

LEGISLATIVE ASSEMBLY OF SASKATCHEWAN
Third Session — Thirteenth Legislature
23rd Day

Tuesday, March 17, 1959

The House met at 2:30 o'clock p.m.

On the Orders of the Day:

WELCOME TO STUDENTS

Hon. J.H. Sturdy: — Mr. Speaker, before the orders of the day are proceeded with, I wish to draw the attention of the members to the guests in the Gallery. There are 35 boys and girls there from Grasswood School of Saskatoon. We bid them welcome, and also welcome their principal, Mr. Sharp. It occurred to me, Mr. Speaker that these boys and girls have chosen a very wonderful way in which to celebrate St. Patrick's Day, by paying a visit to their neighbours to the south, particularly since they left the beautiful and cultural environment of Saskatoon to come to the less endowed city of Regina.

I am sure that, while enjoying their visit to Regina, they will return to Saskatoon realizing just how fortunate they are, and I hope their visit here, along with the hundreds of other Saskatoon boys and girls, will serve to impress the Opposition with the importance of Saskatoon in the life of this province, and the necessity of the senior member for Saskatoon in paying such frequent visits to that city.

ST. PATRICK'S DAY

Secondly, Mr. Speaker, I would like to call attention to this joyous anniversary of the nativity of Ireland's patron saint, St. Patrick, and to impress upon all of those who would celebrate this auspicious day to do so with the restraint and dignity that is characteristic of the Irish. Now, indeed I am grateful, Mr. Speaker, that the debate of last night has not recurred today, and will undoubtedly be postponed until tomorrow. I would call the attention of the House to the fact that my compatriot, the hon. member for Cannington (Mr. McCarthy), and I didn't speak on that debate last night, nor are we likely to speak on it, unless it is to restore decorum to the House, because in Ireland, and among the Irish people we have solved this problem long since. We all indulge in moderation, so there is no opposition to liquor in Ireland. Also, Mr. Speaker, I would like to point out that the Irish many hundreds of years ago learned that you either liquidate an enemy or you civilize him. Now that was the policy which was initiated by St. Patrick. He liquidated the snakes and the reptiles in Ireland, so that today in all of Ireland you won't find a single reptile, and that which is referred to as the 'demon rum' here in Canada, they refer to it as the 'dew of heaven' over in Ireland, because they have learned to civilize it over there.

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I would also like to point out, respecting the patron saint of Ireland, that he, in his fervor and dedication to civilization, carried it to western Europe and the British Isles. He had some failures in the British Isles, particularly in Scotland, but they still continue to use, for some unknown reason, the bagpipes and the kilts! It is a matter of historic interest that the bagpipes originated in Ireland, but we soon adopted the harp because of the association with the angels, to whom we Irish have a close affinity.

Mr. Speaker, I am sure that this House and Saskatchewan will wish to join with the rest of the world in expressing appreciation this day to the contributions made by St. Patrick and Ireland to the spiritual, the cultural and the social development in the world. Also, I would not like to pass without expressing your appreciation and mine to the contribution which the Irish have made to peace and harmony throughout the world. We are so dedicated to peace and harmony, Mr. Speaker, that, in order to ensure it, we are prepared to enforce it, if necessary.

Mr. Ross McCarthy (Cannington): — Mr. Speaker, I listened with a good deal of pleasure to my friend across the way. I think that if he had not been for me he wouldn't have been properly clothed for the occasion; but he is properly clothed for the occasion now, so I am prepared to take him into the fold.

I think they taught me that St. Patrick's basic philosophy was the love of God and the honour of Ireland, and any country with that basic philosophy could not go wrong. As far as the bagpipes are concerned, I am rather inclined not to mention that. That isn't one of the things I'm quite proud of having Ireland sponsor, as far as I am concerned — I'm not going to mention it.

As far as the liquor question is concerned, I agree with my friend, the Irish people from their very infancy are brought up with it. They are taught that way; they have the Irish wake where, when a good friend dies, they observe his funeral, and after the funeral they observe the wake. It is much more enlightening, much more pleasant, than weeping, and at the same time there are enough people there to see that they behave themselves properly and use it with discretion.

I think you will all agree with me that when an Irishman gets up to speak, he must think what he means and not what he says, and that is very evident in the speech of my hon. friend, when he said Saskatoon in place of Regina, or vice versa. But anyway, I am very happy to add a few words to my friend's observations.

Hon. C.C. Williams (Minister of Labour): — Mr. Speaker, every year we manage to hear this very modest discourse from the "Minister of Saskatoon" (Hon. Mr. Sturdy) on 17th March, and we are always pleased to listen to it. I want to congratulate both him and the member for Cannington (Mr. McCarthy) on their brief and witty talks.

I am surprised at the fact that they have appeared to have lost their brogue so quickly. I for one wish to welcome them to the Dominion of Canada and the province of Saskatchewan on behalf of the legislature in Regina!

DEATH OF DR. HOUZE

Moved by Hon. Mr. Douglas (Weyburn), seconded by Mr. McDonald:

That this Assembly learned with profound regret of the death, yesterday, of Dr. Henry E. Houze, former member of the constituency of Gravelbourg, who was held in the highest esteem and respect by the veterinary profession, of which he was a distinguished member, by the community he served so long as school trustee, councilor and reeve, and by all Members of the Legislature in which he served with great distinction from 1944 to 1948.

In recording its regrets this Assembly desires to express its deep sympathy with, and requests Mr. Speaker to convey its condolences to, the members of the bereaved family.

Premier Douglas: — Mr. Speaker, if I may ask the House to turn to a more serious matter. I am sure that most of the members heard with regret, possibly yesterday or this morning, that one of our former members of the Legislature passed away, in the person of Dr. Houze, former member for the constituency of Gravelbourg. Most of the members, I am sure, knew Dr. Houze, and those who did not know him certainly knew of him. He had a long career in the province as a veterinary surgeon, as a farmer, and particularly as a breeder of pure-bred livestock. He was, while a member of this House, a very highly respected and popular member in all parts of the House. I felt certain that the members would like to express their sympathy to Mrs. Houze, and also pay tribute to the memory of one of their former colleagues.

