

LEGISLATIVE ASSEMBLY OF SASKATCHEWAN
Fifth Session — Eleventh Legislature
13th Day

Tuesday, February 26, 1952

The House met at three o'clock p.m.
On the Orders of the Day

Hon. I.C. Nollet (Minister of Agriculture): — Mr. Speaker, before the business of the day is proceeded with, I would like to read to the House the information we now have from the Department of Agriculture at Ottawa regarding the foot and mouth disease.

This has been directed to me by the Deputy Minister of Agriculture in Ottawa:

"The Department of Agriculture announced today that cattle disease recently reported from Regina under the name of vesicular stomatitis has been officially diagnosed as foot-and-mouth disease.

"Conclusive evidence in support of this diagnosis was reported by the animal pathology laboratory at Hull, Quebec, on Sunday.

"While there was doubt as to the exact nature of the disease, action was taken to prevent its spread. This consisted of:

1. Quarantining all premises on which the disease was known, or expected to exist;
2. Establishing a quarantine area consisting of all municipalities in which the quarantined premises are located, and, a number of adjacent municipalities;
3. Prohibiting the outward movement of livestock from stockyards in Saskatchewan and Manitoba, which might have reached animals which had been near infected animals or premises. In some cases this prohibition included the shipment of meat.

"The purpose of the quarantine order was to prevent the possible spread of the disease to premises which were not infected. As a precaution the quarantine applied to a much greater area from that in which the known or suspected cases were found.

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"In addition, all known movements of livestock outward from the area, prior to the issue of the quarantine order, were traced and all possible animal contacts were examined for symptoms of the disease.

"Special precautions have been taken to examine livestock arriving at stockyards and being slaughtered at packing plants, to detect symptoms. So far nothing has been reported to arouse suspicion that the disease has been carried to points outside of the Regina area.

"Those precautionary measures will be continued and extended in any way that seems calculated to reduce the chances of the disease spreading, and to detect it quickly if it does spread.

"Now that the disease has definitely been identified as foot and mouth, vigorous and immediate action is being taken to stamp it out. The action consists of the destruction of all animals known to have had the disease, or to have been, in any way, in contact with possible infection.

"All animals destroyed will be cremated or buried deeply, or otherwise disposed of, so as to completely eliminate the disease organism.

"All premises known or suspected to have been contaminated will be cleaned up, disinfected, quarantined, and kept under close observation for a sufficient length of time to make sure that there is no living virus of the disease left.

"All necessary action to exterminate the disease will be taken at the expense of the Government, and all owners of livestock will be fully compensated for the value of the animals destroyed.

"Wherever it is necessary to take over premises or equipment to facilitate the work of exterminating the disease, the owners of such equipment or facilities will be paid reasonable compensation.

"Since it is impossible to foresee all of the difficulties which may have to be dealt with, it is expected that emergency authority will be given to the officers of the Department of Agriculture to take whatever action may be needed on the spot. Such authority will be exercised mainly by the veterinary director general; but all members of this staff, and other officers of the Department who may be assigned to duty with the Health of Animals division will be responsible for carrying out their respective parts of the programme; and they may exercise authority where necessary.

"Since measures which must be taken to stamp out the disease will, to some extent, interfere with the normal commercial movement of livestock and meat, special measures may have to be adopted to prevent the accumulation of surplus products in one area, while shortages may prevail in others.

"There may also be problems in connection with prices of livestock, cost of transportation and other such matters, which will have to be kept under constant review. No specific announcement can be made in this connection at the present.

"The United States Department of Agriculture has been duly informed of developments to date, and will be kept informed as time goes on.

"Transport companies, packing companies, livestock marketing organizations and others, whose normal activities may be affected, will be kept informed as to what must be done.

"Special efforts will be made to inform farmers and others affected in the quarantine area as to exactly what procedures are being adopted, why they are necessary, and what the people should do to facilitate extermination of the disease.

"Questions have been asked as to how foot-and-mouth disease could have become established so far inland as Regina, with no cases reported or suspected in eastern points, which are much nearer to possible sources of contagion. This question cannot be answered at present, although a number of possibilities are under investigation. It is worth noting that imports of livestock from Great Britain were between July 1951 and the end of January, 1952. Since no importation of susceptible animals is allowed from any other country excepting the United States, which is free of the disease, it seems unlikely that susceptible animals could have been the carriers. The importance of discovering how the disease was carried in is fully recognized and every effort is being made to throw light on this question.

"There are three further questions that the Canadian cattle owner and the Canadian citizen may ask. 1. Is there danger that humans may contract the infection? According to the best available medical advice, the danger is extremely remote. 2. Is the Canadian meat supply imperilled by this outbreak of foot and mouth disease? The answer is no, not unless the outbreak were allowed to get completely out of hand would the meat supply be noticeably affected. 3. How many head of stock are involved? There are fewer than 400 animals now under quarantine, and like to be slaughtered immediately. These animals are on 24 different premises, all in the Regina area.

What further number may become suspects will depend on the results of the investigation now under way."

Mr. Speaker, I would just like to add one or two words further. I do not think that people should become unduly alarmed about this, as it does not sound the death knell of the livestock industry in this province, or anywhere else. We have been up against many problems in the farming community and this is just another problem. I am quite certain that, with the control measures now under way, the disease will be held under control. I do not think it is necessary, and I am rather alarmed at the tendency of the press, to feature this in a sensational way, and thereby possibly getting our farm people unduly disturbed, as well as the general public. I am quite certain that the disease will be under control, and as mentioned yesterday, we are co-operating to the fullest extent with the Dominion authorities and will continue to assist them by way of personnel, equipment or facilities that may be required.

Mr. Tucker: — Mr. Speaker, if the hon. Minister of Agriculture has just received the information which he has just read to the House from Ottawa, I think there is so much concern about this matter that I was wondering if he would not consider reading that statement that he has just given, when the proceedings are on the air. I realize that the press will carry the report of his speech; but there is so much concern that I think it would be very good to take advantage of the fact that we are on the air, and it would be an opportunity to give these facts, in which our whole province is so much interested, to all the people right away.

Premier Douglas: — If the House has no objection, the Minister might, later, when we are on the air, re-read the statement, if the House would permit.

(Agreed)

Hon. Mr. Nollet: — This morning I had a long distance telephone call from a correspondent in Toronto, I think, looking more for sensational news than otherwise; and I think the press would be well advised to obtain their information direct, either from Dr. N.D. Christie, Health of Animals Division in Regina, or better still, from Dr. Wells, who is in charge of the control work here in this area.

FARM IMPLEMENT INQUIRY

Moved by the Hon. Mr. Nollet, seconded by Mr. Brown:

"That a Select Special Committee be appointed to enquire into production costs, selling prices, supply, sale, standard of performance, methods and costs of distribution (including the incidence of tariffs and freight rates), and utilization of farm implements and parts and repairs therefor produced or marketed within the Province of Saskatchewan, and all other questions incident to the buying, selling, pricing, supplying and utilization thereof;

the said Committee to report to this Assembly, from time to time during the present Session, the results of its deliberations with such recommendations as may appear advisable; to have power to send for persons, papers and records and examine witnesses under oath, and to engage the services of counsel and such other assistants as it may deem necessary;

"That standing Order 46(1) be suspended in order that the said Committee may consist of the following members:

"Messieurs: Brown (Chairman), Benson, Bentley, Cameron, Danielson, Dewhurst, Douglas (Rosetown), Erb, Heming, Horsman, Howe, Kuziak, Lloyd, Loehr, Loptson, McCormack, McDonald, McIntosh, Nollet, Swallow, Thair, Trippe, Tucker, Walker (Gravelbourg), Walker (Hanley), Woods.

Hon. Mr. Nollet: — In connection with this motion, and speaking to it, Mr. Speaker, I hope that this particular motion will have somewhat of a sobering effect on the members of this Legislature, and will point up the fact that, after all, our responsibilities to the general public are the important matters facing this Legislative Assembly.

I might say that I was very greatly disturbed, and indeed, disappointed, at the low level of the debate, yesterday. I do not want to cast any particular reflection; I know, at times, I become exuberant too, Mr. Speaker, and revert back to the language of the man on the soil. But, Mr. Speaker, I hope that this particular motion will take us out of what has developed into a good deal of strictly partisan political debate. I do not mind that, but when it degenerates to maligning individuals and their characters and when I am included in that, then I must take some exception, Mr. Speaker.

Mr. Speaker: — Will the hon. member confine himself to the motion.

Hon. Mr. Nollet: — I could not help but make this reference. I do not know, Mr. Speaker, if I am out of order or not, on this particular motion, in making reference to the conduct of members in this House, but I can assure you that I will endeavour to conduct myself in a statesmanlike way. I am sure, too, Mr. Speaker, that this motion will receive the support of all members in the Legislature.

The matter of price, sale and distribution of farm implements has been under investigation on many occasions previously. Further along in my remarks, I will give a brief review of the investigations that have preceded this particular one.

Some may ask — why are we having this enquiry at this particular time? In answer to that question, I think that everyone will agree that the mechanization of the agriculture industry has gone through a tremendous transformation in the past years — from horse-drawn equipment we are now almost completely power-drawn. The increased costs as a result of that

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transformation from horse-drawn equipment to power-drawn equipment has meant that implements, quite naturally, increased in price or in the cost of manufacture. Of course the increasing prices, too, of power equipment, in more recent years, have been very pronounced, and I intend, Mr. Speaker, to deal with that also.

One of the immediate effects of mechanization has been the economic drive towards larger operational farm units, and that, Mr. Speaker, is the one primary factor that our farms are getting larger and that our rural areas are less populated. That is the fundamental factor. It cannot be attributed to any particular government — particularly any provincial government. That tendency has been going on for quite a number of years, Mr. Speaker — and to that extent it has brought problems in its wake — problems that have been of constant concern to governments. There is the problem of rural education, communications in rural areas. All of those have been pronounced because of this one economic factor.

The tendency towards larger units began at an early date, Mr. Speaker, and, before dealing with it, I would like to draw the attention of the House, in connection with the tendency and the economic drive towards larger farm units, to the relative cost of equipping a farm in the days of the horse and buggy, and in the days of power machinery. I am using, in these figures, the prices existing from 1936 to 1939, when a plow, horsedrawn cost \$130; a seed drill, \$260; a disc harrow, \$60; a cultivator, \$150; harrows, \$ 50; binder \$280; mower \$90; and rake, \$40; and then you could impose on that, I suppose, such other things as a wagon and a box and wagon gear — harness and horses that would bring the cost of equipping a farm, of a quarter to a half-section, back in the 'twenties, to approximately \$2,000.

Now, let us compare that to equipping a farm today, in 1951 on the basis of 1951 prices, on a mechanized basis. A tractor, Massey Harris (and I want to say I am just picking companies at random -- I am not picking them for any particular reason), \$2,549; a John Deere discer, \$747; a, press drill, \$734; a one-way disc, \$742; a cultivator, \$398; a swather, \$826; a combine, \$3,775; and a grain auger, \$380; a truck, \$2,100; power mower, \$265; side delivery rake, \$445; pick-up baler, \$1,025; wagon, rubber-tired, tractor-drawn, \$260; manure spreader, \$395 — they are the kind that do good, Mr. Speaker, by the way; it is restoring back to the land that which taken from the land in order to produce more.

I just added those items up, Mr. Speaker, and they come to \$14,841. We could probably delete some of them and still get by; but you could hardly mechanize a three-quarter section farm for much less than \$12,000.

