>351.5</u>
^{*3} TOTAL		<u>\$499.7</u>

^{*1} Exclusive of Federal Transfer Payments.

^{*2} Education accounting for approximately 55 percent of this.

^{*3} Note, total does not add exactly because of rounding.

Labour

A FULL EMPLOYMENT PROGRAM

In the opinion of your Provincial Council the primary policy area for the New Democratic Party of Manitoba must continue to be employment. Our basic goal must remain the provision of meaningful and socially useful jobs for all Manitobans.

Logically the question of employment breaks down into three basic areas: the continual provision of new jobs with maximum productivity and stability, formulation of plans to provide useful employment for those members of the regular work force who are temporarily out of work, and the development of methods to bring those who - because of locational difficulties, cultural barriers, discrimination or other handicaps are not part of the regular work force of the province - back into the mainstream of productive labour. Throughout this paper we are working from the assumption that ours is a participation-oriented, as opposed to G.N.P.-oriented, concept of employment. That is, we accept the primacy and worth of the individual and maintain that his private and social dimensions can only be fully realized when he is given the opportunity to use his productive ability in the creation of socially needed goods and services. We reject the G.N.P. approach which relegates the worker to the status of a mere factor of production and gears everything from the education and training process to the use of natural resources to the maximization of output.

PROVISION OF NEW JOBS

The expansion of job opportunities is a continuing challenge. The Provincial Council urges that the government of this province develop a

comprehensive industrial strategy. The main agents in this strategy are the Department of Industry and Commerce and the Manitoba Development Corporation. The task facing these and other ancilliary bodies is not simply one of increasing the total number of jobs available, but of re-structuring the overall employment picture. In Manitoba, as elsewhere, there are industries characterized by a plethora of marginal operations working at low productivity levels and offering minimal wages and unstable employment. At the same time there are those whose productivity, wage level and degree of job permanence are, relatively speaking, much higher. In Manitoba, the former situation applies to much of the service, retail trade and clothing industries with at least 25% of all non-agricultural workers in the province still coming under \$2.00 per hour. The more productive sector includes mining, construction, transportation, communications, public utilities and durable manufacturing. It must be the policy of the NDP to increase job openings in this sector relative to those in the low wage area.

The problems of expansion of aggregate employment are too vast for complete discussion within the context of this paper but the Council urges the government to maintain pressure on this problem by acting to increase provincial credit resources, developing a comprehensive program of import substitution in the industrial sector, and achieving greater public control over resource utilization through increased public involvement in exploration and development.

EMPLOYMENT MAINTENANCE FOR REGULAR WORK FORCE

Past experience shows that the basic causes for unemployment among those holding permanent positions in the regular work force are:

- (i) seasonal layoffs,
- (ii) perverse federal economic policies, and
- (iii) autonomous changes in the demand pattern of the private sector.

In the past Canadian governments have been willing to accept the results of such happenings as part of the natural order of things. The Provincial Council contends that these happenings are only "natural" in the context of an unregulated economy. We further contend that the resulting degradation of the workers involved and the unrecoverable loss of production is not tolerable under social democracy. Therefore we demand that the NDP government of this province take an activist approach and develop a program to guarantee socially useful employment at the minimum wage to all who are temporarily forced out of the regular work force by one or more of the causes listed above. It must be understood that the employment to be provided by such a scheme is temporary and should be viewed as a method of maintaining a reasonable level of production for the economy while industrial expansion policies and fiscal counter-cyclical measures are speeded up to get those involved back into the regular work force. Thus, workers, who have been displaced from their regular jobs by forces beyond their control, will be guaranteed a minimum wage (rather than unemployment insurance or welfare), and society will be guaranteed the use of at least some part of their productive capacity.

To maintain a scheme of guaranteed employment for those involuntarily forced from the regular work force that is consistent with the basic tenets of the philosophy of the NDP, several basic principles will have to be incorporated.

First, the jobs provided for those working under the scheme must be socially useful and not of the make-work variety. In other words, the scheme is designed to make the best of a bad situation. It provides for the use of resources which would otherwise be idle to perform work of obvious value at a time when this work would not cause any inflationary problems.