Mr. A.H. McDonald (Leader of the Opposition): — Mr. Speaker, I would like to associate myself with the remarks of the Premier on this occasion. As you know I never had the opportunity of sitting in this Legislature with Dr. Houze, and never knew him until after I became a member myself. The following election of 1948, when I first came into the House, I had the opportunity of meeting Dr. Houze on many occasions, and as a matter of fact he became a very personal friend of mine. Along with my colleagues I would like to extend our sympathy to the bereaved members of his family.

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Mr. D.H.R. Heming (Moose Jaw City): — Mr. Speaker, I would say a few words in regard to Dr. Houze. As an original swatter of the south Country, I welcomed Dr. Houze when he homesteaded next to me. I helped him build his first house and dig his first well, and oftentimes with “sourbelly and flap-jacks” in my own shack enjoyed a good meal at his table. After a few years and still 60 miles from town, I quit that area and ventured in other fields of endeavour, leaving the popular vet. to gradually establish himself permanently, which he did so successfully. I still remember going around the area in buggy and team with the doctor, helping here and there — the holding of a horse, or the tying of a cow, for medication. Men of his character are far apart, and he will be missed by all who knew him.

The motion was agreed to unanimously by silent standing vote.

ABOLITION OF CAPITAL PUNISHMENT

Moved by Mr. Neibrandt, seconded by Mr. Dewhurst:

That this Assembly, believing that capital punishment is incompatible with Christian concepts of justice and the value of human life and recognizing that the death penalty has not, in practice, had the deterrent effect for which it is imposed, recommends that the Government of Saskatchewan request the Government of Canada to abolish capital punishment.

Mr. Fred Neibrandt (Yorkton): — Mr. Speaker, in presenting this resolution on capital punishment, I do so from an inner conviction that has been formulated over many years, and which had its inception when I witnessed something of the tragedy that befell a family as the result of a hanging. The life-time of a stigma of shame and dishonour, the sorrows, doubts and misgivings, and the tortures and pangs of Hell than an innocent family can suffer can only be visualized by hon. members when a parent commits a capital crime. There is the ever-present and haunting fear that their own tragic suffering will in turn be visited upon their offspring, and even to the future generations by the chance discovery of their antecedent's fate. For that reason I have for years questioned the virtue of using or not using the death penalty.

I have come to the conclusion that the ends of justice would be better served by life imprisonment, tempered, of course, with the general principles of the reduction in time for good behaviour as circumstances warrant, and contingent on the progress in rehabilitation. Any crime, and especially crime of violence, we all abhor. Neither is there any question of our genuine sympathy and concern for the family of the murderer's victim; but I do not mean to imply that when a man becomes automatically sentenced to life imprisonment that it would make it so much easier for his family. His family cannot escape suffering, and for that reason I believe that in itself is the greatest deterrent to the potential criminal, than the natural fear of a hanging.

Hanging is such a finality. When the condemned walks his or her last mile, it does not matter whether the end is by means of the gas chamber or the hangman's noose, or any other end, that end has a finality all its own. It not only writes 'finis' to a life and a crime, but even where there is a mistake it closes the account and closes the book on both the victim and his family forever.

I do not wish to overly dramatize this presentation by accounts of bungling that have resulted in untold torture for those who have been hanged. I am sure that members of this Assembly would shrink with horror and revulsion, were I to recount in detail some of the stories that eye-witnesses testified to Parliamentary Committees, both here in Canada and also in England. Also, press accounts of hangings are replete with grim details of the shameful fascination that often grips the minds and imagination of both the young and old, as they seem to be propelled by an unseen evil to the scene of a hanging. Fostering mob hysteria at a time when a tragedy plays out its final scene is not conducive to anything but to moral degeneration and moral degradation. At no time in the history of the world, I believe, is there more pressing need that we should place greater emphasis on finer ideals and nobler thoughts than the time in which we live. Certainly recounts of these grim proceedings are incompatible with our Christian ideals.

Sociologists and criminologists and those who have made a lifetime study of this subject are generally agreed on three basic conclusions: One, that capital punishment is not a deterrent to crime; two, that there is no humane way of putting anybody to death, and, three, that crime is a manifestation of our imperfect society.

Considering the foregoing and considering the suffering which capital punishment visits upon the family, considering the deleterious effect that a hanging has on our society, and considering all the statistics available proving without a shadow of a doubt that capital punishment is not a deterrent to a capital offence, I cannot see that there is the slightest possibility of this society trying to justify either retribution or revenge, nor have we any chance of pacifying our conscience by taking refuge in, or citing the virtue of, the old Mosaic law, "An eye for an eye, and a tooth for a tooth", not by trying to misinterpret the Biblical injunction and commandment, "Thou Shalt Not Kill" as pertaining solely to the individual and not to society as a whole.

Mr. Speaker, I have cited some of the reasons why I think that capital punishment should be abolished. However, in my life-time I have become thoroughly convinced that our society has to assume their fair share of responsibility for their failure to come to grips with, and evolve a social and economic structure in an environment where crime is not bred. To the sociologist, crime is not so much the manifestation of a disease in an individual as the out-croppings of inherent weaknesses in our social and economic structure. In other words, crime of any kind could rightly be regarded as a symptom of an underlying social disease, and in this respect, if not synonymous with, is closely akin to mental illness, alcoholism and other unsocial behaviour. Whether we like it or not, we have to accept our

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responsibility that we are the fountain — that is, our society is the fountain of the crime problem, and of any social deviation, even murder. Just as we question why there is hunger in the world when we have so much food, we also have to question why there is crime. In doing so, I believe we have to assume some of the guilt and shame that accrues to the criminal.