Now that gives the relative comparison. Little wonder, Mr. Speaker, that the smaller farmer cannot continue to operate economically and carry the heavy capital investment under those circumstances.

Mr. Danielson: — Mr. Speaker, may I ask a question?

Hon. Mr. Nollet: — Mr. Speaker, just at the moment I would ask the hon. member to refrain from asking any questions until I am through. I

will be only too glad to answer anything at the conclusion of my remarks. I try, Mr. Speaker, to keep anything I have to say somewhat in order; the hon. member from Arm River, if he makes a speech, all he needs is a whole bunch of newspaper clippings and a few books to read from, and he is away.

Now, to come back to the tendency towards larger farm units. We have been told, for instance, Mr. Speaker, that this is a late phenomenon, but that is not true. The greatest impetus towards larger farm units took place in the 'twenties, particularly in the period from 1926 to 1930. In that period of time, in 1926, we had 117,000 farms in Saskatchewan, and the number of farms over 640 acres was 10,072 farms. In 1931, we had 26,026 farms over 640 acres — more than doubled, Mr. Speaker, in that period of time. In that period of time, the farms over 640 acres went up by 16,000. Then in the period from 1930 to 1936 they stayed about the same, so that in 1936 we still had about 26,000 farms above one section. That was largely due to the depression, Mr. Speaker, when production costs and prices were entirely out of relation; when farming, on any scale was unremunerative, and the desire to expand holdings did not have the same incentive as it did in the previous period. In 1941, the number of farms over 640 acres rose to 28,000, and in 1946 the number of farms over a section was 30,479. We do not have the figures for 1950, but we know that there has been a tremendous increase in the number of farms over a section since 1946. These are Dominion Bureau of Statistics figures, Mr. Speaker, and indicate quite clearly the trends towards larger units, and the trends in rural population as well.

Mr. Speaker: — Order! I would like to draw the attention of the usher in the gallery that there is a lady in the gallery who is taking notes, which is against the rules. Kindly desist.

Hon. Mr. Nollet: — Mr. Speaker, in the 'twenties this problem was not quite as serious. True, our farm units were increasing very rapidly, but there was a good deal of undeveloped land remaining, both Crown land and privately-owned land, to which our expendable rural population could go. The farmer's son still had an opportunity of finding land elsewhere. Today, there are no new large areas of land to which our young people can turn to get a start; and I might mention at this point, Mr. Speaker, that one of the reasons that we have inaugurated the 33-year lease for cultivation purposes, is to remove some of this financial burden from young farmers who are endeavouring to start in agriculture.

Now, Mr. Speaker, I would like to say a little bit more about price increases on power equipment itself. In the last few years, in the period 1946 to 1951, the overall price increase on farm machinery has been 58 per cent, and I will quote you some figures, Mr. Speaker. For instance, in 1945, a John Deere Model "A" tractor cost \$1,338; in 1951 that tractor cost \$2,450 — an increase of 83.1 per cent. A W-6 I.H.C. tractor in 1945 cost \$1,820, in 1951, \$2,529 — an increase of over 39 per cent. A Case tractor \$1,350 in 1945; \$1,950 in 1951, or an increase of 44.4 per cent. Taking a look at combines, a Massey-Harris 12 foot self-propelled combine in 1945 cost \$3,000; in 1951, \$5,105, or an increase of 60 per cent. An International Harvester six-foot A & R, \$1,240 in 1944 and \$2,483 in 1951. Swathers went up particularly. A swather in 1946 costing \$457, in 1951 cost \$695. Here is another swather that went up very drastically — \$429 in 1945

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and \$803 in 1951. All of this indicates that prices, even though the natural increase in cost of producing power equipment would naturally go up, have gone up very materially in the last few years. It is for these reasons that we are greatly concerned as to the general effect on our agricultural economy, Mr. Speaker. We feel, for this and other reasons, that I will enumerate as I go along, that it is necessary now to have a further inquiry into the price, sale, distribution and utilization of farm equipment in this province.

I would like to present a few other figures to indicate the tremendous capital load or financial burden that has been imposed on our entire agricultural economy. First of all, the current value of farm equipment — implements and machinery on farms in 1926, was \$169,530. That went up to \$313,107,000 in 1950 — over two times as much. And the expenses in connection with tools, lubricating oil, grease and repair labour for equipment went up from \$7,705,000 in 1926 to \$36,225,000 in 1950. And then, looking at other costs to farmers, of taxes, rent, hired help, interest on mortgages, agreements for sale, unsecured debts, feed and seed (including only purchases made through the market channels of feed and seed), tractors, trucks, automobiles, farm business, machinery repair parts, shop charges, building repairs and miscellaneous, we find such items went up from \$110 million in 1938, to \$241 million in 1950.

Little wonder, Mr. Speaker, that in this House we constantly express concern regarding the prices of farm commodities. For that reason, I have said, and I think I am on firm ground, Mr. Speaker, that we cannot even talk in terms of floor prices, that we have got to talk and think in terms of parity prices for all farm commodities. A farmer's living standards and his ability to maintain services and improve the amenities of life in rural areas are going, to depend entirely on his net income, and the figures that I have quoted to you, Mr. Speaker, indicates that his net income is now in a very precarious situation, since agricultural prices are now dropping very rapidly in all categories, including wheat, Mr. Speaker. This factor aggravates the problem much more.

I was interested, Mr. Speaker, in looking over some of the reports of former Commissions that had been set up to enquire into agricultural problems. I have a report in my hand, Mr. Speaker, of the Agricultural Credit Inquiry that reported in 1913. Some of the extracts from that Report are most interesting, Mr. Speaker, particularly in the light of what I have just mentioned. Even then, they could see the general tendencies of the day, with industry superimposing itself on a weak, disorganized agricultural economy and an extractive industrial industry extracting profits from agriculture. I have said, before, Mr. Speaker, and I repeat it again, that nothing is more detrimental to the conservation of our soil resources, and to the stability of rural life than the one factor that agriculture is feasted on by every industry, and the farmer, exploited, is driven to exploit the last bit of fertility from his soil. He just simply cannot carry on sound conservation farm practices. Now, this Commission that I had reference to was set up in 1913. The personnel on this Commission is somewhat interesting. The then Minister of Municipal Affairs, George Langley — I think a man who was highly regarded in this province was appointed; also John Heber Haslin, and

Charlie Avery Dunning. (Mr. Dunning has left the field of agriculture now, Mr. Speaker; he is with Big Business now!); and Edmund Henry Oliver, Professor of history and economics at the University of Saskatchewan. This commission submitted a report, the introduction to which is very interesting, Mr. Speaker. It almost reads like the Regina Manifesto. I would like to read from this Report. It says — (this was away back in 1913):

"We are face to face with a serious situation. In their attempts to grapple with similar problems, European countries have profoundly changed their whole rural economy. They frankly recognize that under modern complex conditions, organized industries preyed upon the unorganized." (It almost sounds like the Premier, doesn't it?) . . . "and the agriculture industry, being unorganized, suffered. All Europe has set herself to change this." (Too bad we didn't follow suit). "In the various countries the farmers are now becoming organized. Where our farmers worked separately, theirs have begun to work together. Even the most cursory observation proves that this has operated to the benefit of the rural population no less than to the advantage of the agriculture industry. But the most striking feature of all is that whatever the route they have travelled, the goal at which they have arrived is in every case the same. In every country in Western Europe, farmers have organized after the same fashion, namely the application of a co-operative principle to agricultural production, distribution and finance."

And here, Mr. Speaker, I often hear exception taken to the organization of co-operative farm units and the organization of implement co-operatives. What other recourse is there for the small farmer? I wish members would face up to these problems realistically, and not introduce so much politics into these very serious problems. I think we should approach them objectively. And here is what this Commission said — and I think their introduction is good:

"This has, without a single exception, contributed not only to the economic improvement of the farmer and the conservation of agricultural resources, but also the educational development of the individual and the progress and integration of rural society."

Then they go on:

"Progress and civilization have meant a transition from independence to interdependence, or, on its more positive side, from helplessness to helpfulness. This is true of nations. With the growth of world markets, nations have become more and more dependent on each other. At the same time they have become better enabled to assist one another. It is equally true of communities and individuals. Co-operation and combination have, however, hereto made greatest progress where large capital is necessary; where there is present a considerable amount of monopoly

and special privilege." (We must have had a lot of that in Saskatchewan, because the Co-operative movement really expanded in this Province) — But to a large extent, agriculture has, till recent years, so far as co-operation is concerned, remained virgin soil. This is perhaps only in keeping with the great tragedy of the history of man's relation to the soil; that agriculture, the first industry to be learned, has ever been the last to be developed."

I will not quote any more. There are very pertinent sections remaining in this excellent introduction, but this will suffice to indicate that the problem was serious even in 1913 and that we still have the problem with us today. Surely, Mr. Speaker, we have received many benefits as a result of mechanization of our agricultural industry. We have been relieved of the burden of arduous toil; but other problems have come to existence. The primary purpose in setting up this Legislative Committee is to enquire as to whether is justification for the present high prices of farm implements, to enquire also into the distribution thereof.

Another interesting series of statistics that I would like to quote to you, too, Mr. Speaker, indicate the numbers of tractors sold each year from 1925 forward. In 1925 there were sold 2,176 tractors in Saskatchewan — in that current year. The total number of tractors on Saskatchewan farms in 1926 was 26,674. In 1951, the total number sold was 8,947 and the total number of tractors on farms is estimated to be 99,908. We know that our agriculture is now most completely mechanized, and we know that horses have practically disappeared from the picture as far as motive power on the farm is concerned.

Now, I would like to bring to the attention of the House just what this means — again re-emphasizing the need for proper price relationships, Mr. Speaker. I have some figures here that are very interesting, as far as production costs are concerned, under adverse economic circumstances. For instance, in 1930, the cost per acre of plowing land with horse-drawn equipment was \$1.52 an acre. In 1931 when the depression, started, the cost was 94 cents an acre, or a drop of 38 per cent in cost. Compare that to the cost of plowing of an acre of land with a tractor. In 1930 it cost 98 cents an acre and in 1931, 80 cents an acre, or a drop of only 18 cents per acre, all of which indicates that in the period when we were farming with horses, we could absorb the shock of price recessions a little better than we can now that we are wholly mechanized. Production costs are definitely set now, and it is, therefore, necessary that the relationship between production cost and the price that the farmer receives also be kept in proper relationship.

I see my time is moving along, Mr. Speaker; but I would like to review some of the inquiries into the farm implement business in this province that have been made in the past years. The first such Commission was in 1914, when a Royal Commission was set up to inquire into the whole matter because of the flagrant abuses on the part of the implement companies in the selling and extension of credit, to farmers. The findings of the 1914 Commission were, in brief, as follows: Companies operating in Saskatchewan at that time had manufacturing centres outside the province and sales were made principally by travelling salesmen. Sales on credit were secured by mortgage, with interest as high as 10 per cent charged on such mortgages

as Security held for the purchase price of machinery. The farmers, as a result, quite frequently lost titles to their land. Misrepresentation of the ability of the machine to do certain work was common practice in those days. Machine companies provided their own contract with warranties relieving them of any obligations made by the salesmen. A purchaser had only three days of trial at the end of which the company had to be notified by registered mail — only three days of trial. And the cancellation of contract even then required forfeiture of 15 per cent of the sale value of the equipment. The contract was binding on the purchaser with his signature, while the company was not bound until their signature was obtained. The result was the first Farm Implement Act passed, providing for a statutory contract giving certain protection to the purchaser. One was a 10 day trial period with an eight-day period for the company to make the machine perform. All of the provisions of that legislation gave protection against abuses existing at that time. Lien notes, rather than promissory notes, were provided for, thus preventing repossession.