~~a guaranteed~~ Among the types of projects that might be used by a guaranteed employment ~~a by a guaranteed~~ scheme are:

Construction

- housing - construction, renovation and improvement
- improved sewer and water resources
- improved streets and roads
- community buildings - libraries, recreation centres, nursery schools, day-care centres
- parks
- and other facilities for the general community which would not have otherwise been developed.

Service

- public education programs - health, drugs
- recreation programs
- environmental research, monitoring and protection services
- researching, marking and restoring of historical sites
- services to the elderly and the handicapped.

Secondly, recognizing that the type of unemployment we are concerned with is in no way due to the actions of the workers involved and that the guaranteed employment scheme is intended as a source of temporary jobs, every effort should be made to bring together workers and jobs while recognizing that an unemployed office worker from Brandon

may not be doing their best work cutting timber at The Pas! In fact to ensure social usefulness it is imperative that projects meant for operation under the guaranteed employment scheme be designed and implemented by regional people to meet regional needs and be suited to the regional unemployment situation. Outside of finances, the provincial role should be restricted to the development of the overall framework, establishment of ground rules and provision of consultation services.

Thirdly, the Council recognizes the administrative problems in pioneering such a scheme but we feel that our experience with the Provincial Employment Program and the Accelerated Capital Works program has shown that such undertakings are entirely practicable and effective for Manitoba.

EMPLOYMENT OF THE DISADVANTAGED

A program for full employment isn't realistic if it leaves out those who, through some form of disadvantage, have spent most of their adult life out of the work force or, in fact, have never had the opportunity to enter it. Other parties have largely been content to deal with the problem by doling out some meagre assistance and then ignoring it. The Council feels that the NDP must act differently.

Location

For those people whose opportunities to enter the permanent work force have been very tenuous because of their location (almost always the North) and/or the cultural barriers that have to be overcome before they can find a place in the North American economy of the 1970's, the Council strongly recommends a vigorous expansion of some of the so-called manpower corps, (Selkirk Manpower Corps, Interlake Manpower Corps, Northern Manpower Corps, etc.) operations that the government of this province has pioneered over the last two

or three years. Further, it is the opinion of the Council that the entrepreneurial (as opposed to the purely training) function of these operations should be emphasized. The Council is aware of the fact that many native people require extensive counselling, leadership training and instruction in other life skills, but it feels that these services are best provided in on-job situations whenever possible.

~~In addition to direct government involvement via the creation~~
of regional manpower corps, the Council urges that the government insist on the more widespread use of "area employment preference provisions" to ensure that developments in the north undertaken by Hydro as well as private companies be located as closely as possible to existing population centres and that the residents of these centres be given preference in hiring.

PERSONAL EMPLOYMENT DISADVANTAGES

In all societies there are people who experience exceptional difficulty in joining the regular work force because of personal disadvantages for which they cannot be held responsible. While these disadvantages may be complicated by external problems such as that of location (discussed above), this is not always the case. Morally, these disadvantages constitute a form of social injustice. Economically, they constitute a barrier that acts to keep potential workers on welfare rolls and off payrolls. In all instances we believe the government has a clear responsibility to act. Briefly, the type of problems and remedies involved in this area are as follows:

- Discrimination: The government must be prepared to enact strong enforceable policies against all employers, trade unions and other institutions which act to eliminate or restrict the employment opportunities of individuals or groups on the basis of race, religion, ethnic origin or sex. While moral suasion is always the most desirable method to achieve this goal the government

must be prepared to consider other actions including employment quotas, withdrawal of public contracts, etc. to achieve its ends.

- Women. In addition to provisions outlined above the government must be prepared to embark on a program to provide facilities to women who are effectively kept from the labour force because of a lack of day care.

- Handicapped. The government must produce ~~special~~ programs to enable people who are partially handicapped to receive the training and ~~special~~ job-finding assistance that will enable them to get rid of the idleness and consequent social degradation that circumstance has forced upon them.