I have come to the conclusion that we are what we are for a variety of reasons, and over many of which we have little or no control. Environment is a factor that shapes the end product. No lesser man than Abraham Lincoln recognized external influences when he exclaimed, while he was defending a criminal, the obvious “But for the grace of God, there stand I.” And well [ILLEGIBLE] question and ponder the significance of what this great humanitarian said when we are prone to question and condemn those who have become the victims of what to them seems a hostile, cold and cruel world.

No doubt heredity too, is a factor in our lives. Members know that like begets like, and often the chance weak characteristic of some bygone ancestor manifests itself as an inheritance for which we surely are not responsible. Judging from experience, I see no reason for accepting what to many has become a truism, namely; that we are all born equal. We may be equal, I concede, in the sight of God and in the eyes of the law where, under British tradition of justice and fair play, we are equally entitled to a fair hearing. But to believe that we are born with equal aptitudes, equal talents, equal motives, incentives and ambitions, or even to believe that we are equally endowed with those intangibles that shape character, and which are part and parcel of our built-in strengths in both the spiritual and moral fabric, then we must also accept the proposition that those of us who so not measure up to these high ideals, and the highest standards in achievement, are guilty ourselves of a wrong against a society of which we are an integral part.

Mr. Speaker, we are all different in some degree, even from time immemorial — from the beginning of time. Because there is a difference, the pages of time attest to man’s inhumanity to man. But I also want to say that these same pages of time attest in a glorious manner so many of man’s finest hours, and on those occasions, we have been restored to man’s faith in the dignity and the worth and the goodness of the individual. That is one of our greatest heritages. Just as today, the ballot is substituting for the fire and the sword of ancient times, and of the rack and the guillotine and the hangman’s noose, so we should, in this transition to a better way of life, substitute rehabilitation for revenge, and reform for punishment, and withal, a practical, Christian, and humanitarian consideration to the problem of crime. If we do that, then we are in accord with the gist of this resolution before us. We are not as individuals, always masters of our destiny. Some fall by the wayside. These require sympathetic help and understanding, and often they do not get either.

Mr. Speaker, nothing in my life has so burned on my conscience the image of the lack of design in living, and the dire necessity for social and economic planning, as the experience of seeing and feeling the shock of the ultimate degradation and hopelessness, almost side by

side with the ultimate in extravagant living, where the sense of values in all cases is very distorted. We are responsible both for the artificial glitter of life, on the one hand, and despair, degradation and blight, on the other. When we accept this basic concept, then we must also accept the concept of our responsibility for those who, through those factors, which I mentioned earlier, have become the victims of our own creation. In so doing, the validity of this resolution becomes self-evident, and I trust it receives the unanimous endorsement by all members. So accordingly, I move this resolution, seconded by the hon. member from Wadena (Mr. Dewhurst).

Hon. Mr. Sturdy (Minister without Portfolio): — I beg leave to adjourn the debate.

[Debate adjourned]

SECOND READING

Farm Credit Act

Moved by the Hon. Mr. Douglas (Weyburn):

That Bill No. 75 — An Act to provide Assistance to Farmers in the Establishment and Development of Family Farms as Economic Farm Units, be now read the second time.

Premier Douglas: — Mr. Speaker, I want to make a few remarks prior to moving Second Reading of Bill No. 75, because this deals with a very important matter. It is the whole question of rural credit. In the course of another debate in the House during this Session, one member (I think it was the member for Arm River (Mr. Danielson) referred to the statement I had made, sometime ago in answer to the Leader of the Opposition, when I had said that to believe that the Provincial Government could meet agricultural credit needs of the province was ridiculous. The hon. member felt that that statement was now inconsistent with the fact that we had introduced farm credit legislation at this Session.

I merely want to point out that there is no inconsistency whatsoever, because the statement which I made at that time is still true. I was referring then to the Report on the Royal Commission on Agriculture and Rural Life, and I was referring to their Report No. 3, dealing with agricultural credit. The Royal Commission pointed out that, in order to meet, with any degree of adequacy the agricultural credit needs of Saskatchewan, you would require a minimum of \$200 million. I pointed out, in referring to the Report, that 'to think that the Provincial Government could meet the needs of this province was ridiculous', and I still think that is true. I am sure all hon. members have read this third Report of the Royal Commission on agricultural credit, and I draw their attention particularly to Recommendation One, which is on

page 100. It says:

In view of the growing importance of national agricultural policy, the opportunity to increase the total national product, the greater federal fiscal capacity, the prevalence of farm credit problems in all agricultural regions, the existence of national farm credit programs, the greater opportunity to distribute loans nationally to reduce risk, and the existence of a competent Veterans' Land Act administration experienced in the provision of establishment and development credit, the Government of Canada can be urged to undertake development of an integrated national farm credit policy and program.

Again on the same page, I refer to Recommendation No. 5;

That designation of the Federal Government as the appropriate agency to assume responsibility for the proposed farm credit program be considered part of the general task of defining and appropriate distribution of responsibility between Federal and Provincial Government, and that this proposal be considered at the next Federal-Provincial Conference on fiscal matters.

To save reading a lot of the report, I can summarize it, I think, by saying that the Royal Commission gave three main reasons why agricultural credit was a responsibility which could best be met, and only met, by the Federal Government. The first, of course, was the evidence one which is the fiscal limitations of a province. No provincial government has the fiscal capacity to meet such a large demand which, in the case of Saskatchewan, as I have said, would be a minimum of \$200 million.

The second reason they give is that the risks are too great on a regionalize basis. It could only be done by spreading the risk over a national plan so that, when there are bad crop conditions in one area of Canada, they will be offset to some extent by better crop conditions in another part of Canada. they point out, for instance, in Conclusion No. 37, which is on page 97 of the Report, that the Farm Loan Board in Saskatchewan has failed in part because of faulty administration, but in the main because of the fact that all the plan was in one area, and that, when a crop failure affected that area, the risk could not be spread over on any national basis. Consequently the Farm Loan Board suffered from very severe financial limitations.