The Commission also reported that prices of repair parts were considered excessive, and the co-operative manufacture and distribution was suggested — back in 1914. The same recommendation came out of the 1939 Provincial inquiry. In 1920, the Act itself was reviewed again, and a further amendment made that all blanks in the contract form must be filled to validate the Agreement of Sale. In 1930, the Act was again amended to tighten the provisions for supplying of repair parts, the vendor being required to maintain sufficient repairs for machines sold by him at a stated price. Now we again amended the Act, as members know, in 1949, and we provided for licensing of dealers, and we also provided for the inspection or of dealers' establishments, for the inspection from the service angle, and also inquired into the amount of repair parts that were maintained by the dealer.

We have been making progressive headway in the interests of protecting the farmer on the provincial level, and I want to make it clear, Mr. Speaker, that, in addition to inquiring into the important matter of price, we are hopeful, too, to inquire into the general sale and distribution of farm equipment in this province, because it concerns our own particular field of jurisdiction. Hon. members know, I think, that the relationship between companies and dealers have changed very considerably over the years, and it is necessary, and I fully welcome this Legislative Committee's inquiry into this field of activity that concerns us. There has been a good deal of change taking place, and we would like to do all we can to strengthen the legislation and to permit the farmer to make recommendations that will enable farmers to purchase machinery more cheaply, to obtain more adequate service, and to also protect the farmer against further misrepresentation.

I should have mentioned, Mr. Speaker, that we also did provide in the amended Act of 1949, for an engineering committee. The personnel has not been appointed to that committee as yet. We were unable to get the type of personnel that we thought we should have for the purpose of appraising machinery as to design and structure and workability. Perhaps the members of the Legislature will want to inquire into that field very closely, and possibly recommend that much more should be done in the matter of testing equipment. It is big business now. I can cite some equipment that has come in to this province, sold at very high prices, that was absolutely useless and a complete

loss to our farmers. So, anything that we can get from the Legislative Committee that will strengthen that legislation that we have, will, I know, be appreciated by the farmers of this Province.

Now, I think, Mr. Speaker, in closing there are three main facts that I would like to re-emphasize that have given rise to the need for a further inquiry. They are, primarily; we are now completely mechanized; the burden of cost is greater on the farmer than ever before; the matter of price becomes very important, since it bears a very great weight on this whole matter of rural population, rural services, the horse now having been almost completely replaced by motive power. The other thing that I think we should be concerned about, and inquire into carefully, is the unprecedented increase in farm machinery in very recent years, to determine whether those increases are justified, to determine the factors that have contributed to those increased prices. And then, thirdly, a distribution policy that will serve our farmers in the most efficient possible manner, and that will afford the greatest possible economies and the best possible service in distribution.

I would, therefore, move, Mr. Speaker, seconded by the hon. member for Bengough (Mr. Brown), the motion as it appears on the Order Paper.

Mr. A.L.S. Brown (Bengough): — Mr. Speaker, with regard to the Report submitted from that Select Committee set up on farm implement prices and distribution by the Saskatchewan Legislature in 1939, I think that the findings at that time are indeed pertinent and possibly to a large degree apply even today. Two of their main findings are, first, that the retail prices of farm implements and repair parts are too high, and, secondly, that the industry itself cannot, or will not suggest a remedy. Then they go on to point out approximately 12 specific recommendations which the Committee at that time suggested might be, or have within them, a solution to some of the problems that faced the farmers at that time relative to the implement cost and the implement requirement.

As I suggested a moment ago, some of these recommendations have had some considerable merit and the chief recommendations which that Committee made at that time was that there should be set up in the Province of Saskatchewan a co-operative organization for the purpose, with the ultimate goal of the manufacturing and distribution of farm machinery in the province of Saskatchewan, and in that way reduced the enormous cost of distribution which existed at that time, and to a large degree exists at the present time. While implementation of some of the recommendations of that Legislative Committee of that day may have brought some benefits to our distribution system, particularly through the setting up of the C.C.I.L., it did not entirely solve the problem that faced us — that of obtaining farm implements at a reasonable price.

In setting up a co-operative organization for the distribution of farm machinery, many difficulties were encountered. First of all, as would be supposed, there was a lack of capital among the organized farmers to go out and set up an efficient and effective distribution system, particularly if that distribution system was going to work back into the manufacturers' field.

And, also, during the organization stages, and setting up of the farmers' organization, there was the shortage of material and the inability because of restrictions, to enter into the manufacturing field. In addition to that there was the question of obtaining a system of distribution which could, at the same time provide services to the farmers themselves, and at the same time provide the savings.

Well, might I suggest these recommendations, made in that Legislative Committee at that time, had considerable merit in them, and may have had within them the solution to many problems if they could have been fully implemented; and if they could have been fully implemented; and if they could have been fully implemented, may to some degree, at least, have alleviated the problem that faced the farmers at that time, and not created the serious problems that face the farmers at the present time, particularly that of the high cost of farm implements, and the particular problem which faces the farmer at the present time — that of the relationship between the things we have to sell and the things we have to buy, of which the purchase of farm implements has become more and more a major part. For that reason, that question is still causing a great deal of concern not only to those people directly engaged in agriculture; also to those who are dependent upon agriculture in an indirect way. Because of the fact that that concern is still there, there have been further investigations following those which occurred in 1936-37, and in Saskatchewan in 1939. There has been, for another federal commission investigation, held in Washington in the year 1948, and in the States they have a continuing committee both of the House of Representatives, and the House of Congress to investigate the farm implement industry in the United States.

I think it is interesting to note that these investigations have been hold in the United States which is the chief source, or at least one of the chief sources, of manufactured implements in the North American continent, and Canada has been for a goodly number of years, an importer from that source of manufactured articles in the farm implement field. All of these investigations and committees and commissions indicate that there is a common problem, with certain features peculiar to certain areas, and to certain features of both distribution and manufacture. They all indicate that, in spite of the fact that there has been certain legislative action taken, in spite of the action which farmers have taken through their own organizations, many of the main problems are still with us, and to it have been added in the past year many more factors to some degree to say the least, have aggravated the situation. One of these factors which the Minister referred to is the mechanization of the agricultural industry, particularly in Canada, and this mechanization has made its impact felt and has in many ways, changed the pattern of the agricultural economy of Western Canada.

But with the mechanization of our agriculture, the people within that industry had, as a result, to pay a very high price, not only as to the high cost of the implements in terms of dollars and cents, but what is possibly more important, as I suggested a few moments ago, in terms of the increased disparity that exists between the returns of our agricultural products and the cost of production, of which the cost of these implements is a major item.

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Now, Mr. Speaker, you will note that in the resolution which is before the House at the present time, there is some difference as to the terms of reference that exist in this motion and the terms of reference of the Implement Committee in 1939. In 1939, the Committee confined itself mainly to investigating the cost, sale and distribution of farm implements and repairs, and, as has been indicated, this present motion has considerably extended terms of reference to include not only the production cost, selling price, but also the supply, sale and standard of performance, and methods and costs of distribution and utilization of farm implements.

I would draw your attention to the extension of reference on two particular items. First is the question of supply. I doubt that, at the time of investigation in 1939, the factor of supply was necessarily a great factor but as we see at the present time, many of those parts which are presently going into farm implements, becoming more and more required in defence programmes, the question of supplying the need of basic material for farm implements, the question of supply does indeed become an important factor. And also, I would draw your attention to the fact that the terms of reference have been extended to include the utilization of our farm implements, which as far as relating to the agricultural economy is indeed important, and it is also possible that through some suggestion that might be made, it may be possible through greater and better utilization of our farm implements, to reduce the necessary investment on the farms of western Canada in terms of farm implements.

But to obtain a true picture of the impact of mechanization on our agricultural economy, to obtain a true picture of what it is costing the agricultural industry to have this mechanization, and to have a true picture of the relationship that the cost of farm implements has had on our agricultural economy, it may be necessary to give a few statistics. I realize, Mr. Speaker, that the statistics at their best are very dry, and at times speakers in debates use statistics much as a drunken man uses a lamp post — more for support than for illumination; but I suggest that such statistics may be necessary to illustrate certain specific trends and the manner in which the high cost of farm implements are being felt. While it is true that, through the medium of increased mechanization, we have increased the productivity of the individual man on the farm, we have not necessarily increased our entire production in our agricultural industry. I think a reference to the last 25 years of production will illustrate that this mechanization has not necessarily resulted in an increased production to take care of the increased cost of the farm implements that we are presently using now, and, as we look back over the past 25 years, we find that the lowest physical production in the province of Saskatchewan occurred in the year 1937; that the high physical production in the province occurred in the year 1942, and that, in 1950, in spite of the fact that we are continually becoming more mechanized, our physical production in the Province of Saskatchewan was considerably below that of 1942.

I would also point out that in the year 1939 the physical production in the Province of Saskatchewan was greater than it was in 1950. That indicates, in my opinion, Mr. Speaker, that we have not necessarily got the increased production available to take care of the increased cost due, in part, at least, to mechanization as it exists at the present time. I think it

is even more clearly illustrated when we relate the returns we get for our agricultural products in terms of that which we presently spend upon farm implements in Saskatchewan. Take only the last five or six years, in which we have had a rapid mechanization; if we are going to take any period and say that the farm implement costs have increased, we can take the last five or six years. Referring, for instance, to the year 1945, at that time in the Province of Saskatchewan there was sold at retail level machinery valued at \$21 millions. This, in terms of percentage of cash income is 7 per cent. That is to say that in 1945, of our total cash income, we spent 7 per cent on machinery at the retail price. Compare that with 1950 when we spent approximately \$80 millions on farm machinery in Saskatchewan. Relating that to our cash income, we find that we spent 22 per cent of our cash income in 1950 for machinery at a retail cost price.

This, of necessity meant that we got an increased investment on the prairie farms for farm implements and machinery, and this is borne out by a survey which was made during 1950, in which it is indicated very clearly that the amount of investment which is required for a farmer to operate has materially and in some instances, has increased 200 and 300 per cent over the last 10 years. This has been particularly true in the last five or six years, when it has been possible to obtain machinery at a price, in quantities, greater than in the years just previous to that time. I do not think there is any question but what the necessity of this enormous investment has been one of the major factors in the present trend within our agricultural economy. It is interesting to note, Mr. Speaker, that this investment has been done largely on the basis of credit, which, I suggest, is the result, first of a faulty agricultural economy and secondly, a result of the fact that the cost of farm implements has been too high, not only in relationship, as I suggested, to agricultural products, but also has been too high in terms of dollars and cents.

To illustrate the extent it has been necessary to obtain the credit to buy this machinery, we have only to look at the report of the Farm Improvement Loan Act for the period 1945-50. This act was put into effect in 1945, and made its first general loans in 1946. The point I wish to make, Mr. Speaker, is that in 1949, they made loans on behalf of machinery for farms of some \$15 millions. When you realize that loans are only made on 2/3 of the cash price of those farm implements, this means that in 1949 loans were obtained on the machinery value of approximately \$24 million. In 1950 there were loans made of \$21 million, or loans obtained on the machinery of approximately \$32 millions. Now, in 1949, with loans made of \$24 millions, the total amount of machinery sold in that year was \$72 million, which means that loans were made to this source on approximately 33 1/3 per cent of all the machinery sales made in that year. In 1950, loans had been made on approximately 40 per cent of all machinery sales through the same source, and I suggest that that is indeed a high price to pay for machinery, when through one source alone in 1950 we required loans in order to obtain 40 per cent of our machinery sale.

