

LEGISLATIVE ASSEMBLY OF SASKATCHEWAN

Fourth Session — Tenth Legislature

14th Day

Tuesday, February 18, 1947.

The Assembly met at 3:00 o'clock p.m.

On the Orders of the Day.

RESOLUTIONS

TAXATION OF CO-OPERATIVES

Mr. A.L.S. Brown (Bengough) moved, seconded by Mr. F.A. Dewhurst (Wadena):

That this Assembly express the view that an economy which serves the interests of the people depends in large measure upon the activities of co-operative organizations and associations; that it is desirable to promote the development of co-operatives and a wide-spread participation in co-operative endeavor, and that the action of the Parliament of Canada in taxing co-operative associations, constitutes a serious imitation upon the activities of people in their effort to achieve economic democracy through co-operation;

Further, that this Assembly request the Government of Saskatchewan to protest the restriction imposed by the Income War Tax Act upon the disposition by co-operatives of their earnings, and urge:

1. That sub-section (9) of section 5, of the Income War Tax Act, as enacted by 1946 Canada Statutes, Chapter 55, section 4, sub-section (13), which provides that no co-operative be allowed to distribute tax-free patronage dividends to the extent of reducing its taxable income below a level of three per cent on capital employed, be repealed;
2. That co-operatives be allowed to set aside limited reserves to guard against the impairment of capital and unexpected losses at least to the extent of the minimum required by provincial law, before taxable income is determined;
3. That paragraph (vi) of sub-section (p) to section 4 of the Income War Tax Act be amended to permit less than twenty persons to form a co-operative within the meaning of the statute; and
4. That the allocation of patronage dividends be determined solely by the members of a co-operative on the principle of one member one vote.

He said:

Mr. Speaker, the subject matter of the Resolution that I am about to introduce has been debated at considerable length in this House, in the House at Ottawa and in many sections of this country; but I make no apologies for re-introducing, at this particular time, for I feel that taxing co-operatives on the basis of incomes strikes at the very root of the economic democracy that we are attempting to build here in Canada and in many

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parts of the world. I wish to make it clear, that through this Resolution, we, as co-operators, are not attempting to evade any form of taxation which we feel we are legally or legitimately entitled to pay. We, as co-operators, have seen that by working together and pooling our resources, we are able to accomplish many things that we, as individuals are unable to do, and we feel, further, that this principle ought to be and may well be extended into a wider field and as such we do not make the claim that we should in any way evade taxation. But the question arises whether a co-operative organization, organized for the purpose of service, should come under the provisions of the Income Tax Act and as such become subject to income and excess profits tax.

Mr. Speaker, if I may have the permission, I would like to review briefly what, in my opinion, led up to the present Act as it now stands on the statute books at Ottawa. We saw, here in Canada, the development of the co-operative movement along with the development of the economy here in Canada. We thought a social type of enterprise based upon the Rochdale principles was the only means whereby we, as individuals and as common people, could protect ourselves against the monopolistic tendencies of our economy of the day. During the early growth of this co-operative movement it was of no particular threat to the common people to band themselves into a co-operative movement and to render themselves these services and goods, on many occasions were scoffed at and laughed at by the vested interests. In the late '20s, following the inauguration of the Wheat Pool and it had proven to be a success, there was litigation entered into between the Department of Finance at Ottawa and the Wheat Pool with the apparent intention of seeing whether or not such organizations formed, as is the Wheat Pool on the basis of a mutual organization or at least it was formed largely on that at that time, should be subject to income tax under the provisions of the 1917 Act.

Following this litigation, which the Department of Finance at Ottawa lost, the Government of that day in an attempt, I presume, to avoid further litigation with other potential co-operatives, placed in the statute books an amendment to the 1917 Income War Tax Act which, in the opinion of the Government of the day, would make clear that bona fide co-operatives would be exempt from income tax. Mr. Dunning – quoting from Hansard of May 24th, 1930 – had this to say in reference to Section 4, paragraph T of the Income War Tax Act:

It is intended here to exempt bona fide co-operative associations and companies from income tax.

And further, referring to the same section, he states as follows:

This means that any co-operative organization falling within the group there mentioned, or other like groups, may do business for its own shareholders provided that the license of the business is to return all proceeds, less the necessary reserves and expenses, to those who contributed the commodities, or, in the second place, in the case of a purchasing association to those who purchase the goods.

At that time there was no question in the minds of the Government of that day that they were putting in an Act which

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would provide exemptions for these particular organizations.

Following the introduction of that legislation and during the early '30s, there was a further growth of these co-operative organizations, not only in the marketing field, but also in the consumer field; for in this movement we saw an answer to our social as well as our economic problems. It was during this period that the vested interests saw in the co-operative movement a threat to the monopolistic control that they had upon the economy of Canada, and so, in the late '30s and the early '40s they organized a campaign in which they hoped – I presume that was their intention – through the medium of taxation on the basis of income, to either stop or destroy the co-operative movement as it was established in Canada. This organized campaign was spearheaded by an organization known as the Income Tax Payers' Association, of which Mr. Thorgarson, Conservative MLA for Winnipeg, in the Manitoba House, is the president.

It has been stated by Members of the Opposition – and I think it is true – that Mr. Douglas, Premier of the Province of Saskatchewan once said that the CCF in Saskatchewan would not be satisfied until it had eradicated capitalism. I think that the aim of the Income Tax Payers' Association is that they will not be satisfied until they have eradicated the co-operative movement from the Dominion of Canada.

Based upon the pressure brought by this Income Tax Payers' Association and also, to a certain extent, by pressure from the co-operative organizations in which they wanted their position clarified as to whether or not they, at any time, should be subject to income tax, the Federal Government in 1944 appointed a Royal Commission under Justice McDougall for the purpose of enquiring into this whole question. They gave to this Commission wide authority; they gave to this Commission the power to enquire into: first, the present position of co-operatives in the matter of application thereto of the Income War Tax Act and the Excess Profits Tax Act; second, to enquire into the organization and business methods and operations of the said co-operatives as well as any other matters relative to the question of the application of income tax measure thereto; and, thirdly, to enquire into the comparative position in relation to taxation in the said Act of persons engaged in any line of business in direct competition with the co-operatives. They were further directed to report insofar as the same can be done, all facts which appeared to them to be pertinent, to determine what would in the public interest constitute a just, fair and equitable basis for the application of the Income War Tax Act and the Excess Profits Act of 1940, to co-operatives and to businesses other than co-operatives, in respect to methods of doing business similar to co-operative methods, such as making a payment, commonly called patronage dividends; to make such recommendations for the amendment of existing laws as they consider to be justified in the public interest.

After considerable study this Commission submitted a report to the Federal Government and in it they made specific recommendations. While I, at no time agree entirely with the report as submitted by the Royal Commission, it did verify, or at least make one specific recommendation that in principle, patronage dividends should be exempt in the case of organizations organized on the basis of co-operatives. Believing that this recommendation of the Royal Commission would, at least, be the

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basis for any change in legislation, the co-operative movement studied and made certain proposals to the Federal Government, proposals which they thought should be implemented if the recommendations of the report of the Commission were to be implemented.

We, as individual co-operators, took every opportunity at our disposal to bring this matter before the Federal Government. At every Session that this House has met, there have been resolutions introduced recommending that, where a co-operative was organized under rules and regulations of the Provincial Legislature, they should be exempt from taxation.

Even on the international level we have realized that the co-operative movement could serve a useful purpose and organizations representing different countries of the world met at a conference at Hot Springs, in 1943, at which they were studying the potential possibilities of supplying food to the hungry people of the world and they had an international organization of which Canada was a member, made recommendations on behalf of the co-operative organization. They passed a resolution as follows:

Whereas, first, the co-operative movement has been of very great importance in many countries, both in urban and rural populations especially in agricultural districts where farming is based on small units, and in urban areas of low-income families, and, secondly the proper function of co-operative societies to facilitate the adjustment of agricultural production and distribution as members have confidence in the recommendations and guidance of their own co-operative organization which they know operates in the interests of their members and of society in general; three, the democratic control and educational programs which are features of the co-operative movement can play a vital part in the training of good democratic citizens and assist in introducing a sound condition of economic matters.