The third reason they give is, to me, the most important. It is that, since national agricultural policies are vested in the Federal Government and since agricultural credit is a crucial part of a total agricultural policy, this is a responsibility which should be carried out by the Federal Government.

I thought it rather significant that the Royal Commission made the clear-cut statement that, in their investigation, they had found no indication that debt adjustment legislation in Saskatchewan had been a deterrent in the matter of securing agricultural credit. This is Conclusion 42, which is found on page 99 of the Report: They say:

The Commission has concluded that the existing debt adjustment legislation should be retained, but consolidated in order to facilitate public understanding. In view of the attractiveness of non-farm investment to private investors, the farmers continued scepticism of private mortgage companies, and the exemption of Federal agencies from existing debt legislation, the Commission concludes that debt legislation has not unduly restricted the availability of credit.

They gave it as their opinion that agricultural credit was, and should be, a Federal responsibility, and that we should make representation to the Government at Ottawa, asking them to step into this field on a more extensive scale than they are now. As the hon. members know, the Federal Government is in this field quite extensively under The Canadian Farm Loan Board Act and under The Farm Loan Improvement Act. The Royal Commission made recommendations as to how those could be improved, and suggested that all their administration should be brought under The Veterans' Land Administration, which has become very competent, has very skilled personnel, and has shown great aptitude in handling this type of agricultural credit.

They went on to say, however, in the Report that:

If the Federal Government did not take some action in this regard, that the province ought to call together the farm groups, or those interested in agricultural credit, to see if there was anything which could be done on a provincial scale.

In 1957 we had a Conference of the Federated Co-operatives, the Co-operative Credit Society, the Credit Unions, the Saskatchewan Wheat Pool, our Provincial Department of Agriculture, our Department of Co-operation and Co-operative Development. They made a detailed study of this whole question, and made a submission to the Government in the latter part of 1957. Their Report said two things. They said first, we think, like the Royal Commission, that this whole question of rural and agricultural credit is so big that it ought to be assumed by the Federal Government. But, they said, if the Federal Government is not prepared to step into this field on a more extensive scale, we would recommend that a limited program be set up, utilizing the resources of the Co-operative movement and using the Co-operative Trust Company as the administrators of a fund for making agricultural credit available to farmers in the province.

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All of last year we had numerous meetings with the Co-operatives, our own Department of Agriculture and Department of Co-operatives, and as a result of these discussions, the legislation which is now being presented to the Assembly was produced. I want to make it very clear that we are not suggesting for a moment that this legislation will meet the agricultural needs of the province. They are very extensive needs. It may be that the Federal Government is going to increase its services in this field. In the Speech from the Throne in Ottawa this year, an announcement was made that agricultural credit would be extended and expanded. We have not seen the legislation. We have had no intimation from any of the Ministers of the Federal Government as to what the nature of that legislation will be. We will be happy if they decided either to amend some of the existing agricultural legislation, or if they decide to introduce new legislation. If they provide for legislation on a joint federal-provincial basis, we will be very happy to co-operate with them. If they want to come within the framework of this legislation that we are discussing today, there is ample room for it, as I will show later.

What I do want to make clear — and I want to make this clear not only to the Assembly but to the people of the province — is that we are not suggesting for a moment that this can meet the whole need for agricultural credit. Long ago I came to the conclusion that a very good motto for your life, whether you are an individual or a member of an organization or of a government, is that ‘even if you can’t do everything, you can do something’. If you can’t solve the whole of the problem, then you can mark off an area in the problem and begin to work on that area. This is what we endeavour to do under this legislation.

There are three main objectives in this Bill. The first is to retain the family farm as a basic form of social and economic organization, by transfer from one generation to another. We feel that it is important wherever possible that the generation which has been raised on the farm should have an opportunity to get ownership of that farm by being passed down from father to son, or from uncle to nephew, or even from neighbour to the son of a neighbour so that it stays in the same community. We think that too often when a man comes to the time of life when he wants to retire and he puts his land up for sale, it is purchased by someone who does not live in the community, who may be a business man and simply wants to run a farm through a hired man. On the other hand there may be in that community a relative of his, or a neighbour of his, or a young man who lives in that community, who would like to farm that land, and there should be an opportunity for this passing down from one generation to another in order to retain the family farm.

I don’t need to say here, because I am sure all members already believe that there are social values in the family farm. There is much to be said for having the people who work the land own the land, rather than having the land owned by absentee landlords who have always been a source of trouble.

The second principle and objective in this legislation is to strengthen the family farm by increasing its capital resources. Many farms today are uneconomic in size. I am not going to get into an argument as to what is an economic unit. It depends upon the type of land and the type of produce you put out. But this no one will disagree with. The Royal Commission said that if you estimate that a net income of \$2,000 a year is what you need to raise a family (I don't think anyone would want to set it much lower) then about half the farms in Saskatchewan have insufficient resources to produce that kind of income. That is, these farms will have to be enlarged, and they can only be enlarged providing there are credit facilities that will enable a young man who is taking over a farm to pick up another quarter-section here, or a half-section somewhere else, and add to it, not to some ideal size but at least to a unit that will enable him to produce a net income somewhere in the neighbourhood of \$2,000.

The third purpose of this Act is to facilitate the retirement of older farmers. There are many of our people who have reached the time of life when they want to retire and, unless they can find a cash customer, they are reluctant to leave the farm. They are reluctant to rent the farm on just a crop-share basis, because there would be some years there would be no income if there is no crop. They would like to have some guarantee of income. They don't necessarily need a large sum of money, but they need to know that regularly money will be coming in, if they step off the farm. Because they are reluctant to leave the farm, they often stay on the farm, whereas, if some machinery such as will be provided under this Act were available, then they would probably leave the farm much earlier than they would otherwise.