I think it is also significant to note that, not only in the year 1949-50 has there been an increase, but every year since the Act has been in operation, there has been an increase in loans required to buy new machinery. Then, in addition to this source, which is only through the banks

guaranteed by the Farm Improvement Loan Act, there are other sources of credit to which the farmer are no doubt turning. For instance, there are Credit Unions, finance organizations, and indeed, depending upon the credit, facilities of the agent to provide them with credit.

Now I have suggested, Mr. Speaker, that we have seen the necessity of obtaining these loans, and I suggest that there might be some suggestion made from this that the farm implement prices are indeed too high. The Minister of Agriculture has illustrated the increases which have occurred on certain specific farm implements, and has indicated that in the last five or six years there has been an enormous increase in certain of these particular commodities, and I would only refer you to one or two of the basic implements which have increased as high as 90 per cent in the last five years. I suggest there is some reason for this increase other than the material increase in the cost of production, and I think the returns from certain of the farm implement companies must give us some lead as to the reason why there has been such an enormous increase in the cost-price of farm implements. We can refer to the report, for instance, of the Massey-Harris Company, which in 1945 indicated that it had a net profit after income tax, bad debts, and all other contingencies had been met, of \$1.5 million. In 1950, that same company had a net profit on the same basis of \$15 millions, or a 1,000 per cent increase. The Cockshutt Company, as another illustration, in 1945 had a profit of \$266,000 or approximately one-quarter of a million dollars. In 1950, it had a net profit on the same basis of \$2 million, or eight times as great as 1945. The John Deere, as another major company, had in 1945 a net profit of some \$9 million. In 1950, that net profit had increased to \$37 millions, or a four-fold increase. The International Harvester Company in 1945 had a net profit of \$24 millions; in 1950 the net profit was \$66 millions — or an increase of three times over its net profit of 1945.

If we look at the net returns of one of these companies as illustration, Mr. Speaker, and let us take the Massey-Harris Company. In 1945, the Massey-Harris Company had a return on investment, after paying income tax, of 8.5 per cent on its investment; in 1950 that same company had a return of 33.6 percent on its investment after paying income tax, on the basis of a net return. Now, if we look at it in terms of net profit per dollar a sale, we find that this same company, the Massey-Harris Company, in 1945 had a net profit per dollar a sale of 1.37 in 1945, and in 1950 that net profit per dollar a sale increased to 9.14. I would suggest that, on the basis of those returns, this would justify an inquiry into the enormous profit which these companies have been making out of their farm implement business, of which Saskatchewan has become a very important part.

I would suggest, Mr. Speaker, that it has been indicated by the Federal Trades Commission that a .5 ratio of sales through investment is the breaking point as to profit and loss, and yet we find these machine companies operating on a .76 sales ratio to investment, which indicates that they are well above the breaking point between profit and loss. I realize there are other factors which enter into the cost of production, other than the profits; for instance, labour and materials enter into production cost. But, in 1945, for example, in relation to the sale price, labour and material costs amounted to 86 per cent; in 1950, labour and material costs had been reduced to 73 per cent. This would indicate, in my opinion, that the increased

cost cannot justifiably, in its entirety at least, be laid against the increased cost of labour and materials, and these have been offset by a collection and administration expense, which too have gone up, particularly in connection with administration expenses.

But I think the greatest increase indicated in the production cost, other than the profits, has been the amount retained by the company concerned. In 1945, they retained 97 per cent of the sales; in 1950 they retained 3.47 per cent. I would further point out that all of these percentage figures are given on greatly increased sales in 1950 as compared with 1945. I would suggest that all of this would indicate that the greatly increased sales cost were not necessarily justified on the basis of true increased cost of production; and I suggested a few moments ago, another question which might enter into the picture as far as potential increased cost of production is concerned, and will have its effects on the mechanization of agriculture, is the question of supply of those parts which enter into the production of machinery and implements, particularly that of steel, is being the main material article which enters into the production of farm machinery.

While it is true there is no definite means of obtaining the amount of steel that will be allocated to our Canadian manufacturing, I do suggest that certain comments which have been made by authoritative sources indicate what he may expect in the future, and let us refer to a current review of agricultural conditions in Canada put out by the Dominion Department of Agriculture, which suggests that, at the present, the farm equipment industry expects to supply farm equipment in 1952 at or near 85 per cent of the 1951 level. The "Financial Post" of November 3, 1951, indicates that the production of farm machinery in the United States and Canada has already been cut by 25 per cent in the fourth quarter. In its estimate, and we could go on to illustrate that there is every indication that the supply of material (that is, materials for farm implements), will certainly not be as great in 1952 as it was in 1951. On the other hand, we have what appears to be a constant and steady demand for the implements. The farm implement dealers have indicated that, from their observation, there is just as keen a demand for farm implements at the moment as there was a year ago, and this, in my opinion, may very well result in either an increased cost to the farmer on the basis that there will be an increased competition for the few machines available, or that on the other hand, the cost of machinery might increase on the basis that the implement manufacturing companies are not working at capacity, and, as such, are not working as efficiently as if they had all the supplies which they could handle.

I would refer to one other point raised in the terms of reference, Mr. Speaker, namely, in connection with the method and cost of distribution. As I suggested at the outset, there has been some improvement made in our method of distribution, but I do not think anyone would want to suggest that they are in any way the most efficient and the most economical that could possibly be made, and some of these improvements which we feel have been improvements, may have placed an undue burden on the implement dealers in the Province of Saskatchewan and prevented them from rendering the service which we expect them to render. As I suggested, I do not think in our method of distribution that we have the most efficient; and that we have put into that

distribution the most economy; and on that basis, I believe there is some justification — indeed, a great deal of justification — for further inquiry into what existed in 1939. The same is equally true of this question of utilization, which I suggest is more important today possibly than it was in 1939.

Now, Mr. Speaker, I think that the Minister of Agriculture (Hon. Mr. Nollet) and myself have attempted to outline the need and the necessity of an inquiry of this type. We have attempted to illustrate to the House the terms of reference that are involved in setting up a Committee, but I would like to suggest to the members of the Legislature that if they have, in their opinion, a desire to have the terms of reference extended to include some other feature of the farm implement business as it effects our agricultural economy, I feel satisfied that such a suggestion will receive the most serious consideration of the members of this House.

However, in conclusion, Mr. Speaker, I think that all members will realize that the solution to the problem of the high cost of farm machinery, and its effect upon our agricultural economy is a challenge to the imagination and ingenuity of the members of this Legislature, and particularly to those members who are going to be asked to sit on this particular Committee. If this Committee is able to come up with a solution to any one of the many problems, or with the implementation of any of the recommendations which a Committee of this sort may make, that will place the mechanization of agriculture on a sounder economical base — it will indeed have served a useful purpose.

As members of this Committee, we are accepting a responsibility that I hope we will not take lightly, and that we will take every avenue at our disposal to make our contribution to a solution to what may be construed as one of the major problems facing those who are directly engaged in agriculture as well as the economic welfare of those who are directly, or indirectly dependent on it for their welfare.

Now, Mr. Speaker, I would like to suggest that, if this motion is carried, and this Committee is set up, it would be possible to set up the organization Committee tomorrow morning, and with that, Mr. Speaker, I take great pleasure in seconding the motion introduced by the Minister of Agriculture.

Mr. W.A. Tucker (Leader of Opposition) — Mr. Speaker, I do not intend to detain the House very long in bringing observations in regard to this motion.

I do not think there is any doubt that any of us representing any part of Saskatchewan, whether it be a rural seat or a city seat, can have any doubt about the importance of farm implements to our economy, and certainly they are just as important now, if not more so, than they have ever been. I think this is illustrated by the facts or the figures given by the Minister of Agriculture (Hon. Mr. Nollet) in regard to the increased mechanization of our farms.

I do not think there is any doubt but that it is quite clear to anybody who observes the situation in Saskatchewan today, that it would be a very bad thing for agriculture in Saskatchewan if it had to carry on with the same implements that it used 20 years ago. I think everybody realizes that one of the reasons why agriculture is in a much better position today than it would otherwise be is the fact that farming can be carried on so much more effectively with the same number of people on the farm. In other words, mechanization is permitting farmers to produce much more cheaply than they were able to do 15 or 20 years ago. Of course, this improvement in the nature of our farm implements has been, therefore, of the greatest possible importance to our economy. The extent to which there has been that improvement, and the extent to which the implement companies are entitled to credit for it, naturally is something that may be examined into when this Committee meets.

Then, of course, on the other hand, there is the question of the cost of farm implements. Ever since this Western country has been settled we have had our prices set pretty well on the things we have to sell by the prices on world markets, and it has been a very great grievance that for so many of the things we had to buy, and particularly the implements of primary production on these western plans, their prices should have been made higher by a tariff policy which tended to raise the prices of things we had to buy, and which, of course, did not help us at all in regard to the prices of things we had to sell, but on the contrary had a further injurious effect in that as the tariff barred out imports, it made it hard at times to sell the very products that we had to sell. So, it has been more or less in common agreement on the part of nearly everyone in the west, that farm implement prices should not be held up by a tariff policy.

In 1936 this question was coming to the fore very strongly in view of the fact that farm prices had fallen to a very low level in the early years of the thirties, and of course, as too often happens, the prices of the things that the farmers had to buy had a much greater rigidity than the prices of things they had to sell. So the farmer was in a very difficult position as a result of that.

In 1936 a motion was made in the House of Commons that this should be studied by the Committee on Agriculture and Colonization. I was very interested, just before coming into the House, to look over that debate and to see that one of the first speeches I made in the House of Commons I made in the debate on that particular matter. It is very interesting to look back and think of those times. And while we may feel that conditions are not exactly as we would like to have them today, they certainly are a great deal better than they were at that particular time.

It is very interesting to see that one of the items that we had very much in mind at that time was that we still had a tariff on farm implements. One of the matters discussed was the desire, particularly of western members, that the tariff on the on the implements of farm production should be eliminated entirely. Of course, it is one of the things that I am very pleased about that fight, which was carried on for so long on behalf of the producers of western Canada was won, and finally the tariff was eliminated on farm implements. I am quite aware of the fact that people who, up to that time, had tried to defend the tariff, tried to confuse the issue by saying that because the prices

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did not come down at once by the amount of the tariff, therefore the tariff did not matter. Of course, we know that there was a tendency for the price that was charged in Canada to be pretty well the American price across the line, plus the amount of the tariff. It was maintained more or less at that level, because a farmer could not go anywhere across the line and buy an implement, and bring it across without it costing him practically the same as if he had bought it within Canada. At the time when the tariff was taken off, there was a tendency for prices to rise all over the world, including the United States, and so, naturally the prices went up here, and went up there. But, what was overlooked was that if the tariff had been kept on and the past experience had been the case again, the prices would have gone up even more in Canada, so that they would have been higher than the United States prices by the amount of the tariff. Well, when the tariff was off that could not be the case. The prices could not be any higher in Canada than they were across the line, except to the extent that freight might enter into the picture.

The result has been that on account of tariff being off, farm implement prices in western Canada have been no higher, and in some cases lower, than in the United States. I know that there would be no thought any longer of trying to put the argument across that the taking off of the tariff has not benefited us at all; but I know that argument was raised at the time it was taken off.

