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Canada. Parl. H. of C. Special
Comm. on Land Settlement of
Veterans of the Present War.
Minutes of proceedings and
evidence.

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REPUBLIC OF CHINA
MINISTRY OF NATIONAL DEFENSE

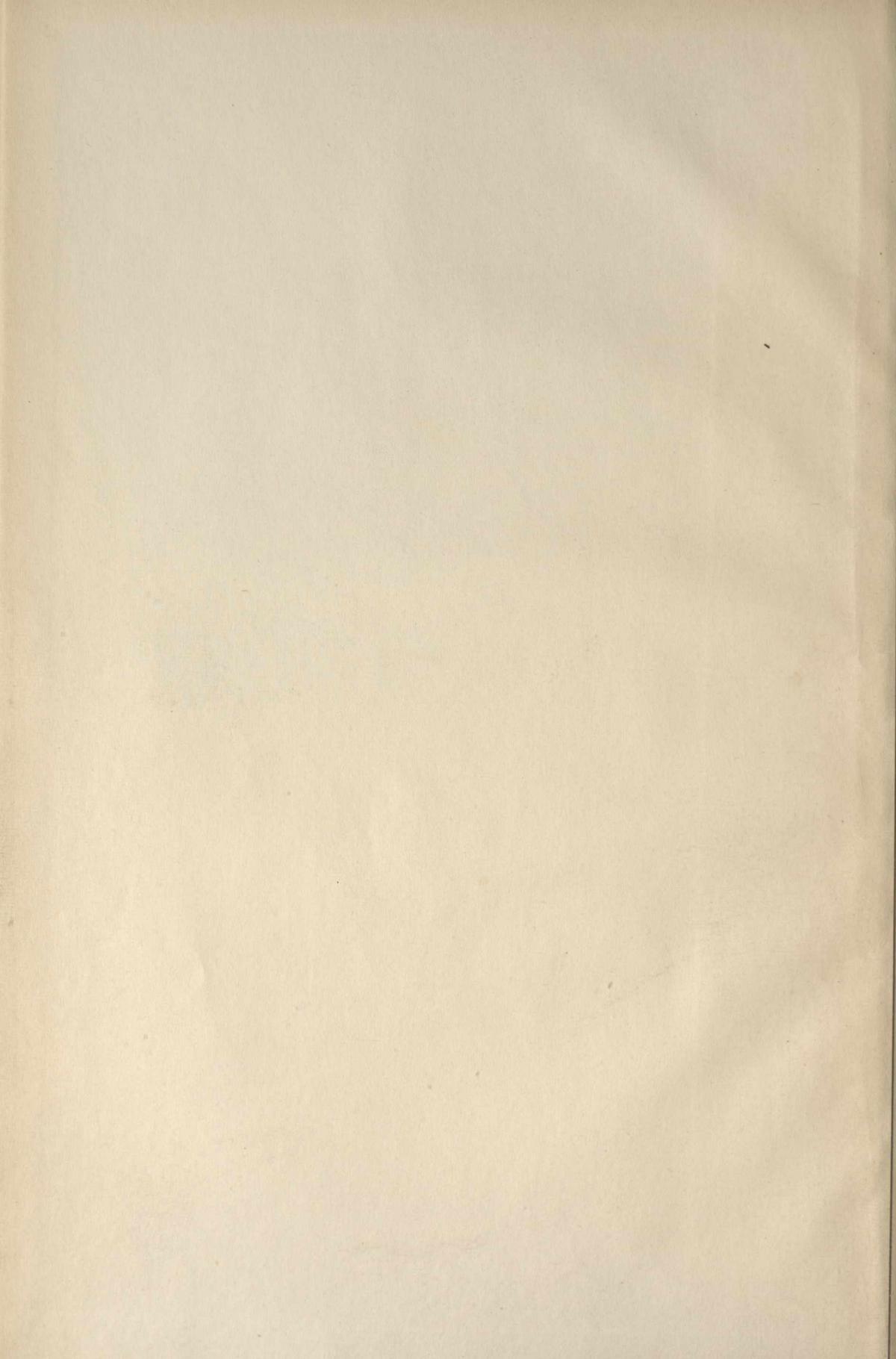


SPECIAL REPORT

LAND SETTLEMENT OF REFUGEES OF THE CHINESE MAINLAND

MINISTRY OF NATIONAL DEFENSE

CHANGING OF THE
LAND SETTLEMENT



SESSION 1942
HOUSE OF COMMONS



SPECIAL COMMITTEE

ON

LAND SETTLEMENT OF VETERANS OF THE PRESENT WAR

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 1

Thursday, April 30, 1942

Tuesday, May 5, 1942

Witnesses:

Mr. W. S. Woods, Associate Deputy Minister of Pensions and National Health.

Mr. Gordon Murchison, Director of Soldier Settlement.

ORDERS OF REFERENCE

HOUSE OF COMMONS,
MONDAY, February 23, 1942.

Resolved,—That a Select Committee be set up to which shall be referred all matters relating to the settlement of veterans of the present war on the land in Canada; and

That the said Committee be empowered to send for persons, papers and records; to examine witnesses for evidence; to print such papers and evidence from day to day as may be ordered by the Committee for the use of the Committee and members of the House; and to report from time to time; and

That the Committee shall consist of Messrs. Blanchette, Dupuis, Hatfield, Macdonald (*Brantford*), Macdonald (*Halifax*), MacKenzie (*Neepawa*) Mackenzie (*Vancouver Centre*), McLean (*Simcoe East*), Macmillan, Quelch, Ross (*Souris*), Senn, Sissons, Tucker, Wright.

Attest.

ARTHUR BEAUCHESNE,
Clerk of the House.

THURSDAY, April 23, 1942.

Ordered,—That the following Bill be referred to the said Committee:—
Bill No. 65, An Act to Assist War Veterans to Settle upon the Land.

Attest.

ARTHUR BEAUCHESNE,
Clerk of the House.

FRIDAY, May 1, 1942.

Ordered,—That the said Committee be empowered to print from day to day, 500 copies in English and 200 copies in French of its minutes of proceedings and evidence, and that Standing Order 64 be suspended in relation thereto.

Attest.

C. W. BOYCE,
(For) Clerk of the House.

THURSDAY, April 30, 1942.

The Special Committee on Land Settlement of Veterans of the Present War begs leave to present the following as a

FIRST REPORT

Your Committee recommends that it be empowered to print from day to day, 500 copies in English and 200 copies in French of its minutes of proceedings and evidence, and that Standing Order 64 be suspended in relation thereto. All of which is respectfully submitted.

CYRUS MACMILLAN,
Chairman.

MINUTES OF PROCEEDINGS

THURSDAY, April 30, 1942.

The Special Committee on Land Settlement of Veterans of the Present War met this day at 11 o'clock, a.m.

The following members were present:—Messrs. Hatfield, Macdonald (*Halifax*), MacKenzie (*Neepawa*), Mackenzie (*Vancouver Centre*), McLean (*Simcoe East*), Quelch, Ross (*Souris*), Sissons, Wright.—9.

On motion of Mr. MacKenzie (*Neepawa*), Hon. Cyrus Macmillan was unanimously elected Chairman.

On motion of Mr. Ross (*Souris*), it was *Ordered*,—"That the Committee ask leave to print from day to day, 500 copies in English and 200 copies in French of its minutes of proceedings and evidence; and that Standing Order 64 be suspended in relation thereto".

It was agreed that Mr. Walter S. Woods, Associate Deputy Minister of Pensions and National Health, be called as the first witness at the next meeting.

On motion of Mr. MacKenzie (*Neepawa*), the Committee adjourned at 11 o'clock a.m. to meet again at the call of the Chair.

J. P. DOYLE,
Clerk of the Committee.

TUESDAY, May 5, 1942.

The Special Committee on Land Settlement of Veterans of the Present War met this day at 10.00 o'clock a.m. The Chairman, Hon. Cyrus Macmillan, presided.

The following members were present:—Messrs. Blanchette, Hatfield, Macdonald (*Brantford*), Macdonald (*Halifax*), MacKenzie (*Neepawa*), Mackenzie (*Vancouver Centre*), McLean (*Simcoe East*), Macmillan, Quelch, Ross (*Souris*), Senn, Sissons and Wright.—13.

In attendance were:

Mr. B. W. Russell, K.C., Department of Pensions and National Health;

Mr. A. J. Dixon, Chief Administrative Assistant, Department of Pensions and National Health;

Mr. Robert England, Executive Secretary, Rehabilitation Committee.

Mr. Macmillan thanked the Committee for the honour conferred on him in electing him Chairman.

The Chairman filed the following:—

- (1) Letter from Mr. G. Rowland of Askwith, Sask., dated March 3, 1942, suggesting that Provincial Officials in charge of Soldier Settlement should be pioneers and possess a thorough knowledge of suitable lands, and that a travelling land board be appointed.

- (2) A brief from Mr. H. R. Inglis, District Commander of the Canadian Legion in Alberta, which was presented by him to the Canadian Legion Provincial Convention last year, as well as a memorandum from Mr. Inglis dated February 24, 1942.
- (3) Precis of a project submitted by Ernest Norris of Camrose, Alberta, containing a number of suggestions.
- (4) A brief by the Home Settlement Committee of the Co-ordinating Council for War Work and Civilian Services of Greater Vancouver, together with a supplementary report by the Hon. H. H. Stevens, a member of that Committee.
- (5) A letter from A. Andrews of Barons, Alberta.
- (6) A letter from W. B. McLeod, Regina, Sask.
- (7) A letter from C. F. Hill, of Hamilton, Ont.
- (8) A letter from C. C. Page, of West Hill, Ont.
- (9) A letter from J. A. Mitchell, of Swan River, Man.

Mr. W. S. Woods, Associate Deputy Minister of Pensions and National Health was called and examined.

By leave, the Hon. T. A. Crerar, Minister of Mines and Resources, addressed the Committee.

Mr. Woods retired.

Mr. Gordon Murchison, Director of Soldier Settlement of Canada, was called and examined.

Witness filed the following statements to be printed as appendices to this day's evidence:—

Appendix "A"—Balance Sheet of Soldier Settlement of Canada for the year ending March 31, 1942, with breakdown of amounts written off.

Appendix "B"—Schedule showing distribution by provinces of soldier settlers under the Soldier Settlement Act; number of loans made; number of loans repaid, and the number of adjustment cases.

Appendix "C"—Condition of accounts of settlers still in scheme.

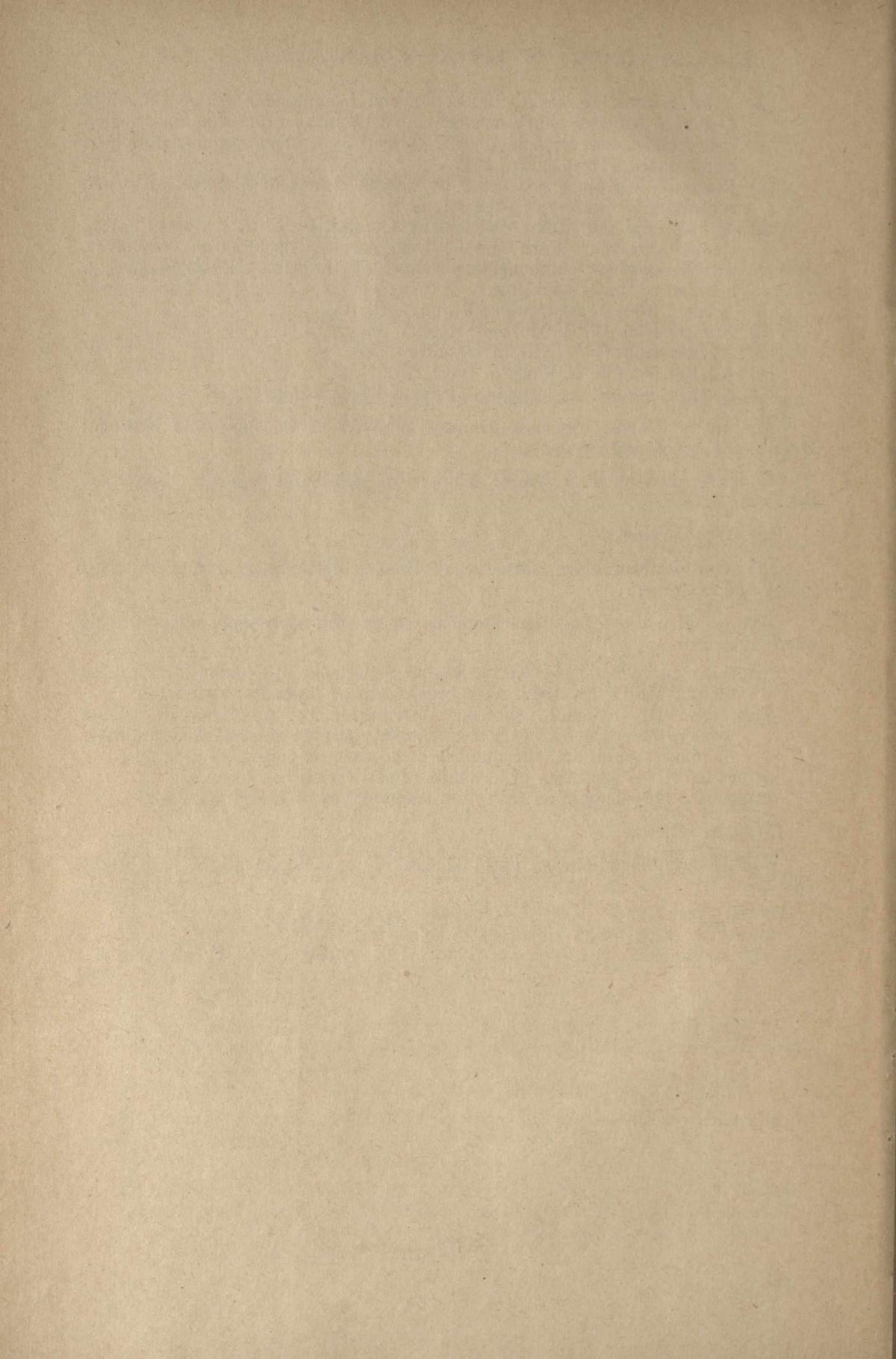
Appendix "D"—Dominion collection summary as of March 31, 1942.

Witness retired.

The Committee adjourned at 11.35 a.m., to meet again at the call of the Chair.

J. P. DOYLE,

Clerk of the Committee.



MINUTES OF EVIDENCE

HOUSE OF COMMONS, ROOM 279, May 5, 1942.

The Select Special Committee on Land Settlement met at 10.30 o'clock a.m. The Chairman, Hon. Cyrus Macmillan, presided.

The CHAIRMAN: Gentlemen, I want to thank the committee for the honour they have done me in electing me chairman of this committee. I am sure we shall all give our best thought to the problem before us. Before proceeding with the witness I desire to table for the perusal of members of the committee certain letters and documents that have been submitted to us.

There is a letter from Mr. G. Rowland of Asquith, Saskatchewan, suggesting that provincial officers in charge of soldier settlement should be pioneers and should possess a thorough knowledge of suitable lands, and that a travelling land board be appointed.

There is a brief from Mr. R. H. Inglis, District Commander of the Canadian Legion in Alberta, and this brief was presented by him to the Canadian Legion Provincial Convention last year.

There is also a memorandum from Mr. Inglis dated February 24, 1942.

There is a memorandum submitted by Ernest Norris of Camrose, Alberta, containing some very interesting suggestions.

There is a brief by the Home Settlement Committee of the Co-ordinating Council for War Work and Civilian Services of Greater Vancouver, together with a supplementary report by the Hon. H. H. Stevens, a member of that committee.

There are letters received by the minister from three Great War veterans: W. B. McLeod, of Regina, Saskatchewan; C. S. Hill, of Hamilton, Ontario; G. C. Page, of West Hill, Ontario.

Those letters suggest that those who served in the last war be made eligible under the Veterans' Land Act.

There is also a resolution from the members of the Swan River Pool Elevator Study Group signed by J. E. Mitchell, secretary. I will pass these documents to the clerk of the committee and he will hold them ready for perusal.

Now, gentlemen, this morning we are to hear a statement from Mr. Walter Woods, Associate Deputy Minister of the Department of Pensions and National Health.

Mr. WALTER S. WOODS, Associate Deputy Minister, Department of Pensions and National Health: In view of the comprehensive statement made by the Hon. Ian Mackenzie, Chairman of the Cabinet Committee on Demobilization and Rehabilitation, to the House of Commons on Monday, April 20th, when the resolution which preceded this bill was under consideration, it is probably unnecessary for me to offer at this time, on behalf of our subcommittee on land settlement, more than brief comment on the measure now before you.

Mr. Murchison, the Director of Soldier Settlement under the Soldier Settlement Act, 1919, is also here and I suggest, with the permission of the committee, that after filing my brief statement, Mr. Murchison be given opportunity to do likewise. Mr. Murchison, together with Mr. Jones, the General Superintendent of Soldier Settlement, have been of great assistance to our subcommittee on land settlement, particularly in drafting the bill which is now before you.

The subcommittee on land settlement, which has agreed on the principles embodied in this bill, has held frequent meetings over a period of more than a year and a half. So that your committee may appreciate the standing and experience possessed by members of this subcommittee, I am going to ask your permission to place on record their names and the positions they hold, at the end of this statement.

The bill is based on a careful study of the experience in soldier settlement following the great war and an endeavour has been made to eliminate the difficulties encountered in the administration of that measure. Our committee is of the opinion that the primary difficulty with the former Soldier Settlement Act was that it imposed a burden of debt beyond the capacity of the average settler to pay.

The new measure strikes at this fundamental problem by creating, subject to specific performance on the part of the settler, an equity in his enterprise which should greatly enhance his chances of success.

It proposes that the settler's debt shall not exceed two-thirds of the cost of the land and improvements thereon, including improvements to be effected.

It further proposes that advances may be made for stock and equipment equivalent to one-third of the cost of the land, without increasing the debt.

Thus, if land is purchased for a settler to the value of \$3,600 which is the maximum for land and improvements, the bill provides that the debt must not exceed two-thirds of that amount, or \$2,400. It provides, in addition, that stock and equipment may be purchased in an amount not to exceed one-third of the cost of the land, but no additional charge is made for the stock and equipment. The maximum that can be advanced for this purpose is \$1,200.

It will be seen that the settler's debt is fixed at a maximum of \$2,400 which is 50 per cent of the cost of land and stock and equipment. Should any question arise as to the adequacy of this maximum of \$4,800 for all purposes, that is lands, buildings, stock and equipment, it is pointed out that whereas the average value per acre of occupied farm lands in 1920 was \$48 the average in 1940 was \$24 so that it should be possible to purchase for \$3,600 to-day a farm which would have cost in 1920 \$7,200.

These figures are taken from page 154 of the Canada Year Book, 1941. They arise from information taken at the last census.

It is anticipated that in addition to what are known as self-sustaining farms from which the settler could expect to produce a living for himself and family, the settlement on smaller holdings in certain areas will be encouraged, whereby the settler will expect to augment his living by earnings in the vicinity.

Much has been said about the percentage of failures under the old Soldier Settlement Act and in this connection I should like to offer the observation that it is not quite fair to presume that all those who have left their farms are failures. Many of those who operated their farms for a while, decided to leave them to follow some other line of endeavour and many former settlers are in positions of responsibility in the country. The period they spent on the farms served its purpose in that it provided for them during their difficult period of rehabilitation. In fact, many of the most successful business men in the dominion farmed early in their career and the reason that they decided to abandon farming in favour of a business career, should not put them in the category of a "failure".

Much has been said about the necessity for being rigid in the qualification of those who are accepted for settlement. I agree that qualification should be strict and should be carefully done but am inclined to think there is a tendency to attach too much importance to a background of actual experience.

In my judgment, farming is a matter of temperament as well as experience. I have encountered settlers with a long background of experience who

[Mr. W. S. Woods.]

have not made a success and have also encountered many with limited experience who have made first-rate farmers once they acquired the requisite knowledge.

The suitability of the wife is just as important, if not more important, than that of the man and should be taken into consideration when qualifying men for settlement under the new Act. Unless she is going to be a real helpmate to him and she is temperamentally suited to farm life, she might well be the cause of failure of the enterprise.

The Act provides for the fullest collaboration with provincial governments and advantage should be taken of the very valuable soil surveys made in some provinces.

Provision has been made under the post-discharge re-establishment order for the payment of maintenance grants to settlers while they are awaiting returns from their farms during the first season of settlement. Training facilities, with maintenance grants, also exist with respect to those who are required to take actual practical training before being established.

Some discussion has taken place with respect to the wisdom of establishing, with state assistance, men in farming whilst those at present on the land are experiencing difficulties in making ends meet. In this regard, it may be stated that many thousands of men followed farming as their occupation before enlistment and it would be manifestly unfair to them, on their return, if they were not given an opportunity to follow their previous occupation. Assistance is being given to men in other walks of life and to fail to make provision for the farmer would be discrimination to that class.

Our rehabilitation programme provides an opportunity to learn a trade to those who follow other occupations. It provides for the completion of the education of those who have the educational standing to enable them to enter university within fifteen months of their discharge. It provides social security to those awaiting employment and with respect to those who go into insurable employment, they are given credit for the period spent in the army, since the Unemployment Insurance Act became effective, the government paying the premiums.

This Veterans' Land Act is merely a measure designed to facilitate the rehabilitation of those who wish and are qualified to go farming.

It is felt that with an overhead debt not exceeding two-thirds of the cost of the land and improvements, or one-half the cost of the land, improvements, and stock and equipment, with an interest rate of $3\frac{1}{2}$ per cent and given reasonable luck, the men established under this measure have at least as good a chance of success as the average farmer. The interest rate is set at $3\frac{1}{2}$ per cent for the reason that that is the approximate cost of raising the money.

I see, Mr. Chairman, that Mr. Murchison is not yet here. That concludes my statement. I was going to suggest that the committee give an opportunity also to him to file a statement. The names of the members of the subcommittee on Land Settlement are shown on the back of the brief that I have read.

Hon. Mr. MACKENZIE: You are placing those on the record?

Mr. WOODS: I should like to place them on the record, yes.

Members of the Subcommittee on Land Settlement

Dr. G. S. H. Barton, Deputy Minister of Agriculture, Ottawa.

Mr. Robert England, Secretary, General Advisory Committee on Demobilization and Rehabilitation, Ottawa.

Mr. Harry Hereford, Dominion Commissioner, Unemployment Relief, Department of Labour, Ottawa.

Mr. W. M. Jones, General Superintendent, Soldier Settlement of Canada, Ottawa.

Mr. C. E. Joslyn, Manager, Lands Department, Hudson's Bay Company, Winnipeg, Man.

Dr. O. A. Lemieux, Dominion Bureau of Statistics, Ottawa.

Mr. T. D'Arcy Leonard, General Counsel, Dominion Mortgage and Investments Association, Toronto, Ont.

Mr. J. N. K. Macalister, Chief Commissioner, Department of Immigration and Colonization, Canadian Pacific Railway Company, Montreal, Que.

Dr. W. A. Mackintosh, Department of Finance, Ottawa.

Dr. J. D. Maclean, Commissioner, Canadian Farm Loan Board, Ottawa.

Mr. J. S. McGowan, Director Department of Colonization and Agriculture, Canadian National Railways, Montreal, Que.

Mr. J. S. McLean, President, Canada Packers, Limited, Toronto, Ont.

Mr. G. Murchison, Director of Soldier Settlement, Ottawa.

Mr. J. A. Proulx, Chief of the Extension Service, Department of Agriculture, Quebec City.

Mr. W. S. Woods, Associate Deputy Minister, Department of Pensions and National Health, Ottawa.

Mr. Woods is Chairman of the subcommittee.

NOTE: The late Mr. F. J. Freer, of the Great West Life, was a member of the committee for several months, up to the time of his death through an aeroplane accident, in February, 1941. Mr. Joslyn succeeded Mr. Freer on the committee.

The CHAIRMAN: All right, thank you. Are there any questions?

Mr. McLEAN: I should like to make one comment on the fourth paragraph of this statement, namely that the subcommittee are of the opinion that the primary difficulty is the burden of debt imposed. Looking over the farms in the part of the country in my immediate district on which soldiers settled, I would say that if the men were given those farms free or if practical farmers were given those farms free, and provided with stock and equipment, they could not possibly be on those farms after ten years. There is a thing we have to guard against now. Already members are receiving letters from people who want to sell sand banks. I do not know of one single soldier left on a farm in my district, and looking at the farms one could not expect anything else. I am not making an extravagant statement. They are the worst, most impossible spots in the district; they are absolutely impossible, with blow sand and all that sort of thing. On those spots poor unfortunate soldiers were settled, and, of course, they starved there for four, five or ten years and finally got off. I do not know what experience the committee has had in connection with that difficulty; but as far as my district was concerned, that was the difficulty.

The CHAIRMAN: Mr. McLean, you think that on some of these farms not even a very successful experienced farmer could live?

Mr. McLEAN: I was brought up on a farm and I would say that. Of course, an experienced farmer would never dream of going on those farms.

The CHAIRMAN: But suppose he did.

Mr. McLEAN: But if, in a moment of temporary insanity, he went on one, he could not possibly remain on such a farm and make a living.

Hon. Mr. MACKENZIE: What you want to guard against is getting such lands as were got before in the various areas?

Mr. McLEAN: Yes. Pressure already is being exercised on members pointing out that here are farms they want to sell; and those farms are in impossible spots.

Mr. MACKENZIE (Neepawa): It was not always inexperienced farmers who got on farms of that kind. A lot of these farms were settled in the winter when the snow was on the ground. They did not see the stone piles.

[Mr. W. S. Woods.]

Hon. Mr. MACKENZIE: You are sounding a note of warning to be very careful in regard to the selection of the places on which we are going to settle these men in the future. Is that right?

Mr. MACKENZIE (Neepawa): Yes. It was proven in Manitoba, was it not, Mr. Crerar, that connivance existed between the people selling the land and some of the men who were put on to place the settlers?

Mr. McLEAN: I would say that the very first instance where it is discovered that any official in the government is responsible for purchasing one of these farms, he should be fired with no possibility of reinstatement.

Mr. HATFIELD: Is the soldier going to have any choice in the matter of farms?

Hon. Mr. MACKENZIE: Will you answer that, Mr. Woods?

Mr. WOODS: It is the committee's opinion certainly that his own choice should be taken into consideration. But the committee is not of the opinion that he should have the final say and that the government should be obligated to purchase any farm that he likes. That would be very dangerous, because these very men that Mr. McLean speaks of, for the main part, selected their own properties; and they are entitled, as he says, to protection against faulty judgment like that. Certainly his wishes will be consulted and if the place he selects is considered suitable and worth the money that is asked for it, I should think the settlement authority would be anxious to place him under circumstances of his own choice rather than insisting that he go somewhere else.

Mr. BLANCHETTE: I see, with a great deal of satisfaction, the name of Dr. J. D. MacLean on the subcommittee on land settlement. I am wondering whether it would not be possible to make use of the very efficient staff we have in the way of inspectors that he has under his jurisdiction. These people know their figures very well. They have been in the field for a number of years, and I think whatever they have to say in connection with the suitability of the farms may carry a lot of weight.

The CHAIRMAN: I suppose they would be consulted, Mr. Woods?

Mr. WOODS: That is an administrative matter. I should like to make it quite clear that my subcommittee has confined itself to suggesting a financial structure under which the men could succeed, but they have not addressed themselves to passing opinions about areas that are suitable or not suitable, or administrative features of that kind such as utilizing other departments.

Mr. BLANCHETTE: That would come under whose jurisdiction?

Mr. WOODS: If the bill passes in its present form, the administration of the measure will be under Mr. Crerar's department.

Hon. Mr. CRERAR: If I may be permitted, I should like to say a few words. I am not a member of the committee.

Hon. Mr. MACKENZIE: You do not have to be.

Hon. Mr. CRERAR: I am very much interested in this measure. I think there were probably at least three factors that operated unfortunately in the last venture following the Great War. First, there is the very important point that Mr. McLean has mentioned; that is the value of the land. I am not speaking of value in the monetary sense, but of its value as a productive unit. You can take the best farmer that you can find in Ontario, and, as Mr. McLean said you can equip him with a farm, with stock and implements and equipment, and he will not be able to make a success of it, because the natural handicap is such that it is impossible for him to do it. Many of the veterans who were settled following the last war unfortunately were placed on land of that kind. When they got on it, they found the land was sour, that it would require a great deal of fertilizer, that there were perhaps half a dozen things wrong with

it. From my own observation—and it is rather limited—in Manitoba I have seen cases where these men who were without much experience in farming, with the psychological upset that is associated with many of these chaps after they come back from the war, were placed on a farm where they never had a chance of making a go of it. Then the next thing is unquestionably the temperament of the individual, his powers of initiative, resourcefulness, getting around difficulties and of sticking to it. Those are all qualities that are associated with success in any sphere of work. I can illustrate that best by a case, and it is only one of several but it came under my own observation. Two returned men were placed on farms on quarter-sections with just a road allowance between them. Both were married when they came back. They were young fellows back from the war, starting out in life. The first man whom I will call "A" was settled on a quarter-section of land—I have been over pretty nearly every foot of it—of which not more than, I would say, one hundred acres was cultivatable. There was some scrub on it, some low lying land—slough land we call it in the prairies—suitable for pasture. The soil was good soil, where it could be cultivated. The man across the road, whom I shall refer to as "B," was settled on 140 acres, of which at least 120 acres could be cultivated—equally good land. Each was equipped with a small house, a small barn and a good well was provided with each parcel of land. They started out, B with really more advantages than A, because his 140 acres was better land on the whole than the adjoining quarter-section that A had located on. What was the result? Inside of four years B was off his farm. He had not made any payments on it at all. He had let his buildings run down a bit. He was a careless, indifferent chap who should never have been on a farm at all. Indeed, he was the type of man who probably would never rise higher in the economic scale than working for someone else under direction. A, on the other hand, whose land was not so good, to-day either owns his farm or will shortly own it. He has a first-class herd of holstein cattle and is milking fifteen to twenty cows every year. He has educated his children. His eldest girl is training for a nurse. He has a good comfortable house on his farm. He has a good farm. He has a very good garden—one of the best in the community. He is a public-spirited citizen who, for years, has been secretary-treasurer of the school district in which he lives. What is the difference between those two? If you can find the answer to that riddle, then I think you will find the explanation of a great deal that happened in relation to the last soldiers' settlement scheme.

Now, that emphasizes not only the importance of having the right kind of men, but it emphasizes the importance in the scheme of the class of individual himself. Well then, the next thing I would say was the high prices paid for the land; because it was said in the house the other evening when the measure was being discussed that the venture was started at the peak of values; high prices were paid for land, much more than it was really worth as an economic unit; and the prices for live stock and equipment were also high. Now, if we can avoid these three difficulties in this scheme; that is, if we can ensure that only suitable land that has an economic value where a good individual has a chance for success; if we can ensure that the individual himself is suited to the occupation of farming; that is, that he has the qualities that I mentioned a moment ago of initiative, resourcefulness and willingness to work and those qualities which are associated with success in whatever field a man enters; and if you can get the land for them at a fair price, don't load him down with debt; then I think, Mr. Chairman, that the chances for success are immeasurably increased.

Now, in the case I mentioned a moment ago "B" should never have been put in any job where it depended on his own initiative and his own capacity to manage. It does not matter whether it be farming or anything else, the result would have been the same because he lacked and never acquired the

[Mr. W. S. Woods.]

qualities which were essential to success. And those are the things, it seems to me, that have to be taken into account in getting this venture successfully launched. I have no doubt whatever in my mind that a great many of these boys who come back can be successfully established on farms, and I think that I have gone pretty carefully over this field and I think the provisions certainly are aimed to guard against all those defects, as far as it is possible to do so. I do not think I can add anything further.

Mr. WRIGHT: I think one of the difficulties in administration will be the purchasing of land at a reasonable figure. As you have heard it read here from page 2 of Mr. Woods' brief, it is suggested that a farm could be purchased at \$3,600 to-day which cost \$7,200 in 1920. When this Act comes into effect you are going to find the price of land advancing considerably above what it is to-day. You can see an indication of that taking place now in western Canada; a quarter section which could have been purchased from a mortgage company for \$1,600, to \$2,000, last year, to-day they are asking a much greater price for. Once this Act goes into effect you are going to find that a quarter section in western Canada is worth \$3,600. I do not know how you are going to get around that. You will find men coming back from overseas and looking at a certain quarter section of land and asking the board to purchase that land for them, and those quarter sections are going to be selling at around \$3,600 and they are counting on the fact that the board will probably absorb about \$1,200 and that they will probably be able to get the land at around \$2,400, which was its fair value in the first place. They are going to find themselves in no better position than if they purchased it privately because they are willing to purchase with that additional \$1,200, which they will anticipate will be written off by the board.

Mr. WOODS: I think that was one of the primary reasons for introducing the bill at this session; so that the settlement authority can begin quietly to acquire land. Another point involved there is that this entire soldiers' settlement scheme envisages the acquisition of only some 25,000 units, and I doubt very much whether that will affect the price of land throughout the dominion to any extent.

Mr. WRIGHT: The thing is, this land price has already advanced because of the fact that farming is much better today than it was four or five years ago; and a quarter section, or a farm, out there, is worth more today than it was four or five years ago. And we have no guaranty with respect to the future that the price of land is not going to increase, and that later it will not go down again as values generally go down. I think for this scheme to be successful you will have to have some connection between the price the farmer receives for his products and the price he pays for his land.

Some hon. MEMBERS: Hear, hear.

Mr. WRIGHT: Now, the most successful contracts that there are in the west today are the contracts where the land is being paid for by so many bushels of grain per year, and it does not matter what the price of grain is. And this scheme, if it is going to be a success, you are going to have to have some feature like that in it, I think; that is, if you purchase your land in 1942, and we will take that as a basis—100—as being the basic cost of the things the farmer has to buy and for what he has to sell; then say in 1944 the things which the farmer has to buy have gone up from the base to 105 while what he has to sell has gone down to 95; then you are going to have to provide for some adjustment of payments due from the man on the land if he is going to be successful.

Now, while I am on this, I notice that in the committee which was set up to draft this bill there is not one man who is a farmer; not one man who is a farmer, whether he has made a success or whether he has not made a success. I think your committee should have had at least one or two men who have had the experience of going through this soldier land settlement scheme. I think they could have given you some very valuable advice on it. Every man on that

committee is a man who is in an administrative capacity. You have not taken the point of view of the actual man on the farm. I think you should have included in that bill something which would tie up the value of what the farmer has to sell with the price he paid for his farm and the price he is going to get for it; and also that you should have some provision in the bill with respect to crop failures whereby in a crop failure year no payment will be required and no interest will be added. If you do that, I think your scheme would have some chance of success, but unless you include these features I doubt whether your scheme will be very much more successful than it was before. I admit that you are giving a much better chance under this scheme than we had under the old scheme; certainly, you have; but even with that chance you still have that disadvantage in that payments do not bear any relationship to the price the farmer has to pay for what he buys. I think something should be introduced into the bill to that effect. And again, as far as western Canada is concerned, a quarter section of land is not an economic unit. Anyone here who has farmed in western Canada knows that; and I would say that 90 per cent of the men under the old scheme who made a success and finally paid off their loan were men who were able to handle more land than just one quarter section, and in that way were enabled to make an economic unit out of their farm and enabled to pay for the original land which they bought under the soldiers' settlement scheme. You can't buy machinery if you have only one quarter section of land when you have to pay such prices as \$385 for a binder, and \$340 for a seed-drill, and other machinery in proportion; your overhead is too high for the amount of land on which you are going to use it. It is absolutely impossible to operate a quarter section of land successfully in grain farming in western Canada, you must have more land. Now, this scheme may enable the man who is a good manager, and who is able to rent or buy an additional quarter section under this scheme to pay for it; but he cannot pay for it on the basis of a quarter section of land.