So these are the three objectives: to retain the family farm; to strengthen the family farm by making available adequate capital resources, and to facilitate retirement of farmers who are otherwise reluctant to leave the farms because they haven't any economic security.

The type of program which is outlined and envisaged in this legislation would facilitate the transfer process from one generation to another. There is within this framework a wide variation of possibilities, all the way from buying the farm outright from the individual who owns it, to simply guaranteeing him a certain share of the crop each year, or a certain guaranteed amount of money each year, in the event that one-third of the crop isn't sufficient to meet it. In many cases this transfer could be brought about partly on a cash settlement basis, and partly on an annuity basis. Here is a man who wants to leave a farm and he needs \$25,000 — that is what he wants to sell it for. But he doesn't need \$25,000 in cash. He needs, let's say, \$10,000 to go into town and build a house, and then maybe he needs \$100 a month, or \$125, or some set amount. So it does not mean in every case putting out \$25,000. In many cases all he wants is sufficient money to set him up in town, and then a guaranteed income paying off this obligation. In many cases, too, where it is a matter of father and son, the father may be leaving the land to the son anyway; but he wants some guaranteed income during his life, and then after that he debt would be cancelled because the son would become the owner in that case.

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We have in mind that the primary purpose of this legislation should be farm development, and the measure of the success of this legislation will be the extent to which it permits competent farmers to earn an adequate income. That means, first of all, a good selection program, and we have stressed in this Act not so much the financial security as the competence of the borrower. We have not put stress on the young man who wants to buy a farm having a lot of money, so much as that he be a competent farmer who has a good record of performance. That is why, of course, we have put in such low down-payments as compared to other debt legislation.

The second thing we think is important if this program is to work is that it makes provision for adequate credit resources. Many of the farm credit acts in Canada do not provide sufficient money to enable a young man to get an economic unit, and, because of that, he is constantly handicapped. That is why we have made here a maximum of \$25,000. In many cases the maximum will not be necessary, but I think there should be an adequate amount available, if that is necessary for an economic unit. We have put in the lowest down-payment, so far as I know, of any farm debt credit legislation. Only 20 per cent. This compares with Alberta legislation, where the loan limit is \$7500; to Ontario, where it is \$15,000 with a down-payment of 35 per cent; to the Canadian Farm Loan Board Act, with a limit of \$15,000 and a down-payment of 35 per cent. We think this is too high, and this is why we have stipulated that the down-payment should be only 20 per cent, and that the maximum should be \$25,000. We have also provided for a long repayment period of 30 years.

Members will have noticed this is applicable only to persons under 40 years of age, and this means that by getting young farmers, we can give them a longer repayment period, instead of placing too heavy a burden on them by trying to repay these loans in 15 or 20 years. The interest, you will notice, is to be determined by whatever it cost to borrow the money plus the cost of administration.

Members will have noticed that there is a provision that the Government can make a grant to the Co-operative Trust Company of up to one per cent of the money loaned out during the first three years. This will help to subsidize the cost of administration during this interim period, when the administration costs are bound to be high. We don't want too much of that loaded on the borrower. But normally, the borrower will pay for the interest, which will be the cost of the money plus the cost of administration.

The question may well be asked as to why the Government does not operate this as a Government fund. we feel there are some advantages in having this operated by the Co-operative Trust Company. We feel, first of all, that, as a general principle, it is a sound policy to encourage people to use their own credit to help one another. There are several hundred Credit Unions in the province which are members of the co-operative Credit Society. There are a number of big co-operatives in the province who have sinking funds and superannuation funds. They buy provincial bonds and the buy federal bonds. Many of these, I am reasonably sure, are prepared

to invest some of their money in buying securities of the Co-operative Trust Company. That is what the Co-operative Trust Company is set up for; to give the Co-operative movement a place to invest their money for long-term investment. I think it is a very good thing that we should say more and more to people that the Government is prepared to help them. The Government is prepared to give leadership, but the people themselves can do quite a lot to help themselves. What they can do to help themselves is, they can use their collective savings, they can use their collective credit, on a co-operative basis to help one another. This is the principle on which we have proceeded in this legislation.

Another thing I should point out is that the Co-operative Trust Company, when it was set up, has in its constitution the provision that it may lend to individuals. Other co-operative credit organizations haven't got that. The Co-operative Credit Society, for instance, can lend only to a co-operative association, or can lend to credit unions, but it cannot lend to individuals. They don't want to lend to individuals, of course, because, if they do, they come under the Income Tax Act. but the Co-operative Trust Company Trust was set up for these three main purposes, as most members know. First of all, of course, it was to handle estates and act as a trustee, and handle wills for members of the co-operative movement. Secondly, it was to be the repository of long-term investments for the co-operative movement, who wanted to invest their money in sinking and superannuation funds. Thirdly, it was set up for the purpose of making loans to farmers and to other individuals for long-term purposes, such as buying houses, and so on. They were set up for that kind of business.

Another reason why we thought the Co-operative Trust Company were the people to handle this is that they have had quite extensive experience in the administration of estates, in the handling of retirement plans, and in farm credit. Since the main business under this Act will be the transfer of land from one generation to another, the Co-operative Trust Company will be able to handle these loans, and handle the estate and handle the will, all within one operation. This, of course, could be very handy. That is, you could have a case where a father wants to sell his farm to his son, but he wants to sell it on a business-like basis. He goes to the Co-operative Trust Company, and he places his will with them. He can make his son the beneficiary, and they can make arrangements so that the Co-operative Trust Company will give him a lump sum of money, and then they will pay him the balance of the years. Then if, at any time, of course, he passes away, they will handle the estate, and the debt will be cancelled as the land becomes the property of the son. It can all be handled by the same organization.

The, of course, one of the important reasons we thought the Co-operative Trust Company should handle it is because it is a co-operative organization, and because it operates entirely on the principle of service at cost. The people who borrow money from the Co-operative Trust Company will know that they are getting this money absolutely at cost. We hope that they will be doing more than lending them money. We hope they will be able to set up a supervision and counseling service to advise these young farmers on farm management, and we hope, of course, that our own

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Department of Agriculture will work very closely with them and will be able to give them a counseling and an advisory service.