The Agricultural and Colonization Committee studied the matter in 1936 in the House of Commons, and they recommended that a special Select Committee be set up to continue the investigation in 1937, and that was done. That Committee made a very careful examination of the situation, and made several recommendations in regard to the matter. One of them, as I have said, attacking, this question of the tariff on the implements of farm production in western Canada, which I am glad to say, at least has been accomplished. Then another item that was mentioned by the hon. member for Bengough was one of the things that was really brought out very strongly: the excessive cost of the way in which implements were handled, due to the selling of implements on time. It was brought out that, due to that system and due to the losses, due to failing to collect in many cases, the cost of the credit that the farmer got in the time-sale was most excessive. It was referred to in this Committee of the House of Commons, and on Page 325, it refers to the question of the cost of a binder on time. It points out that there the credit extended in such a case actually costs the farmer on a per annum basis 33.8 per cent, and even on the best possible basis cost 31.9 per cent. It is pointed out there that the loss of the implement companies on that policy ran into millions of dollars, which ultimately had to be paid by the farmer and paid for as he purchased machinery.

So one of the things I was particularly interested in was the question of cutting down the cost to the farmer of credit in regard to buying his machinery. And for that reason, I was very strongly in support of some good system as was ultimately set up by the Farm Improvement Loan Act.

I was very interested in those figures. I intended to check them up myself, but I had not done so recently; but I think that that has been one of the best results of this report, of this inquiry, because, under the Farm Improvement Loan Act, as Your Honour knows, the farmers' borrowings are guaranteed in part by the Dominion Government. As a result, it was possible to ask the banks to furnish credit for that purpose at simple interest — whether the loan is in arrears or not, it is 5 per cent for all of them, which of course, is a tremendous improvement in comparison with the situation which prevailed before that time. These are some of the results of the Federal investigation in the House of Commons.

This Legislature in 1939 on motion of the Hon. Mr. Patterson, set up a Committee on prices and distribution. They were in a position to examine the report and evidence which had been brought out in Ottawa, and more or less bring them up to date, see to what extent the recommendations made were actually working, or being lived up to, and make further recommendation in the light of our special conditions in Saskatchewan. That committee was set up on the motion of Mr. Patterson, February 3, 1939. It proposed certain solutions, and it is very interesting to look at them today. They proposed certain solutions within Saskatchewan. One — the point was brought forward as a suggestion that there be more manufacturing in Western Canada. After looking into that matter, they suggested that that be referred to the Industrial Development Board which had just been set up, and that all possible consideration should be given to it. This is a matter which, I think, the Committee we are setting up should give attention to, because I feel myself that if gas is discovered in this Province in the quantity which we think will be discovered, and hope will be discovered, I am quite satisfied that from that gas we can not only generate electric power as cheaply as it can be generated from, the average hydro-electric development plant, but we would also have the fuel and so on to provide the necessary fuel for the processes of starting, of going more into the field of manufacturing. I cannot see why, especially with the freight rate problem and the high cost of transporting goods, and if we do make discoveries of gas and oil; I can not see why there cannot be some real hope of industrial development along that line. I believe from the figures recently seen, Western Canada has been using about 75 per cent of all the farm machinery consumed in Canada. If that is the case, and we can develop cheap sources of power and fuel, it seems to me that there are great possibilities there, even more than lay before the Committee in 1939.

Then, another suggestion made was that there was great waste in the matter of distribution of farm implements: too many implement agents and all that sort of thing. That was looked into by the Committee, and it was suggested that some sort of a system of licensing and regulation implement agencies be embarked on by the Government. The Committee, however, indicated that it thought that many things ought to be considered before passing judgment on such a plan, and it said they had not had sufficient time nor opportunity to come to their own formal opinion on the matter. This Government caused legislation to go through which has provided for this licensing, and it will be interesting to see if they feel whether anything much has been accomplished by it, in this investigation.

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Another suggested plan which, of course, brought up this whole question, was the cost of credit, and it was suggested that, perhaps if there was some system of centralized credit, the cost of it could be cut down. That was gone into a great deal, but in that regard the Committee recommended further consideration. As I stated, I feel that the system that is in force in that regard, of putting the credit of the country to a limited extent behind loans to people to buy machinery, has worked out very well indeed. It has worked out much better than any of us who were advocating it in the House before it was adopted in 1945 ever, I think, thought it would work out. It has been a real benefit not only in this field, but in regard to other fields where the farmer could borrow money at that low rate of interest, and could also get credit more readily because the Government guaranteed the banks against losses up to the extent, (I think it was), 10 per cent of the amount loaned. Actually, many people were very nervous about that — about the possible great losses and so on; but it was in the nature of introducing the insurance principle against loans. As a matter of fact, the farmers have got a very low rate of interest; have got credit they otherwise would not have got, in order to mechanize their farm, and be able to produce much cheaper, and the cost to the Federal Government has been negligible.

Another suggested plan was brought forward by Mr. Williams, who then, I believe, was the head of the C.C.F. party In Saskatchewan. He felt there should be some sort of a Government Board set up which would buy the machinery in bulk and get it cheaper, and then he suggested that, if it were done that way, and the machinery was handled by the co-operative associations, or if these would not undertake the task, through the present dealer outlets, he suggested a saving as much as 40 per cent could be made. He said:

"The plan is based on the assumption the Government Board, having control within Saskatchewan or all distribution agencies, would have volume of purchasing power, and therefore, ability to control the price structure."

The Committee point out 12 different objections to the plan, and I take it, from the fact that the present Government has not adopted it, that they must have been impressed by these different objections that were raised at that time, and I do not think I will bother taking the time of the House to go into it today; but it is something that, I suppose, may come up again, and that was another suggestion made.

Another suggestion that the Committee made and they finally agreed to this — was the co-operative plan. That was brought forward to the Committee by the Co-operative Wholesalers, when they gave a submission to the committee. Mr. Fowler appeared on their behalf, representing the co-operative group, and his submission at that time is very interesting, and it is very interesting to see the reaction of that Committee at that time to it. I mention this particularly at this time, Mr. Speaker, because, as you know, in 1939, there was a Liberal majority in the Legislature and, it is interesting to read this in the light of the attempt made from time to time to make out that the Liberal Party was not favourable to co-operatives, and that

progress in respect to co-operatives was all brought about by the election of the present Government. This Committee, on which there was a Liberal majority, on Page 41 of the report, state as follows:

"The Committee wishes to publicly record its high opinion of the character, experience and soundness of judgment evidenced by the representatives of the Co-operative movement in this province on their appearance before the Committee. The Committee realized that any such plan must be ably led and directed, and is of the opinion that the Co-operative movement in this province is fortunate in that regard."

This is the plan which I will deal with now, which was recommended by the Committee as against the plan of the Government taking the matter over, as recommended at that time apparently by Mr. Williams. The Co-ops made the submission and the main points in the submission are very interesting. They are summarized on Page 42 of this Report. They say first of all:

"The main points of the submission may be summarized as follows:

- (1) The present price of farm implements to farmers is much too high and can be greatly lowered by the adoption and application of cooperative principles on the part of the farmers of this Province.
- (2) As an indication of the result of co-operative effort the Consumers Co-operative Refinery is now manufacturing and distributing gasoline for less than one-third of the cost suggested by the major oil companies.
- (3) Large corporations are grossly inefficient and add items of cost without improving utility of article being sold.
- (4) Co-operatives cannot be set up. They must grow from a consumer demand on the part of the people, together with a determination to be loyal to co-operative principles so as to achieve worthwhile results."

I think that is very interesting — the suggestion that co-operatives have to grow. They cannot be set up by Government action. They, in their submission, point out several cases where Government has attempted to set up co-operatives, and where there has been a failure as a result:

- (5) Ultimately if given sufficient consumers' support co-operative manufacture and distribution of farm implements could save at least 40 per cent at the present retail price of farm implements.

(6) The Co-operative Associations are of the opinion on that ultimately a binder costing \$130 to manufacture in Eastern Canada could be laid down in the farmer's yard in Saskatchewan at not more than \$177, if co-operative principle of distribution applied.

(7) Co-operative credit advanced to members is the safest of all credit as each member is moved by his own interest to take care of his indebtedness to his co-operative association.

(8) Credit Unions should be encouraged to assist in financing the Co-operative Farm Implement business and to place the farmer in a position of independence.

(9) The Saskatchewan farmers have shown ability to solve the financial problems of the co-operative movement. The members of the Cooperative Refinery have \$60,000 on deposit with that association, assisting it in financing its needs.

(10) Competition as it is known in large corporate industry is exceedingly costly and wasteful.

(11) Present competition produces goods from the standpoint of maximum profit, and not from that of maximum utility.

(12) Factors which enter into the success of cooperative associations are efficient management, adequate direction and loyalty of members.

(13) Examples or failure of certain co-operative ventures set up (that is to say, organized from the top down). There must be genuine cooperative demand for the products from the people as a necessary preliminary to any co-operative development.

(14) Recommendations to the Committee to speed up present programmes of co-operatives in the manufacture and of farm implements:

(a) Educational and supervisory assistance to organized co-operatives.

(b) A suggestion (not a request) that the Government make available for wholesale co-operative societies a revolving fund of say \$50,000 to enable it to develop a little more speedily its farm implement business.

(15) Would look with disfavour on any large grant or loan of money to the Co-operative movement until the farmers of Saskatchewan indicated support of a co-operative programme on such a scale.

(16) If the Co-operative movement made wise use of revolving fund of \$50,000, increased assistance could be given to enlarge operations.

(17) It might take from 3 to 10 years to build up a substantial co-operative farm implement business to the extent that it would be a real factor in the net cost of farm implements.

(18) The Co-operative Associations were of the opinion that no substantial saving could be made by Co-operative Associations acting merely as agents of the farm implement companies.

The Committee strongly approves of the Co-operative Plan before outlined.

It is definitely of the opinion that the true and permanent solution to the problem of farm implement prices is to be found in co-operative effort.

It goes on to say:

"It unreservedly approves of the long-term plan, and definitely recommends to the Government of this province that it give to the Co-operative movement the support and assistance suggested.

It recommends in its findings:

(1) That the Government of this province invite the co-operation of the Dominion Government and the Governments of the provinces of Manitoba and Alberta in the carrying out of any plan to procure substantially lower implement prices.

(2) That, as the provisions of the Combines Investigation Act of the Dominion appear to have been violated by the major Companies in the industry, consideration should be given to instituting proceedings under the said Act.

(3) That Dominion legislation be urged to remove all tariffs and other trade barriers on farm implements, repair parts and cream separators.

(4) That the Dominion Government be urged to restore the Crow's Nest Pass Agreement freight rates on farm implements.

(5) The adoption, and support by the farmers of this province, of the co-operative trading movement.

(6) The adoption of the plan submitted to the Committee by representatives of the Co-operative Associations on

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February 24, 1939, and the giving to the said Associations by the Government of this Province, of the support and assistance suggested in that plan.

It goes on to suggest quite a few new plans to encourage the University to test the relative quality and utility of repair parts being offered for sale in this Province; that the Dominion Experimental Farms, the University of Saskatchewan, and Farm Implement Companies be encouraged to continue their educational courses in the management, care and operation of farm machinery; that the Dominion Experimental Farms and the University of Saskatchewan be encouraged to test the utility of new implements, to suggest improvements and, where possible, to encourage standardization of implement repair parts. The Minister of Agriculture spoke as if this was something new — the testing of implements. Well, the Government has been in office for eight years and here is the recommendation — he is on the Legislative Committee — that that should be done. It winds up:

"As a result of its inquiry the above are the recommendations which the Committee sees fit to make."