Hon. Mr. MACKENZIE: You mean, he must have the opportunity of privately purchasing additional land?

Mr. WRIGHT: Yes, he must have additional land.

Hon. Mr. MACKENZIE: There is provision for that in the bill.

Mr. WOODS: He can acquire land on his own.

Mr. WRIGHT: Under the old Act you could not hold land in your own name. When I went under it I had a half section of land of my own and I had to transfer that half section in order to be able to buy under the board. Well, the fact that I was able to pay for my land depended entirely on the fact that I had an additional half section of my own.

Hon. Mr. MACKENZIE: That is not the case here. Some provision whereby you could acquire additional land; you will find that covered there.

Hon. Mr. CRERAR: I have very great respect for Mr. Wright's opinion; although, I say quite frankly, while I have not had the pleasure of knowing Mr. Wright very well I know he has been a successful farmer; and in his district there are certain handicaps in respect to high freight rates as against someone located much closer to market. But I do not know that I agree with Mr. Wright's view that a man cannot make a success on a quarter-section of land. I think it depends a great deal on the location, and the kind of farming that he is doing. Personally I am of the opinion that there are certain areas in western Canada where I would say we should not locate any of these prospective settlers.

Mr. ROSS: I think that is sound.

Hon. Mr. CRERAR: I do think that; because, without any question at all in my mind, the character of our farming operations in western Canada must change. It has changed in Manitoba. Manitoba to-day is not a wheat-growing province, although wheat is a fair cash crop. It is a mixed farming proposition

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all the way through. In another twenty-five years, for instance, we will be growing grain quite freely in Manitoba; there are certain districts in Manitoba to-day where grain is a suitable cash crop. In Morden I think last year there was something like 250,000 bushels of grain marketed down in that area. Now, you can grow leguminous crops anywhere in Manitoba; you can grow alfalfa, clover and timothy; and you can grow sugar beets where it is suitable and where you can find a market for them. That is the type of farming we must aim at in western Canada. And that of course brings up the problem of the wheat plains; which, to my mind, is the real problem of agriculture in western Canada, where you are confined practically to one crop. Now, I do not think we should put any settlers on land up against that handicap, and there is still available plenty of land of the type that I mentioned. This is an interesting thing: I was through Denmark once, a good many years ago, and the thing that impressed me more than anything else was this, that the average farm in Denmark comprised about 10 or 12 acres—very small holdings. And there was this further feature, that in the carrying on of their farming operations they imported at least 80 per cent of their feeding stuff which they converted into dairy products, and bacon and poultry, and eggs, and things like that. Now, on a quarter-section of say average good land where it is well watered and where the soil is such that you can produce things such as I mentioned a moment ago, it then becomes a question I think pretty much of management, and in carrying out this scheme—I mentioned this to Mr. Murchison on more than one occasion—I think a certain amount of supervision is necessary. I know the average farmer, and I speak as a farmer; because, if I may modestly say so, Mr. Chairman, I think I know farming; I have been engaged in it practically all my life and I am engaged in it now. The factors that make for success are the qualities that I have mentioned a little earlier. There is a thought in my mind, but it has escaped me for the moment; at any rate, we will come back to it. Yes; there is the question of farm management and supervision. I was interested about 14 years ago in observing a venture that was undertaken by some of the loaning companies. It started in Winnipeg and then extended to the other provinces. It had to do with the question of farm management. Now, the originator of that scheme was a man named Bowman, who was for many years chairman of the board of directors of the Mutual Life Insurance Company, which was one of the large lending companies in western Canada; and Mr. Bowman made it a practice for several years to study that practice in the west, and he went out and spent several weeks' indeed sometimes as much as two months, visiting their loans, properties in the west where they had mortgages and where the thing was going bad. And he came to the conclusion that in many cases it was due to the fact that the farmer on the farm was not making the best of his opportunity. And then that grew, and this farm management plan under the—what was the name of that board—yes, the Canadian Finance Corporation. Now what they would do was this: they got a very experienced farm manager from Dakota, they sent down there for a man named Rhinehold and he organized the general scheme. Rhinehold to-day is in the Department of Agriculture at Washington. And then they got experienced men; Mr. George Jones, for instance, of Portage La Prairie—whom I think you know, Mr. Ross—

Mr. Ross: Yes.

Hon. Mr. CRERAR: He is one of their district farm managers. The interesting thing about that was this; when they started that they found a great deal of opposition on the part of many of the farmers whose farms they were taking under supervision. It was a case in the mortgage company's opinion of either saying, we will have to repossess that land or get someone on it who can make a go of it; or we will have to try to teach the man who is on it to make a better job of it; and the latter course was taken; because the last thing, contrary to the generally accepted view with respect to loaning

companies, the last thing they want to do is to repossess a farm. It is the last thing on earth they want to do. Now, what has happened? The manager of that scheme is a man named Hesler, in Winnipeg. The last time I was speaking to Mr. Hesler I asked him how the scheme was getting on. He told me that they had 7,000 properties under administration. I said, what has been your experience up to the present time? Well, he said, in a large number of cases the farmer has got back again to where we do not have to give him any assistance at all. He has learned certain things about his own soil, for instance, that did not occur to him before; and he is getting his feet under him and will ultimately own the farm. Now, mind you, in all these 7,000 cases there were cases where the loan was bad, and getting worse from year to year, without much prospect of it ever being paid. He told me that in 75 per cent of the cases that they would work out and eventually own their farms. Some of them have already discharged all their obligations. I said, how about the other 25? He said, it is a case of where you have people on sub-marginal land where they can't possibly, even with the best management, make it go. Now, I think there is some distance we can go in the administrative end of a scheme of this kind, if you can get the right kind of cooperation. I know from my own experience when I was on the farm I rather resented the idea that some fellow with a white collar and a fair suit of clothes would come out and tell me how I should run my own operations, and yet, there was something to that. For instance, I recall one instance that Mr. Hersey referred to: it was a case of a man putting water on his place and was advised to get hogs. Well, his first venture was not very successful. His young pigs came all hairless and weak and anæmic and they practically all died. He said, there is no use in trying to grow hogs, I haven't any luck. That problem was cured for him by the expenditure of \$1 by the simple expedient of buying some potassium iodide and sprinkling a little of it in the water or feed which the pigs were getting and thereby supplying a mineral deficiency. Now, such a thing as that would never have been discovered by the farmer left to himself in 25 years. It is little things like that which put a fellow in a position where he can go ahead. In this particular case the farmer to-day has a very substantial income from pigs which he can produce with very little difficulty. I merely mention that as illustrating the point I am trying to get at. These are things in which I do believe that the application of some scientific knowledge of agriculture can be very very helpful; and in this scheme I would certainly—if I have anything to do with the administration of it; I probably won't have; but if I have that would be one of the things that I would try to impress upon those in charge of it. We know enough now to know that the application of scientific principles, for instance, to agriculture, is of the very greatest assistance. For instance, how do the Danes carry on, as I instanced a moment ago; because they have studied these things. They are miles in advance of us in the application of scientific knowledge in the practice of agriculture.

Mr. SENN: And through co-operation too.

Hon. Mr. CRERAR: And through co-operation; I am all for it. But I think it is in these fields that we need to do some searching and apply the good sound rule of common sense. I know in Manitoba there is no question that in the last fifteen years the practice of agriculture has improved enormously. I do not think there is any person who is familiar with it who is not conscious of that fact; because we have at least got away from the one crop idea in Manitoba; that the only way is to grow bushels of wheat or oats or barley and sell them. On my own operation I have very little grain sown at all; maybe a little wheat, or a little oats; and if I happen to have a good crop and there is a little left over in the form of a surplus for sale, why, it is sold. I can make far more money out of putting that into livestock. And the criticism

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has been made, and one hears it frequently now too—I know I have listened to it often—that we do not know how to farm in western Canada. Perhaps so, and maybe in some districts there is an element of justification for that criticism; but that is not going to apply, I do not think, in Manitoba in future; because I heard John Bracken say one time there was no reason why Manitoba should not be another Iowa, the Iowa of Canada. And I think it will be, because it has the qualities for success. Take for instance down in southern Manitoba, which you all know; back as far as 25 years ago when I was president and general manager of the United Grain Growers we laid down a rule that we would not build an elevator south of a certain line in Manitoba. Why? Because the soil was becoming exhausted of its fertility and the risk was too great. But Mr. Bracken was largely instrumental in introducing alfalfas and clover into that district, and a great deal of it is now being grown there; and ten years after we were building elevators down all through that district where ten years previously we had said that we would not build them.

Mr. ROSS: Some of that land is now producing from 40 to 50 bushels to the acre and has been during the last ten years.

Hon. Mr. CRERAR: We must not lose sight of these principles and these considerations in carrying out this scheme.

Now, of course I came here as an uninvited guest. I am not a member of your committee and I have done a lot of talking.

Mr. QUELCH: Mr. Chairman, while I agree that there is a lot of sound common sense in many of the opinions which the minister has expressed, I am sorry that he has not included what I consider to be one of the most important features of the whole thing; one which was referred to by Mr. Wright, and that is the question of the marketing policy that is to be maintained by the government. Now, it does not matter how efficient the farmer may be, unless he can recover in the price of the goods he sells his cost of producing them he is not going to get anywhere. Take the situation as we have it to-day under which the price of so many farm products are stabilized. A 200-pound hog, for instance, is fixed at the price of \$5. How long are you going to be able to produce grain and feed it to hogs if you are only going to be able to get \$5 for a 200-pound hog; and, similarly, turkeys dressed were fixed at 5 cents a pound at most western points. In the face of such low prices as those you cannot possibly raise grain and feed live stock. Therefore, I think one of the most important features of this whole scheme is the question of the price for the produce which you raise. Now, in the past about 90 per cent or more of our live stock, and all of our agricultural production besides has been consumed in Canada, with only a very small percentage exported; and yet we had the stand taken that the price received for that small percentage of our produce exported shall govern the price for the major portion that is consumed in Canada. That is not a sound policy and it would be wrong to continue such a policy in future. That is what the majority of these settlers will be facing. It does not matter how efficient the farmer is, he has got to recover his costs out of the prices he gets from the produce he sells.

Mr. MACDONALD: That is applicable to anybody who goes into any kind of business.

Mr. QUELCH: Yes, but this is the case of the primary producer who is unable to set his prices. You take with the manufacturer, or the man in business, he sets the price he is going to sell at and he does not even have to say, what will you give me for this. He fixes his own prices. That is the difference between the manufacturer and the primary producer. So far as efficiency is concerned, I know of a lot of men who are considered to be very efficient as farmers who carry on their operations in a strictly business way, and yet some

of these farmers were the first to go under in the depression. Now, look at what the mortgage companies have done. They put it this way, they have mortgages on several farms in a district and those farmers are unable to make their payments. The mortgage companies turn these farmers off their land and group a number of these farms into one large unit, thereby cutting down the expense of management. I do think that in the majority of the areas in western Canada it would be absolutely impossible for a farmer to make a living on a quarter section. In other parts it is impossible to make a living on a half section. In Alberta they have found that it takes 3,000 acres for a man to make a living and they are leasing as much as 3,000 acres to an individual farmer for which they are charging him $2\frac{1}{2}$ cents an acre. Well, in that area to-day we have still a good many soldier settlers on quarter and half sections, and they haven't a chance in the world of making it go. And then, while we are discussing settlement, we should discuss the case of the settlers who are already on the land. In my opinion we have an obligation to them. The Minister of Mines and Resources (Hon. Mr. Crerar) in the house stated that we had 5,800 settlers still on the land and that they had a good chance of making a living.

Mr. MACDONALD: They were sent there during the last war.

Hon. Mr. MACKENZIE: Settled there from the last war?

Hon. Mr. CRERAR: What I said was there were about 5,800, as I recall it, who had an equity from I think fair to good was the phrase I used.

Mr. QUELCH: What do you call fair? I have figures here showing that there are to-day 7,360 remaining on the land, 2,953 with an average equity of 67 per cent, 606 with an average equity of 32 per cent—they might possibly be able to make a success of it still.

Hon. Mr. CRERAR: They are border-line cases.

Mr. QUELCH: Then you drop down to 1,078 with an average equity of 16.8 per cent. Then there are 2,723 with no equity at all. So out of a total number of settlers that you still have on the land to-day you have 2,953 with a good equity, 606 with an equity of 32 per cent. At the most you could only say that 3,559 have any chance whatsoever of ever making a success of the scheme. In all probability you could rule out that 606, because with a 32 per cent equity at this stage of the game and still paying 5 per cent interest they have not got a ghost of a chance to succeed.

Mr. McLEAN: What proportion would that be of the total number settled?

Mr. QUELCH: The total number settled originally was 25,000. Only 3,000 paid off their debt.

Mr. McLEAN: I was going to ask this question of Mr. Woods. Is there in the present scheme anything that would indicate it was going to be more successful?

Hon. Mr. MACKENZIE: Mr. Murchison can answer that.

Mr. QUELCH: I hope that the settlers on the land will be given a reduction in the rate of interest down to $3\frac{1}{2}$ per cent. The settlers of the last war who are still on the land are labouring under very bad conditions. The majority of them are paying 6 per cent.

Hon. Mr. CRERAR: There is a good deal to be said for that, Mr. Quelch.

Mr. McLEAN: I do not think we should try to frame this act on the assumption we are going to place soldiers in those parts of Canada where for the last ten years farmers have not been able to get along without government help. There are vast tracts in Canada where for the last fifteen years the farmers did not have government assistance at all at any time.

Mr. QUELCH: That rules out the whole of western Canada.

[Mr. W. S. Woods.]

Mr. McLEAN: I do not care what it rules out. Why should it be necessary to place returned soldiers on farms in parts of Canada where the experience of farmers over the last twelve years is that they cannot get along there, a great many of them, without government assistance, when there are large tracts of Canada where they have got along without any municipal or government assistance of any sort during those years?

Mr. QUELCH: That is not correct.

Mr. McLEAN: What is not correct? I say there are large tracts in Canada where farmers have not obtained any government assistance at all.

Mr. QUELCH: Yes, you have, you have a protected market which we have not got in western Canada. You are protected by high tariff and we are discriminated against by that same tariff.

Mr. ROSS: Did I understand Mr. Woods to say it was the intention of the board to buy up considerable tracts of land now for the future settlement?

Mr. WOODS: If this measure passes, Mr. Chairman, it will enable the administration to purchase land now. Men are returning from overseas now.

Hon. Mr. MACKENZIE: Forty-five thousand are back into civil life.

Mr. WOODS: Most of our rehabilitation facilities are already functioning.

Mr. ROSS: The board will go out and buy land for the settlers who are to go on the land after the war?

Mr. WOODS: It may be possible they will hold it in reserve. Before Mr. Murchison speaks I should like to say one thing: our committee had no idea of developing a new agricultural economy for the 25,000 more or less soldier settlers. After all they are a comparatively small group in the 750,000 farmers in the dominion. We realize these problems to which Mr. Quelch and Mr. Wright have referred; we realize that they are problems and there is a committee at present that has been set up on post-war reconstruction that presumably will have a subcommittee to deal with the problem of the farmers or agricultural restrictions. Certainly my committee had no idea of developing a new form of economy for the soldier settlers. What we have endeavoured to do is to set up a price structure that will bring them into the field of farming as it has been practised in this country. It has been proven the farmer cannot carry a load of higher than 50 per cent debt, and we have endeavoured to devise a scheme whereby at least they will be on the same basis as other farmers to whom mortgage companies have loaned money for many years and the Canadian Farm Loan Board have loaned money. We have given them a better rate of interest than has obtained in previous years; but certainly we have not endeavoured to work out the economic problems of agriculture.

Mr. ROSS: Mr. Chairman, just in respect to that same question, I think there are certain areas in this country which the board should insist that settlers be not settled on. We have experience of that in the past. The Minister, Mr. Crerar, has said that that has been the experience in Manitoba. We have had some very sad experiences in settling large areas in the lake country where the settlers could not possibly succeed. I think the board should be responsible to see that that does not happen again. I do not agree with what Mr. McLean has said. Agriculture has been through some impossible conditions in the last ten or twelve years. I agree with Mr. Crerar's idea about the system of farming in Manitoba. You cannot sell grain and dairy products and pay your taxation and meet your municipal obligations with the prices that have obtained in the past. I agree with what Mr. Quelch has said about a divided economy. I believe we are going to add to the burden of agriculture if we do not face this situation. If we could work out some basis of going on parity prices it would solve many of our difficulties. I think we have to face that problem sooner or later.

The CHAIRMAN: When the committee discusses the bill clause by clause suggestions that have just been made by Mr. Wright and Mr. Quelch and yourself, Mr. Ross, will be considered with a view to a desirable adjustment. I think we had better leave that until we come to the bill and the clauses. If you will defer further questions of Mr. Woods and go on with Mr. Murchison I would appreciate it. Mr. Woods will be available again for questioning.

Mr. HATFIELD: I should like to know if this scheme is going to be incorporated into the first scheme or if there are going to be two separate boards.

The CHAIRMAN: Mr. Murchison will explain that when he makes his statement.

Hon. Mr. MACKENZIE: The two schemes are built on two entirely different principles.

Mr. WRIGHT: What is going to be the position of many young chaps who have left homesteads in the west, men who have land of their own but who have sold their equipment, are they going to be able to get that \$1,200 of equipment?

Mr. WOODS: Land of their own to use. The bill provides no assistance to them.

Mr. HATFIELD: The soldier settlers who are overseas now.

Mr. WOODS: No.

Mr. HATFIELD: You mean to tell me a soldier who left his farm and went overseas cannot come back and come under this scheme?

Mr. WOODS: Yes, he can.

Mr. HATFIELD: But he has his own farm now.

Mr. WOODS: Under the first soldier settlers' scheme?

Mr. WRIGHT: I know of many instances of a few men who were under the old soldier settlers' scheme who disposed of all their stock and equipment and went overseas. They are going to come back. They have the land; they own their own homestead under the soldier settlement scheme. What I want to know is can they acquire \$1,200 worth of stock and equipment under the act?

Mr. WOODS: I think you had better speak to that section when we come to it. The act provides anyone who is a settler under the Soldier Settlers' Act of 1919 is not eligible to be established again under this measure.

Mr. HATFIELD: If he has since enlisted in this war he is not eligible under this scheme. That is very unfair.

Mr. WOODS: Most of those who were settlers under the old Soldier Settlers' Act are now serving in the home guard in Canada.

Mr. WRIGHT: Will men who are serving in the home guard in Canada not come under this act at all?

Mr. WOODS: The act provides they must have twelve months' service.

Mr. WRIGHT: Of course, most of them will serve longer than that.

Mr. QUELCH: Has any consideration been given to payment on a bushel basis at all? That would appear to be of considerable help. If the debts were paid on a bushel basis it would have a direct interest in maintaining a fair price. The same thing would apply to all products.

Mr. WOODS: The director can make special arrangements with any settler in respect to his payments.

The CHAIRMAN: Gentlemen, Mr. Murchison will make a statement.

Mr. GORDON MURCHISON, called:

The WITNESS: Mr. Chairman, first of all may I apologize for being a little late for this meeting. I had understood that the meeting was to be convened at 11 o'clock and in the meantime I was rather busy with some other things.

[Mr. Gordon Murchison.]

Mr. QUELCH: It is a horrible hour for a committee to meet, anyway, 10 o'clock.

The WITNESS: After listening to the remarks of various members during this last twenty minutes in regard to the number who are still on the land or who have some prospect of success, I think it is desirable, Mr. Chairman, that the actual up to date figures, summaries and breakdowns, be placed on the record of this committee because they have a very decided bearing on the conclusions which were reached by the subcommittee which prepared this bill.

In the course of his remarks on the resolution introducing the Veterans' Land Act the Hon. the Minister of Pensions and National Health mentioned that the Veterans' Land Act differs in many vital respects from the Soldier Settlement Act adopted during the last war, and that these differences are based on a study of the history of the former settlement plan.

The minister quoted certain summarized figures relating to operations under the Soldier Settlement Act in support of the conclusions that a new or a different approach is necessary in connection with the new scheme. Obviously, the minister could not furnish the House of Commons with a breakdown of many of the important summaries, nor has it been feasible to furnish the minister with an up-to-the-minute series of summaries. The figures he used were based on March 31, 1941, and since there has been some change take place it is important for record, if for no other purpose, to bring these figures up to date as of March 31, 1942.

I need only tell you that during the past year there has been a substantial change. One item of which relates to cash recoveries during the past twelve months of close to \$3 million, which, of course, would have an effect on the standing of the business.

I may frankly confess to this committee that as the originator of the financial formula and certain other important provisions in the new bill—all of which were adopted by the subcommittee, the General Advisory Committee, and, in turn, the dominion government—I feel that I have a responsibility resting upon me as Director of Soldier Settlement to place before this committee a prepared statement which I trust will be of some help, or at least serve as a basis upon which to elaborate on important details, some of which have been already mentioned by members of the committee. With your permission, therefore, I respectfully submit the following:

The history of state-aided land settlement, in Canada, as in other countries, has been one of financial losses, and the only national offsets there can be are social and economic gains in other directions. In the development of the Veterans' Land Act much time and thought have been given to the determination of basic principles that, translated into legislation and carried into realistic administration, would accomplish two things: (1) increase the social stability of the country by providing veterans of this war with a reasonable opportunity to acquire home ownership within their working days; (2) keep the state costs at a level which bears a reasonable relationship to the opportunity provided.

In the development of the Veterans' Land Act particular study was given to the principles incorporated in, and to the history of operations carried out, under the Soldier Settlement Act of 1919. I therefore propose to submit to the committee certain statistical information which will probably contain the answers to many questions, and I also propose to submit some general observations.

I propose to file, as Exhibit "A", the balance sheet for the fiscal year 1941-1942, (see appendix A), with appendix containing a breakdown of the amounts written off soldier settlement accounts under legislative authority. The balance sheet submitted does not contain information as to the number of veterans who obtained loans or the number still on the land, as such details will be furnished in a separate exhibit. This balance sheet is filed for the purpose of focusing attention on what has happened to the state funds invested in the scheme. (See appendix A1.)

In an operation of this magnitude the committee will appreciate that many changes in ownership under purchase agreement have taken place during the past twenty-three years. Many of the farm properties have changed hands several times, and as a consequence the figures contained in the balance sheet, while relating to an original group of approximately 25,000 farm properties are also related to approximately 40,000 individual ledger accounts. I also file, as exhibit "B", a schedule which shows the distribution by provinces of the applications made for establishment under the Soldier Settlement Act; of the number of loans made; of the number who are still in the scheme; of the number who have repaid their loans; and of the number of adjustment cases. This exhibit discloses that sixty per cent of the applications and sixty-eight and one-half per cent of the establishments took place in the three prairie provinces. (See appendix B.)

Might I ask just now if these exhibits will be printed in the minutes.

Hon. Mr. MACKENZIE: Yes.

The CHAIRMAN: Yes, that is the intention.

Mr. MURCHISON: I rather expected they would be. I would very much prefer to see them printed there, because they form the basis of the whole thing.

Hon. Mr. MACKENZIE: Absolutely.

Mr. MURCHISON: In my opinion there were at least three principal reasons why the greater percentage of establishments took place in western Canada. First, because of the availability of free land—by March 31, 1921, there had been 3,735 loans granted to establish men on free land and all but 89 of these were in the prairie provinces. Second, land was cheaper in the prairie provinces, as the following figures taken from the 1924 annual report of the board will show:—

168,611 acres bought in British Columbia at an average price of \$54.67 per acre.
163,539 acres bought in Ontario at an average price of \$38.11 per acre.
51,594 acres bought in Quebec at an average price of \$30.02 per acre.
164,250 acres bought in the Maritimes at an average price of \$20.79 per acre.
859,870 acres bought in Alberta at an average price of \$18.53 per acre.
794,899 acres bought in Saskatchewan at an average price of \$17.89 per acre.
454,290 acres bought in Manitoba at an average price of \$20.30 per acre.

The third reason was, I believe, because there were better opportunities in other parts of Canada for returned men to find employment or rehabilitation in industry other than agriculture.

The Committee will no doubt be interested to know something about the condition of the accounts of those settlers still in the scheme. This information has been prepared as per exhibit "C" (see appendix C), in a manner which relates the present indebtedness of these settlers to the present day value of the farms they occupy. As of December 31, 1941, these 7,360 soldier settlers were indebted to the director of soldier settlement to a total of \$11,466,407, and on a conservative estimate the farms they occupy have a present day value of \$17,534,590. In other words, it could be said that these men now have an average land debt of \$1,558 and occupy farms having an average value of \$2,382, but that would not be a fair analysis because averages do not mean much if there are too many wide variations. Exhibit "C" contains a breakdown of these loans in four groups showing:—

	Average debt	Average farm value
2,953 accounts.....	\$ 909	\$2,790
606 ".....	1,648	2,430
1,078 ".....	1,844	2,218
2,732 ".....	2,128	1,987

Mr. SENN: Might I interject a question there; or would you prefer not to have questions now?

[Mr. Gordon Murchison.]

The CHAIRMAN: Go ahead, Mr. Senn.

Mr. SENN: When you speak about that as a mortgage debt; is that a mortgage debit, or the total debt?

Mr. MURCHISON: That is the total debt under the contract of the soldier settlers. This breakdown has not been prepared but for the sole purpose of presentation to this committee but is an operating record used for the analysis of loan accounts for the direction of administrative policy. Obviously, the loans in the lower categories require and receive the most attention because these constitute the core of our administrative problem and the core of the difficulty which still confronts soldier settlers. A similar analysis was made over a year ago which showed a total of 3,313 in the lowest group while the last statement shows a total of only 2,732. The difference is brought about by progress made by the settlers concerned thus raising them into a higher class of account, or because they have left the scheme.

There is a difference there of approximately six hundred accounts; and I may tell you that that change is accounted for largely because of repaid loans during the past twelve months. We have had a very heavy repayment record during the last twelve months from soldier settlers.

During the past three or four years the accounts of many soldier settlers have been adjusted under the Farmers' Creditors Arrangement Act, and the committee may be interested in the extent to which these adjustments have resulted in the settlers concerned making better progress. The following is the result of a recent survey:—

	Progress satisfactory	Progress unsatisfactory
British Columbia	537	51
Alberta	617	517
Saskatchewan	773	360
Manitoba	252	141
Ontario	237	23
Quebec	25	5
Maritimes	150	42
Total	2,591	1,139

The bulk of cases where unsatisfactory progress is noted originate in the three prairie provinces and there is no doubt that the underlying cause in at least 50 per cent of these cases is directly traceable to low crop yields. If the committee wish I shall be glad to submit samples of cases in each province where progress has been satisfactory or otherwise.

Adjustments of soldier settler agreements made under the Farmers' Creditors Arrangement Act throughout the dominion show an average reduction of \$1,957. In the three prairie provinces the average was rather higher, being \$2,150. These adjustments constituted a write-off of roughly 50 per cent of the then indebtedness of these settlers and represented amounts for which there was little real security, and until this situation was corrected there was the minimum incentive to pay. That situation now shows a substantial improvement.

In order to give the committee a more concrete picture of the progress being made by soldier settlers as a whole, I will file, as exhibit "D", a copy of the dominion collection summary as of March 31, 1942 (see Appendix D). This statement reflects progress and a sound position in all provinces with the exception of part of Alberta and Saskatchewan. The explanation lies in the unsatisfactory agricultural conditions in a very large part of Saskatchewan and to a lesser degree in Alberta for some time past.

I do not think I need to enlarge very much on that here, Mr. Chairman; I happened to sit as a member of the board of review which controls the operations of the Prairie Farm Assistance Act in Western Canada; and when I say that adverse crop conditions very seriously affected a very closely settled

area of approximately 90,000 square miles in Saskatchewan and Alberta last year, I do not think anything more need be said as to the difficulties of the soldier settlers in that particular area.

But after making the most generous allowances for the difficulties which have confronted soldier settlers as a whole, there is another side of the picture which should not be overlooked. Obviously, the financial structure in soldier settlement was shaky from the outset and action had to be taken to correct it but in the process adopted from time to time the strengthening of the financial structure was accompanied, in many cases, by a weakening in other directions. It is an unsound principle to tamper very much with the terms of a credit contract because alteration of the contract tends to weaken its force, and periodical alteration such as took place in soldier settlement leads to the belief in too many cases that the whole contract is meaningless and that step by step it will be altered out of existence.

Study of soldier settlement operations in Australia indicates that the experiences in Canada and Australia are generally parallel in this regard.

Soldier settlement in Australia was so closely interwoven with the general fabric of the whole land and agricultural set-up that it is difficult to extract a clear picture of soldier settlement. The Commonwealth government, however, made advances to the respective states at the rate of £1,000 per settler for stock and equipment and permanent improvement loans and for resumptions and works incidental to land settlement. As early as 1927 losses to be absorbed by the various governments were assessed by Mr. Justice Pike at £23,525,522.

Excluding New South Wales where some soldier settlement expenditures are grouped with closer land settlement, statements examined indicate that the five other Australian states made advances for soldier settlement purposes totalling £45,696,822. As of June 13, 1938, the advances outstanding in these states were approximately £16,348,306, the difference being accounted for by legislative write-offs and repayments by settlers. Exclusive of New South Wales and Queensland, the average advance to settlers amounted to £1,801, with the average indebtedness of 14,294 settlers still on the land in 1938 approximately £1,103.

It appears obvious that soldier settlement in Australia encountered even more expensive vicissitudes than soldier settlement in Canada and that in order to retain settlers on the land there was a series of legislative concessions of one kind and another. Commenting on these things in the *Economic Record*, Volume xii, June, 1936, an Australian critic had the following to say:—

It would have been well, it is clear now, to have had a stocktaking and considered what should be done with those soldier settlers who were not paying their way, or at all events making a reasonable effort to do so. But it was recognized that in the majority of cases it was not the fault of the settler that he was in arrears but the result of the system. Instead of grappling boldly with the problem, successive governments adopted a policy of making further concessions, of capitalizing the arrears and extending the period of payment of purchase money and repayment of advances, as in the case of the postponement of payments under the amending Act of 1925. This did not relieve the situation very materially and had a bad effect on the better class of settler who saw his less worthy neighbour receiving concessions which he knew to be undeserved. The policy had an unfortunate effect upon the development of the whole scheme since laziness and extravagance seemed to be better rewarded than hard and economical working of one's holdings.

With all the foregoing in mind it seemed clear that a future scheme of land settlement should be based on a different approach and controlling principles—something that will provide the veteran who recognizes the merit of work and thrift with a more reasonable opportunity to acquire land and home ownership

[Mr. Gordon Murchison.]

within the best working years of his lifetime, and on the basis of a contract which should be observed right from the outset.

Turning now to the Veterans' Land Act, I should like to assure the committee that all those identified with the development of this bill fully appreciated that in various ways and in many areas Canadian agriculture has been labouring under difficulties.

During the past twenty years a great deal of study has been given to land problems in Canada—studies which seek to find a solution of problems which arise from climatic and price factors, from the "pull" of industrialization resulting in depopulation in whole or in part of many Canadian farms, problems arising from the exhaustion of the supply of free land of good quality or accessibility, problems arising from the inefficiency of much farming as a result of a deficiency in working capital, problems arising from lack of social advantages and services in rural areas, farm debt problems, and the problems arising from mechanization of agriculture.

To this welter of problems may be added the uncertainties which arise from the stresses and strains of the world at war. There is no certainty that wartime price levels will continue into the days of peace. But it is certain that there are large numbers of men in the active forces who will look to the land for a means of rehabilitation.

In considering a land scheme which is intended to have general application throughout the dominion, it is necessary to keep in proper perspective the general make-up or classifications of Canadian farms. They divide generally into three groups. First, we have those (and they are in the majority) which have never made their owners very rich in terms of money but under average management and under average conditions they constitute the backbone of Canadian agriculture. Second, we have the highgrade commercial farming enterprise, well developed and operated on a business or factory scale. Third, we have thousands of farms which fluctuate back and forth between the marginal and submarginal. During cycles of prosperity they are marginal. During cycles of low prices or bad climatic conditions they become distinctly submarginal. Some people apply the term "rural slums" to this class of farm, but it is a term which I think is being rather too loosely applied so far as land itself is concerned, because the human factor determines in a great many cases whether marginal or submarginal operations are going on.

In the settlement of war veterans under a state-aided scheme it is obviously out of the question to consider the very best types of farming enterprises because they are rarely for sale, or if they are for sale they cost far too much money for a scheme of this kind. Obviously, great care must be taken to avoid as far as possible those lands which fluctuate between the marginal and the submarginal, but the information available to-day (which was seriously lacking twenty-five years ago) makes it a comparatively easy matter to identify the areas where such farms are most commonly found.

It follows logically, therefore, that so far as farms are concerned attention must be directed to the type which under average management and under average conditions provide a reasonable opportunity for ownership and security.

On the other hand, there is no sound reason why the rehabilitation of veterans of this war should be confined to a scheme of land use which contemplates full time farming only. There should be recognition of the fact that urbanization of a great deal of land is going on where land use takes on a variety of forms. It may be for home use only, coupled with full time employment nearby; or it may be home use and partial subsistence and seasonal employment; or it may be a highly specialized form of use which requires an immediate and constant market; but in all cases it meets an important need. The proximity of people of educational opportunities, or medical services, are all factors which popularize this kind of land use.

It is against this general background that the Veterans' Land Act has been developed so that the veteran who is logically best equipped to fit into a full time farming venture should do so, while the veteran who is not so equipped should be fitted into a home and a job which will support him. In both cases, however, it must be in a manner which will envisage ownership of his home within his working lifetime.

The question then arises as to whether the proposed Veterans' Land Act contains a formula which will make this possible. It is submitted that section 9 of the bill contains the necessary elements on which to base a contract between the veteran and the state that overcomes to a marked extent the weakness of the Soldier Settlement Act and provides the veteran with a much more reasonable opportunity to acquire home ownership, within his working days. The extent to which this is realized will be governed in a very large measure by the care and common sense that is exercised in the selection and types of establishments and the care that is taken in the selection of the veteran for the type of settlement to which he is best suited by experience and aptitude.

The financial limitations set up in the bill as to land have been set at a modest amount, the theory being that whatever limitation is set there would be constant pressure to reach it. Limitations as to live stock and farm equipment are also held at modest amounts for the same reason and also to avoid undue capital expenditures of public funds for which there would be shaky security, and to keep capital expenditures for all purposes in reasonable ratio to the amount that the veteran contracts to repay.