This conference recommended further:

That in order to make it possible for people to help themselves in lowering costs of production and cost of distribution and marketing, all countries study the possibility of further establishment of producer and consumer co-operative societies in order to render necessary production, marketing, purchasing and other services; that each nation examine its laws, regulations and institutions to determine what legal or constitutional obstacles to the co-operative movement exist in order to make desirable adjustments; and further that full information as to the present development of co-operatives in different countries should be made available through a permanent organization.

This conference recognized that not only within the co-operative movement was there a means whereby we might assist in winning the battle for food, but they also saw in the co-operative movement a means for the training of good democratic citizens so vital in this postwar period.

In spite of the recommendations that we made here in this House, in spite of the recommendation made by the co-operative

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movement through the Co-operative Union, in spite of the recommendations coming from the international level, that we should examine our laws and see that no obstacle exists to the development of the co-operative movement; in spite of these recommendations and these commissions, there was introduced at the last Session of Parliament, an amendment to the Income War Tax Act which struck a vicious blow – a blow at least at the principle of the co-operative movement.

While the Commission recommended to go so far, Mr. Ilesley went all the way and he had this to say, in part, in introducing his Budget in the House at Ottawa:

After careful consideration the Government has, therefore, come to the conclusion that it should accept the Commission's recommendation that patronage dividends and similar payments be treated as a deduction from income, subject to one relatively minor limitation.

So far, I have no particular objection to his phrase, but I repeat again, he states "subject to one relatively minor limitation," and here is the limitation, designed, as he says, to avoid at least some of the discriminatory effects. The limitation is this: That no company or association should be able to go so far in the distribution of tax-free patronage dividends as to reduce its practical income below a reasonable return on capital employed in the business. This reasonable return will be defined as three per cent on the capital employed including borrowed capital, less the interest paid by the company or association on borrowed capital that is allowed as an expense in the computation of the taxpayer's income. The principle underlying this rule is that an amount set aside out of the taxable income, to be distributed on the basis of patronage by co-operatives or companies which do not pay at least three per cent on the capital employed in this business contains earnings which arise from the employment of capital and as such ought not to escape taxation entirely. I think that there in that three per cent limitation clause to which I will refer to in brief, that we find the vicious blow that is being struck at the co-operative movement. It says, in effect that a co-operative to come under the full benefits of the Act must be an organization which pays three per cent upon the capital employed. Many co-operatives in Canada and, I presume, in other parts of the world, have gone so far as to say that they have established themselves for the sole purpose of giving goods and service to its members. And they have gone so far that they will have agreed that they will not pay interest on any subscribed capital or capital invested in the organization. This particular clause, in my opinion, can easily be construed as an attempt to change the ideology of the co-operative movement from one of service and saving to one of making interest on investment and capital.

Following the introduction of this amendment to the Income War Tax Act, the battle was carried on out of the House by the co-operative movement and in the House by the 18 CCF Members of Saskatchewan, aided by the other 10 CCF Members who sat in the House. Prime Minister Churchill stated, in reference to the airmen who defended Britain during the early part of the War, "That never in the history of Great Britain was so much owed to so few by so many." I think that same term could be applied to those 28 CCF Members in the House at Ottawa: "That never in the history of Canada did the individual members of the co-operative

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movement owe so much to so few.”

Due to the battle carried on by the CCF Members in Ottawa many of the undesirable clauses in the proposed amendments were removed by the taxation of co-operatives that Mr. Tucker, the part-time Leader of the Liberal Party, showed his true colors and indicated, when the going got tough, what side he was on. I quote from Hansard of Tuesday, August 20, on the debate on the question of co-operative taxation and Mr. Tucker had this to say in part:

There is great anxiety as to how I am going to vote. Well, I feel so strongly against this particular division, that I do not really know what I should do.

And further:

I want to say on this particular principle I would gladly vote to take out the three per cent principle because I never believed in it and I do not believe in it now.

And further:

But I would rather have the Liberal power and Liberal Party, which has not hesitated to lay that program before the people and which is ready to stand and fight for it as no other party is doing today, I would rather have that party in power than any other.

Even if it meant the sacrificing of the co-operative movement.

Not only did Mr. Tucker intimate his intention and actually do so to sell the co-operative movement short for the benefit of the Liberal Party, but he did something more than that. Talking as he did and talking for as long as he did, it made certain that the Tuesday morning train from Montreal arrived in Ottawa with a sufficient number of Liberal Members on the train to make absolutely certain that this particular clause would be incorporated in the Act. Mr. Tucker, as reported in the press, has stated here in the city of Regina, at a meeting, that the reason that he voted for the taxation of co-operatives was that it implemented the recommendation of the Commission. Mr. Ilsey's statement, which I read here a few moments ago, belies this statement of Mr. Tucker's, for he indicated in that speech that he was not entirely implementing the recommendations but he was implementing them subject to the limitation of the three per cent clause which I considered to be the most vicious and anyone who has read the report, will find that in the main recommendations of the Royal Commission no reference at all is made to this three per cent limitation and certainly no reference is made to it in the reservation made by Mr. Arnason. I believe that the full intent and purpose of this amendment is clearly illustrated in the method in which the Financial-Post headlined its story on the question of co-operatives. In referring to the question of taxation of co-operatives it says:

It will stop the mushroom growth of the co-operatives.

They were not interested in the possible return to the Federal Treasurer but they were interested in it as stopping, as they state “the mushroom growth of the co-operative movement.”

I feel that we must be prepared to fight this anti-social

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legislation with all our might, for we have found that in the co-operative movement there is a solution, not only to our economic and social problems, but also within the co-operative movement there is a training into democracy. We must carry on the fight to have this particular clause eliminated from the Income War Tax Act. I see that this clause may do one or all of three things: first, it may, as the Financial-Post suggests, stop as they term it, the 'mushroom growth' of the co-operative movement; it may divert co-operators from the principle of establishing co-operatives for the purpose of service and savings to us as individuals; and third, that this particular clause may be the thin edge of the wedge which vested interest proposes to drive home and as such topple the whole co-operative movement in the Dominion of Canada. I have, Mr. Speaker, dealt with only one particular phase of this Act, the one which I considered would be the most vicious and the most anti-social. There are two or three other phases and pieces incorporated in the Act, which are not only objectionable, but depart from co-operative principles.

Last year, in speaking to the resolution which was introduced in this House covering a similar subject, I made the suggestion that there was a place upon the federal statute books for a Dominion Co-operatives Act so that we could get some uniformity of our co-operative activities across Canada. The Federal Government, so far has not seen fit to implement this particular Act, but they did incorporate in their amendments to the Income War Tax Act certain definitions of co-operatives. While I have no particular quarrel with some of them such as all members be individuals, that no member had more than one vote in the conduct and affairs of the co-operative, definitions which are all based upon the principles of co-operation as laid down by the Rochdale pioneers. But there is one objection that I take to what they have incorporated in their definition and that is this:

That no member of the co-operation, directly or indirectly, holds shares in or has subscribed amounts by way of capital to the co-operative in excess of five per cent of the shares of the co-operation issued or of the total subscribed thereto.

In taking issue with this, I think there is something sound behind the introduction of this particular clause and I agree that, generally speaking, in the co-operative movement no one member should be in a position, or no group of members should be in a position, where they control the capital even though they do not control the organization as such. But this particular clause says, in effect, that not less than 20 members can form a co-operative organization and come under this particular definition. Now, it is easily conceivable in our complex co-operative movement that we have built here in Canada, that there are many co-operative organizations which would be desirous of establishing in which there were not 20 members interested.