In regard to most of the matters suggested by the hon. members, they have been covered by this Committee report which was made in 1939. The question might be raised: "Why wasn't more done from the time that they reported to the period of 1944?" I would point out that this Committee reported and the report was adopted by the Legislative Assembly, at the end of March 5, 1939, and war broke out in a matter of five months, probably less than that — in September of the same year — and the whole country was concerned and absorbed in the war effort right from that time until the period of 1944. If some of these things are just now about to be done, that the Minister of Agriculture laid so much stress on, one wonders why the great delay. This legislative report was there and available for action. It was suggested that great emphasis be put upon the encouragement of the co-operative method of handling this problem, and it may be that everything possible was done in that particular regard that could be done. One of the reasons for which I welcome this inquiry is to find out to what extent the co-operative movement has received the assistance that it should have in building up its ability to help in dealing with this matter, and the extent to which some of the things that it laid down as possible have proved to be true.

It suggested to the Committee in 1939 that if it once got into operation it might be possible to save as much as 40 per cent on the cost of farm implements. I am looking forward to finding out to what extent of some of those hopes have been realized. I think, myself, that perhaps the competition of the co-operatives in this field may have had a very helpful effect and to that extent, if it has been so, the Committee which laid down the plan in 1939 and the co-operatives themselves are entitled to a great deal of credit. If they have made a real contribution in this field, it will be a good thing that the facts should be brought out so that anything further that can be done to work along these lines can be done. My own feeling is that the Committee in 1939 was very wise in turning down the direct intervention of the Government in this field, and in suggesting that the better course of action was to encourage the entry into the field of the co-operatives. I hope that the investigation will indicate that they feel

that they feel that they have been making satisfactory progress in that regard.

I think the Minister is right in thinking that we perhaps should take a look at what has been done under this recommendation, to examine into the type of machinery that has been provided for the farmers in Western Canada. This Committee certainly envisaged the idea that that should be a matter of continuous study and observation. It will be interesting to see to what extent that has been carried out by the present Government.

I absolutely agree with the Minister that in these days of quickly changing methods of farming there is more help required by people from experts in the field of agriculture and scientists in regard to making sure that various new machinery suggested is going to be helpful. They are more in need of help and assistance like that at a time like this than in a time when there are not these great changes taking place. I think that we should have the benefit of the advice and evidence of some of the people connected with the University in regard to that matter, the extent to which they feel we have been well served by the people who have done research in the field of farm implement manufacture, and to what extent, in any way, that they have not done as good a job as might be expected of them.

Those are some of the things that I think the Committee will be able to do some very valuable work on. They will be able to examine the state of affairs in 1939, and the Committee will be able to see how far we have progressed in 13 years, and to what extent things should have been done, and things have been done that should not have been done.

Now, that brings up the question — the purpose of assistants to this Committee certainly should be one of assisting the Legislative Committee to get all the facts. It should be assisted by perhaps a group of accountants, as well as somebody who has time (which members of the Legislature have not got) to give all their time to the work of the Committee. Those people, it seems to me, should be people who are willing to try to bring out all the facts, regardless of whether they always bear favourably on the government of the day, or not. I do suggest, Mr. Speaker, that those people should be picked after consulting with the various farm organizations in the province who have taken a real interest in this matter (for which they are certainly to be commended), and who must have some very definite ideas in the matter. They should have the right at least to suggest one counsel who will work with them, and in whom they have complete confidence, to assist them in presenting any views that they have to the Committee. I feel they would have the right to ask that such counsel should be paid by the Provincial Government, and I think it should be somebody who is satisfactory to them, and in whom they have confidence.

Whether they nominate through the Saskatchewan Federation of Agriculture, if they are asked to nominate somebody, I suppose such a person would represent all the different farm organizations in the province. But the Wheat Pools and the Co-operatives, who are very interested in this question, and also the Farmers' Union, I presume they would be able to come to an agreement on the matter. But I do suggest, Mr. Speaker, the Committee should not be asked to pick as counsel somebody without making sure that that person who is going to help the Committee, meets with the approval of the organized

farmers of this province, because they are the ones who are trying to serve and help. Thirteen years ago we took the attitude that the way to get an improvement in this situation, one of the main ways, was to get the help and foster the entry and interest of the co-operative movement in this field. So they are very much interested.

In regard to the other matters — the question of tariffs and their effects, the question of freight rates, the possibility of manufacturing more of our farm implements in western Canada, the extent to which the co-operation of other provinces has been sought in that regard and so on, I hope that, as the member for Bengough said, we will be able to get going on this Committee quick enough to be able to have time enough to make the study of this matter that its importance warrants, because surely it is a very important matter, Mr. Speaker. So far as the Opposition is concerned, we assure the Government of our earnest and sincere co-operation in the work of this Committee to make it the best possible in the interests of the farmers of this province.

The question being put on the motion, it was agreed to unanimously.

INCOME TAX EXEMPTIONS

Moved by Mr. Howe (Kelvington), seconded by Mr. Gibson (Morse):

That this Assembly urge the Federal Government:

(1) to give consideration to the possibility of raising personal income tax exemptions, to \$1,500 for single persons and \$2,500 for married persons, as well as excluding from taxable income revenues up to \$800 which are derived from dairy and poultry production where such income is auxiliary to the main farm enterprise;

(2) to arrange that amounts spent on clearing and breaking agricultural lands shall be considered as operating expenses for income tax purposes.

Mr. P.A. Howe (Kelvington): — Mr. Speaker, the motion that we are about to discuss has found its way in here on previous occasions, and you will notice that it is divided into separate parts. I propose to deal with them one at a time.

With regard to part (1), I think there are some very good reasons why those exemptions should be raised. I note that the present exemptions were fixed in 1949. The exemptions, at that time, were \$750 for single status; and they were raised to \$1,000. The exemptions, at that time, for married status, were \$1,500, and they were raised to \$2,000; but

since that time the cost-of-living, for instance, has increased tremendously, and I believe it is correct to say that, if the exemptions that were fixed at that time were correct, then certainly there is need for increasing those exemptions today.

In 1949, the cost-of-living index stood at 159.6 where as at January 1, 1952, it stood at 191.5, or an increase of 31.9 since 1949. Consequently, there ought to be a very good argument as to why these exemptions should be increased now.

There is no doubt but that this question of income tax — paying taxes on the basis of your income — is fair. I am sure it is accepted as one of the fairest methods of collecting taxes; but the thing that we want to remember is, first of all, that it can only be fair to the extent that it is applied equitably at all sections of our community; and secondly, that what does matter is not the amount of taxes you pay, but what you have left to live on after you have paid your taxes. Thus, it can be readily understood and seen that the increased cost-of-living, these last three years, has certainly lent itself to lower the standard of living of our people, providing our method of applying the taxes remains the same. So I think it is fair and just that we should now ask the Federal Government to increase these exemptions.

During this time something else has happened, Mr. Speaker. In 1951, there was a 10 per cent surcharge applied; and in 1952, that was increased to 20 per cent. I understand that is a tax on the tax you pay. Then again, at the last session of the House of Commons, the Old-Age Security Act, Bill No. 13, statutes of 1951, provides that an additional tax of 2 per cent per annum, or a maximum of \$60 shall be charged to go into the Old-Age Security Fund. So, not only has the cost-of-living increased and whittled into the standard of living of our people since 1949; but these other additional taxes that I mentioned have also been applied so that it makes the burden still heavier. So I say again, Mr. Speaker, that I think the question of increasing our exemptions is very justified indeed.

Then we came to the other part with regard to excluding revenue derived from dairy and poultry production. We have heard a lot said about the family farm in Saskatchewan; but something is happening to the rural life in Saskatchewan. I think we all realize that something has happened to it, but certainly there are many things that contribute to that situation. I think one of the things that is happening, Mr. Speaker, is the fact that, today we go around the country and we see farmers after farmers who used to have six or seven milk cows on the farm with none today; we see people that used to have two or three hundred chickens on the farm haven't got any chickens today, except a few that are running around the yard, and do not need any special care.

We see farmers who pay income tax on \$1,000, for an illustration. He sits down and examines his income tax returns and he says, "Well now, what has contributed to this taxable income that I now have?" Well he will probably find that he has had two or three hundred dollars income from his poultry — and probably three or four hundred dollars income from his milking cows and cream and butter. Well then he thinks: "We have been staying at home every day during the whole year. We have denied

ourselves a holiday. We have never been able to go any place because we have to be at home feeding the poultry twice a day; we have to milk the cows twice a day. Why shouldn't we just dispense with these things? We can make a lot easier living by putting in a few more acres of wheat, and take a little holiday with the rest of the people." They know that we have passed labour laws for two weeks' holiday with pay — why shouldn't the farmers have it?

What I am trying to show, Mr. Speaker, is that, while there are many things that I believe contribute to the isolation of the farm home today, or what has happened to the family farm today, I do think the income tax has contributed tremendously to that situation. I believe that is why people are saying, "We are not going to keep cows any more", or "We are not going to keep poultry any more", and I believe we will see the time coming, if something is not done about it, when it will be difficult for people in these local towns and villages throughout Saskatchewan to be able to buy such a thing as a few dozen of eggs or a pound of dairy butter.

So I believe, Mr. Speaker, that if we would permit these farmers who keep a few cows and a few chickens as an auxiliary to their main farming operations, and if we would say to them, "We will let you have an income of \$800 from that source without being taxable", I think it would lend itself to bring a few more milk cows to the farms, and a little more poultry on the farms.

You know, I could not give a better illustration of what I mean by a family farm than what I am going to give you now. When I heard people talk about a family farm, I sometimes wonder just what they mean by a family farm unit. You know, I had a very fine neighbour one time who, every time we went there on a Sunday or during the week, the first thing he would do would be to say to me, "Did you see my young pigs? I have some wonderful young pigs out in the barn. I just got them a few days ago." In other words, he was so interested in everything he had around his little farm that he lived for what he had around him at that farm; it meant everything to him. In other words, today there is, of course, a tendency that everything is becoming more and more specialized — mass production for the purpose of bringing down production costs. It is true we have to face that situation. We have mass production in growing wheat; we have mass production in milk and poultry products. But I do think, Mr. Speaker, that we should give very special consideration to this question of seeing what we can do to try again to re-establish these little family farm units. I do not think there is anything that will stabilize agriculture, in any community, as much as these little farm units; and certainly there is nothing that will contribute so much to the social activities in a community as that little family farm. So I say, Mr. Speaker, that I do believe that we should approve of that suggestion.

I do not think I need to read these figures; but it might be interesting for you to note what has actually happened to these industries in the last few years. It is not just imagination. Now, in 1943, there were 11 million poultry in Saskatchewan; but by 1951 they had been reduced from 11 million to 8 million. Eggs, for instance; the egg production in 1943, was 57 million dozen of eggs — but by 1951 they had been reduced from 57 million dozen to 30 million dozen; so you see there is something happening

to the little farm units in the province of Saskatchewan.

Now there are statistics here with regard to the number of the young hens there are on the farm — I do not think I need read that, because I think the picture is clear to everyone of us, and we know what the problem is. The same thing applies to the dairy cows and dairy production.