The preamble of the bill itself refers to the need of the veteran for assistance in becoming re-established. To meet this need it will be necessary in many cases to expend the maximum provided by the Act for land, buildings, live stock, and equipment. In many cases where establishment takes place on a small holding contiguous to employment, it will not be necessary to expend the maximum for either land or stock and equipment. Small holdings may vary in size from one acre to thirty acres, and consequently there is no need for stock and equipment disbursements to the same extent as is necessary on a full-time farming venture.

It may be argued of course that the veteran who takes up a full-time farming venture gets more assistance than does the veteran who takes up a home on a small acreage of land close to a job. My answer is that the full-time farmer requires the tools of his trade in the form of stock and equipment, that he takes the risk of making his living from the land, and that he must of necessity forego certain amenities of life which are not common in purely rural areas. In operations of this kind there must be certain rules and the veteran who wishes to avail himself of the provision of the bill should conform to the rules.

In conclusion, I refer again to the fact that there have been 13,550 withdrawals from the soldier settlement scheme, which constitute approximately 54 per cent of the number originally established. It would be very wide of the mark and very unfair to these men to refer to them all as failures. True, they failed for a variety of reasons to fulfil the terms of their settlement contracts but they are not all failures as citizens of this country. They have fitted themselves into some other occupation or calling and many of them in a prominent way. There is no doubt whatever that a number of them have again offered their services with the armed forces of Canada. Looking backward over the whole scheme and speaking from close personal knowledge, I am convinced that if the soldier settlers established at the close of the last war had started off under contracts such as those proposed under the Veterans' Land Act and with the same flexibility in the interpretation of land use that is contemplated in this new measure, there would have been far fewer at the end of a twenty-two year period who had failed to realize the objective of home ownership.

[Mr. Gordon Murchison.]

This new bill provides that a substantial percentage of the cost of establishment be absorbed by the state at the outset. It takes the form of a grant, realizable only upon specific performance, and is believed to be the soundest and most practical way to overcome the basic financial weaknesses of the former scheme and to accomplish the basic objectives of this act.

All the really worth-while things of this world are achieved by hard work and the success of a veteran under the proposed scheme will be no exception to that rule. All the scheme proposes to provide is a reasonable opportunity, and judging from all my dealings with war veterans that is all the great majority expect.

The CHAIRMAN: Thank you, Mr. Murchison. Questions will be dealt with at our next session. The committee is adjourned.

The committee adjourned at 11.40 a.m. sine die.

SOLDIER SETTLEMENT OF CANADA

Balance Sheet as at March 31, 1942

APPENDIX A

22

ASSETS—

LIABILITIES—

	\$	cts.	\$	cts.	\$	cts.
Current Loans—						
Soldier Settlement—						
Soldier Settlers.....	10,574,619	53				
Civilian Purchasers.....	7,426,718	10				
Indian Soldier Settlement.....	179,845	78				
			18,181,183	41		
Less Deferred Bonus.....			84,570	69		
					18,096,612	72
3,000 British Family Scheme—						
British Families.....	2,585,481	54				
Canadian Civilians.....	1,128,168	48				
			3,713,650	02		
Less Deferred Bonus.....			5,632	07		
					3,708,017	95
New Brunswick 500 British Family Scheme—						
British Families.....	182,048	19				
Canadian Civilians.....	70,139	44				
			252,187	63		
Less Deferred Bonus.....			1,240	78		
					250,946	85
					22,055,577	52
Security Held for Resale—at Book Debt						
Soldier Settlers.....	2,772,339	07				
Civilian Purchasers.....	815,877	77				
British Families—Canadian Land..	845,922	66				
			4,434,139	50		
United Kingdom Government Loans.....			214,490	53		
					4,648,630	03
TOTAL.....					\$26,704,207	55

	\$	cts.	\$	cts.	\$	cts.
Gross Advances for Loans—						
Soldier Land Settlement.....	109,085,320	50				
3,000 British Family Scheme.....	13,007,943	41				
New Brunswick 500 British Family Scheme.....	950,607	71				
			123,043,871	62		
Replacements.....			2,986,566	76		
Interest Charges.....			39,376,508	02		
					165,406,946	40
Deduct—						
Repayments—						
Soldier Land Settlement.....	61,910,182	64				
3,000 British Family Scheme.....	3,460,478	85				
New Brunswick 500 British Family Scheme.....	194,103	25				
Replacements.....	2,986,566	76				
					68,551,331	50
					96,855,614	90
Deduct—						
Legislative Reductions—						
Soldier Land Settlement.....	48,029,564	62				
3,000 British Family Scheme.....	7,774,925	53				
New Brunswick 500 British Family Scheme.....	658,717	07				
					56,463,207	22
					40,392,407	68
Deduct—						
Losses on Security already sold—						
Soldier Land Settlement.....	24,806,188	51				
3,000 British Family Scheme.....	2,084,180	81				
New Brunswick 500 British Family Scheme.....	186,044	58				
					27,076,413	90
Less F.C.A. Act—Amounts charged back to previous settlers and shown in legislative Reductions.....	3,119,104	90				
					23,957,309	00
					16,435,098	68
Add—						
Interest Exemption Act 1922—						
Not charged to settlers.....	10,269,108	87				
TOTAL.....					\$26,704,207	55

Certified Correct,
W. K. RATHWELL
Acting Chief Treasury Officer.

SPECIAL COMMITTEE

SOLDIER SETTLEMENT OF CANADA
LEGISLATIVE REDUCTIONS AS AT MARCH 31, 1942

	Soldier Land Settlement			3,000 British Family Scheme			N.B. 500 British Family scheme	Total all Schemes
	Soldier Settlers	Civilian Purchasers	Total	British Families	Civilian Purchasers	Total	British Families	
	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.
Live Stock Reduction, June 27/25—								
40 per cent.....	2,573,036 14		2,573,036 14					2,573,036 14
20 per cent.....	354,773 85		354,773 85					354,773 85
Total.....	2,927,809 99		2,927,809 99					2,927,809 99
Interest Exemption, June 28/22—Estimated..	10,269,108 87		10,269,108 87					10,269,108 87
Land Revaluation, April 14/27—Principal....	7,479,344 75		7,479,344 75					7,479,344 75
30 Per Cent Reduction—May 30/30—								
Principal.....	8,645,184 43		8,645,184 43	1,871,272 45		1,871,272 45	137,862 64	10,654,319 52
Interest.....	2,656,943 13		2,656,943 13	1,439,688 34		1,439,688 34	161,592 96	4,258,224 43
Total.....	11,302,127 56		11,302,127 56	3,310,960 79		3,310,960 79	299,455 60	14,912,543 95
Interest Remission, May 23/33.....	1,308,492 16	585,493 48	1,893,985 64	368,163 62	32,409 45	400,573 07	49,805 31	2,344,364 02
Dollar for Dollar Bonus prior to Mar. 31/38..	2,886,930 27	1,413,996 92	4,300,927 19	316,874 72	69,061 69	385,936 41	11,798 22	4,698,661 82
Dollar for Dollar Bonus since Mar. 31/38....	535,362 63	98,936 17	634,298 80	23,993 22	4,337 02	28,330 24	1,921 84	664,550 88
Total Dollar for Dollar Bonus—								
Principal.....	1,904,319 29	835,286 24	2,739,605 53	138,812 99	35,352 11	174,165 10	7,337 80	2,921,108 43
Interest.....	1,452,262 18	658,787 59	2,111,049 77	197,479 34	36,990 14	234,469 48	5,141 48	2,350,660 73
Deferred Bonus.....	65,711 43	18,859 26	84,570 69	4,575 61	1,056 46	5,632 07	1,240 78	91,443 54
Total.....	3,422,292 90	1,512,933 09	4,935,225 99	340,867 94	73,398 71	414,266 65	13,720 06	5,363,212 70
Farmers' Creditors Arrangement Act, July 3/34—								
Principal.....	3,459,340 16	1,402,330 57	4,861,670 73	2,266,077 07	102,771 49	2,368,848 56	222,682 12	7,453,201 41
Interest.....	3,258,294 77	1,101,996 32	4,360,291 09	1,195,583 94	84,692 52	1,280,276 46	73,053 98	5,713,621 53
Total.....	6,717,634 93	2,504,326 89	9,221,961 82	3,461,661 01	187,464 01	3,649,125 02	295,736 10	13,166,822 94
Total Legislative Reductions.....	43,426,811 16	4,602,753 46	48,029,564 62	7,481,653 36	293,272 17	7,774,925 53	658,717 07	56,463,207 22

APPENDIX B

DISTRIBUTION OF SOLDIER SETTLERS AS OF FEBRUARY 28, 1942

Province	Number Applications Made	Number Established	Number Still in the Scheme	Number Repaid Loans	Number Adjustment Cases
British Columbia.....	11,131	3,734	965	797	1,972
Alberta.....	15,285	7,158	2,410	1,032	3,716
Saskatchewan.....	15,165	6,164	2,268	785	3,111
Manitoba.....	10,123	3,680	649	269	2,762
Ontario.....	8,462	2,007	542	577	888
Maritime Provinces.....	4,553	1,556	454	342	760
Quebec.....	2,796	494	72	81	341
Totals.....	67,515	24,793	7,360	3,883	13,550
		100%	28.68%	14.12%	54.65%

APPENDIX C

SOLDIER SETTLEMENT OF CANADA
 FIELD SUPERVISORS ANNUAL REPORTS 1941-42
 BOOK DEBT AND VALUE OF FARMS BY GRADES
 SOLDIER SETTLERS

As at December 31st, 1941.

District	GRADE 1				GRADE 2				GRADE 3				GRADE 4				TOTALS ALL GRADES			
	Number	Debt	Value	Percentage equity	Number	Debt	Value	Percentage equity	Number	Debt	Value	Percentage equity	Number	Debt	Value	Percentage equity	Number	Debt	Value	Percentage equity
		\$	\$			\$	\$			\$	\$			\$	\$			\$	\$	
Vancouver.....	427	374,184	1,222,330	69.4	79	122,684	181,650	32.4	126	192,662	235,300	18.1	333	599,552	572,520	.....	965	1,289,082	2,211,800	41.7
Edmonton.....	650	576,033	1,886,264	69.4	108	182,376	271,824	33.0	189	370,843	445,393	16.7	409	894,062	861,069	.....	1,356	2,023,314	3,464,550	41.6
Calgary.....	355	400,908	1,157,847	65.3	107	191,789	283,696	32.4	193	380,423	454,697	16.3	399	948,540	909,067	.....	1,054	1,921,660	2,805,307	31.5
Saskatoon.....	717	669,638	2,021,925	66.8	151	274,376	401,670	31.7	343	671,236	811,095	17.2	1,057	2,377,184	2,117,750	.....	2,268	3,992,434	5,352,440	25.4
Winnipeg.....	182	176,083	451,396	61.0	73	111,689	161,611	30.9	104	175,966	206,518	14.8	290	577,307	571,687	.....	649	1,041,045	1,391,212	13.3
Toronto.....	327	305,523	942,306	67.5	35	52,101	77,405	32.7	61	114,877	139,059	17.3	119	236,585	231,711	.....	542	709,086	1,390,481	49.0
Sherbrooke.....	51	43,007	131,300	67.2	4	6,717	9,900	32.1	13	19,515	23,500	16.9	4	6,870	5,900	.....	72	76,109	170,600	55.3
Saint John.....	244	139,221	445,650	68.7	49	57,327	85,400	32.8	49	62,408	75,550	17.4	112	154,721	141,600	.....	454	413,677	748,200	44.7
Totals.....	2,953	2,684,597	8,259,018	67.5	606	999,059	1,473,156	32.2	1,078	1,987,930	2,391,112	16.8	2,723	5,794,821	5,411,304	.....	7,360	11,466,407	17,534,590	34.6

SOLDIER SETTLEMENT OF CANADA

APPENDIX D

DOMINION COLLECTION STATEMENT

Soldier Settlers

Period April 1st, 1941, to March 31, 1942

District	Due Payments—Number of Settlers					Due Payments—Amount				Percentages		
	With Payments Due	Paid in Full	Paid in Part	Total Paid	Percentage Paid	Current Instalment Due	Bonusable Arrears Due	Total due including all Arrears	Amount Paid	Current Instalment Paid	Total Due Paid	Total Credited including Bonus
						\$ cts.		\$ cts.	\$ cts.			
Vancouver.....	990	679	268	947	95.6	115,728 44	Not applicable	188,810 62	130,173 32	112.5	66.3	Not applicable
Edmonton.....	1,360	351	720	1,071	78.8	194,490 87		585,555 91	154,331 25	79.4	26.4	
Calgary.....	1,035	319	569	888	85.8	181,071 72		463,783 33	179,558 13	99.1	38.7	
Saskatoon.....	2,226	446	1,347	1,793	80.5	318,016 73		1,146,727 68	246,527 35	77.5	21.5	
Winnipeg.....	641	214	368	582	90.8	102,446 41		282,455 89	107,391 58	104.8	38.0	
Toronto.....	551	416	116	532	96.6	71,256 02		105,203 31	75,586 78	106.1	71.8	
Sherbrooke.....	74	45	29	74	100.0	8,843 56		16,844 66	11,065 29	125.1	65.7	
Saint John.....	437	198	219	417	95.4	47,197 00		113,065 12	52,593 89	111.4	46.5	
	7,314	2,668	3,636	6,304	86.2	1,039,050 75		2,902,446 52	957,227 59	92.1	33.0	

SPECIAL COMMITTEE

District	Prepayments		Leases—Reverted Farms			Total Cash Received due Payment Prepayments Leases	Bonus			Total Cash Received and Bonus Credited
	Number Settlers Paid	Amount Paid	Number Farms Leased	Number Tenants Paid	Amount Paid		Number Settlers with Bonusable Arrears	Number Settlers Credited	Amount Credited	
		\$ cts.				\$ cts.				
Vancouver.....	408	57,283 83				187,457 15	Not applicable	Not applicable	Not applicable	Not applicable
Edmonton.....	139	26,224 10				180,555 35				
Calgary.....	234	30,660 54				210,218 67				
Saskatoon.....	173	37,495 24				284,022 59				
Winnipeg.....	138	9,199 09				116,590 67				
Toronto.....	232	34,538 21				110,124 99				
Sherbrooke.....	21	6,271 91				17,337 20				
Saint John.....	159	11,847 58				64,441 47				
	1,504	213,520 50				1,170,748 09				

SESSION 1942
HOUSE OF COMMONS



SPECIAL COMMITTEE

ON

LAND SETTLEMENT OF VETERANS OF THE PRESENT WAR

MINUTES OF PROCEEDINGS AND EVIDENCE
No. 2

THURSDAY, MAY 14, 1942

Witnesses:

Mr. Gordon Murchison, Director of Soldier Settlement.

Mr. W. S. Woods, Associate Deputy Minister of Pensions and National Health.

OTTAWA
EDMOND CLOUTIER
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
1942

HOUSE OF COMMONS

SPECIAL COMMITTEE

ON

LAND SETTLEMENT OF VETERANS
OF THE PRESENT WAR

MINUTES OF PROCEEDINGS AND EVIDENCE

NO. 1

THURSDAY, MAY 11, 1917

Printed by

W. J. W. ...
...

...

MINUTES OF PROCEEDINGS

THURSDAY, May 14, 1942.

The Special Committee on Land Settlement of Veterans of the Present War met this day at 10.00 o'clock a.m. Hon. Cyrus Macmillan, the Chairman, presided.

The following members were present: Messrs. Blanchette, Hatfield, MacDonald (*Brantford City*), Macdonald (*Halifax*), MacKenzie (*Neepawa*), Mackenzie (*Vancouver Centre*), McLean (*Simcoe East*), Macmillan, Quelch, Ross (*Souris*), Senn, Sissons and Wright.—13.

In attendance were: Mr. B. W. Russell, K.C., Department of Pensions & National Health; Mr. A. J. Dixon, Chief Administrative Ass't, Department of Pensions & National Health; Mr. Robert England, Executive Secretary, Rehabilitation Committee.

The Chairman filed a letter from Mr. Charles Hope, Milner, B.C., addressed to Hon. Wells Gray, Minister of Lands, Victoria, B.C., and also one from the same writer addressed to Mr. Turgeon, M.P., offering suggestions respecting land settlement. These were ordered filed.

The Chairman submitted a letter from the Canadian Legion, B.E.S.L., asking that their representative be heard after their convention which will be held ten days hence. This letter was ordered printed in the evidence, and the Clerk was instructed to advise the Legion that the Committee would be pleased to hear their representative.

A Report of a subcommittee of the Provincial Committee set up by Premier Martin of Saskatchewan, signed by Brig. Alex Ross, was submitted by the Chairman and ordered printed in the evidence. This report deals with assistance to veterans to settle on the land.

Mr. GORDON MURCHISON, Director of Soldier Settlement of Canada, was recalled, further examined and retired.

Mr. W. S. WOODS, Associate Deputy Minister of Pensions and National Health, was recalled, further examined and retired.

The Committee adjourned at 11.00 o'clock a.m., to meet again on Tuesday, May 19, at 10.00 o'clock, a.m.

J. P. DOYLE,
Clerk of the Committee.

MINUTES OF EVIDENCE

HOUSE OF COMMONS,

ROOM 497, May 14, 1942.

The Select Special Committee on Land Settlement met at 10 o'clock a.m. The Chairman, Hon. Cyrus Macmillan, presided.

The CHAIRMAN: Gentlemen, before proceeding with Mr. Murchison's continued statement I will table letters from Mr. Charles Hope of Deep Creek, Fort Langley, British Columbia, with reference to problems of land settlement. These will be available for any member of the committee to read, and they contain some very valuable suggestions. I shall make a synopsis of them for the benefit of members of the committee.

Now, there is a letter from the Assistant General Secretary of the Canadian Legion which I think should go on the record. In brief, the request is that the Canadian Legion is holding a convention in Winnipeg on the 24th of May and they would like to send representatives here following that convention when a complete presentation can be made, and failing that, it would be the Legion's desire to present what would be a limited presentation. My own feeling is that we should hear the representatives of the Legion after their convention.

(Agreed.)

"Dear Dr. MacMillan:

The Dominion Convention of The Canadian Legion will be held in Winnipeg from the 24th to the 27th of May, when matters relating to rehabilitation and veteran welfare will be discussed. It is certain that the Veterans' Land Act will receive attention by the convention, following which the Legion will desire to make representations to your committee.

May we inquire whether the committee would be able to hear the Legion after its convention, when a complete presentation can be made. Failing this, it would be the Legion's desire to submit what would undoubtedly prove to be a limited presentation before the convention.

I think you will appreciate the position we are in and I would be glad if you would be kind enough to indicate how best we can suit the committee's convenience and yet make the fullest presentation possible.

J. C. G. Herwig,
Assistant General Secretary."

You are probably aware that the Premier of Saskatchewan has set up a committee to consider the problem of the re-establishment of veterans in that province. The Hon. W. M. Martin, Chief Justice of the province, and chairman of the committee, has set up a subcommittee under the chairmanship of Brigadier General Ross, and that subcommittee has under consideration bill No. 65, and they have made a very interesting report which I have here, and which, with the Minister's approval—it is sent to the Minister—I think should be put into our record. This committee makes some valuable suggestions and the report contains some good information. Is it the wish of the committee to have this report incorporated in our proceedings?

(Agreed.)

Dear Major Macmillan:

A committee has been set up by the Premier of Saskatchewan to consider the problems of the re-establishment of veterans in that province.

The chairman of this committee is the Hon. W. M. Martin, Chief Justice of the province, who has forwarded to me a report of a subcommittee under the chairmanship of Brig. General Ross which has had under consideration bill 65, the Veterans' Land Act.

Chief Justice Martin has forwarded to me the report of this subcommittee, and since the measure has now been referred for consideration by your committee, I am enclosing that report herewith.

IAN MACKENZIE

PROVINCIAL COMMITTEE FOR RE-ESTABLISHMENT OF VETERANS
IN SASKATCHEWAN

REGINA, SASKATCHEWAN,

1st May, 1942.

To The Honourable W. M. MARTIN,
Chairman of the Committee on
Re-establishment of Veterans in Saskatchewan,
Regina, Saskatchewan.

SIR:

The subcommittee appointed by the provincial committee to consider the provisions of bill No. 65 now before the parliament of Canada, and being an Act to assist veterans to settle upon the land, has met and carefully considered the provisions of this bill and begs to submit the following report based upon the discussion of this bill by the whole committee yesterday, and the recommendations made at that time.

I. *General Observations*

Your committee having in mind the many unfortunate experiences following the land settlement scheme introduced after the last war, the hardship and suffering endured by many of the settlers, and the consequent distress and dissatisfaction, approached the consideration of this bill with considerable doubts as to the possibility of evolving any satisfactory plan whereby a recurrence of the conditions referred to might be avoided. At the same time we were conscious of the fact that agriculture is a basic industry in Canada and that in Saskatchewan it is the main industry and the principal method by which we can ensure the employment of veterans from Saskatchewan after discharge from the armed forces. Therefore in any general scheme of re-establishment agriculture must play a part, and, notwithstanding the difficulties arising from the last scheme, and also the uncertain economic outlook for agriculture, we felt that a serious effort should be made to utilize this industry in the general scheme and appreciate the fact that the government of Canada in submitting this scheme, have sought, so far as is possible, to eliminate the difficulties which arose in connection with the administration of the former scheme. We feel that with the measure of assistance to be afforded and provided there is no further deterioration in the economic situation, a settler may have a reasonable chance of success under this plan provided proper care is taken in the selection of the settler and in determining his suitability for this work and in ensuring that the land made available is suitable for settlement.

We appreciate the difficulty of evolving a general scheme to be administered under statutory authority and which can be made applicable to the fruit farmers of British Columbia, the grain farmers of the prairies, and the potato growers

of the maritimes, and while our recommendations may at times seem to be tinged with local color and perhaps applicable only to our own situation, it is our hope that if our recommendations are approved in principle, it may be found possible to adapt them to general conditions.

We may add for the information of the parliamentary committee which may consider these recommendations, that your subcommittee consists of men who have practical knowledge of land settlement problems in this province, and of practical farmers and men who have an intimate knowledge of the specific problems of the soldier settlers of the last war. The recommendations to be submitted are therefore based upon the combined experience of these men.

II *Specific Recommendations as to Bill 65*

1. Section 2, subsection (d)—It is for consideration whether the definition of 'veteran' is broad enough to include the large number of men, domiciled in Canada, who went overseas before the declaration of war and enlisted in the British forces, particularly in the Royal Air Force. It is felt that these men are deserving of consideration.

2. Section 6—It is assumed that this section is intended to empower the Director to take such steps as are necessary to ensure that the men selected for this scheme have sufficient knowledge of agriculture to ensure a measure of success. Your committee feels that this is a very important matter and that everything possible should be done to ensure that these men have a knowledge not only of the principles of agriculture, but also of farm management. We feel that in the light of the experience of the last war it may not be possible to induce these men to undergo an extended period of training but we do feel that if this is not possible candidates should have some knowledge of the matters suggested and that in addition they should during the earlier stages have constant advice and assistance. Experience following the last war has proved that this cannot very well be accomplished when the person charged with the supervision is both the collection agent and the friendly adviser.

Recommendation No. 1.—We therefore recommend that in developing the staff for the administration of this scheme, the administrative staff and the instructional staff should be separated and that the instructional staff should consist of men qualified to advise and instruct on the principles of agriculture and of farm management.

It is realized of course that this is a matter of organization and administration and can be done under the powers given by this section, but we thought it advisable that our views on this matter should be recorded.

3. Section 7—We approve of the principle of proceeding quietly and in an orderly manner to acquire suitable lands in preparation for the general demand, and we also assume that in acquiring this land the director will probably be guided by the advice of advisory boards. Without in any way casting any reflection upon the director or his staff, we question whether the power to acquire lands should be given to any individual in a scheme of this kind, in terms so broad as those set out in the Act. We feel that, for the success of the scheme, it is vitally necessary that the land secured should be the best available and that settlers should be placed upon land where they will not have to struggle for an existence. We also feel that every effort should be made to eliminate any suggestion of political influence or favoritism in the acquisition of the lands and we fear that if the director, and that means the minister, is the sole arbitrator, that, no matter how well he does his work, nor how free the selection may be from the influences suggested, there will always be room for the suspicion that such influences were effective and such suspicion will give ground for agitation later on. We recognize that the government must assume the responsibility for determining the land which must be acquired, but we feel that it would be a safeguard if the lands to be acquired

were first approved by an independent board to be set up under statutory authority and not by departmental regulation.

Recommendation No. 2.—We therefore recommend that the director and his staff be empowered to select land deemed suitable for the purposes of the scheme, taking options thereon, but before these options are exercised the land should first be approved by a board consisting of persons recommended by independent agencies. In this province we suggest that such a board might be constituted from individuals suggested by the Director of Farm Management of the University, the Rural Municipalities' Association, and a recognized farmers' organization.

The method of selecting personnel suggested is of course only adapted to this province, but it is felt that probably all provinces have organizations of a similar kind which would make the scheme generally applicable. In this province we feel that more than one board would be required as the characteristics of different areas vary a great deal, and the board should be composed of men who are familiar with the characteristics of these several areas.

4. Section 9 (a) Subsection (b)—We approve of the principle that it is desirable that the man should have a personal stake in the property and that such a stake will tend very considerably to ensure ultimate success. At the same time we are very doubtful as to whether many of the men returning to this province will have at their command sufficient money to enable them to make this payment. The single men, of course, present no problem as their deferred pay will be sufficient in most cases, but the married men, and it is desirable that they should be settled, will generally speaking have exhausted their pay in maintaining their families. We feel, therefore, that it is desirable that the fact that this scheme will only be available to men who can raise a maximum of \$350.00 should be known and

Recommendation No. 3.—We therefore recommend that if the scheme is adopted steps be taken to make the men now serving fully aware of this condition, so that they may endeavour to organize their finances to meet the situation.

(b) Subsection (c)—Your committee are greatly impressed with the value of the principle embodied in this subsection, feeling that it goes a long way towards removing the fundamental defect of the Soldiers' Settlement scheme, but we are concerned about the limitation imposed. The grant for the provision of stock and equipment is based upon the value of the land and the value of the land cannot, we think, determine the amount of stock and equipment required. The prices of land vary according to the districts in which the lands are situated, but in the areas to be worked are the same and the same equipment, generally speaking, will be required. For instance if a man acquires a \$3,600 farm of say 320 acres, he will have available \$1,200 to stock and equip that farm, but if another man in another district acquires a farm of the same size for \$2,400 he will only get \$800, and yet he will require, generally speaking, exactly the same power and the same equipment to operate that farm as will the man on the more expensive farm. Those of our committee who have expert knowledge of this question advise us that \$1,200 is probably the minimum required to adequately stock and equip a farm in this province and therefore, if the formula suggested is adhered to, the man on the cheaper farm with the lesser debt burden and therefore the greater chance of success, will have his chance of success neutralized by reason of his lack of sufficient equipment. Those who have knowledge of farming conditions in this province are unanimous in saying that insufficient equipment is a very important contributing factor toward failure. We are not suggesting that in all cases the sum of \$1,200 would be required to equip every holding, but we do suggest that every man should have sufficient equipment within the limit imposed, to enable him to operate

successfully, and therefore that the amount of equipment should not necessarily have relation to the value of the land, but rather to the minimum requirements. The government contemplates making a maximum grant of \$1,200 to re-establish a man on a \$3,600 farm. We feel that there should be no discrimination as between the man on the \$3,600 farm and the man on the \$2,400 farm, and

Recommendation No. 4.—We therefore recommend that the director be empowered to provide stock and equipment necessary to the operation of each holding, up to the maximum of \$1,200, and regardless of the price of the land.

(c) Subsection (f)—We approve of the principle of amortization, but we would point out that one of the greatest difficulties experienced in operating the Soldiers' Settlement plan was the accumulation of interest arising from crop failure and depreciation of farm prices below an economic level. Interest remissions had to be made from time to time yet nevertheless the accumulation of interest by those who through no fault of their own were unable to meet their payments, was, in most cases the cause of the breakdown of morale and the consequent abandonment of the farm. We realize the difficulty of meeting the situation, but we do feel that having regard to past experience, some provision should be made whereby in the event of crop failure or of prices reaching uneconomic levels, the government would voluntarily assume a part of the loss and we feel that such a provision would go a long way towards ensuring the success of the scheme. Past experience has shown that under these circumstances the government is ultimately compelled to make concessions, but such concessions have only been made after a period of agitation with consequent unrest and dissatisfaction. It is our opinion that if provision is made for these concessions in advance, the actual financial loss will be less and that we will have a more favorable atmosphere in which to promote the success of the scheme.

Recommendation No. 5.—It is therefore recommended that some provision be made whereby in the event of total or partial crop failure, the director may be authorized for that year to give credit for such portion of the interest as would be normally payable as part of the amortized payment in that year, or alternatively, that in any event interest shall not be compounded.

(d) Subsection (g)—We feel that this is a very essential provision and we also feel that it might be well in certain cases if the director were empowered, to waive interest for the first five years. We know that there are in this province many potentially good farms which have been lost by foreclosure due to the fact that they have been permitted to become polluted by weeds. It would be highly desirable to reclaim these farms, but during the period of reclamation it would be difficult, if not impossible, for the settlers to meet interest payments. A provision of this nature might enable the director to acquire potentially good farms which are now not efficient producers but which with proper management would ultimately become much more valuable than poorer land which might have to be obtained to meet requirements within the price limit.

5. Section 10—We cannot agree that this section is essential or should be retained. We know that one of the great complaints of the soldier settlers was that they had, what they described as, "no security of tenure" due to the fact that the government had, under this section, power to dispossess them at any time. The actual fact was that the power was very sparingly used, but the fact that it was there was used by agitators and others to stir up dissatisfaction and cause unrest and uneasiness. Again, speaking of conditions in this province, it should be pointed out that during the difficult years through which we have been passing our provincial government has been required to make extraordinary provisions to give protection to our farmers. Foreclosure proceedings can only be instituted after the consent of a non judicial board has been obtained, and even after that power is obtained, our courts have wide powers to give protection to the farmer in possession. Also implement companies are not permitted to

repossess implements sold on credit without the consent of the court, where the assistance of the court is invoked by the debtor. With these safeguards imposed for the benefit of the farmers of the province, it is difficult to visualize the veteran being satisfied or contented under a contract which gives his creditor the arbitrary powers conveyed by this section. It must be remembered that the mental outlook of the settler is a very important factor in his ultimate success and everything possible should be done to ensure a feeling of security.

Recommendation No. 6.—It is therefore recommended that section 10 be deleted.

6. Section 13.—Your committee approve of this provision, but suggest that to avoid any difficulty of construction, provision be made to include paying the balance due on an agreement for sale.

Recommendation No. 7.—It is therefore recommended that this section be amended to make specific provision for paying off the balance due under an agreement for sale.

7. Section 16.—It is noted that the bill contemplates the elimination of the amendment to the Soldiers Settlement Act passed in 1930 giving the settler a right to apply for a judicial hearing when eviction proceedings are threatened. Your committee is strongly of the opinion that this is a retrograde step. Under section 10 we made some observations in regard to security of tenure and these observations are applicable here. As a matter of fact we are informed that the amendment of 1930 was introduced into the Soldiers Settlement Act for the specific purpose of meeting this situation. We do not consider that the withdrawal of this privilege is desirable, tending as it does to create that spirit of uneasiness which militates against success. We do not feel that any scheme can be a success where the debtor is conscious of the existence of an arbitrary power which can be used at the discretion of an individual and from which there is no appeal. All other creditors have to avail themselves of the processes of the court and we cannot feel that the government in a scheme of this kind should ask for any special consideration. It is noted that it is suggested that this power is necessary during which is called the "weeding out" process. It must be remembered that the weeding out process will cause alarm and unrest among those who are not weeded out and create, what we may call, the soldier settler psychology which contributed so largely to the failure of the previous scheme. We feel that this alarm and uneasiness might be allayed if it were known that the persons affected had a full right to state their case before an independent tribunal.

Recommendation No. 8.—We therefore recommend that the existing right of appeal to the courts as provided in the Soldiers Settlement Act be retained.

In this connection we feel that the weeding out process might be accomplished with the minimum of friction if the powers referred to in section 18, subsection (2) were freely and generously used in cases of obvious misfits.

III. Selection of Personnel

Under the general provisions of the bill the selection of the personnel of course rests with the director and suggestion has been made that in this work he may be assisted by selection committees. We entirely approve of this because we feel that the success or failure of the scheme depends entirely upon care exercised in the selection of the men who participate in it, and we may also add, in the case of a married man, of his wife. While economic conditions have doubtless contributed in a considerable degree to failures which have taken place in this province in recent years, yet we believe the record will also show that the personal factor is a very important contributing cause. We feel therefore that the director should have the assistance of the strongest possible board and

again, that any suggestion of political or personal influence should be definitely excluded and

Recommendation No. 9.—We therefore recommend that selection boards should be constituted on the same principles as suggested for the board for the selection of land.

IV. *Maximum Prices*

Your committee discussed the matter of a maximum price at very considerable length. We felt that it might be difficult in this province to secure desirable land within the limits imposed. However, we felt that, having regard to the uncertain economic outlook, it would be undesirable to ask a man to undertake a heavier financial obligation and therefore, at the risk of having to curtail the amount of land available, it would be desirable to preserve the price limit.

V. *Contribution by the Settler*

The committee discussed the question of the settler augmenting the amount made available by the director for the acquisition of farms in order to secure a larger or more expensive farm. We are not prepared to make any recommendation in connection with this at the moment but simply draw attention to the danger which may be contemplated, namely, that if the man does fail and loses his land, he feels that the government has taken something from him and this gives rise to agitation. Under the last scheme there were many cases in which the man owned say a quarter section which was clear, but to improve his position as he supposed, he acquired an adjoining quarter under the Soldiers Settlement scheme. Ultimately he failed and lost all and this was a matter which gave rise to much controversy.

The foregoing represents the conclusions of your committee upon the material at present available. We will be glad to reconvene at any time to give consideration to any problem which may be referred to us by the director.

All of which is respectfully submitted.

ALEX ROSS,
Chairman of Subcommittee.

The CHAIRMAN: This morning Mr. Murchison will continue with his evidence.

Mr. G. MURCHISON, Director of Soldier Settlement, recalled.

The WITNESS: Mr. Chairman, the statement I filed with the committee at the last meeting referred more particularly to the financial history of soldier settlement. The exhibit placed on record with that statement disclosed the history of the old scheme and it was stated that the principles written into this new bill are based to a very large extent on the financial and other results of the old scheme.

From time to time since this bill has been under consideration great stress has been laid on the necessity for greater care in the selection of veterans for settlement and greater care in the selection of lands on which they should be settled. It is on that point that I would like, Mr. Chairman, to place on the record a further statement that centres more squarely on matters of administration.

I think it will be agreed that the principles which are incorporated in this new bill are based on realism. But this realism will avail but little unless it is carried forward into administration.

I realize, perhaps as vividly as anyone, that Soldier Settlement administration has been periodically criticized over a period of years. The main criticisms have been: (a) that too many veterans were placed on the land who were unfitted for that form of establishment; (b) that the prices paid for land and stock and equipment were too high; (c) that too many poor or submarginal farms were bought.