Mr. Patterson: — Such as?

Mr. Brown: — Such as co-operative farming, which is being established in different parts of Canada at the present. There is one other objection that I take to the amendments introduced to the Income War Tax Act and that is, there was no provision made for establishing of limited reserves or statutory reserves of any kind.

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The very nature of the business in which most of the co-operatives are organized is of a rather risky kind. They are, generally speaking, organized among people with low incomes, people who as a rule have not individually a large amount of reserves and it has been the established principle that co-operatives should establish some form of statutory reserve. This principle has been recognized by Provincial Legislatures here in Saskatchewan and other parts of the Dominion of Canada and this principle was recognized by the previous Government when they incorporated in their Co-operative Associations Act the following clause:

The directors, after paying expenses and making proper allowance for depreciation, shall apportion the surplus arising from the yearly business of the association as follows: by first, setting aside not less than 10 per cent of the surplus for a reserve fund and so from year to year until the reserve fund is equal to at least 10 per cent of the total assets of the association as shown in its audited financial statement for the fiscal year.

I would suggest that an amendment should be introduced to the Income War Tax Act making it permissible for co-operatives to set up statutory reserves, not subject to income tax, at least to the minimum required by the Provincial Legislatures in the different parts of Canada.

In the Act, as it stands at the present time, patronage dividends or excess charges refunds are tax free if they are constructively paid, whether that means paid out to the individual in cash or paid to the individual as a credit to him within the Association. I feel that this particular point should be clarified either by an amendment to the Act or by regulations established under the Act, for I feel that a co-operative association, which is a self-governing association formed under and controlled by Provincial legislation and supervised by the Provincial Government should have the right, at properly called meetings of its members, to decide in what methods they will allocate their patronage dividends or excess charges refunds, whether they will allocate them to the individual in the form of cash or whether they will have them credited to the individual within the association and to be paid out at a later date.

Now, Mr. Speaker, I have attempted to reiterate here what the co-operative movement has always stated that their organizations perform a useful purpose within our society and that, in the true intent and purpose of profit, they do not make profit and I feel, as a co-operator and as a Member of this Legislature, that we must be prepared to take on this fight at the present time, for I feel that as a Member of this Legislature I have a great deal at stake in the success of the co-operative movement. I know what it would mean to the economy of this province if the co-operative growth was stopped. I have no idea – but it would be great – as to what extent it might affect our economy if the co-operative movement were destroyed.

Mr. J.A. Darling (Watrous): — Mr. Speaker, I had not intended taking part in this debate, but coming from a constituency in which the co-operative movement is quite active, I feel that my constituents might very well feel that I was falling down on my duty if I did not raise my voice in support of this motion.

The Hon. Member for Bengough went as far a field as the

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Hot Springs Conference of 1943 to quote material in support of the co-operative movement. I think that was very fitting, but the Hon. Member has an advantage in many ways in that, as an Hon. Member of this House was formerly saying, "He is a young man yet;" and mind you he is a capable young man, too, as he has demonstrated on many occasions in this House. But if he had been for 35 years in agriculture in this Province of Saskatchewan and had watched the growth of the co-operative movement and what has transpired during those years, he would not require to have to go to Hot Springs or anywhere further than his own small town to get ample proof of the value of the co-operative movement to the people of Saskatchewan. My mind goes back to 1912. It is strange that my interest in the co-operative movement seems to centre around the co-operative handling of wheat. I have never been actively connected with any other branch of the co-operative movement, so that I think in terms of wheat, of grain and my mind goes back to 1912 when there was built, in my home town the Saskatchewan Co-operative Elevator, and we took shares in that elevator and we felt that we were going to do ourselves benefit by selling and handling our own grain. It surprised me a little, as a young and inexperienced man, that one of the first things which struck me was that the Saskatchewan Co-operative Elevator raised the cost of handling grain; the elevator charges increased that cost. Now we were looking for the very opposite, but we found that the increase in cost in handling was greatly overcome by the honesty of the service we got in the co-operative elevator. We found that we could get more wheat on a wagon and we found that, in the main, we got less dockage and that co-operative elevator gradually developed a confidence in the elevator man.

Now, Mr. Speaker, there was a time in this province when to be an elevator operator was to be something in the same category as, say, a racetrack tout or something of that kind. He wasn't expected to come quite up to the same standards as other people in point of honesty and integrity. I am very happy to say that that is past and now, whether one is a line elevator company or whether the operator is a line elevator man or the Wheat Pool man, or what have you, you do not consider that there are any strikes against him insofar as his personal integrity is concerned. That is the result of the co-operative movement unquestionably.

As time went on we found that another great grievance was removed through the co-operative movement and that was the spread between street and track prices. I am speaking purely from memory because I did not prepare a speech for this occasion and if there is any farmer present who disputes it, I hope he will stop me; but I think that we used to be charged sometimes as high as 10 and 12 cents a bushel spread between the price of the wagonload of wheat and the price that we received for a carload on the track. Now, if that is exaggerated I will be pleased to bring it down to the right figure.

Mr. McIntosh: — About 16.

Mr. Darling: — We will bring it down to 16. Well, I remember very clearly, how we used to try very hard. We used bulkhead cars and each farmer would provide a part of the car in order to fill it up and not long ago, when a friend of mine, who is a line elevator operator, took exception to a statement of mine that it was the co-operative movement which had brought some semblance of honesty

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into the grain trade, he said, "Oh, so that is easy to say but you cannot prove that the line elevators were ever dishonest in their dealings with the farmer." I had only to mention that spread, which he could not deny, to demonstrate quite clearly that the line elevator companies had been taking advantage of the farmer, when he had just a small delivery to make.

I am speaking this way in order to demonstrate the antagonism which has existed to the co-operative movement all along the line. I have seen it, I have experience it. I cannot prove it; but proof is not necessary to anyone who has come through the experience. I have seen them use, in our town, overgrading. On one occasion there was a very bitter grade-war between the Pool elevator and the line elevator company and to the credit of the Pool be it said that they tried to bring this grade-war down to a rational basis. There was a time when our wheat was tough and even damp, when the elevator companies would give straight grade if we would deliver that wheat to them. In the Pool you accepted the grade as it really was and some farmers, of course, yielded to baits and delivered to the line elevator companies. As time went on they had to develop other tactics and they tried to exploit racial differences. In a community where there were people of several different racial backgrounds, the line elevator companies would put a representative of one group in one elevator and in the other, they would put another man, until in our elevator lineup as represented, there would be one for Scotsmen, one for Englishmen, or one for Irishmen and so on down the line. That did not work either because I am happy to say that I come from a community where racial differences are merging and where we are beginning to develop a Canadian type and if I could get rid of my accent, I would be a fair example of what we have around there. Now all those things . . .

Mr. Procter: — Come down to a good constituency and see what good people look like.

Mr. Darling: — I did not get that, Mr. Speaker.

Mr. Benson: — He said to come down to Last Mountain and see what good people look like.

Mr. Darling: — Well, I will be very happy to go down to Last Mountain to look the people over.

All those things have been done with one object in view and that was to defeat the co-operative movement in the handling of grain and they have not succeeded. I remember reading a book by O. Henry; and the scene was laid in a tropical republic and everyone was a grafter, everyone was trying to graft off the government and graft off everyone else and there was one upright individual, who thrived better than any of them because he was the only man in the republic in whom anyone had any confidence and he used to say that his graft was honesty. I suggest that the graft which has developed the co-operative movement in Saskatchewan is honesty.