May I just say this, in closing. The part which the Provincial Government will play is that the Provincial Government will be prepared to guarantee the securities of the Co-operative Trust Company up to a sum of \$10 million for the next five years. At the end of that time, or any time in between, if the Legislature wants to increase that, that can always be done. The Government will not only guarantee these securities, but the Government itself will purchase some of these securities. We would like to see it brought in on a 50-50 basis, but there is nothing set out in the Act that says it has to be that. We will, ourselves, of course, buy some of their securities, and we know that some of the other co-operatives will buy these securities. As I said before, we will also pay, in the first three years, one per cent of the money loaned out towards the administration costs, so as to keep the interest rate down for borrowers in the early stages.

Provision has been made in this Act by which the Government of Canada can come in if they want to. As I said when I began my remarks, we don't know what the Federal Government means when it says, in the Speech from the Throne, that it intends to extend farm credit. We hope that they will come into this, either by putting money into this fund, or by any other means that they see fit. Certainly there is room in this Act.

I want to repeat again, we are not suggesting that \$10 million, or two or three times \$10 million, will meet the agricultural needs of Saskatchewan. This will only do a job within a limited area. If the Federal Government decides, however, that it is prepared to put \$20 million, \$30 million or \$50 million into this plan or into some similar plan, or itself to embark upon a plan, then of course so much the better. But we feel that this is a beginning, because it will do two of three things. It will, first of all, enable the co-operative movement to begin to use its own resources to help the people of the province, not just to help the co-operatives. Any person can borrow money, of course; it doesn't have to be a co-operative who comes to borrow money. But it will mean that the people will be using their own money to help each other, which is a good thing. It means that Government money will be going into help carry on this plan. I think most important of all is that this will make it possible for land to be passed down from one generation to another. It will be possible for farms to be added to, so as to make economic units, and it will provide credit for many young farmers to get started, and many older farmer to retire, which could not be done without this legislation.

Therefore, Mr. Speaker, I am very pleased to move that Bill No. 75 be now read a second time.

Mr. McCarthy (Cannington): — Mr. Speaker, might ask the hon. Premier; did you mention anything about the rate of interest?

Premier Douglas: — I thought I did, but maybe I didn't.

Mr. McCarthy: — If you did, I didn't hear it.

Premier Douglas: — The rate of interest will be the cost of the money to the Co-operative Credit Society, plus the actual cost of administration.

Mr. McCarthy: — Yes, I heard that. But I wondered if you had a direct figure?

Hon. Mr. Douglas: — No, I haven't.

Mr. McDonald: — Mr. Speaker, there is one question I would like to ask the hon. Premier. Applications will be made, I presume, to the local Credit Unions, is that right? Or direct to the Co-operative Trust Company?

Hon. Mr. Douglas: — Either way.

Mr. A.H. McDonald (Leader of the Opposition): — I don't think I have ever enjoyed reading a piece of legislation more than I have in reading Bill No. 75. This is something that I certainly have been interested in even long before I became a member of the Legislature.

I was a little surprised at the Premier's remark when he said that if you can't do everything, you can do something. Well, I might suggest that the Premier and his colleagues have been a long time doing anything about this problem. This problem was with us when this Saskatchewan came to power and was with us, I would suggest, even before that time; but this Government has been in power now for some 14 years and apparently it has taken them 14 years to recognize that we do have a problem. However, I am more than pleased to see that the Government is finally moving at least part of the way that I think they ought to move, with respect to farm credit.

I want to repeat some of the things that I have said on previous occasions in this House. I am one of those who certainly can agree with the Premier when he stated here again, today, that he does not believe that it is possible for the Province by itself to devise and finance a system of farm credit that would be adequate to take care of this province on a provincial basis. I agree with that statement. I think it is beyond the financial capability of the Provincial Government of Saskatchewan to devise an adequate farm credit system by itself. I believe that the Federal Government must get into the field of farm credit to a larger extent than they have in the past.

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We have some farm credit available through Federal legislation but, in my opinion, it has never met the needs of agriculture either in Saskatchewan or in any place else in Canada. It has been my experience, and it is my opinion at the moment, that the private lending institutions have never met these requirements of agricultural credit throughout Canada. In my opinion, we ought to have in this country a farm development bank, the same as we have an industrial development bank, and I think that Federal Government and the Provinces ought to be contribution to that particular bank. It seems to me that what is necessary in Saskatchewan and in other places in Canada is three different types of farm credit, and I, on the other occasions, have stated that, in many instances, loans have been made to farmers who actually in the long run would have been a lot better off without them, because if a farmer finds himself in financial difficulties and would need, we will say, the maximum loan under this Act, \$25,000, to put that farm on an economical basis, well then, if you loan that poor farmer \$5,000, \$6,000, \$7,000 or \$10,000 when he needs \$25,000, in my opinion you are doing him more harm than you are good, because you are only sinking him deeper into debt, and you have not created an economical unit for him, so he has no possibility for paying off either his present or his past debts. That is why I say that I believe we need three types of farm credit. First of all, we need some assistance for the transfer of farms from one generation to another, and because that involves large sums of money, I think it is necessary to have a long repayment period. With a large sum of money involved and, of course, the farm picture being what it is today, it is not possible to pay large annual payments. So it would have to have a repayment period of something between 20 and 30 years.

The second type of farm credit that I have in mind would be medium term farm credit. This would be used to purchase probably pure-bred livestock or the larger pieces of farm equipment; something that would take a period of anything from five to ten years to repay, and again must, by that very fact, have a low interest rate.

The third type of farm credit that must be made available is a shorter term type, and probably, because it is shorter term, a higher interest rate, to take care of the expenditures for a particular season or from one year into the next.