I do not pretend to say that none of these criticisms were warranted. At the same time, public memory is short, and I should like to sketch as briefly as I can the background upon which settlement operations were conducted and the efforts which were made to do the job in a reasonably satisfactory manner, having regard to the fact that it had to be done, and was done, in a hurry. What I have to say on this point should be of some value in the administration of any future scheme.

The armistice was declared on November 11, 1918, and everyone will recall the insistent demands of troops overseas for early return to Canada culminating in the Rhyll riots and disturbances. Everyone will also recall the unrest and insistent demands for rehabilitation following demobilization in Canada, evidenced in part by the Winnipeg riots in June, 1919, when Canadian veterans were remobilized to restore and maintain order. The staff of Soldier Settlement will recall the queues of ex-service men who lined up at each centre where a settlement agency was opened, pressing for immediate attention to their particular needs. These things illustrate the pressure under which operations were conducted.

The original Soldier Settlement Act of 1917 was predicated on the conception of settlement in large numbers of ex-service men on suitable, available free dominion lands. It turned out to be an unsound premise as such lands within reasonable distance of transportation did not exist in sufficient quantity. Operations under the Soldier Settlement Act of 1919—with its wide provisions for the purchase of land—commenced about March 1st, 1919. The administrative set-up at that time was in skeleton form only as the total of head office, district office, and field staff throughout Canada was less than 200 persons. By June, 1920, that staff had increased to 1,594 and this organization expansion was made concurrently with settlement operations of a magnitude unprecedented in Canada, or, so far as I am aware, in any other country. During the two-year period March, 1919—March, 1921, 59,331 veterans applied for qualification certificates, and 43,063 were granted following examination by qualification committees; 180,000 individual inquiries were received and handled; 19,771 loans were made aggregating \$80,371,750, of which \$76,928,922 was actually disbursed; 14,069 of these loans were made on purchased lands, 1,967 on encumbered lands, and 3,735 on dominion lands, which involved 30,000 separate land inspections. 38,399 horses, 37,743 cows, 24,550 other cattle, and 9,637 swine and 8,718 sheep had to be located, inspected, and purchased, together with huge quantities of farm machinery. All this was done against a background of \$2 wheat and whole milk selling at \$2.50 per cwt.

While the factual picture I have sketched of 19,771 farm establishments carried out in a two-year period concurrently with large expansion of staff tells its own story of the possible scope for operational errors, it is well at this or any other stage to give credit to the administrative skill and sheer dogged effort that was brought to bear in that huge venture conducted in so short a space of time. There should be little wonder in the minds of practical men that operational errors were so few.

It is easy to be wise in retrospect. The facts are that the civilian committees operating under pressure and set up to supervise the issuance of qualification certificates and the granting of loans had to choose between establishments on the scale approved or declining such a large number that very limited settlement would have taken place. They declined approximately two for every one that was approved.

[Mr. Gordon Murchison.]

So far as qualification committees are concerned, it will be just as difficult to-day or tomorrow as it was twenty-three years ago to correctly prejudge such qualities as agricultural experience, the will to work, and sincerity of intention. Establishment on the basis of fitness to engage in agriculture is not supposed to be based on what the applicant did during the war but on what he did before or since the war. But I believe the proportion of misfits under the last scheme was too high, and this can, I believe, be attributed to the normal human tendencies of civilian qualification committees in those days to err on the side of reluctance to deny a veteran a chance to try his hand at farming. I have some knowledge of the conflicts that went on in the minds of committee members pitting their better judgment against their sympathetic inclinations, and if it is the truth we want, it is that these sympathetic tendencies won this mental conflict in too great a proportion of cases.

This new bill contemplates a great deal more flexibility than did the Soldier Settlement Act, which was operated on a basis of full time farming only. In a plan which contemplates a wide range of establishments there is an increased responsibility placed on those who determine eligibility to participate in the benefits of the scheme; but there should also be a decreased tendency to issue qualification certificates against their better judgment to men who are not suitable material for full time farming ventures. As I see it, qualification committees will be expected to serve as a screen or a series of screens which will determine:—

- (1) Those who are not eligible to participate;
- (2) Those who are suitable for full time farming, either at once or following a period of agricultural training and experience;
- (3) Those who are best adapted for establishment on a limited holding, coupled with other employment;
- (4) The very limited number qualified for specialized operations on a small holding.

All our experience in the past twenty-three years goes to show that it is only the exceptional individual who can succeed on what you might term a highly specialized small holding and which involves a great deal of technical training and a great deal of highly technical work.

It is not an easy matter to find men equipped by temperament and experience to successfully handle this all-important phase of settlement operations. The ideal official is one who has had successful experience in settlement operations and who also has a background of military service in order to be on familiar ground with the ex-service men.

The determination of qualifications for permanent establishment should not be a hurried process. Selection of veterans for participation in a settlement scheme is a grimly realistic business, because it involves the best working years of the veteran's remaining lifetime and the welfare and destiny of his family. The guiding principle must be long range welfare rather than expediency to meet an immediate need. So much for selection of veterans for participation.

With regard to land, it may just as well be realized (and I say this advisedly) that large quantities of it cannot be acquired on short notice in those areas where it should be acquired without some bad results, regardless of the efficiency of the staff concerned. It does not require much imagination to visualize what any administration would be up against if during a brief period it set out to acquire say 25,000 units of land, and, having regard to the provisions of the Veterans' Land Act, the demand may considerably exceed that number.

On the other hand, long experience in land administration convinces me that it would not be good business to embark on a broad program of land purchase well in advance of actual settlement operations, although it is quite

probable that land could be acquired to-day at advantageous prices. There may be some settlement carried out on virgin lands which are controlled at the present time by provincial authorities, and there will probably be considerable settlement involving the purchase of small blocks or plots of land close to employment opportunities. Operations under these headings do not involve any immediate problems or difficulties as it appears to be quite out of the question to consider the erection of buildings at a time when such operations would involve the use of materials and labour needed for the war effort (as a matter of fact the question of priorities arises). The erection of these improvements should be something in the form of a backlog for post-war employment. But there would be very serious difficulties and immediate problems if improved farms were purchased well in advance of actual settlement operations—such as the occupation and preservation of buildings and other improvements, the maintenance of cultivation and fertility, and the payment of annual taxes. Even under normal conditions these things present many difficulties, disappointments and losses in land administration, and the difficulties during war time are further aggravated by the available farm labour.

I am convinced, therefore, that the inevitable result in too many cases would be deterioration to a point which would justifiably result in public criticism. The alternative might be an army of paid officials to more or less mount guard over these properties, but the employment of such officials would be equally liable to criticism.

What then can be done to cushion the impact of a heavy demand for land settlement following demobilization? As I view the problem there are four main policies which might be adopted:—

1. The maintenance of a staff necessary to cope successfully with settlement operations. It does not seem reasonable to suppose that Soldier Settlement organization, which expanded to a peak of 1,594 in 1920 and has since shrunk to 267, should contain an undue percentage of inefficient personnel to-day. But Soldier Settlement male staff, being practically one hundred per cent veterans of the last war, cannot be expected to remain active indefinitely. There comes a time when these men can no longer stand up to the rigours of constant field activity, and if the state which has invested a lot of money in the training of this staff is to capitalize on it in connection with a future scheme it should be on a basis of these men starting in now to train new staff. Furthermore, the time has been reached when veterans of the last war cannot generally be regarded as suitable replacement material for the building up of an organization to administer a future scheme. Younger men will have to be found and trained.

2. Coupled with the maintenance of trained personnel, action should be taken without delay to map out a future settlement program as to districts, locations, and individual farms which are considered suitable and potentially available later on. In this regard the general situation as to land is different from the situation which existed twenty-three years ago. Prior to 1919 there had been no serious attempt made to carry out extensive soil classifications. There is still much to be done in this direction but the results of soil surveys already carried out by dominion and provincial departments of agriculture, in co-operation with Canadian universities, are available. There are also available the records of the P.F.R.A. and P.F.A.A. administrations, and reasonably accurate crop production maps and settlement history of practically every important part of agricultural Canada. All this information—coupled with land settlement experience for the past twenty-three years—forms a most useful base upon which to decide a definite settlement pattern.

3. That as from the coming into force of this Act, the administration be authorized to acquire property for future use under the scheme as and when advantageous opportunities occur which do not involve the deterioration of valuable improvements.

[Mr. Gordon Murchison.]

4. That the date of commencement of actual settlement operations be determined by proclamation and that these operations be confined to an orderly process which would not involve annual quotas in excess of numbers which can be dealt with on a sound basis. It is extremely difficult at the present time to fix such quotas because of the uncertainty as to the dimensions of the problem to be dealt with or the conditions under which operations may be carried out. I suggest, however, that these annual quotas should not exceed approximately 5,000, as this would tend to simplify and regulate selection of farmers and farms, and would help to create or maintain a "buyer's" rather than a "seller's" market so far as land is concerned.

The main problem which will confront the administration of this Act will be the veteran lacking a job or agricultural experience and whose pressing need is a home. The Act makes provision for homes on small holdings but it is obvious that the administration cannot proceed to build homes in large numbers without obtaining priorities for materials which are under close control for war purposes. What then is the alternative?

Much emphasis has been given by private citizens and public men to the necessity for great care in the selection of veterans for settlement under this new scheme. I heartily endorse such emphasis, but no one should forget or minimize the great difficulties which lie ahead in the selection of veterans. Hard decisions will have to be taken—decisions which may seem harsh to those who do not have to assume administrative responsibility. This new bill can be wrecked in a short time by giving way to things under pressure which are based on expediency rather than long range welfare. It can be wrecked in a short time if the administration lacks the vision and understanding as to how to fit its provisions to well considered human needs and capabilities in the right way, at the right time, and in the right place. These are heavy responsibilities.

It seems probable that Soldier Settlement staff will be drafted to administer this new scheme, and there are just one or two observations I should like to make in this connection. The opinion has been expressed here and there during fairly recent years that Soldier Settlement staff is a tough, hard-boiled, or cold-blooded organization. Nothing could be farther from the truth. It is merely an efficient organization carrying out a tough job with well defined statutory limitations. Certainly it does not lack what may be termed the veteran point of view. In addition to the fact that the organization is approximately 100 per cent veterans of the first great war, it is represented in this war by 20 enlistments plus not less than 70 fighting sons on active service—some of whom have already made the supreme sacrifice.

Speaking as one who has reason to know, I can say that the men who have been in the employ of Soldier Settlement for the past fifteen or twenty years have had no sinecure and I seriously doubt if more than a handful of them would care to start in on a new scheme unless it held greater promise of success than the preceding one. To make that success more possible of achievement I bespeak on their behalf the maximum public support, and if there must be criticism let it be constructive.

That is all I have to say at the moment.

The CHAIRMAN: Are there any questions?

Some Hon. MEMBERS: Yes.

The CHAIRMAN: I have a question for Mr. Woods: in your statement at our last meeting you say that "provision has been made under the post-discharge re-establishment order for the payment of maintenance grants to settlers while they are awaiting returns from their farms during the first season of settlement. Training facilities, with maintenance grants, also exist with respect to those who are required to take actual practical training before being established." What type of training would that be?

Mr. Woods: Under post-discharge re-establishment order, P.C. 7633, the Minister is empowered to give training to anyone who lacks a skill or anyone who needs improvement in his skill. After the Great War that training was confined to pensioners and minors; this time it is available to all men who serve. It is proposed that the Department of Labour will handle the actual training. They provide the facilities through the medium of the Vocational Training Act which is now receiving the consideration of a parliamentary committee. This Vocational Training Act is an enabling authority enabling the Department of Labour to make agreements with the provinces whereby the training facilities of this country—all the technical schools, etc.—are made available for the training, under an arrangement whereby the dominion government puts up half the cost of the facilities. The post-discharge re-establishment order enables us to pay maintenance allowances while these men are being trained. There is no limitation on what they can be trained in; the limitation will probably be the training facilities that exist. But as the end of the war approaches why other forms of training than those existing at present will have to be worked out.

So far as the training facilities apply to this Veterans' Land Act that we are concerned with it is contemplated that agricultural colleges may be made available. We will pay the training fees of the boys while they are taking the course.

The CHAIRMAN: Also, experimental farms?

Mr. Woods: To the extent they are available and suitable for the purpose, yes, sir. It is also anticipated many men will be required to take training, practical training, with the individual farmers, in which event our discharge re-establishment order will enable us to pay up to \$9 and \$13 a week for single and married men respectively while they are taking this training.

The CHAIRMAN: That sounds a very excellent idea.

Mr. MacDONALD (*Brantford*): Will most of the training be at the agricultural colleges or at the experimental farms?

Mr. Woods: That is a matter of administration. The committee that works on this bill is of the opinion that a combination of both would be the most desirable method.

Mr. MacDONALD (*Brantford*): What about a man going to work on a farm and learning the actual work with the farmer? Would you pay any portion of the wages during that period?

Mr. Woods: We can pay up to \$9 and \$13 a week for single and married men respectively while they are taking their farm training, whether practical or academic. The committee is of the opinion that many cases will require practical actual experience, rounded out with their academic courses.

Mr. Wright: That would indicate that it was intended to settle men on the land who were not on the land before, who did not have practical experience. I wonder what survey has been made in Canada to decide what should be the proper balance between agriculture and industry. It seems to me at the present time we are having quite a difficulty in getting markets for our agricultural products that are being produced now. If we intend to settle a number of men on the land who were not already engaged in agriculture it means we will produce more agricultural products. What survey has been made to see as to what should be a proper balance, how many people should be put into agriculture?

Mr. Woods: The Post-War Reconstruction Committee, which is a committee under Mr. Mackenzie's cabinet committee, the Reconstruction Committee has given consideration to that problem, the balance between agriculture and industry. It is true that it is contemplated that men who have not farmed

[Mr. W. S. Woods.]

before may be settled on the farm this time. That will be subject, however, to rigorous selection and to the hard practical test probably of working on a farm; so that the lack of experience is offset through the medium of that test. But I am personally of the opinion that the number who have not farmed before and who will be settled under this Act will be easily offset by the number of boys who come from the farm and who want to go into mechanical work or some other form of work.

Mr. MACDONALD (*Brantford*): I should like to say in regard to the question raised by Mr. Wright and referred to by Mr. Woods in regard to men going from city homes to farms, that that is offset to a very large extent by farmers' sons and daughters who come into the city. Not only do they go into mechanical work, but I think we all know of many many instances of men in all the professions, doctors, lawyers, and so forth, who were raised on the farm. I think also that a great many university professors were raised on the farm and made a place for themselves off the farm in the life of our communities. I do not think that the trek is all one way. There is more or less of a balance going on and taking place all the time.

The CHAIRMAN: Some of them have regretted it ever since.

Mr. HATFIELD: Will men who have been on the farm be required to take agricultural courses?

Mr. WOODS: It is an administrative matter and probably one that will come under our department too. Our committee is of the opinion they should be required to take actual practical training which is later rounded out by their course, perhaps in an agricultural college.

Mr. WRIGHT: We are producing on the farms that are already in operation in Canada all that is being consumed in Canada; we are exporting tremendous quantities to Great Britain, a market which we are not guaranteed after the war. It seems to me, if you are going to establish great numbers of men on new land and bring new land into cultivation in Canada you are going to have to establish markets for the products or your scheme is doomed to failure before it starts.

Mr. HATFIELD: That is because of a lack of leadership in agriculture.

Mr. WOODS: I am inclined to think that the numbers who will be settled on the land will stand up under the test of practical experience, completed by a short academic course. The numbers who will stand under that will not result in any tremendous settlement, and it is my opinion that the numbers who are settled on the land ultimately with state assistance under this Act will be comparatively insignificant compared with the enlistments as a whole.

Hon. Mr. MACDONALD: Of the 33,000 who indicated their desire to go back on the farm have we any information as to actually how many came from the farm before?

Mr. WOODS: The information is being quoted at present. The Minister of Labour is authorizing taking on twenty additional staff so that the information with regard to the history of all these men may be coded. We shall have that information and then we shall be in a better position to give an accurate concrete answer; that is to say, we will be able to say of those individuals in the service how many came from the farm as compared with those now in the service who wish to go on the farm when they come back. That information is being coded now.

The CHAIRMAN: In some places in some provinces the co-operation between schools and colleges on the one hand and the junior experimental farms on the other is now in operation.

Mr. WOODS: Yes, sir. I was not aware that the actual training had taken place at the Dominion Government Experimental Farm.

The CHAIRMAN: They are used for illustration purposes?

Mr. WOODS: Yes.

Mr. MACKENZIE (*Neepawa*): I do not think you need worry about anybody wanting to go on the farm who had never been there before. You cannot get young people to go on the farm even to work in the summer time. If you want them to go on the farm I do not think you should send them to an agricultural college, because people who go to an agricultural college never go back to the farm, or very seldom.

The CHAIRMAN: I know cases where they have gone back.

Mr. MACKENZIE (*Neepawa*): I know two cases from Manitoba.

The CHAIRMAN: Perhaps I come from the enlightened provinces.

Mr. MACDONALD (*Brantford*): I disagree with Mr. MacKenzie about city boys not going on the farm. I know of a number of instances from my own community where boys raised in the city are going to the farm. In fact, several of my own relatives, nephews, have not gone on the farm temporarily, but have taken up farming as a livelihood. There is a distinct trend at the present time by people living in the city to get back on the farm, not only amongst young men but also amongst older people. People in the city are beginning to realize the greater security there is with a home on the farm, and there is a distinct trend that way.

Mr. WOODS: I should also like to say with respect to the point raised by Mr. Wright that when it comes to increasing production in agriculture as a result of the operations of this bill, that the dominion census discovered at our request this year that there are over 70,000 farms in the dominion occupied by farmers of the age of sixty-five or more who have no sons to follow them; so that there are a certain number of farms coming on the market all the time where you are merely replacing a farmer who has finished with a new one who is going on. If there be a reservoir of that kind of 70,000 available it will absorb the settlement you will get out of this measure.

Mr. WRIGHT: I should like to see the scheme a success, but I want to point out some of the difficulties connected with it. I am not opposed to the scheme.

Hon. Mr. CRERAR: May I intervene in this discussion, Mr. Chairman? It has taken a very interesting and very useful turn. I should like to say this. I think that training in an agricultural college or an agricultural school is a good thing for prospective farmers, whether they be young men or returned men, if they are capable of taking advantage of it. I do not think there is any greater mistake that has been made than to ignore the personality of the individual with whom you are dealing.

I recall an instance in Manitoba and I am prone—perhaps too prone, Mr. Chairman—to illustrate by example, but after all I do think they have a value. I know a case very well of a young lad who was the only boy on a farm. His father was a poor farmer. He had a very good quarter-section of land but he did not have the capacity to make the best of it. The boy was sent to an agricultural school. He was given four terms, as a matter of fact, in the Manitoba Agricultural College and he came home to farm on this farm. He did not make a success of it. He failed, and he failed, I think, because his whole attitude of mind to the job was conditioned on the practical end he had seen or which had subconsciously or unconsciously got into his nature as to how the farm should be managed. The curious thing is that boy left the farm and went back again into the services of the agricultural department in one of the western provinces, and he is making rather an excellent success of teaching the theory of farming. Mr. Wright is laughing, but that is an actual fact.

Mr. MACKENZIE (*Neepawa*): That just proves my point.

[Mr. W. S. Woods.]

Hon. Mr. CRERAR: I do not think there is any school that is a better school to learn in than the school of practical experience, and if you look around you in the world you will see that there was a great deal of virtue, a very great deal of virtue, in the old apprenticeship method that came down from the years where the lad went into learning a trade of some kind or another. I do not think you can ignore that in a consideration of this type. If I were, with what knowledge I have accumulated through life, in the way of experience, a young fellow to-day coming back from the war and I had made up my mind that I was going to farm I would much rather go and work with a sound and practical farmer for two years to acquire knowledge on how best to manage and operate a farm than I would go to an agricultural school and learn a good deal about theory.

The difficulty about agricultural schools—I make this criticism of it and I think it applies everywhere—is that they have never yet, in my judgment, reached the point where a lad can apply practically the knowledge he gained in the schools. In the agricultural school you have excellent buildings, electric lights, cement floors in barns. You have an ideal layout for instruction. A boy goes to the agricultural school and he learns through books; he turns on a switch and gets electric light, and everything is managed. None of them ever pay, as a matter of fact; that, after all, is the practical test. He learns in that environment. Then you get him out of that with a splendid knowledge of the theory, perhaps, and he goes out on a half section or quarter section of land to apply the knowledge that he obtained in school. He has not electric lights; he has not cement floors in his barns. He must learn to improvise. He must learn to, as we would say in the west, do makeshifts, to get around corners. That is the sort of experience that he cannot learn in agricultural school, but he can learn in a practical job with a practical farmer. It seems to me we must keep these things clearly in mind. I do not decry agricultural schools. I think they are places which can be of benefit. But, gentlemen, do not overlook the practical aspect, because farming is a very practical operation.

There is one other point I might mention, and I was glad to see Mr. Wright bring it up. That is the problem of markets. I do not agree with the theory that it is a mistake to increase our agricultural production in Canada because of inability to find markets. If we look back for the reasons of the state of agriculture to-day, we have to take note of all other conditions that have existed in the world. Take Europe in normal times, for instance. In normal times, under normal conditions, where there was a sense of security, where the fear of war had disappeared or was absent, Europe required to import from 700 to 750 million bushels of wheat a year.

Mr. QUELCH: How far back are you going?

Hon. Mr. CRERAR: I am going back to the period immediately before the Great War, and for a time to a period following the Great War, and the statistics will bear that out. I travelled through most European countries when I was in the grain business, and I have seen the conditions there. Under normal conditions of security it does not pay a European farmer to grow wheat on his land, because he has to use fertilizer and because he can utilize his land for a more intensive type of farming that will give him better results. Consequently, they imported their wheat. But the conditions for twelve—yes, for fifteen years prior to the outbreak of the present war, changed all that. There was that fear in people's minds, that fear in the minds of governments, that expressed itself not only in policies of political nationalism but in policies of economic nationalism; and the whole purpose of it was to prepare against another war, so that they would be able, as far as possible, to feed their own populations. That led to all these prohibitions on the importing of foodstuffs from abroad, the bonusing of production

at home on high standards. There was a time, for instance, when Germany had a tariff—I have forgotten exactly what it was but I think it was way over a dollar on a bushel of wheat. Why? Because they were determined to change the whole trend of things and try to produce this stuff at home, and at the same time, they lowered the standard of living of their own people, all in preparation for war.

Of course, if those conditions are going to continue after the present war is over, then I agree with Mr. Wright that our outlook is pretty hopeless. But when I look over the world and look over Europe and other countries, I think if we can get, after this war is over, the sort of economy internationally that is possible, then I do not have much fear as to our ability to find markets. We may have a period after the war is over of a few years—maybe five or ten years—when there will be a good deal of upset. But you cannot settle this problem by just looking a few years ahead. I think in the main we have to take the long-range view. Take the United States, for instance. The United States, I think, is moving away—I hope they are, at any rate—from their policy of economic nationalism. I think that the relationships between Canada and the United States are going to be much freer in the way of trade in the future than they have been in the last fifty, sixty or perhaps eighty years. So I would not be deterred in trying to find an avocation for these men who come back by the fear that we might not be able to market the produce from their farms. What is the alternative? We cannot crowd people into our cities. We are out of balance now in our population. It is an interesting thing, Mr. Chairman, that of all the relief given in Manitoba in 1930 and 1940, well over 80 per cent of it was distributed in Winnipeg and its suburbs. If we are going to build huge cities, that simply means that there is going to be a tremendous burden of relief costs. We are out of balance in our population now, on that basis, and we cannot go on forever doing it. We have a certain amount of wealth in Canada. We can drain every source of that wealth. We can destroy all our millionaires. We can take all the accumulated wealth and divert it to this purpose; but in the end that will not solve the problem. That does not mean to say that there should not be a better distribution of wealth. I am firmly convinced that there should be, but I do not think we will solve the problem in that way. I agree with what some one said—I think it was Mr. Macdonald—that the best chance today is on the farm. I think the most fortunate man for the next ten or fifteen years is the man who is on a farm.

Mr. Ross (*Souris*): I believe we have to be careful about the type of men we put on the land. I do not agree with what Mr. MacKenzie said about the products of the agricultural college. I know there are men in my province who are successful, in fact, the chairman of the agricultural and colonization committee of this house is a shining example. He is a very fine product of the agricultural college and a practical farmer to-day. We have quite a number of them.

Mr. MacKENZIE (*Neepawa*): I quite agree with that. I have nothing against that. I did not say that applied to everybody.

Mr. Ross (*Souris*): I know. You said the tendency is away from the farm.

Mr. MacKENZIE: The tendency is to educate away from the farm, the same as our schools.

Mr. Ross (*Souris*): We have a very fine set-up out in Manitoba known as the agricultural representatives, of young men who come from the farm and attended agricultural college. They render a great service to the farmers of the province now, trying to assist in keeping these people on the farm.

Mr. MacDONALD: The practical farmer with a knowledge of the practice of agriculture will make a success.

[Mr. W. S. Woods.]

Mr. Ross (*Souris*): Absolutely. It depends on the individual. I would not like to see this board put a number of applicants on these farms on the theory basis, or from your college, who have not had practical experience, because I am satisfied that a great percentage of those chaps will be failures, absolutely.

Mr. Woods: That is so.

Mr. Ross (*Souris*): I think we should be very careful with any one of these fellows who has not good practical experience. Most men, along with college, need practical experience before they can farm successfully. But it will be found that many of those, with all their practical experience, if they are not made of the right stuff, will not succeed. The odds are against them in that way.

Mr. QUELCH: With all due respect to the minister, I cannot agree with his attitude. The evidence submitted before the Bracken Conference proves conclusively that to pin our hopes on so-called normal markets ever coming back would be to pin our hopes on a false situation. That developed during the year 1920 onwards, exports of wheat continually increased while import requirements of importing nations steadily decreased. If, in order to get your so-called normal markets, you are going to go back before the last war, then you are not taking into consideration the tremendous increase in acreage that has been put into operation since that time. Personally I am of the opinion that, to solve this problem, we have got to have an international conference between the major exporting nations, Australia, Argentina, United States and Canada in order to decide upon a quota system for the various nations concerned; then have the quota system, which has been decided for each exporting nation, referred back to the individual farmer, giving to each individual farmer, as we are today, a definite quota, and then pay that farmer a price for his share or quota that will make it possible for him to produce it.

Hon. Mr. CRERAR: May I just ask a question? Assuming that your theory is correct, that would mean, would it not, bonusing wheat production?

Mr. QUELCH: To no greater extent than we are subsidizing manufacturing today by the tariffs—to no greater extent than that, and I think we are entitled to exactly the same preference as the manufacturers are getting. More than that, apart from wheat, we have allowed the export of about 5 or 6 per cent of our products to determine the price of the other 94 per cent that is sold internally. There is no justification for that. I am quite satisfied that what we have got to take into consideration, is the whole trend of western agriculture today, towards larger farms and fewer farmers. Statistics will show that, and that is due to two reasons. First of all, the mortgage companies have taken over large numbers of farms, and, mind you, the only reason that they are not doing it to a greater extent than they are is because of provincial legislation that makes it impossible for them to do so. If the provincial debt legislation were removed, I would hate to think what might happen to the farmers whose farms are mortgaged. Mortgage companies take over a number of farms. They leave one man there to run the holdings. The other method is that a fairly well-to-do farmer will buy up the farm of an adjoining neighbour who may be say in a state of bankruptcy. So when you start to put in soldiers' settlement, we will say on a quarter section basis, the settler is going to be under a great handicap if he has to compete with a neighbour who has got two sections, because as the evidence given by Professor Hope shows, a man with a two-section farm can produce considerably cheaper than a man with a half-section farm. It is on the basis of 30 to 40 cents for a two-section farm and 70 cents for a man operating a quarter or half-section farm. Therefore, the whole success of this scheme, in my opinion, will depend upon the type of agricultural policy that is maintained by the government.

Mr. MACDONALD (*Brantford*): May I ask a question there? Do you say that the large farmer can produce cheaper whether he is growing wheat or doing mixed farming?

Mr. QUELCH: Well, if he is raising wheat, then he has got cheaper wheat to feed his stock, so that it would help him to raise cheaper stock. Some people merely use stock as a channel through which to market their grain. The cheaper you can produce grain, the cheaper you can produce stock.

Mr. MACDONALD: Do you not think it applies to wheat?

Mr. QUELCH: In western Canada it applies to a stock man every bit as much as to a grain man.

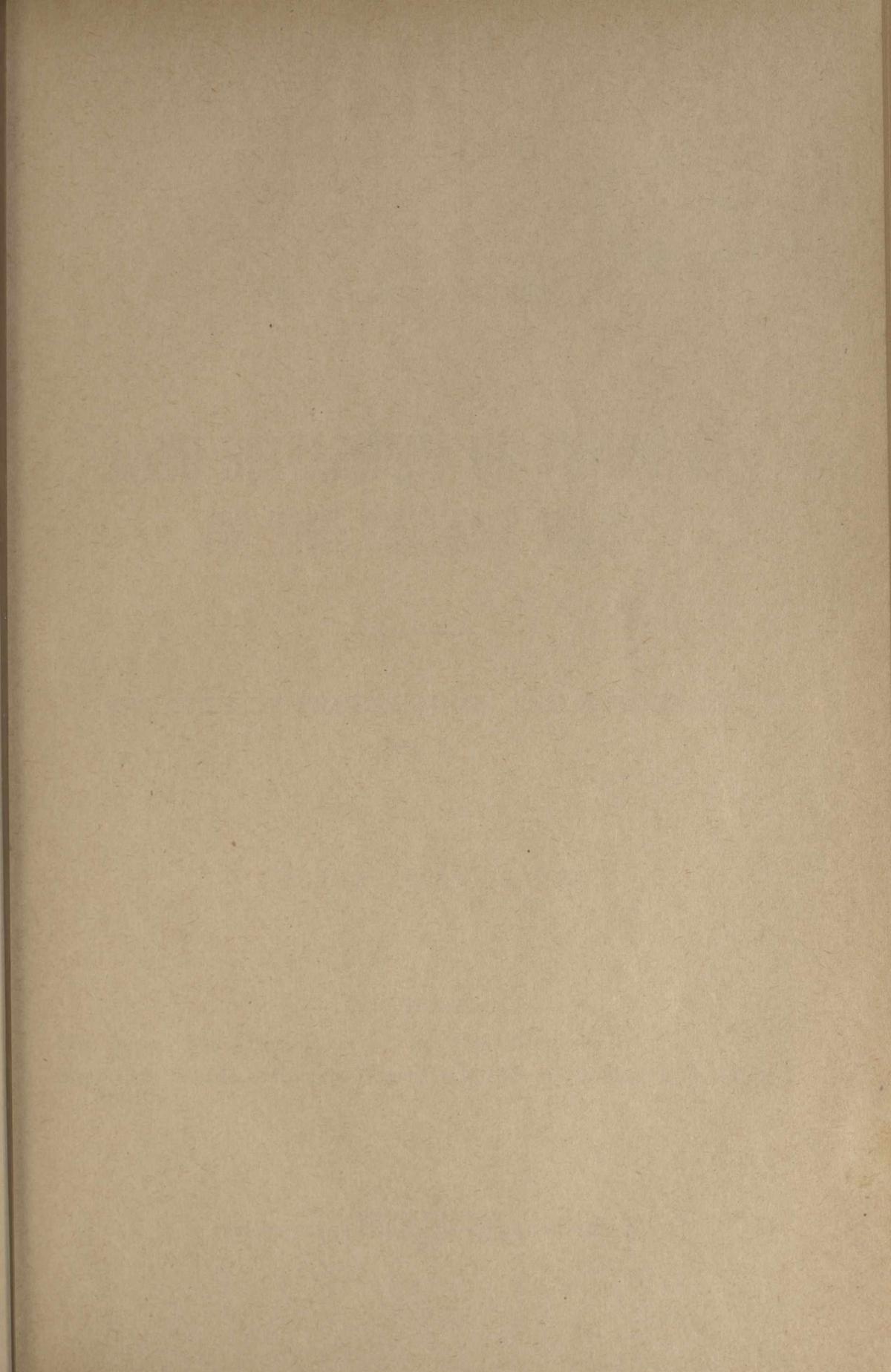
The CHAIRMAN: I am sorry, gentlemen, but we have to adjourn at eleven o'clock because there is another committee meeting here. Next time Mr. Murchison will conclude his statement and we shall then proceed with the bill clause by clause.

Mr. ROSS (*Souris*): May I make a correction, Mr. Chairman. At the last meeting I said something about southern Manitoba having produced 40 or 50 bushels to the acre. What I said was during the last two years, I notice I am reported as having said in ten years. We had some entire failures in that period so that it does not sound very sensible.

Mr. QUELCH: I should like to make a correction. I was reported as saying that the price of hogs to-day was \$5. I was, at the time, referring to the depression years. Anybody reading that in the future will wonder how the price of hogs fell to \$5.

Hon. Mr. CRERAR: While you are at that, Mr. Chairman, might I make a correction: on the top of page 9 in the report of the proceedings of our last meeting in this committee I was speaking of the growing of corn, and it is referred to as grain. You will see it there at the top of page 9: "In Morden I think last year there was something like 250,000 bushels of grain marketed down in that area"—that should have been "corn". Then, further down, I said, "they will be growing corn quite freely"; that is reported as grain. And then right on down through that paragraph where the word "grain" appears it should be "corn".

The committee adjourned at 11.05 o'clock a.m.



SESSION 1942
HOUSE OF COMMONS



SPECIAL COMMITTEE

ON

LAND SETTLEMENT OF VETERANS OF THE PRESENT WAR

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 3

TUESDAY, MAY 19, 1942

WITNESSES:

Mr. Gordon Murchison, Director of Soldier Settlement.

Mr. W. S. Woods, Associate Deputy Minister of Pensions and National Health.

MINUTES OF PROCEEDINGS

TUESDAY, May 19, 1942.

The Special Committee on Land Settlement met this day at 10.00 o'clock a.m. Hon. Cyrus Macmillan, the Chairman, presided.

The following members were present:—Messrs. Blanchette, Hatfield, Macdonald (*Halifax*), McLean (*Simcoe East*), Macmillan, Quelch, Ross (*Souris*), Senn, Sissons and Wright.—10.

In attendance were:—

Mr. Robert England, Executive Secretary, Rehabilitation Committee;
Mr. B. W. Russell, K.C., Department of Pensions and National Health.

The Chairman read a letter from the Minister of Pensions and National Health expressing his regret at his inability to be present owing to the Air Conference.

The Chairman filed a letter from J. A. Paton, of Victoria, B.C., addressed to the Minister of Pensions and National Health, offering suggestions respecting land settlement.

Mr. W. S. Woods, Associate Deputy Minister of Pensions and National Health, and

Mr. Gordon Murchison, Director of Soldier Settlement, were recalled and further examined.

Mr. Murchison filed a map showing sub-marginal lands in southern Saskatchewan.

The witnesses retired.

The Committee adjourned at 11.00 o'clock a.m. to meet again at the call of the Chair.

J. P. DOYLE,
Clerk of the Committee.

MINUTES OF EVIDENCE

HOUSE OF COMMONS, ROOM 497,

May 19, 1942.

The Select Special Committee on Land Settlement met at 10.10 a.m. o'clock. The chairman, Hon. Cyrus Macmillan presided.