Now, here we have come to the place where those other expedients have failed, the pressure of the grain trade has caused the Government to inflict upon the co-operative movement an

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income tax, a tax on the capital rather than an income tax. Now, I do not think I need to go into that in any more detail. The Hon. Member for Bengough has done that and he had the advantage of me in that he knew beforehand that he was going to do it and he has looked up his material. If the Federal Government needed to tax the co-operatives for revenue purposes I do not think anyone would quarrel. If we can conceive of it that the co-operative movement developed to the point where private industry was more or less eliminated, the co-operatives would have to be taxed because the great majority of the people would be in co-operatives. But we are convinced, I am sure, that few people in this House have any doubt in their minds that the imposition of this tax is not for revenue purposes, but in order to try to offset the advantage which the co-operatives have earned for themselves in appealing for the support of the people of Canada.

Now there is another point and if I am out-of-date, again, I will ask the Hon. Member for Moosomin or anyone else to correct me. It would be easy to argue that our Wheat Pools and many of our co-operatives – but again I am thinking in terms of Wheat Pools – are not real co-operatives. We do not know exactly what a real co-operative is and it is very difficult for any co-operative to qualify under the only definition that I have ever heard. That definition is that a co-operative to be a true co-operative, Mr. Speaker, must do 80 per cent of its business with members. Now, will any Member dispute that and yet we know the situation which has existed in the province and all across Canada for some time with respect to elevator space. The farmer has delivered his grain wherever there was room for it. Wheat Pool members have been forced to deliver to line elevators and vice versa; those who were not members have been forced to deliver to the Wheat Pool, so that it would be very unlikely that the Wheat Pool would qualify as a genuine co-operative – and that might go for a good many different co-operatives; but the fact remains that, to be a real co-operative, 80 per cent of business must be done with members.

The Canada Grain Act provides that any elevator must accept grain that is offered for sale providing that they have room and that the grain is in marketable condition so that what is needed, very badly, is a definition of a co-operative which will make it possible for a co-operative to come inside that definition. Regulations will have to be so ordered that a co-operative can serve 80 per cent of its members. If that is the definition of a real co-operative that it does not require to serve non-members or that, at least, some way can be found that the efforts of individuals to co-operate for the transaction of their business makes it possible for them to qualify as real co-operators and, therefore, come under the regulations with respect to income tax. And when a real co-operative is established I submit, Mr. Speaker, that as this resolution says, they should be exempt from income tax because to tax them is to tax the returns of the members twice.

Now, Mr. Speaker, I do not propose to take up anymore time in this debate, as I said before. I see now that they have been able to transport a microphone to the seconder of this Resolution. He is probably ready to take the floor which, I believe, was the main purpose of my participation in the debate.

I will support the motion.

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Hon. F.L. McIntosh (Minister of Co-operation): — Mr. Speaker, I once heard it stated, going back into history some 150 years, that approximately 90 per cent of the people of the British Isles had a definite equity in the resources of their native land and then I have heard it stated that, when the present war broke out, 90 per cent of the people of Great Britain were dependent upon 10 per cent of the people for a livelihood. It has, from the days of the Rochdale pioneers, been a long, hard struggle on the part of those who believed in the principles of a co-operative endeavor to establish themselves in the United Kingdom, to establish themselves in the many other countries of the world where co-operative endeavor and effort is carried out and it has been a struggle here in our province for those who believed in their responsibility to a democratic society to establish themselves into the field of co-operative endeavor, where they might render for themselves those services that they have been paying others in the past to render for them.

I am sure this House has a full and deep appreciation of the great contribution made at the turn of the present century to what we have today in the co-operative field, by the Rt. Hon. W.L. Motherwell, by Mr. A.E. Partridge, Mr. Green and Mr. Miller and many others. I am sure that we have a deep appreciation of what it meant to those men of the Qu'Appelle Valley back in 1900 and 1905, when they were moving their few bushels of wheat from their few cultivated acres on the homestead some 20 or 30 miles to the nearest marketing port and upon arrival there to be told by those responsible for the operations of what was then known as the Flat Warehouse, that they had no room for that particular grade of grain. I am sure we appreciate what it means, today, for those men to be told that their wheat graded No. 1 and 2, but unfortunately, the operator had no room for other than No. 4 or 5 wheat.

This condition was the commencement of what we have in the Province of Saskatchewan, today. The Saskatchewan Co-operative Producers is an outgrowth of the struggles of the pioneers back from the turn of the present century onwards and it might be because the Saskatchewan Wheat Pool is very strong and very powerful in the field of handling grain; it might be because these co-operators count their assets in the millions of dollars, it could be because the membership of the Saskatchewan Co-operative Producers handle over 50 per cent of the total volume of grain marketed in this province and it also could be that they are the dominant factor in the field of handling grain along with their sister organizations in the Provinces of Manitoba and Alberta, that the private grain interests and the Taxpayers' Association and the Gladstone Murrays and Trestrails felt that they had permitted the citizens of this province and their fellow co-operators in other provinces to advance too far into the field of servicing themselves and making the savings thereby for themselves.

It is true that the Saskatchewan Co-operative Producers is rather a large and powerful organization; but if we should undertake to divide the assets of that organization, though they do consist of something in the neighborhood of 1,200 country elevators; though they do consist of some 37,000,000 bushels of terminal storage capacity at the head of the Great Lakes, if the total assets were divided among the 120,000 members, you would probably find that the individual member's equity in that large

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organization would be no greater than the individual member's equity in some of the smaller co-operative endeavors that have been launched in the Province of Saskatchewan.

I do not think that we should lose sight of the fact that co-operators in the Saskatchewan Co-operative Producers built that organization out of their pennies and out of their savings. I do not think we should ever lose sight of the fact that the total amount of money actually contributed by the membership of that organization would, I believe, roughly be less than one-twentieth of the total value of that organization and while they were building, as they have been, in addition to lowering the charges as mentioned by the Member for Watrous, they have returned themselves by way of savings some \$62 million.

Moving from the field of marketing to the field of purchasing, there are many instances of considerable interest, the Hon. Members opposite, the Leader of the Opposition in the House, the Member for Moosomin and the Member for Arm River, can recall the hours that they themselves put in back in 1923 and 1924, making their contribution to the bringing into existence of this system of marketing grain, owned, operated and controlled by those who produced the commodities themselves. Hon. Members of this House will recall the first elevator that was built by the members of this organization, Elevator No. 1 located at Bulyea. They will recall the first 89 elevators built. The point I am trying to make is that, while over the period of years this group of co-operators has been extremely successful in building for themselves a system of handling grain, if the total assets were to be liquidated and divided among the 120,000 members, the individual's equity would not be very much greater than the equity that some of the same people have in such co-operative associations as we find at Davidson and Moosomin, at Weyburn and many other points.

It is also interesting to note that, back in 1928, a small group who were interested in furthering the democratic control over the goods and services that they required from day to day, undertook to revise the old Grain Growers Grain Company's trading branch and it was taken over at that time and called a Co-operative Wholesale Society. The total assets of that organization, 20 years ago, could be counted in the few thousands of dollars. Actually the same group of men that built their marketing organization, proceeded to build for themselves the kind of an organization that would supply them, on the basis of cost through co-operative effort, those goods and services required for the production of a bushel of grain or a pound of livestock.

In 1929 to the end of 1946 these groups of men, in an entirely new field, found that they were able to operate a consumer's co-operative very successfully and supplied themselves upwards of \$10,000,000 worth of goods and services from their own Co-operative Wholesale Society in the year 1946.