- The Welfare Trap:

A small but particularly vexing problem in the area of employment is the question of the unemployed employable. These are people who have been consistently unemployed for very long periods and who have come to adopt a life-style that no longer includes marketable production. However, unlike people living in some of our remote communities whose prolonged absence from the regular force is caused basically by external conditions and who live in a society where unemployment has often been the rule rather than the exception, the people classified as unemployed employables live as outcasts in a society of working men and women. Because of this they have minimal social status and little self esteem. Although some who have lived under these conditions for generations may have cultivated a posture of aloofness and defiance they are, for the most part, a group more dislocated than defiant - people lacking motivation who have become useless to themselves and others. Their lifestyle, whose outward appearance is totally parasitic, not only brings derision on themselves but is frequently used to discredit all forms of progressive social legislation from

unemployment insurance to medicare to public housing to social assistance. It would be all too easy for the NDP to join the Archie-Bunkers of this world and simply condemn these people leaving them with the means of subsistence and little else. They are, after all, small in number (approximately 1/2% of the total population) and sufficiently powerless to constitute a very convenient whipping boy for all the ills of modern society.

Once again the Council recognizes that the Schreyer government has made some pioneering efforts in this area. The most notable of these, in our estimation, has been the New Careers Program whereby welfare recipients, able to work but lacking in training and needed careful supervision, have been offered apprenticeship postings within the civil service at a salary that increases in proportion to their abilities over a two year period. We strongly urge that steps be taken to increase the number of such opportunities available in both the private and public sectors. Secondly, we strongly urge that the Social Assistance program be modified so that the welfare recipient be allowed to keep a portion of his welfare assistance as an incentive during his period of transition from idleness to productive labour.

PUBLIC versus PRIVATE RESPONSIBILITIES

In all areas of our full employment program it goes without saying that the government must insist upon a recognition of social responsibility by the corporate sector. Public initiatives in the alleviation of regional problems, public advances in the area of on-the-job training and public commitment to the elimination of all forms of employment discrimination must be matched by comparable efforts of private capital. In addition we contend that private

capital should be required to make a specific, financial commitment to the maintenance of full employment through proportionate deposits in a special employment fund. Disbursements from this fund should be used, during appropriate periods, to augment normal commercial activity by increasing investment:

- (a) during periods of declining aggregate demand,
- (b) to support location of new industry in low employment regions, and
- (c) to help finance programs for the hiring, training and retraining of the disadvantaged.

This, in our opinion would constitute a concrete manifestation of how a mixed economy can pool its resources to maintain employment on a continuing, rational basis.

A FUTURE FOR RURAL MANITOBA

The C.C.F. - N.D.P. has been unique in its ability to maintain strong urban and rural roots. For forty years it has been able to attract to itself the most progressive element of both sectors of Canadian life. This has meant that the party is able to develop a balanced perspective on the relationship of urban and rural communities and their problems. This perspective was never more valuable than today.

The past thirty years have witnessed a lopsided relation between rural and urban Canada with a consequent increase in problems for both - from which Manitoba has not been spared. From 1941 to the present, Manitobans have left the farm at a rate of 1,000 families per year. Since 1941 the number of farm families has decreased from 58,000 to 35,000.

The vast majority who have left have not done so voluntarily. Rather, they have found themselves in a situation which allowed for no other alternative. Small farmers found they could not afford to expand their land holdings, could not afford to diversify in the face of fluctuating prices and the unavailability of credit, and had no means of combating the steadily rising costs of supplies. The same problems faced the young man who contemplated starting a whole new operation.

The net result of all these factors has been a drastic shift towards bigness on the farm, destruction of the rural communities, and overcrowding and welfare problems in the city. This migration has benefited neither farm nor city and has exacted a very heavy toll from the individuals involved.

Despite all that has been said in recent years about the glories of farm "rationalization", overall farm incomes remain very low. In 1971, for example, the \$2 billion invested in Manitoba agriculture yielded a mere \$70 million in net cash income for an overall rate of return of only 3.5 percent. Meanwhile, as the rural population drops, assets ranging from housing to schools, roads, and hydro installations are prematurely depreciated and those who remain in rural areas are faced with higher and higher per unit costs and less efficient service. The empty school desk and half-used sewer system in a declining rural centre can not be transferred to Winnipeg. Instead, the urban centre must divert its resources from

qualitative improvement of its cultural and social environment to meeting the basic needs of expansion. Money that could have been spent on education, parks, and despollution is channeled, instead, to expressways servicing of new subdivisions and combating the social problems bred in all over crowded urban areas.