The CHAIRMAN: Gentlemen, I have received a message from the minister, the Hon. Ian Mackenzie, expressing regret that because of the Air Conference opening this morning he will not be able to attend this meeting of the committee.

Then I file for the purposes of the record a personal letter dated May 7, 1942, addressed to the Hon. Ian Mackenzie from Mr. J. A. Paton, M.L.A., Victoria, B.C., who is a member of the B.C. government's Post-war Rehabilitation Council. This letter contains some valuable suggestions to the members of the committee and the members will have it in mind when the bill is under discussion.

Mr. Walter Woods and Mr. Gordon Murchison are available this morning.

Mr. SENN: Would it not be helpful to the committee if Mr. Murchison and Mr. Woods were to give us a brief comparison of the terms offered under the present bill and the terms of the old bill?

Mr. MURCHISON: The original terms of the old bill were modified so frequently that it is pretty hard to compare the two bills to-day. Originally the Soldiers' Settlement Act made provision for a down payment of 10 per cent of the purchase price of the land and the balance of the cost of the land plus the whole of the stock and equipment cost was repayable at 5 per cent over a period of 25 years. Now, as I pointed out in my first statement, those original terms were modified a great many times by parliament, commencing in 1921. For instance, at the outset the contracts provided for the repayment of stock and equipment advances over a period of five years. That was found to be impossible, so in 1922 all debts were consolidated and made repayable over a 25-year period, and those loans granted prior to that time were made interest-free for a period of two to four years depending on the date the loan was made. That was followed later on by a revaluation of the live stock and equipment purchased for the settlement on the basis that serious depreciation had taken place. That in turn was followed by a revaluation of the land.

By Mr. Senn:

Q. I would like to know how much of a write-down that constituted?—A. All the particulars were placed on the record.

Q. What percentage of the original value of the land, stock and implements, would you say?

By Mr. Quelch:

Q. Could you differentiate between the write-off of capital and the write-off of interest?—A. I do not think a breakdown there is readily available on the figures I submitted to the committee in my first statement. The amount written off on live stock reduction in 1925 was \$2,927,000. The interest exemption in 1922 was equivalent to \$10,269,108. The land revaluation in 1927 was a further write-off of \$7,479,344. Then in 1930 when the horizontal debt reduction took place the write-off totalled \$14,912,543.95, of which \$4,258,224 was interest.

By Mr. Senn:

Q. Did all those who entered in the scheme enjoy those benefits, those who were successful as well as those who were behind?—A. Quite. All those whose contracts were in good standing and had not been discontinued as of March 31, 1930, were granted that horizontal reduction whether it was an economic necessity or not.

Q. They were all treated the same?—A. Yes.

By Mr. Sissons:

Q. It was not made retroactive?—A. No. It was a matter of consolidating the total indebtedness as of a certain date and writing off 30 per cent.. That was followed by a further interest remission on May 23, 1933, at which time conditions were very difficult, particularly in eastern Canada. That interest remission in 1933 amounted to \$2,344,364. That was followed by the introduction of a dollar for dollar bonus system in 1934 which expired on March 31, 1941. The total amount written off or credited under that bonus plan was \$5,363,212. Finally the latest arrangement, commencing about 1936 or 1937 under the provision of the Farmers' Creditors Arrangement Act resulted in probably the greatest single write-off under any heading. The total reductions under that measure applied to all those interested in soldier settlement. By that I mean civilian purchases and British families and others who were established under the scheme. The total write-off under that measure was \$13,166,000 of which \$9,221,961 related to soldier settlers. That brings us up to date generally on the point of revision of contracts that took place under the old scheme. The total adjustments on soldier settler accounts alone, as distinct from any other class of accounts as set out in Exhibit No. 5, was \$48,029,564.62.

By Mr. Senn:

Q. Out of an original investment of how much?—A. \$109,000,000. The gross advances are set out in the balance sheet I filed for loans under the Soldier Land Settlement: \$109,085,320.50. That appears on page 22 of minutes of proceedings and evidence No. 1.

By Mr. Wright:

Q. Have you given any serious consideration to the idea of setting up this scheme under a co-operative basis rather than in these small single units? It seems to me that four or five men pooling the \$1,200 apiece that they are going to get for stock and equipment and investing \$4,800 or \$5,000 or \$6,000 in a modern fully equipped settlement which could work effectively 640 or 800 acres of land would have a much better chance of success than five individual farms equipped with second-hand machinery such as they would have to buy under this scheme? I think they would have a much better chance of success if they worked together with modern equipment capable of effectively farming the land they would occupy than they would by farming small individual units. Most people in western Canada have failed in farming because their overhead has been too great for the amount of land they had?—A. Doubtless there is a great deal of merit in what you say, and I believe that the provisions of this Act are sufficiently wide. I think there is room for sufficient flexibility in the operation of this Act to make provision for exactly the sort of thing you have mentioned, sir. Our experience under the old bill was, as possibly you have heard, none too happy from the standpoint of what you might term group or community settlements. That may have been for the reason that the group settlements were too large. For instance, I can call to mind one particular area where originally we established approximately 250 soldier settlers in a compact group, and quite a number of others varying from 40 to 80; and generally

[Mr. Gordon Murchison.]

speaking our experience administratively has been very difficult all down through the years in connection with those group settlements. We had the idea of co-operative use of farm machinery and methods of that sort right from the outset in connection with these settlements, but it turned out all too frequently that if the settlers were not quarrelling it often happened that their wives started a quarrel!

By Mr. Wright:

Q. But you have made no attempt to improve their original purchase? In any co-operative scheme they have to get together in the beginning and work together. They have to hold all implements co-operatively and not each one holding a piece of equipment individually. Your scheme was not established on a co-operative basis. I know some of the settlements you have reference to and I call to mind the Carragana settlement into which over 1,000 settlers went in the first place, and which practically disappeared?—A. There is a good deal of difficulty arises in connection with such establishments as you suggest, particularly in the event of death of one of the partners.

Q. I think that could be easily overcome where they held a certain interest in the joint account. I know several people who operate their farms under just such a scheme and it worked out very successfully.

I think there is another danger in connection with that kind of an establishment that should not be overlooked, and that is the danger of some abuse. Let us say, for instance, that a quartet of very sincere-minded veterans organize a small co-operative and develop their program along the lines you suggest, and the land is bought on the basis of pooling the total advances that otherwise would be made to four of them, on the understanding, of course, that all four members are going to take an active part in the operation of their enterprise. That could easily lead you into a situation where you would have one man operating a 800 acres setup while the other three men live in Vancouver, Winnipeg, or Toronto and engage in some other business. What you may establish there is one man with a first class going concern for which he is mainly responsible, and the other men for a variety of reasons decide to make their homes elsewhere. If you admitted that, it would lead to a great deal of abuse, not to say difficulty.

Q. That depends on the type of agreement you require them to operate under. You can easily avoid that by the type of agreement adopted for the purchase or distribution of the proceeds of the operation?—A. The difficulty would be that if you had a contract that provided for the extension of the interest of one member for non-performance of the contract as to residence and actual operation and you eliminate that member of the partnership, the question of the introduction of another to take his place would arise; either that or the division of the remainder among those who were left.

Q. I do not think you would have very much difficulty in getting somebody else to take over his interest in a going concern that was operating reasonably successfully, and I feel a unit setup on that basis where you have some chance of success would be much better than a setup under the small individual units. I am sure the small individual units cannot operate in competition with the larger units?—A. I can say that in all my experience over the last 23 years I do not recall one case where just an ordinary partnership of two veterans worked out satisfactorily.

By Mr. Quelch:

Q. In Alberta there was a scheme established north of Edmonton, about 40 acres per farmer, and the machinery was bought in the name of them all. That machinery was used by all, and I understand it is operating very successfully. I think there is a lot of merit in what Mr. Wright says. I cannot visualize any scheme where you put men on small holdings and indulge in subsistence farm-

ing being successful, because after a while those men will be discontented by their meagre returns. On the other hand, I think every man in a co-operative scheme should have his own private house and his own small garden, and the larger unit and machinery and stock would be in the name of all who went into the scheme. As a matter of fact, I understood that a brief program of that kind is recommended by one of the sub-committees on post-war reconstruction, but I thought it rather strange that in that recommendation it is stated that while the men who participate in such a scheme are allowed to organize amongst themselves they must not become members of another organization. Surely they should be able to become members of the United Farmers of Alberta, or an organization of that kind?—A. It was a recommendation submitted to the sub-committee in charge of developing this bill.

By Mr. Senn:

Q. By whom?—A. I think we had several, Mr. Chairman. Colonel Duguid developed a very elaborate plan along purely communal lines calling for the setting up of 1,000 to 10,000 acre establishments with small industries such as canneries and things of that sort for winter occupation in the community centre, with the farming operations radiating out therefrom. Not a single one of those recommendations embodied the elements of communal farming, and I think I can speak for the sub-committee when I say that we did not feel at the present time at least that Canadian settlers are of the type or possess the outlook to enable them to embrace that type of farming venture.

By Mr. Hatfield:

Q. Do not you think that would work out better where they are allowed to select their own supervisor and have their own community hall rather than to have a man come in and tell them what to do after they have tried to co-operate among themselves? (No response.)

Mr. SENN: I am inclined to agree with Mr. Murchison that veterans are not the type of people to embrace that type of farming venture.

Mr. SISSONS: Canadians are too individualistic in such schemes. Contrast the colony at Tupper Creek with the colony at Warberd; one was a community on a co-operative basis at first, but there was no satisfaction until each individual got his own land and began to work for himself. He could not see any advantage in working for the community at Tupper Creek.

The WITNESS: I think the best test of this point is to turn the argument towards ourselves. Would any of the gentlemen present in this room as practical men or farmers be content to enter into a co-operative arrangement of that kind? I think not.

By Mr. Quelch:

Q. It would depend on the basis. If the alternative was that you owned only a small amount of land that could not return to you a decent salary, having in mind the larger overhead you have to incur I would choose the co-operative farm, especially with industries established for employment in the winter time.—A. I know of co-operatives organized by groups, credit unions, and organizations of that sort for the purpose of buying supplies or for selling, organized to cover not only the veterans in the district but everyone in the district, and they perform a very useful function in an agricultural community. I think the development of those societies should be encouraged.

By Mr. Hatfield:

Q. But under that scheme a man did not have a chance. He has no reasonable loan, and his credit is important. He could not go to the bank and

[Mr. Gordon Murchison.]

be carried through the summer period and had to depend on someone to carry him along, and give that person two-thirds of his crops for financing him during the summer. The government owned his property and therefore he could not get a loan on it. Unless you are going to have a seasonable loan in connection with this new scheme it will not work out, because without some money to carry him through the summer, which he can pay back after he has sold his crop in the fall or from winter work, the farmer has not a chance at all.

By Mr. Wright:

Q. I am not suggesting that men should be forced into co-operative farming, but I think if there is a group of men who wish to get together and work a place co-operatively there should be some opportunity given to them under the scheme to do so. Personally I entered under the old scheme, and with the experience I have gained in the past 25 years, if I had the option of entering into this scheme on the basis of the agreement drawn up for an individual on a quarter section of land or joining four or five individuals grouped together to work a co-operative farm, I would choose the co-operative farm. (No response.)

Mr. WOOD: I submit that the bill is sufficiently flexible to permit of some experimentation along that line.

By Mr. Wright:

Q. I hope that point is made clear to the settler, because the bill as now framed does not appear to be flexible enough?—A. If they were all as efficient operators as you, Mr. Wright, there would be no difficulty.

Q. But from past experience I feel I would have had a very much better chance by working in a group. In a group you will find one or more industries, and a man has a better chance of planning and being able to help the others in that respect and making a success of the scheme; whereas under the other scheme two or three men will go out altogether, and eventually the other man will get the whole thing. That is what has taken place under the old scheme?—A. There are very definite disabilities in establishments of that kind, but as Mr. Woods remarked, the bill is sufficiently wide and flexible to take care of a special group of men possessed of outstanding ability as and when they develop some workable enterprise along those lines.

Mr. WOODS: If two settlers are close together and they have each only 90 acres under cultivation, there is nothing in the bill as I read it to prevent the director from purchasing a binder and charging half of it to each one.

Mr. WRIGHT: That is not enough. If five men came to you and said: "We want to enter into this scheme on a co-operative basis. We have five or six quarter sections of land and we want to pool our \$1,200 for stock and equipment, making \$6,000, and we want to buy our stock and equipment on that basis as a group rather than as individuals, could they do that under the present scheme?"

Mr. SENN: Would you suggest that they pool their incomes as well?

Mr. WRIGHT: Yes, they would have to pool their incomes as well, or they could adopt any scheme they liked that would be fair to the group working together.

Q. Is your bill flexible enough that that could be done under it?—A. I think it is flexible enough but I would be very reluctant, if I were responsible, to encourage the pooling of the incomes from the farm. If they had some arrangement whereby the main grain crop is jointly shared, all right; but I still cling to the old-fashioned idea that each individual should have some part of the enterprise that is his and his alone.

Q. Under the scheme I envisage the man would own his own land but the proceeds therefrom would be pooled?—A. Take a practical illustration of two

settlers going into a program of that kind: the wife of one man is more or less an outdoor woman who likes to raise poultry and develops a first-class flock by her own hard work and care, while the other woman does not like work of that kind. Where do you divide the proceeds? I think that could be easily worked out if they had their own individual homes and side lines?—A. From experience I would prefer not to be drawn into the disentangling of individual differences.

Mr. SENN: You do not want to get into the middle.

Mr. Ross (*Souris*): I see all the pitfalls that Mr. Murchison has pointed out, and I appreciate them as the result of practical experience in my own community. I know a young man from the last war who started on a half-section and was a complete failure under the Soldier Settlement Plan, and I guess most of his neighbours thought he was no good. Latterly, with financial backing from another fellow he is operating about three sections and making quite a success of farming. I do not think we should lose sight of Professor Hope's finding in Saskatchewan. They have pointed out that the economic setup for farmers is in sections. I know four brothers who get along splendidly together, one of whom has the quality of leadership. If those boys wanted to farm together they could set up their own homes and retain their own poultry, but surely they could have some co-operative setup to purchase their machinery, etc. That is a very embarrassing situation for the small farmer to-day. The chap I mentioned who failed under the Soldier Settlement Plan has succeeded because he was able to secure up-to-date powered-equipment, and he has cut his production costs in two by the use of large acreage. I think there should be some co-operative basis worked out whereby four or five or half a dozen fellows can enter into an agreement like that and still retain their own living quarters, etc., because under our present economic system I do not think a man with a quarter or half section can compete with a co-operative scheme under a good manager.

The CHAIRMAN: Mr. Ross, don't you think we have to avoid the danger of confusing co-operation as such which now exists for the marketing of farm products with communal enterprise? I think we are confusing the two terms; the one deals with merchandising and the other with community interest in property.

The WITNESS: We seem to be tending that way.

Mr. HATFIELD: I do not think you can pool production. I think you could have their co-operatives, and they should have their buying organizations and their selling organizations.

The CHAIRMAN: That is what I mean.

Mr. Ross: I agree with you, Mr. Chairman; but I think what we have in mind particularly here with respect to the provisions of this Act is as to whether or not it provides an opportunity for the co-operative purchase of farm equipment so as to enable a group of men to work a large unit, and in that way to cut their overhead. I should think it should be possible for them to do that and still retain their family situation for local production or something of that kind.

Mr. Ross: That is exactly what I would suggest.

The WITNESS: But there you are referring to a wheat farm.

Mr. Ross: No, I am not. This man whom I mentioned as an example as to what can be done in that way has a set-up of breeding cattle. At one time he carried as high as 175 head; from 170 to 175 head of cattle, and along with that a lot of horses. His overhead in maintaining that live stock was greatly reduced by the cost at which he could grow his feed in co-operation with those for whom he was working. He cut his overhead immensely in every feature of farm operation.

[Mr. Gordon Murchison.]

The WITNESS: I can see your point on a large mixed farm, sir.

Mr. ROSS: I thought you would.

The WITNESS: I do not know that I can see it on a straight section or a section and a half wheat farm, because that requires to operate a section, as someone has said, one man plus a hired man for three months in the year.

Mr. ROSS: I think we should try to get these settlers where they are going to get that type of farming. If we are going to get settlers on the land I think the first thing we should bear in mind is that they are going to develop a home; they are going to maintain a wife and live before they develop a business. In this case you were mentioning you have put some on a straight grain farm where they are going to farm under all the vicissitudes of life.

Mr. WRIGHT: I have reference to one district, a mixed farming district, where I am sure some set-up like that would have a much better chance of success than these individual farms where you are going to pile up overhead that a man can't possibly pay.

The WITNESS: As I said before, in carrying out a scheme of that kind you naturally run into administrative difficulties.

Mr. WRIGHT: I realize there are difficulties. At the same time I think we should consider this idea too. I do not say it should be gone into on a large scale. I do not think it should. I think we should at least give that idea a fair trial and see whether it won't work; because I am perfectly sure these small individual holdings are going to fail in at least 50 per cent of the cases, unless you are a very, very good judge of human character and a better judge of character than the average in the selecting of settlers following the last war.

Mr. SENN: Don't you think, Mr. Wright, that that might better be carried out by some scheme of mutual agreement than under an involved administrative set-up?

Mr. WRIGHT: As long as the Act is flexible enough that it could be done; I do say this that it should be encouraged and that it should be given a trial.

The WITNESS: It is worth a trial.

Mr. ROSS: Mr. Woods has already stated to the committee that the Act is sufficiently flexible in its present form to take care of that; that it could quite easily be arranged for four or five or a half dozen people to purchase their equipment together, and still be responsible for everything else they did individually.

Mr. QUELCH: I would point out that you cannot pool resources in the purchase of material by mutual agreement without also tying yourself down to an equitable distribution of responsibility in respect to payments when they come due in the fall.

The CHAIRMAN: Mr. Senn's suggestion is that it would need special supervision.

Mr. SENN: It would need good supervision, but I can quite see the point Mr. Quelch makes.

Mr. QUELCH: It is a matter of supervision.

Mr. SENN: If in the fall a payment for that binder comes due and I am not in a position to make my share of the payment, it would be only natural to expect that the other parties to the agreement would be bound to take up my share along with their payments.

Mr. QUELCH: Any scheme of that kind must make provision which will insure a proper division of income at the end of the year.

Mr. HATFIELD: I do not think from the standpoint of production that it will work out at all; it probably would work with respect to the purchase

of equipment such as binders and large machines, and I think there should be co-operative organization with respect to selling of production and the buying of goods. I think the failure of the old scheme was due to too much outside supervision. I think if you could get them into groups where they would have their own supervision and sound leadership they would do better. They should have something to say about it. Under the old scheme they had nothing to say. And, even in eastern Canada a 100-acre farm is no good for a farmer to-day, he cannot live on it. He can't live on it and he cannot compete, he has got to have at least 200 acres.

Mr. QUELCH: One of the main drawbacks in the old Act, and I think it is in the new Act as well, and one which has been referred to time and time again, is this very important question of crop failure. These organizations have been asking that in a year when there is a crop failure interest charges for that year be cancelled. If you run into two or three bad years the interest piles up, with the result that we had these recurring write-offs of accumulated charges which the settlers could not hope to pay. Would it not be better if the cancellations of interest payments in a bad year were made right then instead of being allowed to accumulate?

Mr. WRIGHT: I have two amendments to the Act which I propose to make when we come to the clauses to which they relate. I do not propose to bring them up just now.

The WITNESS: That opens up a very wide field and a very important one. I may say that I was for some little time closely identified with the activities of the federal government in the drought areas of Western Canada. Now, the federal policy in that field at the present time is not directed towards increasing the farm population at all. It is directed towards decreasing it. They recognize that the economic operation of millions of acres of that land depends on its organization into larger units. It means the taking out of cultivation of millions of acres of sub-marginal land and putting it back on grass; and the consideration in the meantime of other measures designed to make sure that those who are still there could find some better place to go, and that until some other arrangement can be made for them to see that they are supplied with at least the bare necessities of life through a system of bonuses or something of that sort. Now, last year alone in the Province of Saskatchewan under the Prairie Farm Assistance Act the awards were, will be, approximately \$13,000,000 in addition to the other millions that were paid out under the Prairie Farm Income order in council. That was supplemented further under the wheat acreage reduction scheme which was in effect last year. But they have an organization in Saskatchewan—I just forget the title of it for the moment—which is along the lines of a land utilization board whose duty is supposed to be declaring certain lands sub-marginal with the object of securing co-operation with the federal authority in taking these lands out of production and putting them back to grass. Now, it is in these areas where these great units exist where crop failures occur maybe two or three years out of five; and I have never understood; from the time this bill was first considered by the subcommittee, and on the basis of all my experience of over thirty years in Western Canada, I can tell you frankly I would be the last man to encourage any soldier to take up a farm in this dried-out area. However, there are certain men now serving with the forces who come from that particular district and who know what conditions are and who will want to go back there and live with their families. With the exception of men of that type I think settlement in that area should be discouraged. With respect to those who are now there, any assistance afforded in the form of alleviation of interest payment is not for the purpose of relieving the man of a load of debt but merely to enable him to carry on.

[Mr. Gordon Murchison.]

Mr. SENN: You would find it difficult to put a veteran on land like that. He would not want to go there.

The WITNESS: There will be some individuals who enlisted from those areas and who would have a substantial interest in the country; but the bulk of the land probably will not be kept open for re-settlement. There are also other large sections of land throughout that western country which would not be interesting from the standpoint of a settlement scheme. However, we should not lose sight of the fact that there are hazards in other parts of Canada as well, sections in which you run into all kinds of difficulty.

Mr. QUELCH: That practically applies to the whole of the Palliser triangle.

The WITNESS: Quite.

Mr. QUELCH: Practically all of that area is subject to crop failure; you have two or three years of good crops and then you have an extended period of drought.

The WITNESS: I have a map here in my hand which has just been issued on the authority of the Minister of Agriculture, Mr. Gardiner, which covers approximately 11,000,000 acres in south-central Saskatchewan. Anyone who wants to examine that map can see at a glance what a small percentage of marginal land there is in all this area of 150 municipalities.

The CHAIRMAN: Will you file that with the committee, Mr. Murchison, please?

The WITNESS: Yes, I will. This is only an example, I may say, of similar services that have been carried out by the University of Saskatchewan in co-operation with the provincial governments of Alberta and Saskatchewan to definitely classify this area of hazardous lands in both of these provinces. I would say that in Saskatchewan alone there are close to, not 10,000,000 but 20,000,000 acres of prairie land that comes within this general classification as you will find it incorporated in this map.

Mr. QUELCH: Does the operation show that there is a far greater area than that that remains subject to low yield?

The WITNESS: Oh, quite. The twenty-year crop record of that part of Saskatchewan, for instance, will show that there are upwards of 1,200 townships in that province subject to a yield of 12 bushels per acre or less. Now, that is a long-term history, and it is a continuing problem; and I feel myself that the very greatest care should be taken in establishing veterans in areas that are subject to such hazardous conditions. It is one of the most hazardous sections in this whole dominion. We shall have to try it where living conditions are more congenial.

Mr. SENN: I think you will all have to come back to good old Ontario.

Mr. QUELCH: You still have a lot of veterans of the last war who are settled in that area and when they come back from this war if settlement privileges are open to them it is going to be a pretty hard job to persuade the new veterans to settle anywhere except near the parent stock.

The WITNESS: Quite. I see your point there. I realize that in the district which you represent there is some very, very good land around Acadia. Things are better. There are other small areas, such as up around Rosetown and along that Goose lake line; successful, good land. There again, that land to-day is being operated in large units, and that brings in the question of the veterans going in there and being able to operate in sufficiently large units with the \$3,000 that they would have for starting out on. Anyway, that land is not for sale in that type of unit. You would have to try and get good land more or less outside of that scheme; except, as Mr. Quelch suggests, there may be the odd man who would have an interest in sufficient land of good quality in this area where it may be good business to re-establish a particular veteran.

Mr. Ross: I can quite substantiate all that Mr. Murchison says, having been there for some years. You have no idea of the difficulties encountered by some of these people on this poor land. I think that on many occasions your board has had to guard against, and co-operate very closely with provincial authorities and authorities under the P.F.A.A. and agricultural committees; because as you have just said, it is impossible to get people out of that poor land. These young fellows when they come back will want to settle there. If they get one wet season they think it is the Garden of Eden, and then they get back to these drought conditions and get into terrible trouble for many years to come. I know something about it because I have lived on the borderline of that territory. If we get a couple of good years pressure will be brought on the board to plow up all that country again. This brings up the question of co-operation again, and it is exemplified in the community pastures which have been established out there. The farmers out there have set up their own organization and handle these co-operative community pastures; and it is the type of co-operation which is working very successfully in this enterprise. Coming to this point of interest, I realize that you have got to have some penalty to make these people pay their interest. However, I do not know but what we owe them something better than that. I do not know but what it would be fair that we should set up some policy that there is no interest to pay, just so much to be paid each year. The chairman has pointed out that many veterans of the last war became settlers in this district, and I can tell you that many of these soldier settlers now have sons who are serving in this war, and those soldiers' sons are sending money back from their pay in this war to help pay off the debts incurred by their soldier fathers who settled there during the last war. Surely we are able to do something better than that for these chaps. These chaps are putting everything they have into this war. I think we should be very careful how we set this thing up. Personally I would be agreeable to having some set-up in which there would be no interest charges for these chaps; at the same time, realizing that we have got to be very careful. I think the committee should give some thought to that, keeping in mind that there must be some penalty to safeguard payments.

The CHAIRMAN: Mr. Woods has a statement here of some figures which I think should go into the record so that they may be before members of the committee before we sit again.

The WITNESS: Those figures are already in the record.

Mr. QUELCH: I think this new system of payment based on the number of bushels produced has a lot of merit in it. I think we have got to recognize the fact that the farmer cannot continue to pay interest where there is a crop failure. If payments were to be based on a production basis in the year when there was a crop failure there would be that much more which the federal government would lose, but in the long their loss would be less under a scheme of that kind than it would be in respect to interest cancelled after accumulation as has been the practice in the past. I think even in spite of all you say I do not see that your statement is an argument against cancelling interest in a crop failure year. He not only grows grain but he feeds his stock; and in the event of a failure he will not be able to pay his interest anyway.

The WITNESS: Mr. Chairman, I would not like to be quoted as arguing either for or against a remission of interest in the event of a crop failure. I merely endeavoured to point out that there are large areas in western Canada where every responsible authority to-day recognizes that the trend is not toward resettlement but reorganization of existing settlement ultimately moving people out of these areas to better land. That was the only suggestion I had to make on the question of interest; because, after all, sir, that is purely a matter of government policy.

[Mr. Gordon Murchison.]

Mr. McLEAN: What about the administrative difficulties at other points where they have crop failure in other parts of Canada? As you know, there are some parts of Canada where quite often winter wheat kills out; is that a crop failure? On the other hand there will be places where there is a good crop of winter wheat but there may be something destroy a crop like potatoes. There is seldom a season when there is not some element of crop in some part of eastern Canada that is a failure.

Mr. QUELCH: Yes, you take frost, it often destroys the fruit.

Mr. McLEAN: One storm may destroy the crop of a whole orchard. Hail may destroy a whole section growing tobacco. I think as far as Ontario is concerned it would be a matter of administration; administratively it would be almost impossible to decide what would be a crop failure and what is not, because with the average farmer there is some element of crop that is a failure each year, but yet that farmer does not consider that he has had a crop failure. And then, as most of you will recall, there was a time about four years ago when in large parts of Ontario there was a very extraordinary drought which made crops such as oats and barley very very light with the result that in some sections it was not worth a great deal. I do not see how on earth you would decide in Ontario what would be a crop failure and what would not.

The WITNESS: It would be full of difficulties, because this bill provides for such a wide variety of establishments including just a small country home coupled with employment. You then come to the other man who is not farming at all, he is working out. He has a wage failure. Where are you going to draw the line? Here is one man with a family of six who needs a salary of \$125 a month to get along and his wage has dropped for some reason to \$60 a month. Right alongside him there may be another man with no family who is only getting \$60 a month but he is getting along all right. It is very difficult to draw the line.

The CHAIRMAN: We have to adjourn for the reconstruction committee. Just before we adjourn, Mr. Wright I think raised the question the last time we sat as to whether or not a survey is in contemplation or in progress with respect to the relative need of manpower in agriculture and industry after the war. Dr. James, Chairman of the reconstruction committee, stated in his evidence last time, that such a survey is now in progress.

Mr. WRIGHT: I believe that Dr. James made the suggestion to the reconstruction committee that there would have to be a lot of men moved out of agriculture; that was the result of their survey, and under this scheme we are putting them back in.

The CHAIRMAN: The survey has not been completed.

Mr. QUELCH: I think Dr. James did make the statement that the evidence is not completed yet; and he did make the statement that a large number of men would have to be moved out of industry.

The CHAIRMAN: You put that to him, Mr. Quelch, and ask for an explanation.

The committee adjourned at 11 a.m. to meet again at the call of the chair.

SESSION 1942
HOUSE OF COMMONS



SPECIAL COMMITTEE

ON

LAND SETTLEMENT OF VETERANS OF THE PRESENT WAR

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 4

THURSDAY, MAY 28, 1942

WITNESS:

Mr. Rod Kennedy, Editor of the *Family Herald and Weekly Star*, and
Chairman of the Joint Committee of the Society of Technical
Agriculturists of Macdonald College and Montreal

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1942

MINUTES OF PROCEEDINGS

THURSDAY, May 28, 1942.

The Special Committee on Land Settlement met this day at 10.00 o'clock, a.m. Hon. Cyrus Macmillan, the Chairman, presided.

The following members were present: Messrs. Blanchette, Macdonald (*Brantford City*), Macdonald (*Halifax*), MacKenzie (*Neepawa*), Mackenzie (*Vancouver Centre*), McLean (*Simcoe East*), Macmillan, Quelch, Senn, Sissons and Tucker.—11.

In attendance were:—

Mr. Robert England, Executive Secretary, Rehabilitation Committee;

Mr. Gordon Murchison, Director Soldier Settlement;

Mr. B. W. Russell, K.C., Department of Pensions and National Health;

Mr. Rod Kennedy, Editor of the *Family Herald and Weekly Star*, and Chairman of the Joint Committee of the Canadian Society of Technical Agriculturists of Macdonald College and Montreal, was called and examined.

Mr. Kennedy filed tables lettered "A" to "Q" inclusive, which were ordered printed as an appendix to this day's evidence.

It was agreed that Mr. Kennedy should be recalled.

The witness retired.

The committee adjourned at 11.00 o'clock, a.m. to meet again Tuesday, June 2nd, at 10.00 o'clock, a.m.

J. P. DOYLE,
Clerk of the Committee.

MINUTES OF EVIDENCE

HOUSE OF COMMONS,

Room 497, May 28, 1942.

The Select Special Committee on Land Settlement met at 10 o'clock a.m. The Chairman, Hon. Cyrus Macmillan, presided.

The CHAIRMAN: Gentleman, we reached section 10, but instead of proceeding with the bill this morning, with your permission I should like to call Mr. Rod Kennedy of the Canadian Society of Technical Agriculturalists. He is also Editor in Chief of the *Family Herald and Weekly Star*, a very widely circulated farm paper.

Mr. ROD KENNEDY, called.

The CHAIRMAN: Proceed, Mr. Kennedy.

The WITNESS: Mr. Chairman and gentlemen, I might mention first that this submission is from the Montreal Local and the McDonald Local of the Canadian Society of Technical Agriculturalists and not from the National body, although I have the authority and recognition of the National body to appear here on behalf of those two local bodies. I should say that a number of C.S.T.A. branches have put in reports, some quite full and others quite sketchy, on this subject; and there is a lot of good material in them, and I know that a great deal of the material has been thoroughly considered by the Canadian Advisory Committee which was dealing with this Act before.

The CHAIRMAN: Where is the headquarters of the National body?

The WITNESS: In Ottawa. Practically every leading agriculturalist in the dominion is a member from Dr. Barton downward, so their views have already appeared in the drafting of the Act. I might also say if I may that I, like most of the gentlemen of the committee, was overseas in the last war; that I was for five years in charge of the vocational training for disabled soldiers in this district and got quite a first-hand knowledge of the type of problems that the Soldier Settlement Board used to meet, and I was in very close contact with those people at that time, and that has a little bearing on one of the points I wish to make later on.

The first serious point which has occurred to us is this: why is the Department of Agriculture not administering this Act? There seem to be so many obvious reasons why it should; and though I have talked with a number of people who should know I have yet to receive any cogent reason why it should not be under the Department of Agriculture. I have no doubt that the Department of Agriculture has no desire to administer the Act; but when the old Soldier Settlement Board was put, I think, under the Department of the Interior—I am not sure if it was Interior or Immigration and Colonization—there was a real reason for that because in those days war had interrupted the great period of land settlement and we still thought of land settlement in terms of getting a man some land, free if possible, and that was all there was to it. It is only since the last war that the problems of Canadian agriculture have developed in the manner which we can all understand, and I think the debates in parliament and the general knowledge lead to the conclusion that to-day we believe that the problems to be met in any form of land settlement really begin where

the old problem of immigration and colonization ended. In other words, we merely get the man on the land under reasonable conditions and that is just a start, and the real problems are the technical problems of management of the farm and the selling of the live stock and the tillage of the soil, and the getting of the most out of the farm under present difficult conditions of agriculture.

Now, all of those matters seem to us most effectively put under the Department of Agriculture which, roughly speaking, has a monopoly of that type of technical experience and knowledge apart from the present personnel of the Soldiers Settlement Board itself. We, therefore, recommend that unless there are very cogent reasons to the contrary that the present personnel of soldier settlement be transferred bodily and made responsible to the Minister of Agriculture.

In that connection, we believe that there should be very close co-operation between the dominion and the provinces to make a success of this particular job and to avoid a lot of duplication. The Dominion Department of Agriculture although it has its differences with the provincial departments has been used for many years to work very closely with those provincial departments. There is a great intimacy and understanding between the personnel of the provincial and dominion departments. Many times in the debate and in your own deliberations you have had mention made of the training and supervision of these men; agricultural colleges and experimental colleges, dominion and provincial, have been mentioned as being very useful established organizations for that purpose; and we think that we would get better and more wholehearted co-operation if we had the Veterans' Land Act administered by the Department of Agriculture.

By Mr. Senn:

Q. Is it not so that most of the problems arising on these farms more properly come under the purview of the provincial authority?—A. Yes, a great many of them will. In fact, there will be the danger of conflict, but we certainly need that co-operation. For instance, in Ontario you have your agronomy in every county. Under this Act you are bound to have a large number of supervisors who have got to be good men. I think they could better work together than separately. I have no doubt from experience of the kind of men we will have that there will be good co-operation, and I think we will get it better by that method; and I suggest that it is a matter that should be seriously considered. I have talked with a number of people in the department and people used to handling this business, and I really have not got a whisper of a good reason for this particular matter. I can imagine a good logical reason why the Act should be administered by the Department of Pensions and National Health because that would save transferring, but why the Department of Mines and Resources?

By Mr. McLean:

Q. Are not all the facilities of the Department of Agriculture, dominion and provincial, available to these people as if the administration of the Act were under that department? In other words, in what way with all the help that this department can give in the way of advice—in what way are they limited in giving that advice and helping 100 per cent because of the fact that the administration of this Act is under another department?—A. They are definitely not limited in any way in theory.