I recall, Mr. Speaker, being out at Snowden, which just a few years ago, was considered to be in the wilderness of this province, when a small group of men and women met for the purpose of giving consideration to the possibilities of organizing for themselves a Co-operative Consumers' Association. They had no money, but their winters', and to some extent their summers' labors consisted of chopping cordwood and this small group of men and women decided that insofar as they were concerned, they were prepared to deliver cordwood at their siding and have

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deducted from every cord of wood they delivered a certain percentage of the value of that wood in order to create a fund to enable them to open a co-operative store. The group of people in that particular community spent 18 months in getting together \$360 in cash to enable them to put, in a rented building, a small stock of groceries, etc., that they required from day to day. That was back in 1935; and in 1944, these very same men and women, through their same local co-operative effort, had developed for themselves not only a reasonably modern co-operative store that had a turnover in that year of over \$50,000, but they developed there for themselves a credit union that supplied them with the money required in order to enable them to pay cash for the goods and services that they purchased from their store from day to day.

One could go over many points in the Province of Saskatchewan relating very similar instances; instance of these people of ours, within this province, building for themselves the kind of a service that would assure them that the commodities that they were marketing were being handled at cost and the goods and services that they required to produce were being delivered to them on the basis of cost – and, Mr. Speaker, there was no complaint as long as these people stayed in their local communities and were not a general threat to the larger fields of operation in connection with goods and services. But the progress made by the co-operatives in this and other lands was such that, step by step, these men and women were reaching further back in order that they might save for themselves all the dimes and nickels it was possible to save in the process of servicing themselves. So in recent years we find, in the Province of Saskatchewan, that the consumer co-operative movement, having built their local system of service and distribution, stepped into the field of wholesaling; stepped into the field of jobbing; stepped into the field of processing and manufacturing and as you go back into the fields that have in the past been controlled by combines and cartels, you begin to step upon the toes of those who are opposing what they call free taxation insofar as the co-operative movement is concerned.

I would like to take advantage of this opportunity to mention another field where men and women have built for themselves a form of savings and credit. Back in 1937, there was put upon the statute books of Saskatchewan a Savings and Credit Union Act. Lafleche was among the earlier communities to organize under this Act and when they applied for their charter they had \$56 in capital. On September 30 of last year they had 975 members; they had share capital of \$278,372; they had deposits of \$84,293 and since the inception of their credit union up to the end of the last fiscal year, they had loaned to their members over \$800,000 and not one five-cent piece has been written off the books as uncollected.

Now, Mr. Speaker, here we have, in our province, members of co-operatives that number into the hundreds of thousands, men who have banded themselves together in a democratic way to supply for themselves the goods and services that in former years they had allowed, as many other countries today allow, “George” to supply for them. I submit, Mr. Speaker, that just so long as we permit “George” to do the things that we can do for ourselves, we are always going to find a willing and a ready “George” to do these things providing the people are willing to reward them handsomely for it. Just so long as we continue to do that sort of thing, we are not only contributing to the breaking down

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of a democratic society, but we are contributing towards the building of monopolies and cartels. So here we find a group in the Dominion of Canada, some 900,000 in number, that have banded themselves together in various forms and types of co-operative endeavor. We find that these 900,000 people, through their associations, are building for themselves a system of distribution, a system of marketing, that is threatening the life blood of those who are attempting in their dying days to uphold what they term free enterprise and as a result of the opposition to the co-operative movement, the Dominion Government, in order that this question might be settled, appointed a Royal Commission to inquire into the taxation of the co-operative associations. This Royal Commission tabled their report in the House of Commons, on November 26, 1945, and on June 27 of the following year, the Budget was introduced in the House setting out certain amendments to the Income Tax Act, some of which materially affected the co-operative movement.

Mr. Speaker, the 14 odd resolutions brought down in the House of Commons had very little, if any, relationship to the recommendations of the Royal Commission and it was not until some months after this report had been tabled, that the co-operative movement of Canada was aware of what it contained and if the co-operative movement of Canada had been satisfied with the 14 resolutions dealing with their particular phase of social endeavor, it is not likely that the Co-operative Union of Canada and its affiliate members in every province, it is not altogether likely that the Saskatchewan Co-operative Producers and its sister organizations in the key provinces to the east and west of us, would have gone down to Ottawa and would have spent weeks there in an effort to convince the Government that they were not satisfied with the resolutions contained in the Budget Speech.

There was some retreating from the original resolution, but there are some very objectionable features to the present Act insofar as it affects the co-operative movement. These objectionable features are well set out in the Resolution introduced by the Hon. Member from Bengough. I do not wish to take up the time of the House by repeating what he said; but I would just like to say, in conclusion, that in the co-operative movement there is no profit as such; no profits that are known as such to private enterprise. It is true that our legislation in this province and the legislation in other provinces, require a certain percentage of the savings to be set aside for the general protection of the association itself, but all of the savings so accumulated in any branch of co-operative endeavor belongs to the membership that go to make up that particular type of co-operative endeavor. After all, what the membership of a consumers' co-operative association does is to raise what, in the opinion of the board of directors and the general membership of that association, is required by way of capital to put the necessary goods on the shelves and to open up their business. What they really do, in effect, is make an advanced payment to enable their association to get the goods, the membership will require, from time to time, in a convenient place; to enable the membership to go into their own store and get for themselves from the shelves of their own store those services that they require, and it is also true that not knowing what the exact cost of these goods, plus administration, is going to be, a policy is laid down whereby they pay the prevailing, or in the neighborhood of the prevailing cost and at the end of the current year, the dividends so accumulated, or the savings so made, belong to the membership of that association, with the exception of the

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reserves that I have mentioned which are called for under the Co-operative Acts of this and other provinces. Because of the underlying principles of self-help, because of the underlying principles of 'one man, one member, one vote,' and because of the underlying principles of men and women banding themselves together to render for themselves these services that are essential to their happiness and to their future, I have no hesitation in saying, Mr. Speaker, that I support this Resolution with the greatest of free will.

Mr. F.A. Dewhurst (Wadena): — Mr. Speaker, I would like to take part in this debate. I would first of all like to say that I concur wholeheartedly with what the mover, the Member for Watrous, and also the Minister of Co-operatives, have said. I shall, however, try not to repeat what has already been said. I would just like to make a few brief comments on this motion.

First, I think we should realize what some of the causes were of the first co-operatives coming into being. The first co-operative was formed in Rochdale, England, by the Rochdale Pioneers, a little over 100 years ago and that was formed as a result of the economic conditions of that day. It was not formed for profit. It was formed because people were so hard up and did not know how to make their money go around or how to live on their meagre income. It was a case of necessity being the mother of invention, they had to go together, to combine their united buying powers, in order to get a little more of the necessities of life.

I believe that co-operation is the closest thing that we have to Christianity. The true principles of co-operation are to do unto others as you would have others do unto you, and I think that practice has been followed as closely as possible down through the history of the co-ops.

When the co-operatives first came to Canada, it was for the same reason that they first appeared in England, because necessity demanded that people band themselves together to better their own lives and as a result little co-operatives started throughout various parts of Canada. Now that was okay until they started to be a threat to free enterprise system. As long as they were not strong enough that they could start to be a threat to free enterprise, or to take away some of the privileges that a few people had, or dominate thereby the lives of the workers, then the co-operatives were allowed to exist without any trouble being made for them. Then here, a little while ago, we had this campaign of the Taxpayers' Association to tax the co-operatives. Card and letters and petitions and various other means were sent to different Members at Ottawa protesting against the co-operatives being free from income tax.

Some of our Federal Members that I have talked to, told me that they had numerous cards sent to them from some of their constituents, that were signed by their constituents, protesting against the co-operatives being income tax-free. These Members at Ottawa said they always like to answer their mail and that they would write a letter thanking the constituents for sending them their card expressing their opinions, and lo and behold, before long they got a letter of indignation back saying that they had never signed any such a card, that they were utterly opposed to income tax being placed on co-operatives. So it would be pretty interesting to know, Mr. Speaker, if we could

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trace the origin of those cards and who did the signing; just what really happened. My personal opinion is there was a lot of wholesale forgery being done and no action was taken by the authorities, who should have looked into that and stopped it, because, well a lot of cards – I've seen stack of them that some of our Members had at that time, that were signed by people of the constituency who disclaimed all knowledge of them or of having anything to do with the cards.