The suggestion has been made not only by the Premier but by other people as well (I think the Royal Commission Report recommended it) that it might be well to place all of the farm credit under the Veteran's Land Act. I happen to be one of those who established myself on a farm under V.L.A. after the war, and I could not say too much about the way the V.L.A. Act has been carried out. I think, with very few exceptions, that plan has been most successful in re-establishing young veterans who wanted to farm after the last war. However, I do believe that, rather than putting all the farm credit under the V.L.A., we would be better to do away with the V.L.A. and put all farm credit, including V.L.A., under a farm loan bank.

I also want to go on record at this time as being one who has not believed that you have to have a large farm with a large number of acres in order to have an economical farm. It is my experience that, in the province of Saskatchewan and other places in western Canada, there are many so-called small farms that are certainly economical units. By the same token there are many large farms as far as the number of acres are concerned that are very uneconomical units. For instance, I do not believe that a farmer must have three-quarters or a section of land in order to have an economical unit. I don't believe that. If a farmer wants to produce wheat for a living, or cereal grains for a living, then naturally, you must have a considerable number of acres; but if a farmer is prepared to diversify his energies, it is not necessary to have a large number of acres under your control in order to have an economical farm unit. I can think of some farms in my own neighbourhood that consist of half-sections, and they are certainly economical units. I can think of people in other parts of Saskatchewan who have four and five sections of land and they are not economical units, because there are areas in Saskatchewan, where, because of the rainfall and the weather conditions, it is necessary to have a huge tract of land, if you are going to confine your efforts to the production of wheat, in order to have an economical unit. In the more moist areas of Saskatchewan, especially that part of the province that I happen to live in myself, it is not necessary to have a large farm in order to have an economical unit. However, it is not only the production of what that has become modernized over the last few years. The production of all agricultural products has gone through a revolution in the last few years, especially since the war, as far as production and production costs are concerned, and some of the smaller farms, of course, need capital to install the modern conveniences. Therefore, farm credit must be made available to them as well.

It seems to me that we are far past the time that some credit ought to have been made available to those people in Saskatchewan who would have liked to retire off their farms. There are an awful lot of people in Saskatchewan that I know of first-hand, who would have liked to retire from their farms but have been unable to do so because of this lack of farm credit. In many instances they haven't enough money or saving to live on unless they are able to get either a guaranteed income from their farm or to sell it for cash, and, of course, I wish that the present Government would take a look at some of the farms, especially in the south-west part of the province of Saskatchewan, where the farmer or rancher may have title to part of his land and he will have a grazing lease on the balance of his land. Time and again this problem has been brought to my attention where the holder of that particular lease has had the opportunity of selling his deeded land for cash, but because he has not been able to transfer his lease on Crown land from himself to the prospective buyer, he has not been able to dispose of his deeded land. I wish that the present administration would adopt a new policy in this regard, because there are many farmers and ranchers in the south-western part of Saskatchewan today, who are being prohibited from passing on their deeded lands because this present administration is not prepared to allow him to pass his

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leased land along to his prospective buyer.

Another thing that I would say on this Bill, Mr. Speaker, is that I would like to see some limit or some ceiling placed on the interest rate. I hope that the plan will carry itself after the first two or three years, as mentioned by the Premier. He has told us that the Government is prepared to pay one per cent for the first three years. Undoubtedly that would help get the plan on the road, but we know that money is difficult to borrow today, and interest rates are high. The agricultural economy is a depressed economy; the farmers cannot pay high interest rates, and I very much would like to see a ceiling placed on the interest. For instance, there are now eight or nine provinces in Canada that have some type of provincial legislation dealing with farm credit, and I believe that the province of Manitoba is the only one of these that hasn't a ceiling on the interest rate. I would like to see this money made available at no more than 4 ½ per cent interest. I know 4 ½ per cent interest is all the farmer can pay.

I hope that the Federal Government in the House of Commons, during the present Session, will see fit to bring in some new type of farm credit. Whether they can work within the framework of this particular Bill or not, I do not know. I think probably that the terms outlined in the Bill are wide enough to provide the facilities that I mentioned can be provided under a farm development bank; but if they are not prepared to do that, then I hope that they are prepared to bring in new federal legislation that will solve this farm credit problem, not only for Saskatchewan farmers but for farmers throughout Canada as a whole.

Even if it is of late date, I want to congratulate the Government for having brought this Bill before us at this time; but I only wish that if they had the interests of the farmers at heart, they would have brought this Bill into the House 14 years ago, not now. There were a good many people who wanted to establish themselves on farms after the last World War. It was not only the war veterans themselves who were returning to the farms, but there were many young people employed in the war industries in Canada who wanted to return to farms, but, of course, there were no credit facilities available. I believe that credit facilities ought to have been made available at that time, and, had they been made available, probably some of the problems that are confronting western Canada and confronting farmers in Saskatchewan today might not have been here.

I am more than pleased to give my support to the Bill. I have no reason to doubt that the Co-operative Trust Company will be able to handle the business transaction of farm credit, and I have no complaint with the fact that the Government have put this into the hands of a co-operative rather than in the hands of a Government board.

I feel that the Co-operative Trust Company has had a lot of experience, as the Premier has said, and in all probability they will be able to handle this just as well, maybe better than, a Government-appointed board.

I will be pleased to support Bill No. 75.

Premier Douglas (Closing Debate): — Mr. Speaker, I have not much to add to what has been said. I feel those were very constructive suggestions made by the Leader of the Opposition. I agree with him about the idea of the farm development bank in Canada to which Federal and Provincial Governments would contribute. It is something we have advocated at repeated Federal-Provincial Conferences, and I think it is something which eventually will have to come.