Q. No, I mean in practice?—A. My experience is that in practice, if you take the superintendent of an experimental farm, we will say, at Scott, Saskatchewan; he is a first-class fellow and a regular fanatic for doing the best by his people and his district, but I believe that being responsible to the Minister of Agriculture he has a lot of work to do and being paid by that department he has more work than he can do well already; therefore I say that it might be easier

to arrange to give him more general supervision and relieve him of some of his present work in order to supervise the settlers with some local supervision or supervisors in that district. That would be easier for all groups if all groups were under the Department of Agriculture; and also you can visualize the possibility of some of these men being trained and experienced farmers but who need more scientific training: the experimental farm might do a very good job in showing them how to run a good dairy herd. Well, I believe, from my experience in human nature, that if both the men and the boss are under the Department of Agriculture you will get closer co-operation, you will have less difficulties in the way of finance and time spent and so forth; and the same applies to the local agronomies and the county agronomies all over the country.

Q. I am afraid I may be a little dense. I do not see why these officials of the Department of Agriculture are limited in any help to help?

The CHAIRMAN: I think we had better allow Mr. Kennedy to make his statement and ask him questions afterwards, if that is satisfactory.

The WITNESS: The second important point we would like to raise is this: we have seen in many parts of Canada and most dramatically in the west, the damage done to the community at large by the unrestricted use and abuse of farm lands including the kind of land with which we are not dealing—that abuse of farm land is just a part of a general problem of conservation, and the Veterans' Land Act is only a part of the use of farm land as a whole; but we suggest that in granting this land to veterans, Canada should make a modest gesture toward the universally approved end of conservation of natural resources.

Most of the land that will be sold to these veterans will first have to become the property of the Director of the Dominion. Looking back we can all see from the old Ontario days to the homestead area of the west how land freely granted has often been used to the detriment not only of the land itself but of the community at large and often of various parts of the community many hundreds of miles away from the farms concerned. I do not criticize that method as it was used in the old days because our study and knowledge was such as to make it inevitable, but ignorance is not now any excuse for doing the same thing again.

Last fall I spent six weeks travelling just as much as I could through western Canada talking to plain farmers; I avoided the "big bugs" and talked to farmers just at random. I first went through the P.F.R.A. district in southern Saskatchewan because I had not seen that working out. I was greatly impressed with that. Very shortly afterwards I was up in the Peace River country where I had never been before although I was at one time farming in the west. That Peace River country, as no doubt Mr. Sissons will agree, is a perfectly level, beautiful, sweet looking country. It is an absolute heaven after you have travelled from Winnipeg to the Rocky Mountains and gone up there. Although I was not looking for it because it was not my job at that time I was greatly impressed with the fact that right there in this beautiful virgin country we are starting to do the same process which has ravished and ruined a lot of the prairie provinces. We have absolutely unrestricted use of that beautiful land. We cut down every tree we want to if we want to grow a little more grain. We cut trees down and to heck with the consequences. We drain the sloughs if we want to get a little hay. There is no sense of responsibility. That is not a criticism of the individuals, but that is our system. There is no sense of responsibility whatsoever for what the Peace River country as a whole will look like and be as a farming district years from now.

I am a common-sense fellow but I was shocked in a way to see that and I said I would take good care that when I got home I would raise that question on every possible opportunity. When we grant free lands or we grant land belonging to the Dominion to these soldiers why do we have to give them the power when they get the title to hire a contractor and take off the top three feet

of good surface soil over their whole hundred acres if they want to and sell it to some rich man next door or in the next county who wants some good land. There is nothing to prevent anybody doing that now, gentlemen. I know it is a ridiculous thing to mention but I have mentioned it because it shows the utter lack of restriction in such things.

We therefore recommend that you gentlemen put into the Act—and it would take a lot of careful consideration from a legal standpoint which we are not capable of giving to it—the fact that the title deeds of all lands given by the Dominion parliament to these soldiers have that in them forever as part of the title of that land so when a man sells his land or passes it on to his children the title of the land would contain provisions—and I do not suggest what they should be—provisions which would make the utilization of the forest and of the water on that land subject to some kind of inspection and permission.

Please do not read into this anything foolish. I won't swear it is practicable. I think it is, but there is nothing foolish about it. There is some land that will come under the director which needs clearing and which will be cleared. It is simply that the clearing of forest, the planting of trees, and the draining of water should not be in the complete unrestricted power of any darn fool who happens to want to make a few extra dollars any one year. I do not think that is impossible.

Now, gentlemen, we stress that with great urgency, because this is the first time for a long time that the government has had anything to do with that particular kind of thing. Since they last did this kind of a job conditions have changed, and we realize fully the need for this kind of conservation. There is a very important committee and a lot of very important work being done right now on this whole subject of conservation, partly in relation to rehabilitation. Our suggestion is that after the war, 10, 15 or 20 years from now—we don't know when it will come, but some time, the Dominion and the provinces have got to establish some general conservation methods which will prevent this country being wasted as rapidly as it is.

Why should this Act not at least make a start among a few comparatively well selected and supervised farms? We will say there is 25,000. There is going to be enough trouble trying to put in general conservation methods whenever you do try to do it with all this business of vested rights and ownership and so on which is going to make it difficult. If you can point to 25,000 farms which have been working on that for 10 or 15 years and show there has been no trouble there, that after all you are only putting into the title of that land a restriction against practises which no good farmer uses to-day, it will be helpful. The ordinary conservation methods of wood and water on a farm are just what the good farmer practises all the time. There are other forms of conservation of the land itself with regard to fertility and so on, which we did not touch on simply because we feel this might be difficult to put into the Act but we do not think there would be any serious difficulty in putting general provisions regarding wood and water.

The third point, Mr. Chairman, is one which was debated very fully in parliament, the matter of the sufficiency of that \$4,800 maximum. We have discussed it ad nauseam in our two branches. I have also discussed it with a lot of other people who are well qualified, and I have some personal experience in the matter. I do not think you can get away from it that there is no economic argument for that \$4,800 maximum. There are various practical and demonstrable arguments. It has not been put in there out of sheer foolishness or anything like that. I realize that very well but I do say inasmuch as there are innumerable figures to show it is too low that serious further consideration should be given to it.

No single factor can usually be proved the crucial one in the success or non-success of a farm, but there is a good deal of data to show that the size of the farm and the total valuation of the farm are very important points. I want to draw your attention to a few facts and surveys which do throw valuable light on this problem. First there is the census. I do not want to waste much of your time on that because the census is available and also census figures are deceptive inasmuch as I think the definition of a farm is something like any land with a dwelling on it which is one acre or more in expanse and sells \$50.00 worth of produce annually. In any case the census includes as farms a very large number of small holdings which should be ruled out in considering whether you can establish a man on an economic producing unit for \$4,800.

I have here a table, table "A", which shows you the average total values of farms, stock and equipment in the census years 1901 to 1931. You will note that in those four census periods it has gone from \$3,400 to \$6,200 up to \$9,200 and now in 1931 \$7,200. Unfortunately the 1931 figures are the last available but in a good many of these matters they are probably not very far wrong. The depression has just shown itself to a certain extent, but not to its full extent. We have come back this year, for instance, 1942, and we are away ahead of what we were in the low of the depression. Probably 1931 figures are reasonable. You will notice that from some time from 1901 to 1911, I think it was probably about 1907, the average values of Canadian farms, including all these small holdings, were not as small as \$4,800, the maximum under the Act.

There is a great difference in the average total values in the different provinces. Table "B" shows them for your information. The lowest value is in Nova Scotia and the highest value is in Saskatchewan.

By Mr. Macdonald (Brantford):

Q. May I interrupt? Did I understand you to say the figures for 1931 would be a fair valuation as of 1941?—A. I did not mean to put it that strongly, sir. I say that both here and later on they give some sort of a picture which is not too far out. There is no question land values themselves in 1941 will show a decrease from that, but the reason that I say it may be a reasonable picture is that since 1941 there has been some increase which is just beginning to show itself in per acre values, and in the next years, 1942 and 1943, when the Director is buying these farms I believe the 1931 figures won't be too far out. Of course he can pick and choose and get just a few farms. He can get bargains, but if he has to buy 25,000 farms our claim is that it does show that \$4,800 will probably be too low, but there are many other figures which are more useful for that purpose than this census.

By Mr. McLean:

Q. I would like to ask a question in connection with this table. Do you think from your experience that census figures accurately indicate the market value of a farm? This is in connection with the argument. These prices should be put higher?—A. No, I don't.

Q. Do you think there is much of a difference?—A. I think the spread between the truth and the census will vary very greatly under different conditions. I think at the beginning of the depression period, for instance, when you are just on the down slope, that the census figures, which are more or less the farmer's own valuation of his farm, will probably be much too high.

Q. I would just like to interject here in connection with that argument, that from my experience as an agent selling farms there is very little relation?—A. Yes.

Q. Between the price at which good farms can be purchased here and there in reasonable and substantial numbers and the census figures. I would attach very little value to census figures from the point of view of ascertaining at what price the department can buy good farms because of the special circumstances in connection with different farms that influence values at which they can be bought.—A. I quite agree with that, sir, and as I say I only advance these figures as a straw to show which way the wind is blowing. For instance, in 1931 Saskatchewan was \$9,325 and it is probably that \$4,800 would not buy a farm in Saskatchewan. If Saskatchewan has gone down so far that it is halved then you have also got to admit that Nova Scotia, for instance, has gone down such a long distance that the present value is obviously ridiculously low. If we divide \$2,600 by two we get \$1,300 which is a preposterous figure for Nova Scotia. Of course, those two provinces differ. We will admit the fluctuation has been very much more in the west than in the east.

Q. Take the province of Ontario. You give the average value of farms in Ontario in 1931 as \$7,273 and you say that is of some value to the department in connection with the price they have to pay for farms. I would say that figure of \$7,273 isn't the average value for a farm in Ontario in 1931. I would say it is ridiculous.—A. I do not say it would be of the least value to the department. I do say it might be of value to this committee in getting a general idea. No doubt you can go out and buy two farms next door to each other which are identical in every respect and if they manage to keep it secret pay twice as much for one as for the other, but it would be perhaps fair to remind you that when you stress the lowness of values most farming values that you hear about, most farms that pass from hand to hand, are just the farms and buildings whereas these figures relate to everything on the place, all the implements and all the live stock and the seed and the hay in the mow, and so on.

By Mr. Senn:

Q. Would it not be possible to tabulate actual sales to arrive at the value in another way, and perhaps a better way?—A. I am very certain the director under this Act will have such figures, and can get such figures.

Q. Get them from the registry offices, I suppose?—A. Yes, but I am also very certain in spite of what has been said, and this is from talking to actual practical men, that \$4,800 is too low if it is the maximum for every part of the country.

Q. What would you say about the \$3,600 that can be paid for the farm? Is that too low or is it just the value of the stock and implements that is too low?—A. I think that the director will find when he starts to buy these places over a period—not just at the moment, probably, but when he can pick and choose and when land values have not gone up in proportion to better prices—I am very certain he will find he cannot buy them for \$3,600 in a great many cases, that he cannot buy enough decent farms, good farms that will give a man a good chance, for \$3,600 all over the country. I have never met anybody who has questioned that. One of the arguments which is used to justify \$3,600 for the farm lands and buildings is that a lot of veterans will have money of their own and they can put that in and buy a better sized farm if they want to.

By Mr. McLean:

Q. You say you have not met anyone who has not said that price is too low?—A. Yes, or will be too low buying these farms all over the country during the next two years.

Q. You cannot say that any more.—A. Well, sir, usually one says "Pleased to meet you."

Q. Remember that there is this and this will be borne out by people who had to do with sales, registrars, that the farmer who does not want to sell,

particularly if he were asked to sell, puts a value on his farm that is altogether out of relation to the market value of that farm if he wants to sell it, and it is when people want to sell a farm that you find the market value, not when you go and ask a man what he will take for his farm when he does not want to sell it. I think if the witness would go to the registry office and look at the farms that have been sold over a period of years, look at the farms and look at the prices that they brought, I think he would change his idea.

Mr. MACDONALD (*Brantford*): Twenty-five thousand people may not want to sell.

By Mr. Quelch:

Q. In view of the fact that during the war and for a few years after the war the farmers are getting higher prices than they have had for a number of years, they will be loathe to sell at the lower value. They will have a higher value on that account.—A. Possibly a little difference arises there through this, that I may be visualizing a good deal better farm than my questioner. I am not saying that you cannot buy some sort of farm anywhere for \$3,600.

By Mr. McLean:

Q. I am talking about a good farm.—A. I am just talking about reasonably good and reasonably large farms. For instance, I am not talking about a quarter section in the west which I know it would be crazy to start a man off on.

By the Chairman:

Q. Will you proceed with your statement and we will take up argument with regard to the price later.—A. Yes. Bearing on that, table C shows that land values per acre have gone from 1901 to 1931, from \$15 to \$23, to \$26 and back to \$16. So that \$16 per acre was the 1931 figure. I should like to say this. Those figures are total figures for the whole stock-equipment, buildings and land. I feel that another reason why that \$7,200 for the all-Canadian figure is too low is this. It is shown on this little table D that I have. That \$7,200 was made up of land and buildings, \$5,500; implements, \$900; and live stock, \$700. Granting that land has gone down to some extent, that land and buildings have gone down, the 1940 estimates showed that the value of implements had decreased 29 per cent since 1931 and that live stock values had increased 28 per cent. Those two things more or less cancel each other. But while the value of live stock is accurate because of recurring market quotations to judge from, and current sales, the value of implements is entirely deceptive, in that the estimate for 1940 simply gives the farmer's own valuation for his own implements. That came at the end of a period of not buying, and the usual depreciation; and the actual cost of buying implements to-day or in 1940 was certainly no less than it was in 1931, and on the average was more. That is what we have got to consider. So we have implements, we will say, the same price as in 1931. We have live stock at least 50 per cent higher on the average. That is the basis we have to go on, even if land values have sunk to some extent. I have a table here which I should like to put on the record, which gives the value per head of live stock in Canada for 1931 and 1941 and the increase is considerable throughout. The smallest is for horses, a 20 per cent increase; the largest is for hogs, a 127 per cent increase.

By Mr. Senn:

Q. Those are census figures?—A. Those are census estimates. The census is not out for 1941 but they take an estimate every year.

By Mr. Macdonald (Brantford):

Q. They are market values?—A. Yes.

Q. They are reliable?—A. Yes. There is no difficulty in establishing the value of any implement or any live stock. Taking that \$1,200 for our implements and live stock, the 1931 census showed their average combined value to be \$1,600—I am using round figures; and whereas the value of land may be greatly inflated in the census, as has been suggested, it is not likely the value of stock and implements was so greatly inflated. But the census calls it \$1,600 anyway, of which \$893 was for implements and \$746 for live stock. Even if we allow no increase in the cost of implements, the cost of live stock is at least 50 per cent higher, which brings it up to \$1,149. That \$1,149 for stock, plus the census \$893 for implements, gives us \$2,042. Whatever the variation in the census, we maintain that that is certainly the least possible value of the stock and implements on the average Canadian farm in 1941. There has been a marked rise in the past year, but it is certainly fair to say, in our opinion, that the cost of equipping an average farm to-day could not possibly be less than the figure of \$2,042.

By Mr. Senn:

Q. That would be for second-class implements or second-hand implements, rather?—A. Yes, exactly. Well, I am making it as weak as possible, and saying that to equip a farm it could not be less than that inasmuch as those values were based on second-hand implements, and it is a valuation including all those little one-acre small holdings.

I have some figures which are more recent than the census and possibly more interesting. Dr. Lattimer of Macdonald College, in conjunction with the Nova Scotia Department of Agriculture, completed a survey in 1940 of 217 farms in Cumberland county, Nova Scotia, which, as many of you know, is a pretty good county in Nova Scotia. Some people say it is the best. I do not know. But it is a good dairying country.

By Mr. Senn:

Q. They also carry on mixed farming?—A. Mixed farming, and a good deal of lumbering too. They make quite a bit out of that.

By the Chairman:

Q. The Nova Scotia Department of Agriculture has submitted a statement too which will be tabled next time?—A. Yes. I should like to put on record a sort of summary of some of these figures. It is table F, which shows that the 217 farms—this table does not show it but the next one does—had an average total valuation of \$5,200. That survey was made to try to find out what were the factors in successful farming. Dr. Lattimer divided those 217 farms into 128 which made a profit and 89 which made a loss, and those figures have a bearing on your deliberations. With regard to the profit makers, their total investment was \$6,200; with regard to the loss makers, their total investment was \$3,700. The profit makers' average improved acreage was 84. The loss makers' average improved acreage was 55. There are a number of figures which you will be able to read in that table, when it is printed, which go to show throughout that size and valuation of a farm is a considerable factor in net profit or amount left for a man to live on. It is definitely related to the size of a farm, the number of live stock, the quality of the live stock and the amount spent to secure high production. In a nutshell, the profitable farmers put more money into capital assets, and used more money for production than did the unprofitable farmers. The average investment in the profitable farms in that group of 217 Cumberland county farms was \$1,400 more than the maximum of \$4,800 allowed under the Act. We say these figures are more

accurate than the census inasmuch as they were taken by competent inspectors and surveyors, and the farmer's own rough estimate of his farm value would not be taken; although we would still have the point that was raised, that there would be a difference between what these surveyors said was the value of the farm and what some of these farms could have been bought for if the man wanted to sell.

By Mr. McLean:

Q. I wonder if your conclusion there is logical, and if you are not mixing cause and effect? Let us say that B has a farm which is more valuable than that of A. He is making money out of his and A is losing money. Is that an argument that the valuable farm is more profitable? If you get right down to the cause of that, is it not that one is a better farmer? He has a better farm and his stock and equipment is more valuable because he is a good farmer.—A. Well, it is an argument but I do not say it is a conclusive argument. I have a few more sample figures to give you and I would point out that all the surveys which I will deal with here were carried out and designed for the express purpose of finding what did make for successful farming. Of course these people were not so crazy as to imagine that the farmer himself was not the most important point and the excellence or badness of his farming. But they found such a uniformity of results in so many matters that they came to certain conclusions, and I will give you them later on, if I may.

Table G merely summarizes those 217 farms, and it shows that the whole 217 averaged \$5,209 in value; that the profit makers averaged \$6,196 and the loss makers \$3,788. I may say those results are uniform through all these surveys. This survey and the others show that efficient plant, large enough to produce a reasonable volume of business, is one of the main factors in successful farming; that sufficient working capital is another, and that volume of business or turnover is another; and that means absolute volume. This bears on the question that was just raised. By absolute volume we mean that when a volume of business falls below a certain level, no profit can possibly be made. However small the capital investment or production expense, however favourable the ratio, when you get to a certain point you cannot possibly make profits because there is the fixed overhead of farming and family and living expenses and so on which have got to be covered first. I do not claim that the opposite is true. This has a bearing on the question we were just asked. Big turnover and good plant do not necessarily mean profits in any business. There are some interesting figures to show how wasteful that can be on some occasions. But in farming, as in any industry, they generally do.

We have a second group of farm values based on surveys of the Montreal milk shed for a ten-year period ending 1938 and for a large number of Ontario whole milk farms during the crop year 1936-37. The table is table H, and I would just point out that both areas have a value or valuation of approximately \$14,000. It is admitted, of course, that farms supplying city dairies are well above the average in size and valuation, but it is pointed out in these surveys that these farms do not average any great degree of lavishness. The number of cows per farm average eighteen milk cows, which is not a prince's farm you might say.

There is a third group of farms analysed by Alex. Stewart of the Ontario Agricultural College at Guelph in a series of articles in the *Family Herald and Weekly Star*, all based on an elaborate survey. There were 107 mixed farms in the counties of Perth, Wellington and Waterloo, Ontario. There is a good deal of beef raised in that district, but roughly they were mixed farms. They ranged from sixty-five to 300 acres, and the average was 148 acres. In order to try to bring out the factors which make for success, Stewart divided them into two

groups: the ten that produced the highest labour income and the ten that produced the lowest labour income. In other words, he took the extremes. That is table I. Just to summarize it, we find that all the farms average practically \$12,000 in value. The ten high average \$16,000 and the ten low average \$11,600. There are special reasons why the average of those farms does not come as close to half-way between the two extremes as one might expect. I would also like to point out under these same farms, to be found in that same table, that the average size of all those farms was 148 acres. The ten high profit makers were 162 acres and the ten low were 133 acres.

The fourth group of farms which furnish helpful figures was surveyed by the Economic Division of the Department of Agriculture at Ottawa and the Economic Division at the Ontario Agricultural College at Guelph. There were 592 Ontario dairy farms. Labour earnings were the yardstick used to judge the success or failure. It was a rather elaborate survey. I have several tables which you will see, but I will just mention them in passing. The survey was taken for the crop year ending July, 1938. He divides the farms according to their capitalization into five groups. The lowest is capitalized under \$8,000; the highest is \$20,000 and over. The labour earnings on the lowest group, under \$8,000 capitalization, were \$407 per farm; in the \$20,000 and over group they were \$1,178 per farm. Stewart of the O.A.C. was trying to find out what were the factors tending towards success. He isolated five groups.

By Mr. Senn:

Q. What do you mean by labour income?—A. It is a complicated business. I always have to read over the thing before I am sure about it. But it means the income that was left to the farmer after he had paid his expenses and interest on his investment and taxes. It is what was left over for him to work on.

By the Chairman:

Q. In other words, it is his profit. Is that right?—A. Not quite profit, because he has got to live on that. I mean, he has got to eat out of it and buy his clothes out of it.

MR. QUELCH: There is no allowance for his own labour. His labour becomes his profit. It is one and the same thing.

By Mr Senn:

Q. That is what he gets for his own labour?—A. It is all the advantage he gets from owning a farm. There are also some figures, table K here, where he divides the farms—334 whole milk farms—into their sizes. The lowest group is under seventy crop acres; the highest group is 130 crop acres and over. The same thing holds good there. Under seventy acres labour earnings were \$554; on 130 acres and over, labour earnings were \$1,146.

There is another group of figures, table L, showing the number of cows—dividing the farms according to the number of cows on them. The lowest group is up to eleven cows, which get \$432 labour earnings; the highest group was twenty cows and over, which got \$1,167 in labour earnings. Those are only cows, but they have a bearing on the position of all live stock on a farm. Other figures in the same survey show the great importance of milk production per cow in bringing a man profits. Our point is that it is too obvious to need stress that it will cost the director more to buy his veteran settler a lot of cows than to buy him only a few, and you can substitute the word "live stock" for "cows." It will cost more to buy him good milk producers than to buy poor ones or average ones. Suppose the director decides to start a veteran settler with eleven cows,—I am not supposing that he actually will, but taking those cows as referring to all live stock—the maximum in that lowest group in the previous

table. Let us say also that he gets only mediocre cows. It will cost him to-day at least \$1,100 for the cows alone. If he is allowed any other kind of live stock—a few calves or yearlings—it is up to \$1,200, which is the maximum for the Act. I use that to show our opinion that you cannot, out of that \$1,200, buy a reasonable amount of live stock and a reasonable amount of implements, however well the director manages, to start these fellows off modestly and not to give them a great lavish display at the start but to give them enough so that they can get into earning a real living within a reasonable time. It is no good starting a man off with nothing that he could not make any money out of.

By the Chairman:

Q. Mr. Kennedy, will you put the other tables on the record, please, because we have to stop now?—A. Yes.

Q. That is, pages 5, 6 and 7.—A. Yes. You have all the tables. I will put those tables down to number Q, which is the last one, on the record now.

The CHAIRMAN: Is it your wish to have Mr. Kennedy back for further questions?

Mr. SENN: He has not completed his statement?

The CHAIRMAN: No. We will carry on at the next sitting.

Mr. SENN: When will that be?

The CHAIRMAN: On Tuesday at 11 o'clock.

Mr. WRIGHT: I understand that St. Francis Xavier University in Nova Scotia have been making a study of establishing people on farms over a number of years.

The CHAIRMAN: Yes.

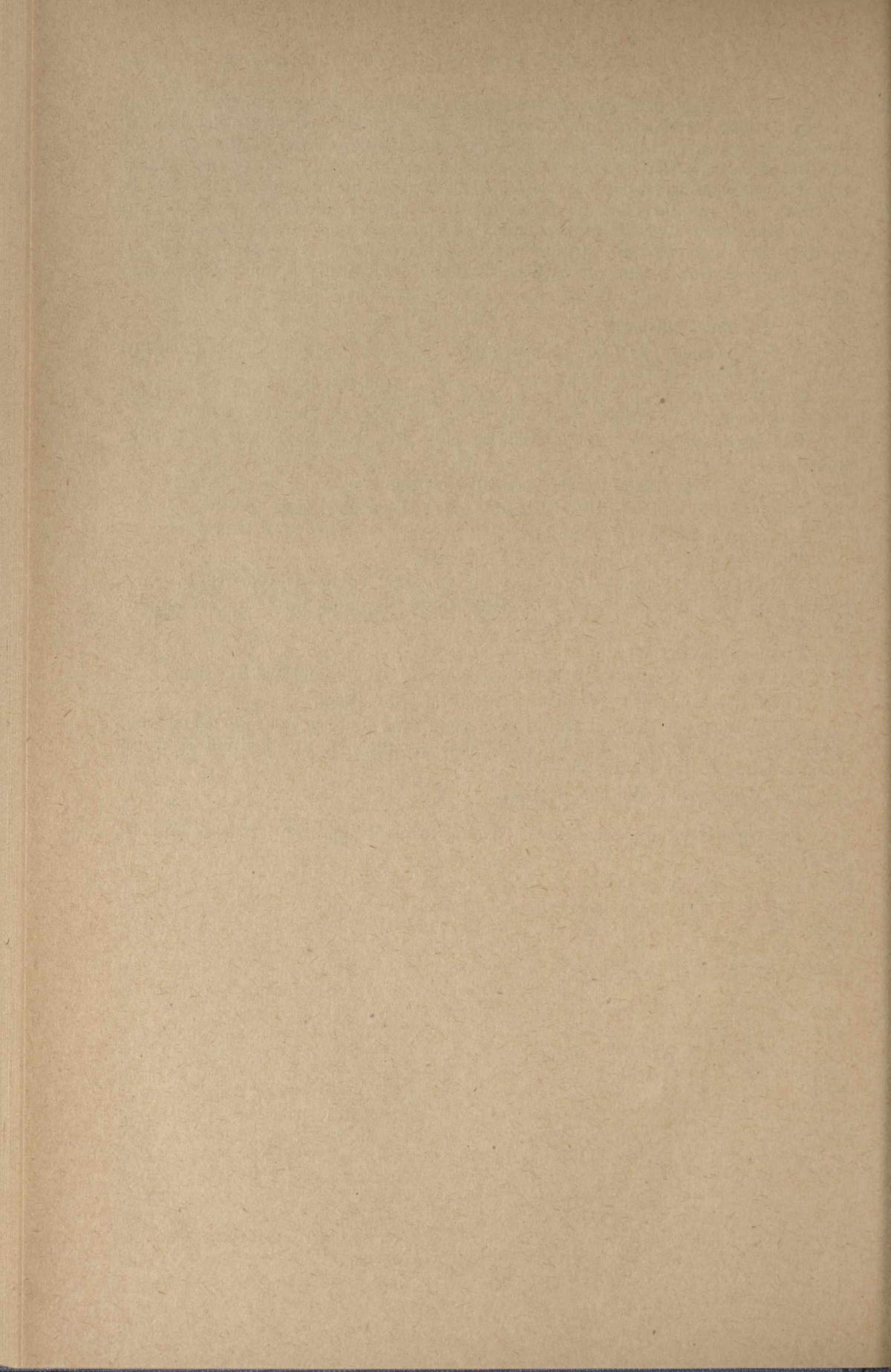
Mr. WRIGHT: I wonder if there has been any brief submitted by them?

The CHAIRMAN: No. We can get a brief from them.

Mr. WRIGHT: I think it would be a good idea if we wrote and asked them for a brief. They have made a good deal of study of it. I think it would be interesting to the committee.

The CHAIRMAN: We can do that.

The committee adjourned at 11.05 a.m. to meet again on Tuesday, June 2, at 11 a.m.





APPENDIX A

LAND SETTLEMENT OF VETERANS OF THE PRESENT WAR

Committee No. 4

DATA BEARING ON THE RELATION OF THE SIZE AND VALUE OF A FARM
TO ITS SUCCESSFUL OPERATION

TABLE A

Average Total Values of Farms, Stock and Equipment from 1901 to 1931

1901.....	\$3,497
1911.....	6,202
1921.....	9,218
1931.....	7,202

TABLE B

Average Total Values of Farms by Provinces in 1931

All Canada.....	\$7,202
Prince Edward Island.....	4,534
Nova Scotia.....	2,685
New Brunswick.....	3,042
Quebec.....	6,452
Ontario.....	7,273
Manitoba.....	7,162
Saskatchewan.....	9,325
Alberta.....	8,926
British Columbia.....	6,703

TABLE C

Average Per Acre Values for All Canadian Farms, 1911-1931

	Per acre
1901.....	\$15 89
1911.....	23 12
1921.....	26 06
1931.....	16 62

TABLE D

Analysis of All Canadian Farm Value Average for 1931

Land and buildings.....	\$5,563
Implements.....	893
Live stock.....	746
Total.....	\$7,202

TABLE E

Value Per Head of Livestock in Canada

	1931	1941	Increase, per cent
Horses.....	\$50 00	\$60 00	20
Cows.....	43 00	65 00	51
Other cattle.....	25 00	45 00	80
All cattle.....	32 00	54 00	69
Sheep.....	5 00	8 50	69
Hogs.....	7 00	16 00	127
Hens.....	0 60	0 83	38

TABLE F

Analysis of 217 Farms in Cumberland County, N.S.

	Per farm	Average of 128 profit makers	Average of 89 loss makers
A	Total investment.....	\$6,200	\$3,790
B	Acres (total).....	256	145
C	Acres (improved).....	84	55
D	Number of cows.....	7.3	5.5
E	Milk per cow (pounds).....	5,010	3,606
F	Feed purchased (\$)... ..	129	64
G	Fertilizer purchased (\$)... ..	40	28
H	Cash income.....	\$1,748	\$ 627
I	Cash expenses.....	1,015	503
J	Cash left for living expenses.....	733	124

TABLE G

Investment in 217 Cumberland County Farms

	Average all 217 farms	Average 128 profit makers	Average 89 loss makers
Land and buildings.....	\$3,808	\$4,520	\$2,783
Livestock and implements.....	1,401	1,676	1,005
Total.....	\$5,209	\$6,196	\$3,788

TABLE H

Capital Investment Per Farm in Montreal Area and Ontario Whole Milk Producing Farms

	Number of farms	Investment, land and buildings	Investment, implements and stock	Total investment
Montreal area.....	225	\$ 9,923	\$4,100	\$14,023
Ontario.....	362	10,339	3,845	14,184

TABLE I

Value of Investment in 107 Ontario Mixed Farms

	Average of all 107 farms	Average of 10 high farms	Average of 10 low farms
Land.....	\$ 3,516	\$ 5,461	\$ 4,010
Buildings.....	4,477	5,432	4,643
Live stock.....	\$ 7,993	\$10,893	\$ 8,653
Equipment.....	\$ 2,470	\$ 3,611	\$ 1,896
Feed and supplies.....	1,253	1,847	987
	276	142	84
	\$ 3,999	\$ 5,600	\$ 2,967
Total.....	\$11,992	\$16,493	\$11,620
Size of farms.....	148 acres	162 acres	133 acres
Cash income.....	\$ 2,790	\$ 4,614	\$ 1,527
Labour income.....	694	2,013	303

TABLE J

Effect of Total Capital Investment on Labour Earnings of 334 Whole Milk Ontario Farms, 1937-38

Total capital per farm	Number of farms	Labour earnings
Under \$ 8,000.....	26	\$ 407
\$ 8,000 to 12,000.....	84	671
12,000 to 16,000.....	102	719
16,000 to 20,000.....	58	880
20,000 and over.....	64	1,178

TABLE K

Effect of Size of Farm on Labour Earnings on 334 Ontario Whole Milk Farms, 1937-38

Crop acres	Number of farms	Labour earnings
Under 70.....	69	\$ 554
70 to 100.....	123	743
100 to 130.....	82	834
130 and over.....	60	1,146

TABLE L

Effect of Number of Cows Per Farm on Labour Earnings on 334 Whole Milk Farms in Ontario, 1937-38

Number of cows	Number of farms	Labour earnings
Up to 11.....	74	\$ 432
12 to 15.....	95	717
16 to 19.....	76	825
20 and over.....	89	1,167

DATA BEARING ON THE QUESTION OF A FIXED RATIO BETWEEN AMOUNTS TO BE ADVANCED FOR THE FARM, AND FOR THE EQUIPMENT

TABLE M

Farm Values—Census 1931 Divided into Land—Buildings and Live Stock—Machinery

Province	(A) Total Value	(B) Value Land—Buildings	(C) Value Live stock—Machinery	C of B Per cent
P.E.I.	4,534	3,336	1,198	36
N.S.	2,685	2,092	593	28
N.B.	3,042	2,265	777	34
Que.	6,452	5,027	1,425	28
Ont.	7,273	5,582	1,691	30
Man.	7,162	5,326	1,836	34
Sask.	9,325	7,248	2,077	29
Alta.	8,926	6,893	2,033	29
B.C.	6,703	5,543	1,160	21

TABLE N

Farm Values, Cumberland Co., N.S., 1940, Divided into Land—Buildings, and Live Stock—Machinery

Grouping of the Farms	(A) Total Value	(B) Value Land—Bldgs.	(C) Value Stock—Machinery	C of B Per cent
128 Profit Making Farms....	6,196	4,520	1,676	37
89 Loss Making Farms....	3,788	2,783	1,005	37

TABLE O

Farm Values 225 Montreal Area Whole Milk Farms, 1929-38 Decade, Divided into Land—Buildings and Stock—Machinery

Also for

362 Ontario Whole Milk Farms, 1936-37 Season

Area	(A) Total Value	(B) Value Land—Bldgs.	(C) Value Stock—Machinery	C of B Per cent
Ontario	14,184	10,339	3,845	37

TABLE P

*Farm Values 107 Ontario Mixed Farms Season 1937-38 Divided into Land—
Buildings and Stock—Machinery*

	(A)	(B)	(C)	C of B Per cent
	Total Value	Value Land-Bldgs.	Value Stock— Machinery	
107 Farms	\$11,992	\$ 7,993	\$3,999	50
10 Most Profitable.....	16,493	10,893	5,600	51
10 Least Profitable.....	11,620	8,653	2,967	34

DATA ON FLEXIBLE METHOD FOR PAYING OFF THE FARM DEBT

TABLE Q

Number of Years it Would Take to Buy a Farm Out of Cash Income

Farms Concerned	Years Needed if Paying the whole Cash Income	Years Needed if Paying $\frac{1}{2}$ of the Cash Income	Years Needed if Paying $\frac{1}{3}$ of the Cash Income
All Canadian Farms (Valuation and Cash Income Averages for 1939 and 1940).....	6.2	24.8	18.6
All P.E.I. Farms (ditto).....	8.6	34.4	25.8
“ N.S. “ “	8.4	33.6	25.2
“ N.B. “ “	8.5	34.0	25.5
“ Quebec “ “	8.4	33.6	25.2
“ Ontario “ “	6.4	25.6	19.2
“ Man. “ “	5.1	20.4	15.3
“ Sask. “ “	5.5	22.0	16.5
“ Alta. “ “	5.0	20.0	15.0
“ B.C. “ “	4.5	18.0	13.5
107 Ont. Mixed Farms (1938 O.A.C. Survey)	4.3	17.2	12.9
The 10 most profitable of the above	3.6	14.3	10.7
The 10 least profitable of the above	7.6	30.4	22.8
217 Cumberland Co., N.S. Farms (1940 N.S. Dept. of Agric. Survey)	4.0	16.2	12.1
The 128 Profit Making of above..	3.5	14.0	10.5
The 89 Loss Making of above....	6.0	24.0	18.0

SESSION 1942
HOUSE OF COMMONS

SPECIAL COMMITTEE

ON

LAND SETTLEMENT OF VETERANS OF THE PRESENT WAR

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 5

THURSDAY, MAY 21, 1942

TUESDAY, JUNE 2, 1942

WITNESSES:

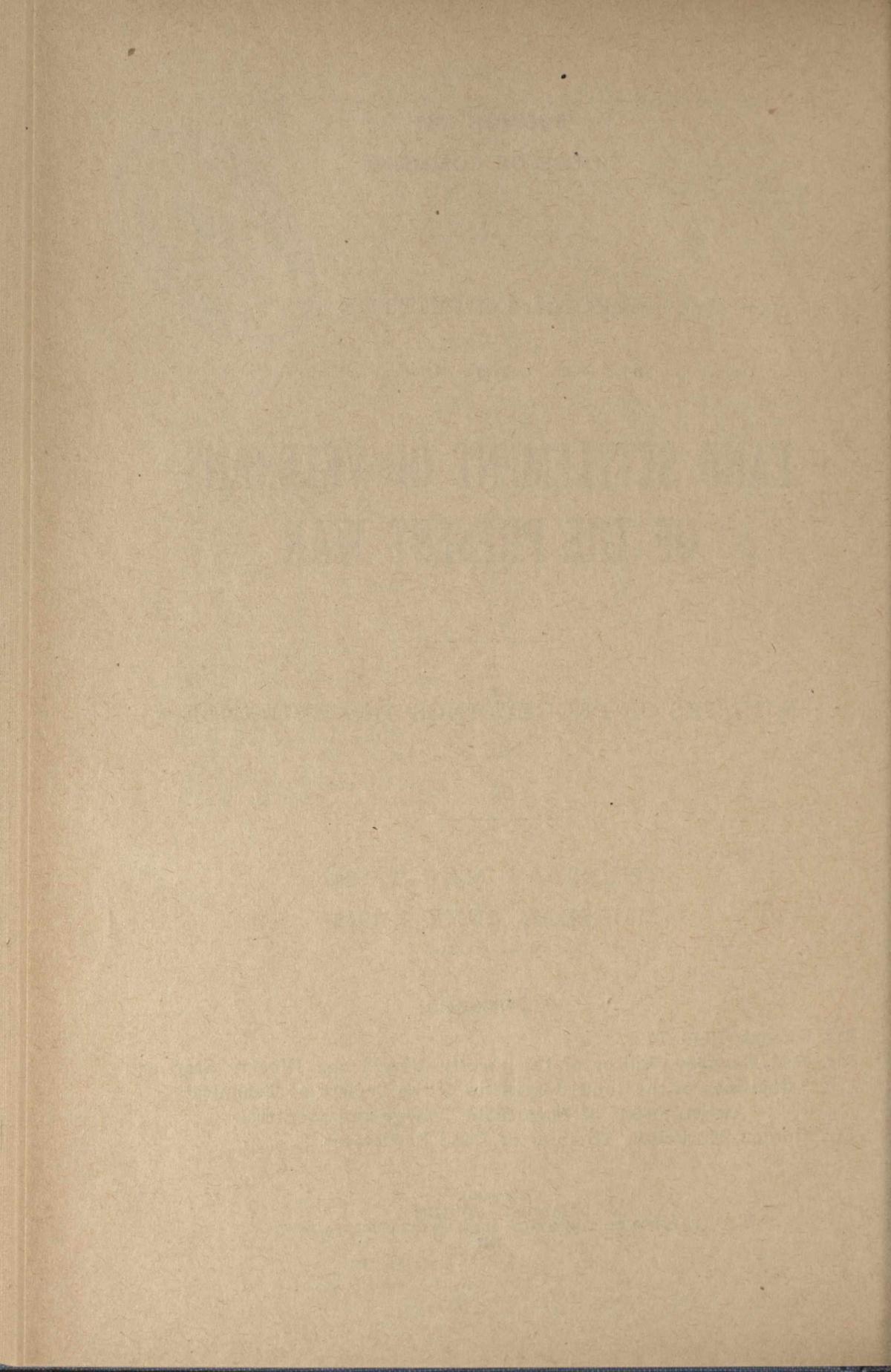
Mr. Thomas Reid, M.P.

