

the low domestic market and has for many years been the means of keeping the forest industry solvent. But the world lumber market is certain to be a highly competitive export field in post-war days. Operating expenses to the industry are ever increasing. Recently, in order to meet the increased cost of living and the demands of organized labour, a twenty per cent increase in wages—that is to say a fifteen cents an hour wage increase—has been authorized, coupled with a reduction in the hours of work per week. Furthermore, a fifteen per cent increase in the amount of wood products to be made available for domestic consumption has also recently been authorized. While this undoubtedly will help relieve the shortages in building material which is so urgently needed to meet the acute housing situation that exists, yet it should be remembered that the ceiling prices set for lumber for domestic consumption are, as I have already said, below the cost of production, and the returns received for the lumber which has been exported have enabled the industry to operate so far without going into the hole. This change in the percentage of wood products for export and domestic purposes adds just another handicap to the successful operation of the industry. I suggest that some compensating relief should be afforded. In the new dominion-provincial proposals which were presented in this house when the budget was brought down, the fact that the logging, lumbering and mining industries were singled out for double taxation indicates that the present government is not fully conversant with the difficulties facing the primary industries of British Columbia.

Mr. ILSLEY: May I say that is incorrect, they were not singled out for double taxation.

Mr. PEARKES: That is my interpretation of it; perhaps the minister will have an explanation later.

A few moments ago I said that operating costs were increasing throughout industry. This is partly the result of the high standard of living rightly demanded by those engaged in the industry. In recent years logging operations have become completely mechanized. You never see a team of horses in the British Columbia woods now. The donkey-engine, the high lead operations, the logging truck and the "cat" have completely replaced the team. To an ever-increasing degree the power-saw is replacing hand tools. Work in the woods is still hard, but it is not so physically exhausting as it used to be. No doubt many hon. members have seen pictures of the loggers who take the tops off these high trees, some of them perhaps two hundred feet in

height. Employees in the logging industry to-day are skilled tradesmen, and every year a higher percentage of forestry mechanics and craftsmen are required in the industry. To meet these changing conditions, the companies have had to provide better living conditions. No longer are men satisfied to put up with what one might well say were the sordid conditions of the old-fashioned bunk-houses, where men slept in rows of double bunks, tier on tier. In most camps to-day the men have individual quarters, or cubicles for two men. Excellent meals are provided in the restaurants, and in the more modern camps they are served by qualified waitresses. These advantages necessitate additional outlay, but they are essential if the operators desire to retain the best class of employee.

On several occasions I have urged that assistance be given by the federal government to the construction of housing projects in areas adjacent to the mills and logging camps where employment is assured for many years to come, instead of proceeding with projects on the outskirts of cities. No real progress has been made, however, because under any of the existing schemes the operator is required to tie up too much of his available liquid capital. During the war it was the policy of the government to finance entirely the building of houses for workers engaged on jobs of national importance. In the present interregnum between war and a return to normal peace conditions, having also in mind the present acute shortage of houses for workers engaged in industries whose products are so urgently needed for reconstruction purposes, a more flexible system and a more generous lending policy should be devised to meet the present need for houses for these men employed in the forest industries; that is to say, for these men actually employed in the industry which produces the very materials required for home construction throughout the country.

The forests of British Columbia are not merely a local concern. During the war they proved to be of the utmost value to the national economy. They still are, and must continue to be such. I respectfully suggest that in formulating its taxation policies the dominion government has lost sight of this fact. In my view the dominion government should be prepared to facilitate the development and perpetuation of our forests by allowing the operator to charge annually current operations, with all reasonable costs incurred during the year, to the reforestation of logged-off lands under his control or management. As far as our forests are concerned, Canada has been living on capital. In other words, we have been mining the forests of British