Also, I would like to deal briefly for a moment with this sub-section three of the motion. I will read from the War Income Tax Act, this clause 4, of paragraph (p) to which this subsection refers. It says:

No member of the co-operative, directly or indirectly, holds shares in or has subscribed amounts by way of capital to the co-operation in extent of five per cent of the shares of the co-operation issued, or of the total capital subscribed thereof.

Now, that means in reality that there has to be 20 or more shareholders before they can form a co-operative. As the Member for Bengough pointed out, in the case of a co-operative farm, they maybe would not have 20 members and, also, that means that if there are 20 members they have to have equal share capital in the co-operatives; one cannot have one per cent more than any of the rest. Now, I know of a little co-op store that started in this province. It only had \$35 in cash to start with and just a little shack for a start as a store. There were less than 20 in that co-operative when it originally started, but it was not very long until more people started coming in, taking shares, until today it is a healthy, thriving little co-operative in a little backwoods town. But there is no credit due to free enterprise. It was those settlers in there who, through the necessity of trying to make their small income go further, had to come together. By taxing the co-operatives before the dividend is allocated back to the patrons is in reality double taxation, after the dividends are allocated back to the patrons that is the time they should be taxed and not before and I believe, Mr. Speaker, that this motion has been put fairly clear and most of the Members of this Legislature have their own ideas pretty well formed on this matter, so without further comments I am going to assure the House that I will support this motion.

Debate adjourned.

RESOLUTION – FOOD AND AGRICULTURE ORGANIZATION

Mr. J.A. Darling (Watrous) moved, seconded by Mr. Thair (Lumsden)

That this Assembly reaffirm whole-hearted support of the Food and Agriculture Organization (F.A.O.), of which Canada is a charter member and the firm belief that the objective, namely, "Freedom from want of food suitable and adequate for the health and strength of all peoples", can be achieved and that the final removal of the anomaly of starvation amidst plenty is essential to world peace, human brotherhood, better living standards in producing areas, and a stable world economy.

He said:

Mr. Speaker, the Food and Agriculture Organization of the United Nations may be said to have sprung from the Atlantic Charter when during the War the leaders of two great nations met dramatically in mid-Atlantic and there framed that Charter, a

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charter which might be regarded as an ideal, the ideal of a universal Bill of Rights and among the four freedoms enumerated in that Charter was Freedom from Want. The first move made by the late President Franklin D. Roosevelt in order to initiate the implementation of that particular freedom was made at Hot Springs, Virginia, in 1943, where a conference was convened by him, or at his instigation, a conference in which 44 nations participated. At that time we were engaged in the War and we had found, at that time, that under the stimulus of war conditions, we had been able to achieve objectives which in ordinary times, or before the War, we would have regarded as incapable of achieving. And so, probably under the same stimulus, the conception of an agricultural organization was conceived. I would like to read just a few lines from a declaration which was approved by that conference at Hot Springs:

This conference, meeting in the midst of the greatest War ever waged and in full confidence of victory, has considered the world problem of food and agriculture and declares its belief that the goal of freedom from want of food, suitable and adequate for the health and strength of all people, can be achieved.

It was on that note, Mr. Speaker, that an interim commission was set up to carry on the idea and the result of the work of this commission was the calling of a conference at Quebec, in October of 1945. Forty-one nations participated in the Quebec Conference, including four whose representatives were there as observers. Among the observers was the USSR and representatives of the Argentine. And it was at the Quebec Conference that the Charter was signed.

It was perhaps significant that the first charter signed under the United Nations, the first United Nations Charter, was that signed by an organization designed to provide for the welfare and the nutrition of peoples all over the world; and at Quebec, Sir John Boyd Orr, internationally known scientist and specialist in nutrition, was appointed Director General. That was in October, 1945.

In September, 1946, a further conference was called at Copenhagen. Now, at Copenhagen, the Director General made his proposal for the establishment of a World Food Board. It might come as a surprise, probably did come as a surprise, to many people, that at such an early stage in the development of Food and Agriculture, such a far-reaching proposal should be made by the Director General.

It was because of the crisis which existed with respect to the world food supply that a meeting of the general assembly of the United Nations in London, held in February, 1946, recognizing this crisis and recognizing that the peace of the world was menaced if this condition were permitted to continue and that prompt action was demanded, referred the matter, very naturally, to the Food and Agriculture Organization, asking that they take steps to meet the situation. An emergency meeting of FAO was called in Washington on May 20, 1946, and directives were given to the member Governments as to ways and means to deal with the emergency and the Director General, Sir John Boyd Orr, was authorized to prepare a long-range plan of international co-operation to be presented to the Copenhagen Conference.

The concept of the World Food Board was that it was

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unreasonable, inhuman and definitely undesirable, that a plentiful supply of food in the world should bring want to those who produced that food, while at the same time there were areas in the world where people were suffering from lack of food. The concept of the World Food Board was that a world pool of surpluses could be established; that surpluses could be taken over by the World Food Board and distributed where the need was greatest; that these surpluses would be kept off the market; that the producer would be preserved from the competition of those surpluses on the market and that, through the operations of the World Food Board, those who were in distress from lack of food might be supplied. It is very natural, perhaps, that the proposal was well received by the conference in Copenhagen.

Dean L.E. Kirk, Dean of Agriculture at the University of Saskatchewan was present at that conference and I quote from an article written by him and published in a university publication:

The World Food Board proposal was well received by the assembled delegates at Copenhagen, was supported in principle by all the representatives of the Member Governments, including Mr. Williams, United Kingdom Minister of Agriculture; Mr. Strachey, United Kingdom Minister of Food; Mr. Doods, United States Under-Secretary for Agriculture; Mr. Gardiner, Canadian Minister of Agriculture; Mr. LaGuardia, recent Director of UNRRA and Mr. Turner, President of the recently organized World Federation of Agricultural Producers. The conference proceeded to set up a preparatory commission to consider the proposal in more detail and elaborate the plan in a form acceptable to the Governments concerned.

Now, in principle, the concept of the World Food Board was approved at the Copenhagen conference; but it is one thing to accept a principle and another to agree to the implementation of that principle. The preparatory commission met in Washington; the report of that commission was published in January of this year and the World Food Board proposal was rejected. It was rejected because the United States and perhaps others, were unwilling to place so much power in the hands of an international authority. The commission recommended international commodity agreements, based on individual products, as a means of stabilizing world prices. The major importing and exporting countries, of course, should be parties to such an agreement.

Now, we have had experience of commodity agreements and those experiences have not been entirely reassuring. The preparatory commission, however, went a little further. They agreed with the necessity of the distribution of food in underprivileged countries, but they recommended that surplus food be made available at cut-rate prices to those countries and that it be made available by the individual countries concerned – that would be the producers – and of their own accord.

Now, Mr. Speaker, I am sure that it must be a great disappointment to all of us who had looked forward hopefully to the realization of the humanitarian vision of Sir John Boyd Orr. I feel, of course, that his proposal may be too idealistic, or too advanced for present world conditions. I think we must all agree to that; but after all, is not the sum of all the problems facing mankind to bring the ideal within the orbit of practical achievement? It seems to me that that is what we are trying to do here in this Legislature and what all Governments, all men of goodwill

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are trying to do everywhere and I am not willing to believe that Mr. Churchill, the late President Roosevelt, the Quebec Conference and the Copenhagen Conference and the Hot Springs Conference – conferences, some of which were attended by the delegates from 44 governments, would endorse a principle which is incapable of realization. I believe that the world has suffered a great deal because we have too readily accepted the excuse, even to ourselves, that which is difficult to put into practice is, therefore, impractical and visionary.