It is more than clear that a single-minded scheme of forcing the farmer from his land to the city bears no promise for the future. What is needed is an agricultural policy that is large enough to encompass the whole picture. We must follow a policy which, on the one hand, tends to reduce the coerced migration to the city and to stabilize rural population and, on the other, to raise farm incomes so that there is a greater quality of well-being across Manitoba. In short, this Council urges that the government of Manitoba support policies which will offer a sizeable proportion of the rural population the option of remaining on the land and will protect local trade centres from undue depreciation of their capital infrastructure and unemployment.

Agricultural Policy

The twin objectives of a comprehensive agricultural policy as outlined above must be to produce conditions conducive to the creation and retention of a reasonable population of farm families situated on modern, moderate-sized operation and to effect an overall increase in farm incomes.

Maintenance of Farm Population

At the present time there is a large diversity in the size of farm operations and farm income. (See Table I). Approximately 44 percent of Manitoba farms currently have gross annual sales below \$5,000 and another 27 percent have gross sales between \$5,000 and \$10,000. In our estimation a figure of \$10,000 for gross annual sales represents a realistic target for the minimum level of a viable operation in the 1970's. This target would mean that the population of farm families (currently estimated at 35,000) would drop to about 30,000 and then become stabilized and gross farm income would have to rise to a level of \$600 million by 1980 from its 1971 level of \$370 million.

The achievements of this combined target of a stabilized farm population and an increased level of farm income requires energetic government policies in the three basic areas of agricultural economics - land, credit and farm income.

Land

At the present time land suitable for grain operations has a very high market value with the result that only very large operations which can spread the cost over an extensive acreage can afford to purchase land that comes on the market. This effectively prevents the small or new farmer from acquiring a viable land base and renders it impossible for a retiring farmer to pass his holdings on to his children without sustaining a sizeable loss. To counteract this situation, the government of Manitoba must initiate a public land bank program. Such a program would make it possible for the small farmer to increase his land base without the necessity of a large capital expenditure. It would also allow older farmers to recover the full value of their holdings at once or over a period of time through a sale and lease-back arrangement with the land bank. At the same time, government must consider the introduction of measures that would effectively reduce the further growth of farming operations which have already reached a very large size. This is a necessary step if further depopulation of rural areas is to be avoided. Such measures would be similar to measures already operative in most areas of agricultural production outside of beef and grain.

Two additional conditions are necessary to make land rental a viable proposition with a new or small farmer. First, the rent charged on land obtained from the land bank must take into account the value of the expected yield. Given the current market situation pertaining to land, this may entail a small rent subsidy (e.g. 2 percent of the land value). Because a land bank pays for its land at a given point and time and then holds title to that land in perpetuity, the cost of such a subsidy could easily be absorbed and still leave the bank - after 20 or 25 years of operation - in a position to earn a substantial profit. The long-run effect of such a rental policy would be to maintain steady pressure on land prices thus enhancing the competitive position of Manitoba agricultural products.

The second basic condition for the operation of the land bank as a support for moderate-sized operation, would be its right to advise on the use of the land rented from it. Too much Manitoba farm land is currently yielding incomes far below potential. By seeing to it that rented land is being utilized properly, the land bank would eliminate this situation and would also be acting to protect the public's investment in its assets.

Credit

With credit as with other factors in agriculture, distribution is as important as overall quantity. In 1969, the total debt owed by Canadian farmers was \$4.5 billion. Yet most of this credit was extended for purposes that were detrimental to the long term interests of the majority of Canadian farmers. For example, in 1971-72 of the loans made by the Manitoba Agricultural Credit Corporation - a crown corporation - about 75 percent went toward the purchase of land and debt consolidation. In the future, public credit programs should be tied closely to the general agricultural policy of the government. Given our goals of stabilizing the farm population and instituting a land bank program, this means that loans should be restricted to lower income farmers thus strengthening their capital base so as to allow them to diversify where appropriate and to raise their general level of productivity. Similarly, no public credit should be allowed for the purchase of land. Finally, credit made available to lower income farmers should be accompanied by a full program of management training and repayment schedules should be based on market conditions.

Farm Incomes

To complete its program of ending forced migration from rural areas the government must establish an energetic farm income program. This program must contain measures to strengthen the market position of Manitoba agriculture in general plus specific tools to aid the low income operation.