Mr. Rod Kennedy, Editor of the *Family Herald and Weekly Star*, and
Chairman of the Joint Committee of the Society of Technical
Agriculturists of Macdonald College and Montreal.

Mr. Gordon Murchison, Director of Land Settlement.

OTTAWA
EDMOND CLOUTIER
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
1942





MINUTES OF PROCEEDINGS

THURSDAY, May 21, 1942.

The Special Committee on Land Settlement met this day at 10.00 a.m. Hon. Cyrus Macmillan, the Chairman, presided.

The following members were present: Messrs. Blanchette, Hatfield, Macdonald (*Brantford*), Macdonald (*Halifax*), Mackenzie (*Vancouver Centre*), McLean (*Simcoe East*), Macmillan, Quelch, Senn, Sissons and Wright.—11.

In attendance were: Mr. Robert England, Executive Secretary, Rehabilitation Committee; and Mr. B. W. Russell, K.C., Department of Pensions and National Health.

The Committee agreed to read and discuss sections of the Bill No. 65 without passing on them.

After consideration it was thought unnecessary to report the discussion on the various sections of the Bill, and the services of the Committee reporters were dispensed with for this meeting.

Mr. Gordon Murchison, Director of Soldier Settlement, was called to explain certain sections of the Bill.

The Chairman read the preamble and the following sections:

Section 2 (a)

(b)

(c) Application of Soldier Settlers for War Veterans' Allowance is investigated by War Veterans' Allowance investigators. Local taxing authority does not regard inability of settler to pay when he has a crop failure. Lands reverting to municipality through abandonment of settlers.

Settlers should not be allowed to remain on lands unproductive on account of drouth or other causes.

Some alternative should be offered to settler to move off unproductive land.

(d)

Section 3

Section 4 Personnel to administer the Land Settlement Act should be acquired as far as possible from branches of Government that are overstaffed.

Section 5

Section 6 Inexperienced returned veterans should not be trained and put on farms while present farmers unable to get markets.

Section 7 Land appraised by Soldier Settlement Board appraiser.

Section 8

Section 8 (a)

(b)

Section 9 (c) How was percentage for stock and equipment in relation to farm purchase arrived at? No interest charged for two years. This would help in the purchase of stock and equipment. Also a saving in discount arranged with implement companies on purchases of equipment.

(d)

(e)

(f)

(g)

(h) Addition of another subsection was suggested which would defer payments and cancel the interest during a crop failure year. Objection was taken on the ground that it would be impossible to apply this uniformly throughout Canada, and would be most difficult to administer.

Section 10 It was suggested that a new subsection should be added to section 34 which would adjust payments according to the prices of what the farmer has to buy and sell.

The Chairman advised the Committee that the Canadian Society of Technical Agriculturists of Macdonald College and Montreal, desire to have their Chairman, Mr. Rod Kennedy, Editor of the *Family Herald and Weekly Star*, appear before the Committee. The Committee agreed to hear Mr. Kennedy at the next meeting.

The witness retired.

The Committee adjourned at 11.30 o'clock a.m., to meet again at the call of the Chair.

TUESDAY, June 2, 1942.

The Special Committee on Land Settlement met this day at 10.00 o'clock a.m. Hon. Cyrus Macmillan, the Chairman, presided.

The following members were present: Messrs. Hatfield, Macdonald (*Brantford City*), Macdonald (*Halifax*), MacKenzie (*Neepawa*), Mackenzie (*Vancouver Centre*), McLean (*Simcoe East*), Macmillan, Quelch, Ross (*Souris*), Senn, Sissons and Wright.—12.

In attendance were.—Mr. Robert England, Executive Secretary, Rehabilitation Committee; Mr. B. W. Russell, K.C., Department of Pensions and National Health.

The Chairman submitted a letter from Hon. John A. McDonald, Minister of Agriculture for the province of Nova Scotia addressed to the Hon. Ian Mackenzie, Minister of Pensions and National Health. It was agreed that this letter should be printed in the evidence.

The Chairman also submitted a copy of a resolution which was passed by the C.C.F. Club at Gwynne, Alberta, in respect to the Veterans' Land Act. It was agreed to print this resolution in the evidence.

Mr. Thomas Reid, M.P., with leave of the Committee, made a presentation on behalf of veterans on small farms who endeavor to increase their earnings by part time fishing.

Mr. Rod Kennedy, Editor of the *Family Herald and Weekly Star*, and representative of the Canadian Society of Technical Agriculturists, was recalled and further examined.

Mr. Gordon Murchison, Director of Soldier Settlement, was recalled and further examined.

The witnesses retired.

The Committee adjourned at 11.45 o'clock, a.m. to meet again Thursday, June 4th at 10.00 o'clock, a.m.

J. P. DOYLE,
Clerk of the Committee.

MINUTES OF EVIDENCE

HOUSE OF COMMONS, ROOM 497,

JUNE 2, 1942.

The Select Special Committee on Land Settlement met at 10 o'clock a.m. The chairman, Hon. Cyrus Macmillan, presided.

The CHAIRMAN: Order, please, gentlemen. I have received through Hon. Mr. Mackenzie a letter from the Minister of Agriculture in Nova Scotia, Hon. John A. McDonald, containing certain suggestions with reference to the problem before us and an attached report. With your permission I will put this on the record for future study. I have also a copy of a resolution regarding the Veterans' Land Act submitted by the C.C.F. Club at Gwynne, Alberta, and signed by A. M. Wright, Director of Rehabilitation, and F. R. Maygard, Secretary-Treasurer of that Club. With your permission I will put this also on the record.

The letters referred to are as follows:—

Office of the Minister

Nova Scotia

Department of Agriculture and Marketing

Halifax, May 23, 1942.

Honourable Ian Mackenzie,
Minister of Pensions and National Health,
Ottawa, Ont.

Dear Mr. Mackenzie,

I understand that the Veterans' Land Act, P.E. 12842, has not passed the final reading, and would like to draw to your attention one or two minor points in this connection.

Our department is naturally keenly interested in the whole question of rehabilitation, particularly as it affects the province of Nova Scotia, and we have had a subcommittee of our Agricultural Advisory Council studying this matter since early in 1940.

The committee has gone over this Act and has expressed itself as appreciating very much the many improvements over previous policies. There are, however, one or two matters which I would like to draw to your attention.

We believe that agriculture is anxious to fully bear its share of this responsibility. We feel that in certain circles there is a tendency to have agriculture absorb an unreasonable share from a statistical standpoint—but, if agriculture is to bear its rightful share, it must be by having an equal opportunity of selection of suitable men. Too few people realize that it requires ability and experience in order for a settler to have a reasonable opportunity of success.

In this connection, we feel that the following sections do not express the correct viewpoint:

Section 2, page 1—Veterans' Land Act

To insure that the agricultural industry bears its share of the rehabilitation problem, along with other phases of our industrial life.

And on page 4—

1. In a country like Canada it is futile to say that land should not play an important part in the rehabilitation of ex-service men.

2. Industries other than agriculture will be expected to absorb the majority of ex-service men, but other industries cannot be expected to meet the total problem.

There are also one or two other matters that our committee felt should be given consideration. Some special regulations should be included to guarantee satisfactory conservation of wood and timber lots by a settler. We also feel the matter of training and supervising for the settler's wife should be provided for, which does not seem to be included in the act.

We are glad to note that satisfactory precautions have been taken to avoid the charging of heavy commissions on the purchase of farms, but we feel that arrangements should be made for the purchase of stock and equipment—possibly with regular government discounts—at least some system of avoiding heavy local commission charges.

We also feel that some special arrangements might be made for freight rates on stock and equipment for settlers.

Possibly a sliding scale might be arranged for annual payments based on the price index, rather than fixed cash payments which might become an unreasonable burden to the settler.

Yours very truly,
JOHN A. McDONALD.

Attached to the above letter:—

Report of the subcommittee on rehabilitation adopted by the Nova Scotia Agricultural Advisory Council May 21, 1942.

Now that we have a standing committee on rehabilitation and a full-time supervisor employed, we feel that local committees should be set up in each county, these to be small committees selected by the county associations of the Nova Scotia Farmers' Association, and wherever possible including at least one member of the municipal council, such committees to have out-of-pocket expenses for their undertakings in this connection:—

1. That the supervisor, with the co-operation and advice of the local committee, proceed to locate potentially suitable farms.

2. After the location of farms, deeds be searched, if possible, by a person appointed from or through the Attorney General's department.

3. That information including the farm management plan, soil tests, photographs, etc., be compiled. In this connection, we consider it advisable to appoint a man for the east and a man for the west-section of the province, to carry on this work under the supervisor.

4. The selection of suitable farms on which trainees may be placed for practical training and experience.

With reference to the settlers themselves, we suggest:—

1. That men who wish to settle in Nova Scotia, and are not thoroughly trained and experienced in farming in this province or elsewhere under somewhat similar circumstances must first be placed on selected farms for further practical training.

2. That any type of group training should be considered only for those with practical experience and not as a means to teach elementary farm skills.

3. Where a sufficient number of trainees are available, we believe that the facilities of the present agricultural institutions should be utilized, using regular vocational courses or arranging special courses where considered desirable.

We consider it most desirable that men be selected and trained for the placing and supervising of settlers under Nova Scotia conditions, and suggest that the facilities of the province be made available to assist federal authorities in this connection, if desired.

Finally, we would suggest that the federal authorities be notified of our program to date and our desire to co-operate with them, requesting at the same time that the Nova Scotia Department of Agriculture be permitted to nominate representatives on all boards for selection of men or farms within the province.

Department of
Pensions and National Health

Ottawa, May 28, 1942.

The Honourable Cyrus Macmillan, M.P.,
Chairman, Parliamentary Committee on
the Veterans' Land Act,

House of Commons,
Ottawa.

Dear Sir:

Attached is copy of a resolution regarding the Veterans' Land Act which was submitted by the C.C.F. Club at Gwynne, Alberta.

This is passed for your information, please.

Yours very truly,
A. M. Wright,
Director of Rehabilitation.

Gwynne, Alberta,

May 14, 1942.

Rt. Hon. W. L. Mackenzie King,
Ottawa.

Dear Sir,

At a meeting held May ninth our C.C.F. Club passed the following resolution unanimously:

Resolved that the new Soldier Settlement scheme be so constructed that there will be a direct relationship between the debt owed and payable by the settler, and the price of the produce he will sell.

I was instructed to forward this to you as an appeal to have it incorporated in the act.

Yours respectfully,

F. R. Maygard,
Sec. Treas. Crooked Lane C.C.F. Club.

The CHAIRMAN: Before asking Mr. Kennedy to proceed with his statement, Mr. Thomas Reid, member of parliament for New Westminster, British Columbia, would like to be permitted to say just a few words to the committee. I would ask Mr. Reid to come forward.

Mr. REID: Mr. Chairman and members of the committee, I appreciate very much indeed your courtesy in extending me the privilege of speaking to you for a few moments, and I promise at the outset to be very brief.

My reason for coming before the committee is to have you consider, before the bill goes to the house, including some assistance to be given those who not only will go on the land but who will endeavour to augment that living by fishing. I do not know how it affects the Maritimes, but I think I can speak for the Pacific Coast of British Columbia. Many of our fishermen have joined the Royal Naval Reserve; many have joined the air force and many have joined the army. Some of these men have told me that they would like to be helped when they come back, in order that they may go into fishing again. It is true that we have an act on the statute books, put there in 1935, giving loans to enable fishermen to purchase boats and nets. But that applies to everyone in general. The present bill is designed to provide not only for men who go on the land on a full-time basis, but also to provide for those who obtain a part living thereby. I should like to quote the minister's statement which he made in the house when presenting the bill. He states on page 1933 of Hansard of April 20 as follows:—

It is contemplated that establishments may be on a full-time farming program or on small holdings where the veteran may derive his main income from employment apart from his holding.

We have there outlined before us the two establishments whereby a man may be a full-time farmer and whereby a man may be a part-time farmer and part-time in industry. I am thinking particularly of the men from the fishing industry who have gone into the service and who, on their return to civil life, will want to become established on a small place and at the same time take up their regular calling of fishermen.

It might interest the committee to know that under the Fishermen's Loan Act, from 1936 to 1940 some eighty-five loans were made. The latest report which I have before me is for last year, and during this time loans up to \$31,541.89 were made. Under that act the fishermen can obtain a loan up to \$1,000. But there is no mortgage placed on his boat or his net. He must mortgage his land and his home. Many fishermen were not in a position to obtain a loan upon their boat or net or to obtain a mortgage owing to the fact that they did not own their homes. Otherwise many more fishermen would have taken advantage of the Fishermen's Loan Act. But I believe that the committee might very well discuss and consider having some provision made whereby loans could be made to those established on the land for the purpose of buying nets and fishing boats. I do not know that I need to take up much more time of the committee because I think each member will grasp the idea I have in mind. I would draw your attention to the fact that in the one loan act he would have to pay 5 per cent, whereas as a result of the encouragement given to ex-service men, he would be able to obtain a loan for 3½ per cent, being part-time on the land and part-time in fishing.

The CHAIRMAN: Before you go, Mr. Reid, there may be some questions the committee would like to ask. Are there any questions, gentlemen?

Mr. SENN: I was going to ask Mr. Reid if he has any definite plan as to how this can be done, would it be by having a mortgage on his fishing equipment as security or on his land or in what way?

Mr. REID: No. I think you would have to carry out something like the same provision as is in the present Fishermen's Loan Act. I think the loan would still have to be on his land.

Mr. HATFIELD: He would not own the land in this case. He could not give a mortgage on the land under this settlement scheme.

Mr. REID: In the present bill you are going to provide ex-service men with a loan up to a certain extent, which will include the cost of the land, buildings, equipment and stock. That all pertains to life around the farm; but it would not allow the board to grant a loan to a man who might have two or three cows and a small acreage, but who might want to augment his income as a fisherman by going out to fish. I believe a clause could be inserted whereby the loan on equipment and stock might very well include a loan on a fishing boat and net.

Hon. Mr. MACKENZIE: You mean with respect to a man with a small holding who wanted to augment his income by fishing?

Mr. REID: Yes. We have many in British Columbia who are part-time on the land. We have many who are part-time on the land and go into lumbering for the balance of the year.

Mr. MACDONALD (*Halifax*): There are many in Nova Scotia too who work small holdings of land.

Mr. HATFIELD: His boat and net might be part of his equipment under this?

Mr. REID: Exactly.

The CHAIRMAN: This problem arises in all the Maritimes, Mr. Reid—Nova Scotia, Prince Edward Island and New Brunswick, I believe, Mr. Hatfield.

Mr. HATFIELD: Yes.

Mr. McLEAN: What amount would be required, approximately?

Mr. REID: I do not think he would require a greater amount than up to \$1,000. \$1,000 would enable a man—and I speak again for the fishermen of British Columbia—to buy a gill net boat and a net.

Mr. McLEAN: About what would be the life of that equipment, ordinarily?

Mr. REID: Of course, the net would not last longer than three years. The boat would last twenty or twenty-five years, or probably longer than that.

Mr. WRIGHT: Mr. Murchison, would you say under the act as it reads now, that a fisherman's boat and equipment would be included?

Mr. MURCHISON: I would say that the only way they could be would be by way of regulation. There is nothing in the act.

Hon. Mr. MACKENZIE: No.

Mr. MURCHISON: There is nothing specific in the act?

Hon. Mr. MACKENZIE: No.

Mr. HATFIELD: There is nothing in the act except for farm equipment.

The CHAIRMAN: Thank you very much, Mr. Reid. I am sure that the committee will give earnest consideration to your presentation:

Mr. REID: Thank you very much, gentlemen.

The CHAIRMAN: I will now call on Mr. Kennedy.

Mr. ROD KENNEDY, recalled.

By the Chairman:

Q. Will you proceed with your statement, please, Mr. Kennedy?—A. Mr. Chairman and gentlemen, last Thursday I put on to the record, on the chairman's instructions, a number of tables which will make it very much easier and quicker to get through with what I have to say today. But somebody suggested to me that some members of the committee might have the idea that I was against this act, for some reason, because of what I said last time. I should like to say very emphatically that our groups who instructed me are very definitely not against the act. If I seem a little critical, it is simply because we have dug up about two or three points in the act which we think might be

improved. But roughly speaking, we feel that a very clever effort has been made to avoid all the mistakes that were apparent last year, and we approve of the bill as a whole very strongly.

I said last time, if you will remember, that I thought the \$4,800 set by the act was too low; and whereas the census figures were questioned,—and I certainly do not defend the census figures as a guide in a matter like this—I gave a number of other figures. I suggested that it might be worth considering that inasmuch as if \$4,800 is only sufficient to buy an uneconomical unit, the result may be that by setting that figure you put a sort of general brake on the probable success of the whole scheme. While I realize some of the reasons for that \$4,800, and the tendency for farms always to go up in value or in asking price to the maximum, I think that that possibly can be dodged,—and an effort should be made to dodge it, if \$4,800 is going to start off the average veteran under a real handicap. There are only two ways of dodging that; one of those is to raise the \$4,800 and the other is to raise the average of the accepted veteran to a degree which will make success probable, even under serious disadvantages; in other words, rigid restriction of the men you will take to people far above the average in intelligence, perseverance and business skill and so on, or to people who have considerable capital of their own. While it has been suggested to me that most of these people, because of assigned pay and other reasons, will have considerable capital, I simply doubt it; that is all. I very much doubt how many veterans, by the time they get going in this scheme, will have much money left, even if they did get a reasonable amount from the government.

Might I refer to table M in this appendix very briefly. You will remember that the act states that the amount which may be advanced for non-fixtures, roughly speaking, shall be not more than one-third of the amount which is advanced for the fixtures. The table M which I have here and also the following tables N, O and P, all give the ratios of non-fixtures to fixtures in various groups of farms; and while I feel that if any fixed figure had to be set, you could not have got a better one than one-third, I think it will handicap the director in doing the best job by each individual veteran, if he is limited to that third. There are a good many classes of farms and a good many districts where he might want to give a good deal more for the income producing livestock and equipment. We, therefore, suggest, in view of the variation shown in these tables, and in view of the common knowledge of the variations, that the fixed ratio be modified or changed in some way. May I ask you to look at the last table on that appendix, table Q. The point has been made so often in debate in parliament and by the director and by our own personal experience, of the difficulty experienced in the old act because of the payments. So many things came in there—the deflation, the drop in prices, the change in values of livestock; and we feel that while the present terms are very generous, they still leave the possibility of the old problem arising. We feel that nothing tends more towards failure on the part of the veteran than anything in the way of piling up of arrears which have to be paid off in the future. Under the old Soldiers Settlement Board, farm valuations and interest rates turned out to be too high over a period of years because of the deflation. We believe that although the present rates are very much more favourable, that element of fixity in the amounts which have to be paid may cause difficulties in the way of the success of some of these veterans, and in the way of success of the director. It is not the amounts themselves, but the fixity which we feel may be the monkey wrench in the machine.

By Mr. Senn:

Q. You mean the fixity of the annual payments?—A. The fixity of annual payments and of annual amounts and in cash, inasmuch as we all know that the cash value of a crop may be half what it was last year and next year it may be

double. It varies so much. And while the value of the farm itself is apt to go with general prices—that is deflation and inflation increasing or decreasing the prices—the value of crops may depend on something quite different. To make our point here clear, I should like you to look at a table towards the middle, 107 Ontario mixed farms, which shows that on those particular farms, if a plan had been adopted by which a veteran would pay off his capital loan by giving to the director one-quarter of his total cash income, it would have taken him 17·2 years—we will call it seventeen years—to pay off his loan. In other words, the actual figures show that the average valuation of those farms could have been paid off in seventeen years if the actual total cash income had been devoted to the extent of one-quarter to pay it off. We make the suggestion—which is not meant to be radical, and which after a great deal of quite heavy discussion has seemed to still hold water—that after the director has bought the farm, he should first, through the Dominion Bureau of Statistics or other channels, have established in broad areas what the approximate period is in those areas which would be needed to pay off the capitalization of the farms. That figure, as far as the census is concerned, can be found, and there are many other figures. You will notice that all Canadian farms are shown to be over twenty-four years. Each area differs, each large area. We suggest that it would be possible to establish, let us say, for Ontario, a figure of—this is purely hypothetical—seventeen years, which would be needed for one-quarter of the cash income to pay off the total value of the farm; and that when that figure was established, it should be applied to all farms in the area, and that the man's contract with the government should be simply one-quarter of his total cash income for seventeen years. If times were good, he would pay more and the government would pay more; if times were bad, he would pay less and the government would get less. But in no case could anything pile up against him. Any method of that kind, whatever its problems, would solve all these difficulties of price changes, inflation and deflation.

Q. You do not mean net cash income? You mean gross cash income?—

A. No. I am using the figure for gross cash income. I want to make it as plain as I can that we are not attempting here, in what I have to say, to lay out any detailed scheme. We are merely drawing your attention to the possibility of examining this principle. We all know about farms being bought on the crop-payment plan. This type of plan is used generally in an incomplete form in many parts of the country and for many purposes. It might be on the basis of gross cash income. It might be on the basis of net cash income. It might be on the basis of a crop-payment plan. But that could be worked out, I believe, by the economic authorities, and I am just using this method as a fairly obvious one, and one for which the figures are more or less readily available, or some figures.

By Mr. McLean:

Q. Do I understand the witness would have us believe that the Bureau of Statistics can actually tell us, in a given section of the province of Ontario, how long it takes the farmer to pay off a certain mortgage with a certain percentage of his income? Are you seriously making that proposal?—A. I am seriously making the proposal, sir, that the Government Bureau of Statistics does now give you the valuation of Ontario farms, the total valuation, and does now give you the total cash income. Those are the only two figures I meant to use.

Q. But I take it that for your proposal, it is necessary that we have this information; and that you suggest that the Bureau of Statistics can give it. Surely the Bureau of Statistics cannot give any such information.—A. I am afraid I do not get your point.

Q. My point is this: I understood you to suggest that we can get from the Bureau of Statistics a statement as to the number of years that it takes in a certain area in Ontario for a farmer to pay off a certain sized mortgage if he

uses a certain percentage of his income from the farm. Now, if the Bureau of Statistics or any other organization can do that—A. Unless I am mistaken and misunderstand you, the figures seem to be here—the valuation of the farm and the cash income—that is for this particular year—they are available.

By Hon. Mr. Mackenzie:

Q. Is not the human factor considered?—A. Certainly.

By Mr. McLean:

Q. The obvious fact is that there is no uniformity at all in any section as to the amount the farmers pay off or are able to pay off. You may strike an average as to what has happened in certain sections in other years. Certainly it is possible to take that average number of years that it has taken farmers to pay off mortgages, but that average is of no particular value.

Mr. WRIGHT: It is, because that is the basis on which we have to frame any Act. We cannot frame an Act on the basis of the man who is exceptionally successful or of the man who is an exceptionally poor farmer; we can only frame it on the average.

Mr. McLEAN: You can take one township and go to the northern half of that township and find conditions which show lack of payments in connection with mortgages, and you can go to the southern end of that township and you can find the reverse to be the case. Now, the soil in the north may be just as good as the soil in the south; the whole difference is that there is a different class of farmer up there; they are people of different habits; some are frugal and others are wasteful. Anybody who is familiar with Ontario knows that we do not have to go fifteen miles to find out that there are two classes of people there, and there is a world of difference between those two classes of farmers. That is something that the figures of the Bureau of Statistics do not take into consideration—the factors that are responsible for that condition.

The WITNESS: I do not want you to misunderstand me. I agree absolutely with everything you have said there, and there is no question about that at all.

By Mr. McLean:

Q. I was wondering if it is possible for us to get that information from the Bureau of Statistics?—A. No, sir. All I say is that everything you say is absolutely true, and it helped us to come to these conclusions; but it also applies just as strongly to any system which is universal. $3\frac{1}{2}$ per cent in 25 years amortized, those variations are going to affect it in the same way; but our feeling was that if we can get a general average such as you suggest, just a general picture of what has happened and let the government take the gamble on what will happen, that would be an average way if these are reasonably and modestly normal; the government will get the same as they would under this particular plan,—we would not have to worry too much if the figure established was accurate for this farm or this little district or that little district, inasmuch as nobody could suffer because he would never have to pay more than one-quarter of his cash income. We are certain that those terms are generous as they stand, and I feel that nobody can prophesy what is going to happen in the 15 or 20 years after the war, and for all we know the $3\frac{1}{2}$ per cent amortized over 25 years may be as far out as the last Soldiers Settlement Act or it may be as far out—we hope so—in the other direction.

By Mr. Hatfield:

Q. That is something we might work out in mixed farming areas, but what is going to happen in special crop areas such as those producing wheat, potatoes or tobacco, where they plant one crop. How would you work out an average in that case? In some years we get \$1 for 4 bushels of potatoes and in other years

we get \$1 for 1 bushel?—A. Yes; if they strike a reasonable average at the start, I think nothing could do more to avoid that problem than this: if he is only getting half of last year's revenue for the same number of barrels of potatoes he would only pay the government one-half.

Q. It would work out to the advantage of the settler, but how would you arrive at the average?—A. I imagine, sir,—I am not a statistician—I imagine that figures are available in the Bureau of Statistics which would tell us for Nova Scotia as a whole, and while undoubtedly under this plan certain people would in the end pay a little more to the government than others, certain people would be better off, but inasmuch as it is a sliding scale nobody could ever be so badly off as to hurt him except in conditions of such drastic complete depression where the 3½ per cent fixed payments would be such that any scheme would be wrong.

By Mr. Quelch:

Q. I think the idea is thoroughly sound as regards paying for land and I think your proposal would work out satisfactorily where the farm unit remains static, but where a settler increases the size of his unit after he has bought the land from the Settlement Board, how are you going to segregate the cash income from the soldiers' settlement farm as against the increase in the size of the farm? Suppose he buys another quarter-section and increases his stock as well as his crop how are you going to say what stock belongs to the new farm and what stock belongs to the old farm?—A. We worked it out carefully. The obvious way would seem to be, inasmuch as one-quarter of his cash income is a thing that can be watched by the supervisor and checked up and is a simple proposition—in other words, his cash income—and inasmuch as it would be impossible to separate the income from a new quarter-section added on to the old half-section, the obvious method would be simply to consider that the gross cash income would be increased to whatever extent the capitalization was increased and decrease the percentage which would come to the government in accordance. In other words, if a settler owed the government \$4,800 under this plan for a section or a half-section and he bought more land worth \$4,800 the government would still continue to take a percentage of his gross income, because that is easily calculated; but they would only take one-eighth of his cash income instead of a quarter.

Mr. McLEAN: Is it not generally admitted by social workers and by officials of small loan companies and other people who have had to do with people generally who owe money that one of the greatest causes of economic disaster is the lack of budgeting; that they never have a definite idea of what amounts they have to meet each year? Is not your suggestion just getting away from that very sound idea? Now, this Act takes into account the fact that people with small holdings in some years may earn money elsewhere. Very often conditions may be bad on a farm but it may happen that there is a stone quarry nearby where there is some work. If the amount they have to pay is definitely fixed the more likelihood there is that they are going to dig around and see what work there is and find ways and means of meeting the amount; the more definite the amount is the more likely it is that people are going to find ways and means of meeting the amount instead of the old indefinite scheme on which so many people ran along and gradually got more and more in debt.

The WITNESS: I cannot quite follow that point. There is undoubtedly a point there. I realize that we would never have suggested any such rather novel plan if it had not been for the fact that all these men will be under supervision; and I am convinced from everything that has been said that inasmuch as the government owns every implement and every cow for ten years at least there has got to be a reasonable bookkeeping system available. A man has got to keep

some sort of books, and the supervisor has got to see that he does; and therefore he will not be in the unfortunate position in which a great many farmers are where he does not know a thing about what is coming in or what he can expect to receive. There will be books; if there were not books of some sort how many would know what their cash income would be.

Mr. McLEAN: I hope the government will not contemplate setting up an enormous system of officialdom with the great expense that would be necessary to keep track of a system such as is indicated, because the staff and the cost of that would be simply absurd.

The WITNESS: If I may, I will leave that point if there are no more questions to be asked. Mr. McLean has raised a point which I wish to stress very strongly, both from our own experience and from the experience of many good practical men in our group and from the experience of many others, and that is: never mind the cost of this scheme. Whether my previous ideas are adopted does not make any difference. This scheme will be successful largely in direct ratio with the results obtained by the numbers of the supervisors, and if I do nothing else I would beg this committee to emphasize to the utmost that plenty of good supervisors are absolutely necessary for this scheme. I would say here—possibly it is not exactly my business—but I would like to say that if we are going to establish, we will say, 25,000 new farmers that you are not going to put them mostly on new land, and I think the director could do a wonderful job for Canada by getting 25,000 of the best farmers and the best-run farms and the best farming methods in this country, and I believe there is nothing against him doing that, because he will have a certain choice of these people at the beginning, and everything that I have heard from officials and others shows that they are completely advised of the importance of that choice. Not only will the supervisor have the choice but he can, given the right kind of supervision, start these people off using the right things, and whether it costs money or not they have got to have books. This stuff belongs to the government. There has got to be something in the way of books, otherwise even the 3½ per cent scheme, if the government owns the live stock, could not work very well.

By Mr. Quelch:

Q. Is it not a fact that there are many schemes in operation to-day whereby a farmer does, under agreement of sale or lease, turn over a certain percentage of his crop returns and cash returns to the owner or lessor of the land?—A. Yes.

Q. As far as the lazy or inefficient or no-good farmer is concerned, that would largely be looked after by the fact that he would not be turning over one-quarter and that being the case he would lose his farm?—A. I agree. There are plenty of cases. I bought and sold a farm on that basis, on the ordinary crop share plan. As far as the waster is concerned, it does not make any difference what the system is, he is finished. I greatly appreciated what I think the minister said in the debate in parliament, that the director was going to see that these people got off their land early as soon as it was established that they were no good; that he would get them off while there was still a little equity left. I believe it is going to be a terrific job for the director, and if he is firm-handed and just he can work the previous scheme with some success, and the little changes or the big changes which we suggest, with even greater success; but I do not think a supervisor should have to look after more than 30 or 40 farms if he is going to do a good job, and it might take a lot of money to have a lot of supervising. Still when we come to think of the difference between 30 successful farms and 30 just average farms, the money could not be better spent in my opinion.