Then we will go to the third part of the resolution: "And further, that amounts expended on clearing and breaking agricultural lands should be considered as farm operation expenses for income tax purposes." Now, that may not seem very important to many people, particularly people who live on the prairies, who do not know what it means to have to clear a piece of land; but again we have said a lot, in this House, in regard to establishing young men on the farm; and, certainly, the areas in Saskatchewan that are still available to young farmers are in the forested areas, where it is very difficult and expensive to bring land under cultivation.

I think we might do something for these younger farmers, who are trying to establish themselves in the unbroken areas, by saying to them, "Any money you spend on breaking or clearing land to get it under cultivation for the purpose of providing you an income and make you self-supporting, we are not going to tax you for that kind of an expenditure; it shall not be considered as capital invested." I think you will agree with me that that, too, is a very fair and reasonable request to make.

I do not know, Mr. Speaker, whether there is any need of me labouring this thing at all; but there are one or two things I want to draw to the attention of the members of this House. It really has not anything directly to do with the terms of the resolution, but it may be well to look at something that I see in here in "Liberty of December 30, dealing with what some of us pay in sales tax in Canada, today.

You know when we buy a package of cigarettes, it does not seem like a very large amount, does it? And there a lot of people who do not know just what is included in that price of a package of cigarettes. In buying these cigarettes, we think, "Well, it is not a big item; even if I smoke a package every day, it is not a big item." At the same time, the person who buys a package of cigarettes and pays, say 42 cents for it, pays a sales tax of 25 cents, which is included in the price of that package of cigarettes; and to a person who buys a package every day in a year, he will spend over \$100 a year in cigarettes, and it says here that more than \$100 million is paid to Ottawa every year in this form of taxation. \$100 million! Think of what we are paying for this little habit that we have!

There is another thing I want to mention here which is taken from the Toronto "Globe and Mail" of August 28, and they call it "That Tempting Surplus." Now, there are a lot of people in Canada, today, who feel that this tremendous surplus that Ottawa enjoys today is unnecessary. A lot of people feel that we have been taxed a little too hard — harder than we should have been. However, most governments feel that a surplus is a nice thing; but I just want to quote here what the Toronto "Globe and Mail" has to say about it:

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"It is tempting, all right, for any government because it opens up such wonderful possibilities. Bismarck, after he got his first look at London, exclaimed, "God, what a place to loot." Any politician, between the range of pork-barrel, dipper and brain-trustee, would be less than human if he did not cry out, "What a campaign fund!"

"That does not mean that the government would consider its many millions surplus as something to be divided into ten-spots and passed out to the electors; but you might build a \$50 million dam, or pass out some wheat money; and it is still a campaign fund just the same."

Now that is what the "Globe and Mail" had to say, and I do not know whether they are right or not.

Mr. Speaker, I do not think I will labour this any longer. I am merely going to say, before I sit down, that since we placed this motion on the Order Paper certain things have happened in Saskatchewan that probably some mention would have been made of in this resolution had it happened before; but I just wanted to say that the member for Lumsden (Mr. Thair) intends to move an amendment to the motion as soon as I sit down.

Mr. Maher (The Battlefords): — Mr. Speaker, what would be equitable to the \$800 referred to in your resolution for the people working on a small salary in the cities and towns? What would you say would be equitable?

Mr. Howe: — If I was to interpret it, I would interpret just what it says here — a family farm, with say a half-section of land; ordinarily they would keep a few cows and some poultry as an auxiliary to their main farming operations. That is what I mean. It would not apply to dairy men who produce milk on a large scale, or poultry producers who produce poultry on a large scale; but it is for these smaller farmers who have an auxiliary there, as additional income for or their farming operations.

Mr. W.S. Thair (Lumsden): — Mr. Speaker, as indicated by the Minister of Agriculture, some time ago, some 400 animals will have to be destroyed immediately on some 24 farm premises, in the Regina area. As a matter of fact, of these 24 herds, five of them happen to be owned by my own neighbours within a four or five mile radius of my home farm.

I have been given to understand, Mr. Speaker, for the information of this House, that there has been no increase in herds affected in that area during the past two or three weeks according to a phone message from my home area today, The outbreak, at the present time, is the first ever recorded in Canada, and I believe that the Federal authorities are imposing very strict quarantine in the Regina area.

The loss to the farmers is very great even with the compensation they will get. So briefly, I would like to list some of the problems of the farmers whose herds are to be slaughtered, or are being slaughtered today:

- (1) The total loss of complete herds of commercial cattle and cows of all types;
- (2) the loss of purebred cattle herds in the Regina area;
- (3) the heavy loss of dairy herds which are granted compensation only on the basis, unless registered, of commercial grades;
- (4) the fact that herds of cattle cannot be re-established, I understand, for some four months, and then only a few cattle may be tried out on an experimental basis;
- (5) to most farmers with affected herds it means a great loss of yearly income;
- (6) the almost prohibitive cost of re-establishment of a new herd of cattle.

It is because of this, Mr. Speaker, that I have offered as amendment, seconded by Mr. Buchanan:

That the following clause be added to the motion:

"(3) to so amend the Income Tax Act as to provide for complete tax exemption on compensation received for animals destroyed in the current campaign to eradicate foot-and-mouth disease."

The question being put on the proposed amendment, it was agreed to unanimously.

The question being put on the motion as amended, it was agreed to unanimously.

HOUSING

Moved by Mr. Heming (Moose Jaw City), seconded by Mr. Gibbs (Swift Current):

"That this Assembly respectfully urge upon the Federal Government that, in view of the fact that the serious lack of housing in the urban centres of this province has resulted in severe hardship to large numbers of families and is contributing to broken homes, the undermining of the health and morale of our people and the retarding of the development and well-being of the province generally, measures be undertaken to provide adequate housing and that, to this end, the restrictive regulations under the National Housing Act, particularly with respect to section 35 thereof be immediately removed; and further, that building materials be made

available in sufficient supply and at a price that will make possible the construction of homes at a reasonable and equitable rate."

Mr. D.H.R. Heming (Moose Jaw City): — Mr. Speaker, I would like to present a short, factual summary regarding this matter which is considered, these days, as warranting the very careful, serious, and altruistic consideration of all governments. As it implies, there are large numbers of our people who are living in shelter which is considered, under Canadian standards, inadequate. It appears currently that from a population of 11.2 million in 1939, we have not at the present time a population of 14-odd million in Canada, of whom possibly 30 per cent are requiring housing. Of this group of about 14 million, we have what is known as a civilian labour group of 5.5 million and, within this group, we have what is known as the industrial wage-earner group of 3,600,000. This group of 3,600,000 are currently earning wages of approximately \$50 a week working approximately 42 hours a week in comparison with \$24 per week in 1939 of 44 hours. At the same time, these men currently are under the obligation of paying 90 per cent more for their living than they did in 1939, so that their actual purchasing power today is approximately the same as it was in 1939. But this labour force of 3.6 million, who are responsible for our great production in this country from our mines and forests and factories, men are gradually increasing because, each year, in Canada, on an average we have 350,000 births, 125,000 deaths, 23,000 emigrants — that is, those who leave this country — and, last year, we had 195,000 immigrants come into this country, leaving last year, 1951, with a net increase in population of 400,000 people, or the equivalent on the basis of a Canadian family of four, of 100,000 houses.

If you recollect, Mr. Speaker, in the last Session I spoke in this regard and told you of where in 1945, on a survey being made at Ottawa, it was estimated we required at that time, 648,000 homes to fill the backlog which had occurred throughout the war, and to comply with the anticipated demands of returned personnel. The Government at Ottawa made plans whereby, over a five-year period they would construct 500,000 homes. However, they did not quite complete this amount, but they did complete 500,000 homes to the end of 1951, leaving a backlog from their original estimate of 148,000. But, since 1945, and until 1951, our population, with the addition of 580,000 immigrants, has risen 2.25 million, or almost the equivalent on the basis of a family of four, to 600,000 homes, which, added to the 148,000 homes that were backlogged, leaves us in the neighbourhood of between 700,000 and 750,000 homes required in Canada, today, if each family shall have a decent hygienic, sanitary home.

There are several manners, Mr. Speaker, in which this could be accomplished. Great consideration has to be taken into every factor, and there is no question but that, if our immigration is to increase proportionately in years to come — we should have some immigration providing that there is no discrimination against the native born; and if we have this immigration here, then preparation should be made whereby adequate shelter shall be available for them. And further, too, Mr. Speaker, if the continued movement of the rural man into the urban areas, which has occurred this last six or seven years, continues at the same pace in the next six or seven years, there will be need, then, of still more homes to cater to farmers who start to farm their farms

from urban areas, which I say is a modern tendency on account of mechanization.

If you read a recent publication in "Time" magazine, you will have noticed where they gave great publicity to the production of Canada since 1939. They quoted that the Canadian production had increased four-fold since 1939, and that our swelling volume of goods emanating from our fields and our forests and our mines and our manufacturers was such that Canada occupied a position in the productive world secondly only to the United States of America, and to Great Britain. Apparently we produce 90 per cent of the world's nickel, 50 per cent of the world's newsprint, and large amounts of iron, zinc, coal, cement and other productive materials used in the trade of the world. Too, we are opening up, in the eastern part of Canada, one of the greatest iron ore lodes ever known in this world. We are building on the west coast of Canada what, when it is completed, will be the largest aluminium plant in the world. We are dredging the St. Lawrence Seaway so that we can take ocean-going boats up from the eastern coast to the very heart of America. Surely we are progressing economically, Mr. Speaker, and the potential developments of the future are staggering to the imagination. We can surely agree with Mr. Churchill, when he said at Ottawa, on his recent visit there, that "on the whole surface of this globe there is no more splendid or spacious domain than Canada open to the activity and the genius of free men."

This is all the more apparent when you consider that, notwithstanding our international obligations, and notwithstanding our social security payments, and notwithstanding our partial war effort, last year, the Dominion of Canada ended up with a surplus of close to \$800 million. And of course, Mr. Speaker, if you look possibly, for assistance, because there is money available which has been taken from the people to be spent in the production of house-building goods it is necessary that we have money. But first we have to have the goods available for building.

I would like to quote, Mr. Speaker, the difference in the production of building materials from 1947 and 1951. In 1947, we produced 5.5 billion f.b.m. feet of sawn lumber; in 1951, we produced 5 billion f.b.m. of cement, we produced 6 million barrels as against 18 million barrels. Building bricks — we produced 240 million of those against 400 million in 1951. Cast iron goods — 16,000 tons as against 60,000 tons. Nails 72,000 tons as against 80,000 tons. Hot air furnaces — 32,000 units as against 80,000 units. Domestic boilers — 16,000 units as against 28,000 units. Asphalt shingles — 2 million squares as against 3.2 million squares. Steel pipe — 80,000 tons against 106,000 tons. Gypsum lath — 60 million square feet as against 200 million square feet. Gypsum plaster — 120,000 tons as against 180,000 tons. Bath tubs — 80,000 units against 120,000 units. The composite production of building materials, with 1939 staying at 100, was 295 in 1951, with a current increase of 13 per cent in 1951 over 1950.

It is apparent that we have power to produce not only in our general wave of production throughout the country, but our building, trades have also proportionately increased their production. But it does appear, Mr. Speaker, that though we produce, we also export a considerable amount.

Of the lumber that we produced last year, 5 billion f.b.m., we exported about half of it to countries that had the money to pay for this lumber for the production of houses or other buildings. And, in connection with houses, a recent despatch from Vancouver states that the cost of housing in that city has gone up 285 per cent since 1939. That is, a house that in 1939 cost \$3,500 in 1951 cost \$9,200. That is a 964 square-foot, five-room bungalow. At the same time, in "Housing", a publication from Ottawa issued by the Government, they state that the cost of housing in 1951 was 16 per cent higher than in 1950, while at the same time, the cost of labour went up only 10 per cent during that same period of time.