Room for general farm income improvement exists in several areas. Through stepped-up land use and livestock improvement programs such as cooperative feedlots to retain feeder cattle in the province for finishing, it should be possible to double the beef production in Manitoba by 1980. Similar measures should make it possible for Manitoba to produce the 19.6 million pounds of industrial milk allocated to the province as its share of the national market. (At present, Manitoba produces only 15 million pounds). Finally, an integrated hog marketing system for the prairies should make it possible to double pork production in the next five years and at the same time stabilize prices.

There are also several obvious steps that should be taken to reduce farm costs. The government should adopt a policy of stock-piling insecticides and herbicides and then distributing them at cost to farmers. It should also be prepared to investigate the differential between American and Canadian fertilizers. Farmers themselves must make a greater effort to establish a system of collective bargaining and bulk purchasing to further reduce supply costs.

There are several areas of specific importance for the low income farmer all of which call for some involvement by the provincial government.

Firstly, a provincial price support policy is needed to protect the small farmer against short-run market fluctuations. The government's willingness to adopt such a program and to operate it on a sliding scale basis will encourage small farmers to diversify into livestock, particularly beef production, for which the long-run market outlook is good. Secondly, the government should assist the development of cooperative production by providing information to interested groups on the merits of the various types of arrangements, assisting new co-ops with management and technical advice, and making sufficient public credit available. Finally, the government must provide an effective program of on-farm assistance to ensure that small farmers willing to adapt their operations to the new agricultural policies outlined above achieve maximum utilization of their new capital and land resource base.

It is the firm conviction of your Provincial Council that an N.D.P. government which continues to maintain strong connections with both rural and urban Manitoba and is willingly to act decisively can present future generations of Manitobans with humane cities, prosperous farming communities and a revitalized countryside.

TABLE I
INCOME DISTRIBUTION OF FARMERS
IN 19 MANITOBA MUNICIPALITIES, 1971 *

<u>Item</u>	<u>Number of Farms</u>	<u>Percent</u>
<u>Gross Sales</u>		
Below \$5,000	1,649	43.8
\$ 5,000 to \$ 9,999	1,003	26.7
\$10,000 to \$14,999	493	13.0
\$15,000 and over	620	16.5
 <u>Net Farm Income</u>		
Below \$1,000	1,824	48.4
\$1,000 to \$1,999	566	15.0
\$2,000 to \$2,999	561	15.0
\$3,000 to \$4,999	491	13.0
\$5,000 and over	323	8.6
 <u>Family Income</u>		
Below \$1,000	1,461	38.8
\$1,000 to \$1,999	709	18.8
\$2,000 to \$2,999	548	14.6
\$3,000 to \$3,999	327	8.7
\$4,000 to \$5,999	413	11.0
\$6,000 and over	307	8.1
 Total	 3,765	 100.0

* Compiled by the Manitoba Department of Agriculture

Activity & Conference

A CREDIT POLICY FOR MANITOBA

A sound, responsive credit base is an indispensable foundation for successful development and employment policies. Credit not only determines whether there will be more or less economic activity during a specific period, but also what direction that activity will take. Because of this, the Provincial Council considers it mandatory that the government of Manitoba act to enlarge the provincial credit base and to increase public influence over its utilization.

Credit For Housing

As discussed elsewhere, this Council regards adequate housing as a basic right for all Manitobans. Further, this Council would prefer to see a minimization of subsidized housing. That is, we are urging the formulation of policies that will result in a general lowering of the cost of housing so that the vast majority of Manitobans with steady employment can satisfy their shelter needs without making undue sacrifices in other areas of expenditure or relying on public assistance. In addition to activists policies on land assembly and construction techniques, (see "Housing for Manitobans"), this means that a larger pool of capital has to be made available for housing in Manitoba. It also means that this capital must be directed towards moderately priced housing and away from the luxury accommodations which have taken up an increasingly large portion of mortgage money in recent years.

Housing construction is one of the most reliable tools for combating unemployment. To maximize its usefulness a way must be found to keep mortgage policies sensitive to the peculiar needs of Manitoba on both a provincial and regional basis. All these requirements suggest the need for a greater public presence in the provincial financial field.