In introducing this Resolution, Mr. Speaker, I did so because I believe that such a Province as Saskatchewan, a province whose economic stability depends so much upon the entering into consumption of the products which it can so plentifully produce, and a province which has elected a government which places humanity first, should endorse the principle, keep the principle alive, in the world, because I am confident that just as soon as enough people in enough nations want this badly enough, it will immediately and automatically become practical.

I believe that it is unnecessary to spend very much more time in moving this motion. I think that most of the circumstances are well known to the Members of the House. I think they have been following, very closely, the growth of the idea. I think they appreciate the influence on world peace which adequate distribution of the fundamental necessities of all peoples exerts and, therefore, Mr. Speaker, I move the motion.

Mr. W.S. Thair (Lumsden): — Mr. Speaker, I think that I am right in saying that the Resolution moved by the Member for Watrous, I believe that I would be quite correct in stating that every Member in this Assembly, citizens of this province and even across Canada, would gladly and wholeheartedly support this Resolution, its sentiments and principles regardless of their political affiliations. The dawn of 1947 saw the abrupt ending of one of the most heartwarming experiments in history, I refer to the UNRRA, or the United Nations Relief and Rehabilitation Administration, or the United Nations organization which provided food and clothing for all the victims of this War, millions of them. The foregoing, Mr. Speaker, is an extract or an excerpt from a radio address, a recent radio address by Mr. M.H. Coldwell, who went on to say that for 2,000 years the challenge to civilized man has been – “Am I my brother’s keeper” – and that for once through UNRRA, as we call it, this challenge has been met, but on January 1947, the old day dawned again, the UNRRA was abandoned and the Government again, said, as pointed out by Mr. Coldwell, “Yes, I am my brother’s keeper but only if he can pay for his keep.”

What hope then does the future hold for the starving millions of people across this world? There is a definite relationship, I would like to point out, at least a relationship between UNRRA, the Food Agricultural Organization and the World Food Board. In September last, which has been pointed out by the mover of this Resolution, the Food and Agricultural Organization of the United States, known as the FAO held its conference in Copenhagen, Denmark. There the representatives of 47 nations gathered and listened to FAO Chief, Sir John Boyd Orr, a great nutritional expert and when he outlined his plans for a world food board, the delegation, after a thorough discussion of the problem, enthusiastically supported Sir John Boyd Orr in his plan for a world food board, not at that time I’ll say that, along with 45 other nations, Canada did support the creation of

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this World Food Board, while United States accepted this proposal at the time, it was later vetoed at Washington, I understand. Mr. S.M. Bruce, the former Minister, Prime Minister of Australia was elected chairman of this Committee in October, of this World Food Board committee. Now, I would just like to set out the objectives of this World Food Board. They were twofold.

First, to organize the production and distribution of the basic goods to provide a helpful diet for all peoples in all countries and secondly, to stabilize agricultural prices at levels that are fair to both the distributor and the consumer. Both objectives are important, the first fact about food today is that half the world is starving, over one billion people in the world are undernourished for all their lives and it seems to be the opinion of economists everywhere in all countries, that we cannot have peace in a world of plenty in which people are hungry.

Sir John Boyd Orr's own words and I quote:

Let me now say, that if governments do not give wholehearted co-operation to a food plan for the benefit of all the people of the world there is no alternative to a Third World War.

And he emphasized that we must share our food or fight. I'll repeat that, the words of Sir John Boyd Orr, "We must share our food or fight."

Dr. Hopper, Economic Advisor to the Dominion Department of Agriculture, in a recent article in Scientific Agriculture, said this:

The elimination of war and fear of war rests in a very large measure on the elimination of want and malnutrition.

The immediate target set up by the Food Agricultural Organization is to bring all countries up to a minimum of 2,750 calories of food per day, which is the present standard in Great Britain even during this great food shortage. The General Director of FAO, Sir John Boyd Orr, emphasized that there never has been nearly enough food in the world today. There is, therefore, a very great need of a big increase in food and it ranges all the way from 25 per cent in cereals, which would be a tremendous number of millions of bushels of wheat, to 163 per cent in fruits and vegetables, including dozens of other foods. So much for the first objective of the World Food Board, that is, to organize the production and distribution of sufficient food for all the peoples of the world.

The second objective, Mr. Speaker, would be to stabilize agricultural prices which are fair to both producer and consumer. Mr. Speaker, it is a most unfortunate thing that UNRRA, was dropped before the World Food Board had been properly organized and put into operation. As I stated before, the United States was opposed to participating in any world organization to feed the starving people of the world because of the opposition of the great monopolistic and free enterprise forces in that country and they do not want international trade to be controlled but to be free for speculators and profiteers within that nation and thus we see, Mr. Speaker, that not only the health of the world, but also the chances of future peace are endangered by the United State's determined attempt to rebuild world trade

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along free enterprise lines, that is the pit of the whole subject, the United States withdrawing from the World Food Board. Let us make no mistake, the United States Progressives are fighting the battle at home. These are the words of Mr. LaGuardia, the Director General of UNRRA and former mayor of New York and he continued, I quote:

You cannot have both stability in prices and security for the farmer along with great fluctuation in prices. It is no use saying that we are not going to interfere with free exchange and free sales. If you want what is needed, you will put every gambling exchange out of business in Chicago, Liverpool and Winnipeg or wherever it exists.

The United States, the great free enterprise people down there, don't want this and such is the statement made by Mr. LaGuardia at the United Nations meeting at Lake Success recently where almost unanimous approval was witnessed by Mr. Bracken, Mr. Paul Martin and Mr. M.J. Coldwell. In line with this is the following resolution adopted by the farmers at the recent session of Saskatchewan Wheat Pool delegates and I quote again:

We approve the action of the Dominion Government in their efforts, to establish satisfactory forward prices for agricultural products through international agreement as a means of establishing stability and security in the agricultural industry.

Mr. Speaker, the above quotation offered no precise approval I may say of recent long-term contracts with Great Britain, but it did approve the Government as a bargaining agent of international sales and I take it that it meant approval for international control which is in accord with the World Food Board. Such stability and security, Mr. Speaker, along with international controls exercised by the World Food Board should go far toward affecting the increased production needed for world nutrition. Mr. Speaker, Sir John Boyd Orr, with the approval of 46 nations is at work, plans to have his report ready by March and the World Food Board in operation this year. As I stated before, it is most unfortunate that UNRRA was dropped at the time it had happened because it leaves a gap unfilled until the World Food Board goes into operation, which I trust it will. His view is that food is the key to peace and plenty. If we feed the hungry then agricultural prosperity will start a world spiral of expanding prosperity.

In closing, Mr. Speaker, I, again, quote Sir John Boyd Orr, a man of broad sympathies and great visions:

There is no discrimination against nations under the Charter of the FAO. All who seek the well-being of their own people and help to advance the well-being of all others belong to us.

That, Mr. Speaker, is surely the spirit to one world, Mr. Speaker, I wish to second this motion.

Mr. James A. Aitken (Hanley): — Mr. Speaker, the mover and seconder of this Resolution, the Hon. Members for Watrous and Lumsden, have given this House an excellent outline of what is meant in this Resolution. It is a resolution which covers a wide scope. It covers world

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producers and world consumers. It is so wide that I am somewhat appalled when I feel that I have to rise and deal with such a large subject. I feel like a character in one of Robby Burn's poems – the occasion of course was very much different – but he said: "Here my muse and wing must cower, such flights are far beyond my power;" it is so impossible to deal adequately with such a large subject.

I must confess that I became interested in FAO first of all on a narrow view. I was not so much interested in feeding the people of the world as I was interested in solving the problems of Saskatchewan farmers and I read somewhere that this man, Sir John Boyd Orr, had said that it was not necessary for farmers to go bankrupt producing food. Well, that was welcome news to me because that is just what we had been doing. We had been going bankrupt producing food and it did not seem to matter very much either. No matter what the price was, the hungry people were not getting food.