There are two things on which I would like to comment. One is that the Leader of the Opposition said that we have taken a long time to get to this, and it should have been done right after the war. I agree with him. I want to point out, however, that when we took office, this Government could not only borrow money for farmers, it could not borrow money for itself. There was no money borrowed on the open market from 1932 to 1944. This province could not even, at that time, meet its obligations. When the banks called in the Seed Grain loans, we were not even in a position to meet them. Our first job was to get the credit of the province established, and meet our obligations and carry on our own program. I would like to point out to my hon. friend that, in Manitoba, where they had a Liberal Government, they went out of office last year without even having got around to it at all, after having been in about 22 years. So we have done not too badly, at that.

The matter of the interest does give us some concern, and it is something we may be back to the Legislature about later on. I think it is a good basis on which to start, to suggest that the borrower should pay the actual cost. The other alternative, if we put a ceiling on, would be for the Provincial Treasury to subsidize it. Then, of course, you would run into the difficulty where you ask a great many people to subsidize what will be a relatively small number in relation to the total population. Whether you want to do that at this time is something which is debatable. I notice, for instance, that in the Canadian Farm Loan Act, its rates of interest are fairly low. It should be remembered this is because the money was borrowed a few years ago when interest rates were down to 2 $\frac{3}{4}$ per cent and 3 per cent. Section 7, Clause (e) of that Act says:

The interest rate on loans shall be a rate that in the opinion of the Board (that is, the Canadian Farm Loan Board) is sufficient to provide for the interest payable by the Board to the Minister, and the expenses of the Board, including reasonable provisions for reserves against losses.

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As you know, a charge of \$10, first of all, is made to the borrower for an appraisal. Then they put in all their other costs, including reserves against losses, plus the interest, in making out what interest rate they will levy.

Mr. McDonald: — Do you know if that 5 per cent covers all of this cost you refer to?

Premier Douglas: — Yes. At the present time they are charging 5 per cent, and 5 ½ per cent on arrears, but there is no ceiling. They adjust it from time to time. It was 4 per cent. It is now up to 5 per cent, and 5 ½ per cent. That is, of course, as I pointed out, because a lot of this money was borrowed at 2 ¾ per cent and 3 per cent. If they had to borrow now, they will be paying 4 ½ per cent, or better, and of course the rates will go up. We have here the rates at which they borrowed their money, and they started by borrowing at 3 per cent. The rates have been going up from three to four, the first two years; there were three years at 3 ¾ per cent; one year at 3 ¼ per cent, then 3 3/8 per cent, then 3 ½ per cent, then 4 and 4 ½ per cent, and last year they borrowed at 4 3/8 per cent. So it is going up, and undoubtedly will result in a further increase. This is a question which does give us some concern. We think we would like to try it on this basis. If we find that we want to deal with this interest question again, it is something that might come back to the House again.

Maybe I did not make clear this one per cent. We are authorized under this legislation to pay out to the Co-operative Trust Company, one per cent of all the loans they make in any one year. So if, in the first year, they make loans of \$2 million, we will be authorized to pay them \$20,000. Or we could make them a larger grant the first year. We could loan up to \$3 million (this is possibly excessive) and that would give them \$40,000, which would be applied on next year's one per cent. It can amount in three years to one per cent of the total amount of money loaned out. If in the three years we loan out \$6 million, we would be giving them a subsidy of \$60,000 to be applied toward the administration costs. This will help to keep the interest rates down some.

Mr. McDonald: — In actual fact, then, you are subsidizing interest rates one per cent for three years?

Premier Douglas: — It would give the same effect, yes; on an annual basis.

The motion for second reading of Bill No. 75 was then agreed to, and the Bill referred to a Committee of the Whole at the next sitting.

DEATH OF HON. SYDNEY E. SMITH

Moved by the Hon. Mr. Douglas (Weyburn), seconded by Mr. McDonald:

That Mr. Speaker, on behalf of this Assembly, convey by telegram to the Prime Minister, the Rt. Hon. J.G. Diefenbaker, its deep sympathy with him in the sudden and unexpected death today of a distinguished and trusted colleague, and expressing its sense of the great loss suffered by the people and Parliament of Canada, in the passing of the Hon. Dr. Sydney E. Smith, who, as Secretary of State for External Affairs, has made Canada's prestige high in the Councils of the Nations, and who, applying great talents and abilities to the service of his country in an arduous and difficult field of endeavour, had won the respect, the confidence and the gratitude of his fellow-countrymen.

Premier Douglas: — Mr. Speaker, I have a sad duty to perform, prior to moving that the House go into Committee of the Whole. I am sure that many members have already heard over the radio the sad news that the Hon. Dr. Sydney E. Smith, Minister of External Affairs, had suddenly passed away. I am sure this is sad news to all who knew Dr. Smith, as he was well-known as an educationalist and administrator even before he became a Minister of the Crown. Many members will remember him as President of Manitoba University, and later as President of the University of Toronto. Those who knew him, I think, admired his great passion for academic freedom. I know on two or three occasions I recall myself, issues which had come up in which he stood with the students for allowing them to express themselves freely on matters with which he differed from, but he insisted on their right to express their views freely, in a democratic country. For that reason he was, in my opinion, a very outstanding educationalist in this country.

When he was called to Ottawa to assume the portfolio of Minister of External Affairs, this was a completely new field for him. I think he had represented Canada with great dignity, in a fine humanitarian spirit, and, of course brought to his task, a great academic gift. I think it more sad that he should have been cut off in the midst of his career. I think it only proper that this legislature should express to the Prime Minister and to his colleagues our sincere regrets at the great loss which they have sustained. I think we should also pay tribute to the memory of a very fine Canadian.

Mr. A.H. McDonald: — Mr. Speaker, I concur in the remarks of the Premier. I was one of those who believed that the training, the talents and the temperament of the late Dr. Sydney E. Smith were certainly of the right calibre to make him an ideal Secretary.

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of State for External Affairs. I am sure that we all mourn our loss, and I would like to extend our sympathies to the member of his family, and also to the Prime Minister of our country, and his colleagues in the Cabinet.

The motion was agreed to unanimously by silent standing vote.

[The Assembly then adjourned at 5:30 o'clock p.m.]