Credit For Rural Development

The agricultural policy of this Council calls for energetic measures to reduce coerced migration from rural areas and to produce a viable base for a substantial number of family farms. (see "A Future For Rural Manitoba"). To accomplish this, young farmers getting established and other farmers who must diversify and re-equip themselves to become competitive, will need access to a credit pool whose lending policies complement the general agricultural policy of the government. At the same time, local trade centers must obtain their share of mortgage money and investment capital for small business.

At present, neither need is being filled adequately. Farm capital is going increasingly to very large and/or corporate farms and the local trade centers - not an important part of the future as envisioned by the major lending institutions of our country - are fighting a very difficult battle for survival. Therefore, in agricultural as well as in housing, this government must act to render the credit market more sensitive to basic public needs and objectives.

Credit And Natural Resource Development

The proper development of natural resources is a problem facing all parts of Canada, including Manitoba. By "proper" the Council means development that will maximize economic benefit to the people of Manitoba while minimizing the cost to the environment and the communities and people of our prime resource areas.

Here too, the availability of credit and the basic policies guiding its use are of utmost importance. To maximize public profit from the exploitation of natural resources - both renewable and non-renewable - society must have more leverage with respect to:

- (a) the timing of development
- (b) the rate of development
- (c) the precise location of processing plants, administrative offices, etc.
- (d) the recruitment of manpower that is to work on the resource, and
- (e) the extent of processing that is to be carried on in the province.

Resource exploitation is very intensive. To augment public influence in all these areas proper control legislation is not enough. The public must do all in its power to reduce its dependence on the whims of private capital. Therefore, as with housing and agriculture, the possession of capital resources or the ability to influence the utilization of capital resources held in a private sector, is a basic requirement for obtaining prime policy objectives.

The Current Situation

At present, the major financial institutions in Manitoba include trust companies, credit unions, mortgage companies and the chartered banks. Of these the latter is clearly dominant holding 88 percent of all deposits and having capital assets triple those of the first three. However, because the majority of funds channeled through these institutions, are invested according to policies formulated in central Canada, the needs of the other regions of the country are not given their proper priorities. For example, in only one year during the period 1961-1971 did Manitoba receive its proportionate share of mortgage money for new housing taken on a per capita basis. For the most part, it received approximately 70 percent of what its population would seem to warrant and between 1966 to 1969 this dropped to approximately 50 percent. From figures presented to the Standing Committee On Economic Development in June 1971, it was estimated that deposits collected by banks, trust and insurance companies, in Manitoba exceeded funds loaned out in the province by \$300 million per year. In many towns in rural and northern Manitoba the chartered banks have small branches which regularly accept deposits from local citizens but are almost non-existent when it comes to providing funds for local development. In all cases, major financial institutions have refused to disclose the figures showing loan-to-deposit ratios on a local or even provincial basis.

Given the importance of maximizing credit resources and influencing their utilization to compliment development policies, this Council regards it as imperative that the government of Manitoba take steps to increase the public presence in the financial markets of the province.

Recommendations

1. The provincial government should investigate the possibility of entering the "banking" field as a means of stemming the flow of investment funds leaving the province and so as to institute a greater degree of genuine competition among the financial institutions already operating in Manitoba. Having due regard for the constitutional restraints in this area, the province should consider the possibility of accomplishing this by establishing deposit-loan institutions similar to the treasury branches existing in Alberta.
2. The government should act to strengthen credit unions so as to enable them to increase their share of the financial market in Manitoba.
3. The chartered banks, mortgage companies and other major lending institutions in the province should be asked to reveal their long-term policies with respect to their Manitoba operations. The government should endeavour to discuss these policies with a view to bringing them in line with the general development objectives of the government itself.
4. The federal government should be pressured to give provinces greater access to the capital resources of the country through the equalization of the interest rates paid by public agencies for development funds.
5. A provincial government should ask federal authorities to introduce legislation that would require financial institutions operating in more than one province to disclose the size and nature of their operations on a province by province basis and to require these institutions to relate at least some portion of their total investments to the source of their funds.

These recommendations are not intended to effect total change in our existing financial system. Their overall objective is to guarantee Manitoba its fair share of private investment funds, make the allocation of those funds more responsive to public needs, and to give the public of the province greater flexibility and scope for its own direct investments.