The other speakers here, this afternoon, gave some accounts of the early days in this province and of the troubles that the pioneers encountered growing wheat; but I remember there was one distinct difference in those days. We knew we were coming into a great land here. We knew we were going to break up thousands of acres of virgin soil; and sometimes the question arose: What are we going to do with all the wheat? But we pioneers were assured at that time that it was not possible to have too much wheat. A famous British scientist had given it as his opinion, and the increase in the world wheat acreage, that the increase in wheat production would never catch up with the increase in world population. I still think he was right. I think that he was absolutely right; but something happened.

Now up until that time there had been some wants that the people always dreaded, such as poverty and war; wants like that that meant disaster and suffering. It remained, however, for the late decades of the present century to coin another word. That word was "surpluses" and that word sends a chill down the spines of all wheat growers, because we have suffered so much from these so-called surpluses.

Of course, wheat was not the only thing that was in surplus. There were so many things, mostly primary products, that caused the surplus; and writers and speakers pointed out the foolishness of it all and told stories to illustrate. I remember one about a coalminer's wife in England: A little child was sitting before a miserable fire and asked his mother: "Mother, I'd like to put some more coal in the fire, I am cold," "Oh" she said, "you can't do that." "Well, why?" "Well, your father is out of work." "But why is he out of work?" "Well, there is too much coal!"

Well, it wasn't much better right here in Saskatchewan. I remember in the early days of the depression, before relief was properly organized, I was talking to a social worker in Saskatoon. She told me she had called on a family, whom I knew, who lived in a part of Saskatoon known as Pleasant Hill. She told me that the mother of the family said that she had managed to get enough for her children, but that that day she had had one slice of bread and a cup of tea. I knew where the family lived. They lived up on Pleasant Hill there, just north of the Dominion Elevator – and the Dominion Elevators, at that time, was

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full to the roof with wheat that we could not sell anywhere at any price.

We now, some of us protested against that and people said: "It cannot be done. It is not practical." I believe they are saying the same thing today about Sir John Boyd Orr's organization, the FAO. They say it is not practical.

Just how widespread poverty was in those days and many days since – it still is probably – I would like to quote here, "Why You Should be a Socialist." The author is John Strachey. I believe, Mr. Speaker, that is now the Hon. John Strachey, whom we are to have the pleasure of welcoming here in this Legislature in a few days. Sir John Strachey says in this pamphlet: "What does such poverty mean in terms of human suffering and bitterness and want? That I cannot tell you; but you know the difference between a well-nourished and an ill-nourished child. You know the difference in his or her mental and physical development. Well, just about half the children in this country are seriously undernourished." This country, of course, is Great Britain, one of the wealthiest countries in the world at that time. Then he goes on to mention Sir John Orr:

If you doubt it, look up Sir John Orr's recent official report on Food, Health and Income, that's the name of Sir John Orr's book. He will tell you that 13.5 million out of the 47 million of us are gravely undernourished. For these 13.5 million have less than six shillings per week per meal to spend on food. Furthermore, 4.5 million of us have less than four shillings a week each to spend on food and a quarter of the entire children of the country are in families which can only spend four shillings per person on food. Hence it seems only too clear that at least half of the children of the country come from families making up 13.5 million of us who have only six shillings a week each to spend on food. At a recent teachers' conference a little incident from the County of Northumberland was described:

A group of children were given some eggs to eat; they did not know how to eat them never having had them before. Similarly, some children from the town of Burnley in Yorkshire on being offered custard, butter and bananas refused to eat them all, never having tasted them and not knowing if they would be able to eat them. This was in England in 1937.

It is worth remembering that we live in a very rich country which allows half of its children to be brought up in these conditions. Well, it was under the old economic order that these conditions prevailed and so far very little has been done to remedy this grave state of affairs. Anyone who tells us that you cannot remedy these conditions because it is impractical and too advanced, "it just can't be done," well, I don't know any language, at least parliamentary language, Mr. Speaker, in which to describe that; but I would say that those who take that attitude can only be included in Bernard Shaw's satirical description of all of us.

Bernard Shaw says that sometimes he goes out at night and he looks up at the starry heavens and he thinks that all these stars are inhabited and that the people of these other worlds use this world as a mental asylum. Well it may not be quite as

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bad as that, but it is bad enough. There is something definitely wrong surely. We say it is the system, that it operates that way and you cannot help it. But surely there is something wrong with a system whereby gamblers on the Grain Exchange can make millions of dollars and the farmers who grow the wheat cannot buy shoes for their children. If that is all the sort of order that capitalists can boast of, the sooner we change it the better. Well, why has it not been changed?

Here I want to turn philosopher for a little while and see what is wrong with our politicians that they have not changed the system, because I believe that our politicians, no matter what party they belong to, are honorable, sincere and conscientious men. Why do they not change it? I think the trouble is, Mr. Speaker, that our Legislatures have been dealing with results and not with causes. They have been doing a lot of patchwork, patching a place here and there; and when I speak of results, you must remember there were some pretty serious results. Hitler himself was only a result. We blame Hitler for the cause of the War. Hitler was not the cause of the War, Hitler was a result, but not a cause.

I remember reading, a good many years ago, just when Hitler was coming to power, an article in the Old Country paper. Hitler had been elected for the first time and the writer of the article claimed that Hitler was elected by the women of Germany, women who were tired of seeing hungry children and unemployed men. Well, the War is over and it has not solved any question, at least of that nature. All the War has done is given us another chance to solve some of these problems and in these post-war days we are gradually drifting into two distinct classes. There are two classes: 1. Those who want to keep on dealing with the results as they crop up, those who want to stay by the old order. 2. The others are the Socialists who want to deal with the causes.

There is another word that is sometimes used to describe us Socialist, that is "radicals." I forget most of my Latin – it was not very much anyway – but as far as I remember, the word 'radical' is derived from a Latin word radi, the root. That is, a radical is a man who gets down to the root of things and I contend, Mr. Speaker, that until Legislatures get down to the root of things we will never solve this problem of poverty in the midst of plenty. I do not think we ever will. But in this Resolution, I think we have something in which all classes, both socialist and capitalist, could agree. Surely we could agree that if there is a surplus of food anywhere in the world and if anywhere in the world there are hungry people, surely we can get the two of them together. I do not know whether it is socialism or capitalism, but I think it is sanctified commonsense.

Mr. Speaker, I support the motion.

Mr. P.J. Hooge (Rosthern): — Mr. Speaker, I am fully in accord with the intent of this Resolution but I would just like to remind the Members of this House that man does not exist by bread alone and that food, spiritual food, very often is necessary, too, in addition to the distribution of physical food. Now, we sometimes distribute what might be called spiritual food, intended to be spiritual food which is actually poison. When I hear such utterances as those of the Federal Leader of the CCF Party criticizing the

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foreign policy of the United States and saying it is imperialism, when I hear such remarks that the army of the United States, consisting of one man at North Battleford, should be moved out of this country, and I hear this . . .

An. Hon. Member: — Is the hon. gentleman dealing with this Resolution?

Mr. Speaker: — Order, order! That was on a different motion.

Mr. Hooge: — Yes, I am dealing with this, Mr. Speaker. When I hear those remarks comparing this gallant, courageous General with Hirohito, that defendant of Satan whose acquiesced in the attack on Pearl Harbour, I say that's poison and not spiritual . . .

Some Hon. Members: — Hear, hear!

Mr. Hooge: — I am not going to make a lengthy address in connection with this matter because, as I say, I am in accord with the spirit and intent of the motion but I think that men, leaders in this province and leaders outside of this province should be extremely careful that they will not nullify our effort to distribute food by disseminating poison of the nature I have indicated.

Motion agreed to.

The Assembly adjourned at 10:50 o'clock p.m.