It is true, Mr. Speaker, that the average wage which the average workman receives in manufacturing is \$50 a week; but \$50 means an average wage, and generally speaking, an average wage means that there will be 33 per cent who will earn more than that, about 33 per cent will earn exactly that, and 33 per cent will earn less than that, meaning that there are approximately one million of our 3.6 million workers who are receiving in the neighbourhood of from \$23 to \$40 a week. This is the group, Mr. Speaker, that is in need of adequate shelter — the group that earns from \$23 to \$40 a week, living in the urban area, probably with one or two or three kids, trying to buy and trying to save and never getting anywhere in the way of financial advance.

Of course, Mr. Speaker, this dearth of housing is predominant throughout the whole of Canada. Every province has the same picture. Some provinces deal with it one way and some in another. In the province of Ontario there have been two agreements under what is known as the Economic Rental Plan. The city of Windsor, in agreement with the Province of Ontario and the Federal Government, is constructing currently 325 three-bedroom units at a cost of 3.1 million dollars. The city of St. Thomas is constructing, also, at the same time, under a similar agreement, 40 units — three bedroom units, at a cost of \$350,000. Both construction projects cost between \$9,000 and \$10,000 per unit, and in the case of Windsor, they anticipate charging an economic rent of \$60 a month and, in the case of St. Thomas they anticipate charging an economic rent of \$50 a month.

Last year, Mr. Speaker, my own home town, the city of Moose Jaw, knowing the need that existed there, made application via the Provincial Government here for assistance under Section 35 of the National Housing Act. We made a careful survey in the city of Moose Jaw, somewhat similar to the city of Vancouver a couple of years ago, and we found out that, after 910 applicants had applied for housing, 465 of them wanted to buy and about 430 wanted to rent, and about 15 or so did not have any preference one way or the other. But of that group that wanted to rent and to buy, we found out that there were very, very few who were actually in a position to participate in either a purchase under the purchase plan (if they would let it be that way), or on an economic rent. There were 600 of the group of 910 who could make payments of between \$25 and \$50 a month; 40 could pay between \$60 and \$80 a month, and the balance could only pay \$25 a month or less, according to their incomes. Only 10 of the applicants had an income of over 3,000; 240 received between \$2,500 and the balance,

below \$1,800 annually. As to the amount of cash for a down-payment, that was available if they had to purchase, it was found that 34 had \$2,500 or more in cash; 14 had old houses to dispose of as their first payment for a house; 3 had \$2,100 to \$2,500; 34 had \$1,600 to \$2,000; and the balance had varying amounts under \$1,300. Less than 100 out of 900 had anything at all approaching a down-payment necessary under the Act for home ownership and, on further examination, this was considerably reduced when monthly payments were taken into account.

On continued survey, Mr. Speaker, it was found that the greatest need existed where the ability to pay was absent. In the main, those who wanted to rent would prefer to pay between \$25 and \$40 a month, an amount considerably less than the recognized economic rental under the conditions existing now. There were only 13 of the applicants with an income of \$70 to \$80 a month that could participate in any economic rental scheme with anticipated costs of the scheme.

Mr. Speaker, we export a lot of our building material, and we also import some at the same time, and I submit that, if the Government of Canada wishes to see that there shall not be discrimination with regard to the availability of building materials, steps could be taken whereby the material which now leaves the country could be retained here. It has been customary in the past, ever since our railways started here, that there would be some form of subsidy in effect. We subsidize the railways; we have subsidized the mines and we have subsidized manufacturers; and, I think, Mr. Speaker, that the man who now is earning between \$23 and \$40 a week, striving and hoping that there shall be some hope in the future with regard to housing, and yet hopelessly looks at his pay cheque week after week, and knows for sure that he will never be able to have enough money put by to build a house, the costs are too great, will never be able to purchase a house; the cost has gone up alarmingly, proportionately to the built houses.

I would submit, Mr. Speaker, that in this great land of ours, with our potential and actual progress that we have made; I would submit that the governments, municipal, provincial and federal, should all assume responsibility so that those most valuable elements of our nation, that is the men, the women and the children, should have consideration in regard to this affair.

Mr. Loptson (Saltcoats): — Mr. Speaker, I am in sympathy with the Motion, although I have no housing problem in my constituency. But I don't think it is drafted in the best way. I have long considered that our financial set-up to help people to build their own houses is not right. Now, I was wondering if it was not possible to adjourn the debate, and we would get together with the mover of the resolution, and see if I could give him some of my ideas to embody in a motion that would be more flexible and probably more acceptable to the authorities we have to deal with.

Mr. Speaker: — The Motion is before the House.

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Mr. Harry Gibbs (Swift Current): — Mr. Speaker, I do not intend to be very long speaking on this very important motion, because I think my hon. friend from Moose Jaw has covered it pretty well. He has made known to the members of this House the details of what is required in regard to this situation.

I was expecting a brief from my home-town of Swift Current, but it has not got here yet so I will just have to speak from memory, or what I can think about it. As you know, and also the members of the House, we spoke last year on a somewhat similar resolution, and I think this time, Mr. Speaker, that this situation is becoming very, very drastic in urban centres. As my friend said, the ordinary working man of today, and those in the low-wage brackets — the workers, they cannot afford (it is an impossibility to afford) houses that contractors and builders are asking for construction this day and age; ten, twelve and fifteen thousand dollars! Why, it is beyond all our dreams of a few years ago. I think we have to admit that wages have not gone up pro ratio to what the prices of commodities have today in the building line, and these young fellows who came back from overseas two or three years ago are finding that they cannot expect to build the houses, at the prices of houses today, on the wages they are earning.

I think, Mr. Speaker, that we all talk of patriotism, and what we do for the boys that came back. That is an old, old saying now. It is like an old song — it becomes worn out, because we have gone through it. Many a one of us sitting in this House tonight have gone through the same thing; and I do not think it is fair and right that they should be promised things when they are away fighting in foreign countries, and then when they come back ask them to face conditions like the boys are facing today, in regard to the housing situation in the Dominion of Canada.

I think sometimes too, while I am speaking on that matter, we have a great defence programme in the Dominion of Canada today which is involving millions of dollars; and yet the boys (some of them were crippled in the last war), they have not even a decent home to live in today, and I believe we can contract a little on the money spent on defence programme to a certain extent — not it all — in order to put some of that money into providing decent houses and living quarters for lads who had been over there, and lads who will come back from fighting overseas at the present time.

I am speaking my mind on these matters. I know it probably will not satisfy all members in this House; but nevertheless, when you see these actual things taking place before your eyes, it makes you think, because, do not forget I was in that predicament once. When I came back from overseas in the First Great War, I know what it was then to try and get a cottage together for me and my wife, and start to raise a family, and I know the problem that the young people of today are up against, when they cannot find adequate housing and decent, comfortable quarters to live in. I think something should be done about it.

Speaking of Swift Current, as you all know, it has been quite the talk these last few weeks that the Swift Current district has struck oil, and I am going to tell you, Mr. Speaker, office space, warehouse space and housing space in the city of Swift Current today is at quite a premium —

in that short time, too. So I do not know what it is going to be like when they knock down about 70 or 100 wells within the next year or so, and I believe it is going to be done. What are we going to do about housing then, Mr. Speaker?

I wanted to do something, years ago after the Second Great War, when they started to tear down (as the hon. Minister of Social Welfare knows) these airforce buildings that we built for the Second Great War. It was a crime to see some of those buildings torn down and sold for practically nothing, you might say; but it was quite a job to take those buildings down, for an ordinary working man. It was quite a job the way they were built. But I could see the tremendous waste that was taking place (and I am not saying it was not our fault, I am not blaming any individual as far as that is concerned); but I saw that place up there, and I have seen it now — the cement basements. Well, they just came along and brought the bulldozers and filled them in and probably tomorrow or some future date, they will be wanting the place to erect more building plants at the expense of the people of this country, and I do not like to see that sort of waste.

I know for a fact, and I think when I say this that it will probably prevail in other large centres in our province — we have people in our city living under some of the most damnable conditions you could ever think about; that is, being housed under those conditions. We have people living in old garages that have been condemned by both the sanitary and fire inspector, and everything else, but there is no place to go. As my friend from Moose Jaw says, "It is life you have to preserve; it is the youth we have to look after." Are we going to give these young people a chance? After all is said and done, the youth of today is the man of tomorrow, and it is the youth of our kingdom that we have to look at; and if they do not get a right start in life, well, how can we ever expect them to come out as men when they grow up to adult age?

I say to the members of this House, Mr. Speaker, that this is indeed a serious problem. There is no doubt in my mind about it; and something should be done about it. Now last year, as you know, the city council tried to get on this scheme of housing, and we were turned down. Absolutely nothing doing! We were quite willing to come into this scheme, but no sir! The Federal Government turned us down. Now, I do not think it is just right that they should do these things, because when you look at the surpluses, and the money spent in this country, and the surpluses of the Federal Government in Ottawa, it runs into millions and millions of dollars, and as I said, "Sure, there is a defence programme provided for, but I think after all is said and done, Mr. Speaker, that they should give quite a lot of consideration for adequate and decent housing throughout the width and breadth of Canada where houses are required.

It reminds me probably this has something to do with why they ignore so many of our appeals, and we know appeals even from this House have been rejected, why, I do not know. But I was looking over a paper the other day and happened to come across this, and it deals with a person who was a candidate back in the year 1894 in the Province of Saskatchewan, who goes on

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to say, Mr. Speaker (I'll give you his name — maybe some of you older chaps over there would know him) after giving his reasons for entering his name on the ballot (this is his name, Mr. Guernsey) — he went on to say:

"My object in entering public life is to make money without physical exertion, and having no conviction and less principle, I will stand in with the majority in the House when I find it will be in my pecuniary interests to do so. My first object will be to look out for myself, and after my mercenary appetite is satisfied, I will exert myself on behalf of those who support me at the poll. As a successful candidate in a contested election is under no obligation to his opponent, I will confer all favours on those who vote for me. I will build dams wherever possible, adjacent to every farmer who aids me in this election. I will give contracts on dams, bridges and trails to those only who support me, and who will stipulate that every man who votes for me shall be employed on those works. I will support a bill in favour of prohibition, or one giving greater latitude to hotel keepers, as I find one or the other most in my interests.

"I am in favour of all things for my supporters, and everything for myself. My enemies (and they are legion) assert that I am a sneak and a cynic, and charge me with having been guilty of cowardly speculation and other shady transactions when in the place, of recklessness and of unscrupulousness as Clerk of the Municipality. These accusations I will neither repudiate nor deny."

I was just thinking, Mr. Speaker, that, after all is said and done, they give us all these promises and nothing ever comes out of them. We have nothing yet — nothing; and as I was saying, Mr. Speaker, (to be serious once again), I do think that this House ought to support, and I believe each and every member of it will support, this motion on housing, because we all know it is serious, and we all like to live in good homes, and own good homes. I am sure that every member of this House will get behind this motion, and see whether we cannot get some financial assistance in building decent and adequate homes for each and every one of us in this province of ours, and this country of ours. I will support the motion.

Mr. Loptson: — Mr. Speaker, I beg leave to adjourn the debate.

(Debate adjourned)

The Assembly adjourned at 10:20 o'clock p.m.