By Mr. McLean:

Q. The witness has used a phrase which it seems to me from experience is rather representative of public officials, legislation, and all that sort of thing

—“never mind the cost”. Now, suppose you get that idea in the minds of men going on the farms, that there will be government help and government supervision, that you do not have to mind the cost. I think that is an attitude of mind, if I might say so, found in government departments and the public service. There seems to be nobody whose duty it is to pay attention to the cost. Now, you can look around you in government circles everywhere and that seems to be the attitude—never mind the cost. There is nobody whose duty it is to look after the cost; and if we are going into this scheme with that dominant idea that the government is behind the scheme with unlimited funds and that the beneficiaries or those that have to do with it do not have to care about the cost of it—A. I should like to justify that statement, Mr. Chairman. When I spoke about cost I spoke of it in a business sense, and I still say never mind the cost if the profit is adequate. The cost is something to be looked at in relation to the profit. Now, I am dead against waste of government funds or anything of that kind; I am a business man and I have had to watch some things all my life, but what I say is that if this scheme costs a million dollars and results in something like the old scheme it has cost a lot more than if it costs \$3,000,000 and results in 25,000 better than average, reasonably prosperous and contented farming citizens. The cost must be looked at, sir, in relation to the profits.

By the Chairman:

Q. Have you completed your statement?—A. Yes.

Q. I think we should ask Mr. Murchison to comment on your evidence.

Mr. MURCHISON: Mr. Chairman and gentlemen, naturally as a layman I feel very diffident about expressing any criticism of the carefully considered view of Mr. Kennedy. He has been speaking, as I understand, for certain groups of the Canadian Society of Technical Agriculturalists. The only comment I have to make on that point is that a great deal of the material he has developed was considered in principle by the subcommittee which developed this bill, and when I say that Dr. Barton, the Deputy Minister of Agriculture of this dominion, is very closely identified with the development of this whole Act, with the formula which is expressed in section 9, I think if I may say so we have an official expression written into the Act of the views of perhaps the senior member of the C.S.T.A. in this country. I quite frankly feel there would be great difficulty in administering a loaning structure based on the vagueness of one-quarter of the gross cash income each year. That would have the effect, I am afraid, of too many people farming down to a level or operating down to a level rather than operating up to a required standard. It is a very difficult thing in practical operations in connection with a very wide variety of establishments to keep track in any concrete way of the gross cash income on a farm or a landed enterprise and to endeavour to keep books on that basis. In one case the payment of a quarter of the crop of the total cash income would work no hardship at all, but I can recall a great many cases during the past twenty-three years where the payment of one-quarter of the gross cash income for a given year would work a very serious hardship indeed. I could illustrate that by referring to a wide variety of farms—poultry farms, fruit farms, wheat farms and potato farms in the maritimes where gross cash income does not mean very much unless costs for producing that income are proportionate; and it has happened very frequently that the actual cost of producing that income would work a hardship if expenses are to be met and one-quarter of it turned over to the principal creditor.

Mr. SENN: We have the example of income taxation where a certain percentage of the income is paid over whether it works a hardship or not.

Mr. MURCHISON: I quite realize that.

Hon. Mr. MACKENZIE: We will all agree with you there.

Mr. MURCHISON: I might say, Mr. Chairman, that when the formula in this bill was developed we were considering the maximum payments that the average settler should be called upon to meet, namely \$144, which is the maximum he would be called upon to meet—it may vary from there down to considerably lower sums, depending upon the type of establishment—but a maximum of \$144 a year we found over many years of experience is well within the possibility or the reach of the average individual to go out and find, apart from his farm. Now, this bill contemplates a very large number of establishments where veterans will be employed in a variety of employment opportunities, and I know that if you attempted to administer it on the basis of a quarter of the total cash income that it would result in a great deal of confusion.

Hon. Mr. MACKENZIE: It seems to me that the crucial point was the adequacy of the ceiling amount of \$4,800. I would like to have you enlarge upon that, as I think throughout the whole discussion that was the crucial point, as far as a layman could understand.

Mr. MURCHISON: There is evidence which I placed on the record on May 5 that I think speaks for itself, and it was put on the record with that specific purpose in mind of showing the relationship between the ceilings in this Act and what we have in the records to-day with regard to the old system. Appendix C contained a breakdown of the book debt and the value of the farms occupied to-day by soldier settlers. That statement was a breakdown into four groups, \$2,953 with an average debt of \$909 on an average farm value of \$2,797.

The CHAIRMAN: Either Mr. Senn or Mr. Hatfield asked a question with regard to the adequacy of the \$1,600.

Mr. SENN: No, the adequacy of the \$1,200. Being a practical farmer I cannot see through the matter yet. I am not opposed to the idea if it can be worked out.

Mr. MURCHISON: I shall not labour that point because it appears in appendix C, and those are official figures; they are based on an up-to-date inventory of soldier settler business. Some people may feel that our land values are too low, but we have learned by a good deal of bitter experience that it is wise to keep those land values low. The net figure of the 7,360 settlers recorded in that exhibit is that they are carrying an average indebtedness of \$1,550 on an average farm valuation of \$2,382. Now, as to whether or not those figures are right as to the valuation of the farms we have the proof of the actual payments made in the last fiscal year. Granting that conditions have been better in most lines and in many areas during the past fiscal year it is also true that conditions were not too good in large parts of western Canada where the bulk of those settlers live, and we find this, with respect to those 7,300 soldier settlers that there was a current instalment matured in 1941 of \$1,039,050.75. Of that amount \$957,227 was paid, which is equivalent to 92 per cent of the instalment which matured in 1941.

Mr. WRIGHT: Would you give us those figures for 1937 and 1938?

Mr. MURCHISON: I could give them.

Mr. WRIGHT: I wish you could give them so we could compare them with this cost for operating.

Mr. MURCHISON: They would not have any comparison at all, because these figures to-day are based on very materially adjusted accounts under the Farmers' Creditors Arrangement Act, since 1938.

Mr. WRIGHT: Have many accounts gone through the Farmers' Creditors Arrangement Act since 1938?

Mr. MURCHISON: About 6,000.

Mr. WRIGHT: I thought they were mostly before that.

Mr. MURCHISON: No, very few; there were only 350 of our accounts in western Canada that had gone under the Farmers' Creditors Arrangement Act prior to 1938. These figures are based on a sound adjustment of all shaky loans throughout Canada under the Farmers' Creditors Arrangement Act since 1938. That information was completed and we found that when these amounts are brought into proper relationship to the value of the land that the settler paid there is proof of it that 92 per cent of the 1941 instalment was paid in connection with 1941 operations; and in addition to those payments of 92 per cent of the actual amount maturing last year, there were prepayments of \$2,135.20. Now, that does not seem to agree with the argument that a \$3,600 farm and \$1,200 worth of stock and equipment fails to provide the working basis to produce enough revenue to meet payments.

Mr. SENN: Does that prove that there is a proper equilibrium between the amount allowed for purchase of stock and implements and for farm purchase? That is the thing. I am not quarrelling about the \$4,800 amount. But if you pay a limit for a farm of \$3,600 which, in Ontario and a good many other sections to-day, will buy a fairly good 100 acres of land, I cannot see how a man can equip that farm with stock, and equipment and implements for any \$1,200 and be successful.

Mr. MURCHISON: I will quite frankly agree with you that \$1,200 is pretty skimpy. It is a little short.

Mr. SENN: It is very short.

Mr. MURCHISON: It is very short.

Mr. HATFIELD: How do you arrive at that figure of \$1,200? How many cows, how many horses, how many hens, how much machinery does that allow for?

Mr. WRIGHT: How many binders?

Mr. MURCHISON: Not very many.

Mr. HATFIELD: It would take \$3,000 to equip a potato grower with machinery only.

Hon. Mr. MACKENZIE: I think the only thing that concerns the committee is the \$1,200 amount.

Mr. SENN: That is the crucial point. If I could be satisfied on that, I would be satisfied with the rest of the bill.

Mr. MURCHISON: I will be frank in stating that for that \$1,200 you cannot fully equip a mixed farm.

Mr. SENN: Can you adequately equip it?

Mr. MURCHISON: You can proceed on this basis—and this is the basis this committee proceeds on,—that after all, this \$1,200 is not a loan. This is a gift. As I mentioned once before in this committee, the subcommittee took its courage in its hands when it advocated a scheme and provided for a conditional gift of \$1,200 of the taxpayer's money. It is just a question of how far the subcommittee should go.

Hon. Mr. MACKENZIE: \$34,000,000 altogether.

Mr. MURCHISON: It is just a question of how far the subcommittee should go in giving away the taxpayer's money. We propose to cushion that shortage there by introducing in the bill flexibility in repayment terms; that is to say, at the discretion of the administration the terms may be varied during that twenty-five year term. For the first five years interest only may be charged. During that first five years it is anticipated surely, with sound administration, that the average settler should be able to make his living and accumulate some of the other items during a period of five years.

Hon. Mr. MACKENZIE: I want to get this point cleared up in my own mind. According to our expert farmers here, \$1,200 is not enough to get adequate live-stock and equipment. Was it the idea of your committee that the man himself might supplement that through his own resources?

Mr. MURCHISON: There may be a great many that will do that.

Mr. SENN: What resources of his own? That is another story.

Mr. QUELCH: He will not be in a position to buy machinery on time from the machine companies. He will have to pay cash.

Mr. MURCHISON: I do not know why not. The machine companies are selling equipment all over this country today not on the basis they used to sell it with nothing down. They ask for at least a third or up to a half down.

Mr. QUELCH: And one half the balance that fall and the next half the next fall.

Mr. MURCHISON: Two years for the balance.

Mr. WRIGHT: You would not make this payment out of that money, on the basis of half payment? If a man wanted to buy a binder, you would not allow him to pay that half out of your money and pay for the rest later?

Mr. MURCHISON: No. I do not think you could very well do that.

Mr. QUELCH: You are visualizing that the man would buy old machinery, are you not?

Mr. MURCHISON: As far as we can. I also might mention this, that under the old scheme we were able to arrange for very handsome discounts by the machinery manufacturing companies,—anywhere from 10 to 20 per cent discount.

Mr. SENN: After all, that only adds to the farmer's burden of indebtedness. And with any farmer, if he gets too heavily involved, he is never going to get out, unless there is a change in conditions.

Hon. Mr. MACKENZIE: Did the committee have in mind any sort of model of establishment in regard to this \$1,200 which is puzzling me?

Mr. MURCHISON: We did at the time this bill was first discussed, which was approximately two years ago. There are changes taking place, we admit. Dairy cows, for instance, have very materially increased in value during the past eighteen months—very materially. Eighteen months ago you could buy all the horses you wanted to load on the stock cars in northern Alberta for \$50 a head.

Hon. Mr. MACKENZIE: You cannot do that now.

Mr. QUELCH: Take a half section of land at \$3,600. Take that \$1,200. Start out with machinery—a binder, \$300. Take the minimum amount of equipment, what you would have to have, and horses and cattle. How much would you get with \$1,200? Is the idea that he should borrow it from his neighbours?

Mr. MURCHISON: He might have to, yes.

Mr. QUELCH: Then he is going to be a pest to him.

Mr. HATFIELD: His crop depends on that.

Mr. QUELCH: I think it would be a good idea if you would give us an example of the stock and equipment he would have to have. It might help us.

Hon. Mr. MACKENZIE: That is a good idea.

Mr. QUELCH: I think it would be a good idea to get that before the committee.

The CHAIRMAN: You had a question, Mr. Hatfield.

Mr. HATFIELD: I was going to ask Mr. Murchison this. Suppose a returned soldier has no furniture. How is he going to furnish his house? It will cost him at least \$500 to furnish his house on that farm.

The CHAIRMAN: What puzzles me is this, Mr. Murchison. You spoke about additional equipment that he might buy or arrange to buy. The payment

or part payment for that equipment would depend upon his production, would it not, at certain periods?

Mr. MURCHISON: Yes.

The CHAIRMAN: How could he have production if he does not have adequate equipment to start with?

Mr. HATFIELD: He cannot. It is impossible.

Mr. MURCHISON: I might perhaps have to disclose something here that is in our minds, and I would ask that this do not go on the record.

Hon. Mr. MACKENZIE: We want to know everything.

The CHAIRMAN: Very well. It will not be put in the record.

Mr. MURCHISON: Then again, going back to the matter of qualification, who are we going to establish on a full-time farm enterprise? It is not going to be men who have no background or no foothold or who never had a toehold in agriculture. It is people who come from the land. There will be a great many of these young men who are coming back who want to settle close to their parents. Is there anything wrong or was there ever anything wrong with the father of a boy helping him get established by giving him an extra horse or giving him a set of harness or piece of machinery? That is as old as family establishment in this country or any other country.

Mr. McLEAN: We are getting away from it too fast.

Mr. Ross (*Souris*): There will not be any of that under this situation.

Mr. HATFIELD: You have got away from those things now.

Mr. MURCHISON: I do not want to labour this thing too far. I will agree that \$1,200 is skimpy.

Hon. Mr. MACKENZIE: You are an old farmer yourself.

Mr. MURCHISON: Yes. I can tell you this: if anyone offered me to-day \$3,600 for land and \$1,200 for stock and equipment that I did not have to pay back, and to assume a debt of only 50 per cent of the advance at 3½ per cent, I would take it, and I would work and I would pay off the land.

The CHAIRMAN: Would you be opposed to an increase in the amount?

Mr. MURCHISON: I would not. But it would be a matter of government policy.

Mr. HATFIELD: What about on a loan basis—give him \$1,200 and allow him to pay \$500 extra on a loan basis?

Mr. MURCHISON: I am very nervous about increasing that maximum annual payment that the man has to meet. If it were altered to a point that up to a maximum of \$1,200 could be advanced for the purchase of stock and equipment, irrespective of the cost of the land, it would make some progress.

Mr. HATFIELD: If you tie him down you cannot get anywhere; that is, if you tie him down to merely equipment and stock.

Mr. MURCHISON: I do not visualize there will be very many full-time farming establishments where the calculated cost of the land and implements will not go up to \$3,600.

Mr. SENN: I was just going to ask that question. Do you not think a man who could buy a farm for \$3,000—perhaps not so good a farm; perhaps the buildings not in such good order—and could have the \$1,800 to equip it, would be in a better position than the one who paid \$3,600 and had his \$1,200?

Mr. MURCHISON: I will agree with that. But frankly, knowing a good deal of the condition of farms for sale in this country, I can visualize where many farms can be purchased at \$2,000 to \$2,400 or \$2,500, which certainly require an expenditure up to \$1,000 to give a man a decent home, and to fix up his barn, fencing, water supply and things of that sort, which will bring up the maximum cost of the land and buildings to \$3,600.

Mr. SENN: Yes, but he would do that gradually.

Hon. Mr. MACKENZIE: Is it your idea that you should supplement the \$1,200 by an additional loan for livestock and equipment?

Mr. SENN: I cannot see my way through that, because if you place too heavy a debt on the farmer, he is going to go under. His production will never amount to very much if his debt is too high.

Hon. Mr. MACKENZIE: Probably the idea would be to increase the gift to a little better than \$1,200.

The CHAIRMAN: If I understood it, Mr. Senn's idea was to reduce the amount for land and buildings to \$3,000.

Mr. SENN: That is just the question that I asked as a hypothetical question. I think it would be better to keep your price of the land down to \$3,000 and allow the man the \$1,800.

Mr. HATFIELD: Did this committee work out any itemized statement of stock and equipment?

Mr. MURCHISON: Yes. I have a couple of samples here.

Mr. HATFIELD: Could we have that?

Mr. MURCHISON: Here is one, the stock and equipment set up on a half section prairie farm.

Mr. WRIGHT: Would you put that on the record?

Mr. MURCHISON: Yes, I would be glad to.

Mr. HATFIELD: That is what I wanted.

Mr. MURCHISON: Here is another one, stock and equipment set-up on a 100-acre Ontario farm, 60 to 80 acres under cultivation. I will be glad to put this on the record too.

The statements referred to by Mr. Murchison are as follows:—

STOCK AND EQUIPMENT SET-UP ON HALF SECTION PRAIRIE FARM
150 ACRES UNDER CULTIVATION

5 Horses at \$80 each.....	\$400		
1 Cow	85		
1 Sow	25		
12 Hens	12		
2 Sets Double Harness with Collars but Without Breeching.....	50 (second hand)	\$ 80 (new)	
1 Half Set of Harness.....	10 (second hand)	20 (new)	
1 14" Gang Plow.....	75 (second hand)	166 (new)	
1 Set 5 Sections Harrows.....	25 (second hand)	40 (new)	
1 Cultivator, Stiff Tooth, 7'.....	145 (new)	145 (new)	
1 Seed Drill 20 run, single disc.....	90 (second hand)	270 (new)	
1 Binder, with tongue truck and Sheaf Carrier	352 (new)	352 (new)	
1 Wagon and box (\$107 and \$67).....	60 (second hand)	174 (new M.H.)	
1 Sleigh	20 (second hand)	61 (new M.H.)	
Live-stock		\$ 522 00	
Equipment		827 00	
Total		\$1,349 00	

NOTE.—Prices of new implements taken from International Harvester Company's current price list except harness, wagon and box, and sleigh. No doubt Director, Veterans' Land Act will obtain some special concession on purchase price of new implements. No provision is made above for the purchase of a mower and hay rake.

(Sgd.) O. C. WHITE,
Superintendent,
Office and Field Services Branch.

STOCK AND EQUIPMENT SET-UP ON 100 ACRE ONTARIO FARM
60 TO 80 ACRES UNDER CULTIVATION

3 Horses at \$100 each.....	\$300 00
3 Cows at \$120 each.....	360 00
1 Sow	30 00
25 Hens	25 00
	<hr/>
Livestock.....	\$715 00
1 Set double harness and collars without breeching (new).....	40 00
1/2 Set double harness and collar without breeching (new).....	20 00
1 Gang plough 8" to 10" rolling coulter, with 3H. hitch (new)	73 75
1 Cultivator, spring tooth, 6 1/2-foot (new).....	93 25
1 Set drag harrows, 3-section (new).....	25 50
1 Mower 5 1/2-foot cut (new).....	123 00
1 Hay rake, 10-foot, one-horse (new).....	62 25
1 Wagon 2 1/2" tire with trees and yoke (new).....	99 80
1 Sleigh with bunks (new).....	70 60
1 Cream separator, 600 lb. per hour (new).....	70 75
	<hr/>
Equipment.....	\$678 90
	<hr/>
Livestock	\$ 715 00
Equipment	678 00
	<hr/>
Total.....	\$1,393 00

NOTE.—No provision is made above for the purchase of a binder or seed drill. A six-foot binder with no accessories costs \$287 and a 13 Single Disc Drill \$184. A disc harrow might be substituted for a cultivator with some saving in outlay. A two-horse 12 plate inthrow disc harrow costs \$56.50. Three cows is low even for a start, but by buying some implements second-hand, a saving may be made which might be applied to purchase of more cows. No doubt Director of Veterans' Land Act will be able to obtain discount on purchase of new implements, which would create a saving that could be used for small tools essential on a farm. Above are Massey-Harris current prices for implements.

(Sgd.) O. C. WHITE,
Superintendent,
Office and Field Services Branch.

May 15, 1942.

Mr. MURCHISON: In both cases the set-up over-runs the \$1,200.

Mr. HATFIELD: I would think so.

Mr. MURCHISON: We feel that with the offsets of being able to purchase at discounts, with the assistance that a great many of these boys will get from their parents, and by their own ingenuity and by the flexible terms of the bill itself as to repayment, that provision can be made in individual cases to work out a solution that will see that that man has a reasonable working outfit before he is called upon to meet the standard amounts called for in the contract. I have no doubt that a great many of these men will operate for three or four years purely on a tenant basis, before they take over the purchase contract.

Mr. HATFIELD: In the case of a great many of these boys, their parents are now on soldier settlement farms. What help are they going to get from their parents?

Mr. MURCHISON: Well, we have a large number of soldier settlers farming out around who are in just as good a way of doing as anybody else in their communities.

Mr. QUELCH: Machinery today is practically on a cash basis. You pay down two-thirds in the first year; one-third when you buy the machine, one-third that fall and the next third the next fall. It is almost on a cash basis. Do you think it would be possible to work out an agreement with the machine companies whereby a machine could be sold over a period say of ten years? It is going to be impossible for the soldier settler to pay for a machine on that basis because it will take him probably one or two years to even get established.

Mr. MURCHISON: I say there is merit in that; but our experience indicates that if you guarantee anything, you pay it.

Mr. SENN: I can remember this, that the richest man in the township in which I live started out with a team of horses and less than \$400 in implements. But he made good, and with a rented farm first. Then he gradually went along.

The CHAIRMAN: That was the golden age, Mr. Senn.

Mr. QUELCH: That was when there was lots of work.

Mr. HATFIELD: And there were big prices.

Mr. QUELCH: And lots of work available.

Mr. SENN: On the other hand, I do not think that we should attempt to start these young men off where their parents left off, altogether; although I do think, from the fact that they are returned men, they should have more consideration than a boy who has not gone.

Mr. McLEAN: I think one of the considerations we have to keep in mind, in a general way, is what we are going to be able to do for returned men generally. We do not want to create a situation where there is going to be a large block of returned soldiers who served in a theatre of war, who will feel that they are discriminated against in comparison with another class. Under this scheme we are going to make a gift of \$2,400.

Mr. SENN: \$1,200.

Mr. McLEAN: No, \$2,400. We are making a gift of \$2,400 to the returned soldier who wants to settle on the farm. There will be other schemes for men who want to take up technical training; and on the other hand, there are going to be large numbers of men who are not going to be in a position to partake in any substantial way of any of these schemes. Now, picture a man who comes back and things are tough enough for him, but he is trying to make good and he is not in a position to partake in any substantial way of any government scheme of assistance. He may be a man who these nights is flying over Essen and Cologne, and he comes back and finds a man who has never left Canada—and there will be thousands of them—a man whose wife has been receiving \$20 of assigned pay and \$35 separation allowance and \$24 a month for two children. This man, perhaps a single man, is going to come back and is not going to find any government scheme which will assist him to any great extent. Those men are going to have to pay taxes to give a gift of \$2,400 to a man who has never left Canada and whose wife has been receiving something like \$90 a month for the time her husband was in Canada.

Mr. QUELCH: Don't forget the husband's wages when you speak of assigned pay.

Mr. McLEAN: A man whose wife has been receiving for herself and children \$70 a month and the husband has never been out of Canada. Now, that man from overseas is going to find in addition that there is an outright gift of \$2,400 to that fellow. It seems to me that in considering how far we are going to go here we should have some general idea of how much is going to be done generally for all the soldiers, because we do not want to create a situation where one large group of returned men are going to feel that another group have been dealt with much more generously than they have been dealt with. I think \$2,400 as an outright gift is not too bad.

Hon. Mr. MACKENZIE: Land settlement, after every war in history has had a special place in re-establishment. In the case of every single war I know of land settlement has been primarily considered; consequently, it would certainly be the duty of any government in office when the men come back to see that such men are re-established industrially with equal benefits to the man who is going back on the land to be gainfully employed. I say it is going to be the absolute duty of any government, whether Liberal, Conservative, C.C.F. or Social Credit to get the men who have fought to defend our civilization right back into gainful employment.

Mr. McLEAN: The \$2,400 is a gift.

Hon. Mr. MACKENZIE: But they go back to gainful employment. It is going to be the duty of the state this time, and I think people will see to it that this is done. We have gone a long way towards that in our universities.

Mr. McLEAN: I entirely agree with the scheme. I think there ought to be a good sound establishment on the land, but I spoke of everything—

Hon. Mr. MACKENZIE: I agree that it should not have been confined to the land. We listened to Mr. Reid's idea this morning about fisheries. That can be worked out. And then there is the forestry service. But take the larger matter which deals with the main problem. Now, we are dealing with land settlement for veterans which is one part of the pattern.

Mr. McLEAN: But in spite of all you have said there are still going to be a large number of men who, because of their temperament are not going to take advantage in a large way of any scheme; they are going to come home the way tens of thousands of others did—

Hon. Mr. MACKENZIE: We have to face that human factor in any war.

Mr. McLEAN: They are going to be taxpayers too.

Mr. SENN: It is not intended to limit this to \$25,000.

Hon. Mr. MACKENZIE: No, that is only a guide.

Mr. SENN: Is there any intention to limit it at all?

Hon. Mr. MACKENZIE: Of course, I could not be definite at the moment, but this present bill is based upon an estimate in regard to the financial commitment of 35,000 of \$80,000,000 of which \$34,000,000 is a direct gift to the settlers. We will have to go much further before this bill is through.

Mr. SENN: Yes, I think so.

Hon. Mr. MACKENZIE: We have 33,000 who have already signified their intention through the surveys we have made, and of course, when the surveys are complete we will probably have nearly 100,000 who want to signify their intention to go on the land.

Mr. QUELCH: Was any consideration given to this, that in view of the fact that the settler is given \$2,400, the government might lease it on a long-term basis of 20 years or 50 years? In that case the settler would have \$2,400 to equip and pay the lease and acquire title to the land.

Mr. MURCHISON: No.

Mr. QUELCH: It would give him a far better chance. The rental value might be down as low as one-sixth, as it is in Alberta in certain areas.

Mr. MURCHISON: That is debatable. I think the committee agreed on this point that it was desirable to aim at the principle of home ownership because of the increase that home ownership gives to national stability. People should establish ownership of something; they should not be placed on the basis of tenants during the best working days of their lives.

Mr. SENN: Of course, Mr. Chairman, it is hardly home ownership until they acquire ownership, and I am going to ask this question about section 11: Really the title will be vested in the director until it is fully paid; has that been fully considered as being the proper procedure?

Mr. MURCHISON: We can always convert that at any time if a man wanted to obtain title and he had reduced his capital commitments to the director to the point where he could negotiate a mortgage loan or something else and get title in his own name. There would be no difficulty about that.

Mr. ROSS: I think there is quite a bit of merit in what has been said by Mr. Kennedy in regard to these ratio payments; the man would be encouraged to make payments as soon as he could. I think the minister will realize or anticipate very drastic changes in our economic set-up after this war. I know

of land companies during this war who have been selling parcels of land on the basis suggested by Mr. Kennedy to-day and it works out well. I know of municipal and provincial organizations that have been studying their whole plan of assessment on the basis outlined by Mr. Kennedy this morning, over a period of years; they are attempting to arrive at a basis of assessment for property on that basis, and they are getting somewhere near a basis of parity. Sooner or later you have to face the problem of paying on the ability to pay—that is the revenue. Let us understand that many of these returned men will not have hired help; they will be operating their own small holdings themselves. I think most of them would be quite pleased if they had a given percentage annually to turn over as payment on that home to hold it. Now, I agree with Mr. McLean that we want to keep the cost of administration in mind; but with regard to the matter of bookkeeping from my experience—and I have been farming all my life—the greatest handicap that the majority of our farmers have is a lack of bookkeeping. Scarcely any of them can tell you for twelve months what their operations were, whether they made money, whether they lost money; and as regards the filing of income tax returns and the many government forms that have to be filled out I doubt if there are 2 per cent of the farmers who can intelligently explain these things. If we can foster a scheme of bookkeeping among our agriculturalists, then we will have done a lot for agriculture in this country. So I think there is a good deal of merit in the suggestion made by Mr. Kennedy this morning, something we may realize is very much more important in years to come than to-day, because many of our scientific agriculturalists are studying these plans, and I think our system of property assessment and everything else might very well be based on this plan.

Mr. WRIGHT: Mr. Chairman, I agree with what Mr. Ross has said. I know that if under the last scheme some definite form of bookkeeping had been developed for all the settlers and if the settlement board had prescribed a set form of book that each settler had to keep it would have helped the settlers out an awful lot to get going. It would show a man where he was falling down and where he might have done better, and I think that under this scheme, if it is to be a success, if the board is going to establish a large number of farms and introduce a great number of young chaps into farming, they should establish some system of bookkeeping for the farms that can be carried out effectively. If that is done they will have some way of knowing what each individual is doing, and that is the only way they can do it. As regards a parity price as suggested by Mr. Kennedy, I think that is something we have to come to. I made a suggestion the other day with regard to a new section—section 10 of the bill—which incorporated something along the line of Mr. Kennedy's idea and it was as follows:—

In any year during which the selling price of the commodities produced by the veteran falls relatively to the cost price of the goods and services purchased by him as compared with the similar selling and cost prices which prevailed during the year in which this Act will have come into force—to be known as the base year—the payments due shall be reduced by an amount proportionate to the decrease in the purchasing power of the agricultural products in that year as compared with the base year.

In other words, we had to establish some parity between the goods that the settler has to sell and the amount of money he has got to pay for that land.

Hon. Mr. MACKENZIE: Might I ask whether this would have to be regional or universally applied across the whole territory?

Mr. WRIGHT: I think this would have to be applied regionally. We would have to take Western Canada and Eastern Canada separately. The Bureau of Statistics have these figures available; they are produced each year on grain

products and live stock products; and all you would have to do would be to use the figures that the Bureau of Statistics already have compiled. You would agree on the base year, the year on which the Act came into force as being a parity year and work from there, and it would be up to the board. You could add a clause in the latter part of section 34 to the effect that the board would have the right to adjust these. The basis on which the annual payment is adjusted in accordance with which payments under section 10 would be computed, and the board shall have authority to do that. I think something along that line is essential in this new Act, where we have some equity between the selling price of the products of the farm and the price which the farmer pays for his land. I know that this Act envisages a lot smaller payments than were made under the old Act; under the old Act we paid our full cost and 5 per cent interest; under this Act we have cut the principle in two and we are allowing $3\frac{1}{2}$ per cent interest, which certainly gives the settlers a much better chance than they had under the old Soldiers Settlement Act; but even with that, I think if the scheme is to be a success we shall have to introduce some principle of parity in those prices. If that were done I know that this scheme would have a much better chance of success than it will if we fail to do that; and I thoroughly agree with Mr. Kennedy that something along those lines should be worked out in the bill.

Mr. SENN: I should like to ask Mr. Kennedy a question: Mr. Kennedy, if I understood Mr. Murchison correctly, the maximum payment for one year on an amortization basis of twenty-five years is \$144?

Mr. KENNEDY: Yes.

Mr. SENN: Now, did you intend to suggest, Mr. Kennedy, that if a quarter of the cash income was less than \$144 that the farmer or soldier settler would have that yearly payment complete?

Mr. KENNEDY: No, sir. I wanted to ignore the \$144 or any other fixed figure entirely so that he would merely pay, for example, his one-quarter. It might be one-half of that according to the crops as in that year.

Mr. ROSS: It would be based on the total figure, the purchase price originally, until it was paid for.

Mr. KENNEDY: In this example he would pay for 17 years. Now, let us say that the farm cost the director \$4,800; the man might pay, if times were really fine, \$5,600 before he had finished; if times were hard he might pay only \$2,400.

Mr. HATFIELD: It might take him 15 years or 30 years?

Mr. KENNEDY: No, sir, my idea was that the time should be fixed.

Mr. SENN: There is one point I do not understand about that: if I understood the figures correctly, this is based on the number of years it would take to buy a farm out of cash income. Now half of that farm is being donated really to the farmer?

Mr. KENNEDY: Yes. I want to make it clear that this is just a broad example. The fact that the government is now donating something to the man would, if this principle were adopted, reduce the length of time over which he would have to pay, but everything that is said increases my idea that this principle, if it could be swallowed and administered, would solve many of the problems that have been discussed to-day, because this amendment of Mr. Wright's, for instance, merely does for Western Canada what this more or less automatically does.

Hon. Mr. MACKENZIE: Does \$144 include any tax?

Mr. MURCHISON: No, sir.

Mr. WRIGHT: I do not say that that amendment would apply to all parts of Canada.

Mr. KENNEDY: I should have said it applies to one particular aspect of the question and has to be worked out every year.

Mr. QUELCH: Would you reply, Mr. Kennedy, to Mr. Murchison's suggestion that under your scheme the settler would be farming down to a level rather than up to a level?

Mr. KENNEDY: I honestly do not think there is anything in it. The wasters are going to be bad under any scheme. I cannot imagine any sane man if he has got seventeen years definitely to go on this basis sitting back and loafing or going easily for seventeen years, because he is going to take three-quarters of the suffering. I would also like to mention that Mr. Murchison pointed to the difficulties as regards this quarter which I mentioned. Now, this little group is not rewriting or writing a bill; this is a principle we suggest should be seriously considered; the figure might be a fifth or it might be based on something other than gross cash income.

Mr. SENN: Don't you think that probably your scheme is putting a premium on inefficiency?

Mr. KENNEDY: I do not think so.

Mr. SENN: You really say to the inefficient man: We will let you in easy; and to the efficient man: We will get you \$600 instead of \$4,800.

Mr. KENNEDY: No doubt the honest but inefficient man may get off easier than the honest but efficient man.

Mr. ENGLAND (Executive Secretary, Rehabilitation Committee): I have seen the reports on which the farm values in Cumberland county, Nova Scotia, are made and as I remember the report there was included in the value of the stock and machinery an automobile; now in looking over table Q for profit-making farms and the time required for paying a quarter of the cash income, does that include the automobile? If so, I must say to the committee that I do not think the rehabilitation committee included an automobile. It is arguable if it should, but it is not included.

Mr. HATFIELD: It will have to be much more than \$1,200 if he has an automobile.

Mr. QUELCH: I suggest that a man shipping cream twelve miles from a town will waste a lot of time if he does not have an automobile.

Mr. HATFIELD: I notice in this table for Cumberland county there is the figure of 5,000 pounds of milk per cow on a profit-making farm; do you think 5,000 pounds of milk will show a profit for each cow?

Mr. KENNEDY: I certainly would not be satisfied myself, but it merely takes the profit-making farm and gets at the facts about it. Now, if 5,000 pounds is not enough profit making on a cow these people probably will make some extra profit on hogs or something like that. The point is that 128 profit-making farms were taken and the actual fact was seen as to what was the condition and no deductions are made from it. I have just presented it. I am not making any special deductions except that the profit-making farms have a bigger investment.

Mr. HATFIELD: And you buy your horses at \$60. Where can you buy a horse that is suitable for farm work at \$60?

Mr. KENNEDY: That was the 1941 figure.

Mr. HATFIELD: Horses down in my country in New Brunswick cost \$200.

Mr. KENNEDY: Yes, sir, but that is the over-all census figure for horses in any age and it was approximate for 1941.

Mr. HATFIELD: For 1931 the value you give is \$50. Horses were higher in 1931 than they were in 1941.

Mr. MURCHISON: Mr. Chairman, may I make an observation regarding the suggestion as to the quarter of the gross cash income or on the formula

projected by Mr. Wright. I would say on the basis of my administrative experience that the accounts of the department and the accounts of the settlers would be in a state of constant chaos, if you attempted to operate on that basis—on an operating proposition that might involve 25,000 or 40,000 accounts scattered over the Dominion of Canada. There is a standard date for payment, the first of May or the first of October. Our accounting officers have to commence their calculations four or five months in advance of the date that payment is due in order to have that billings ready to send out to the people concerned. A great deal can happen not only in four months but in four weeks between the preparation of the billing and what actually happens on a farm, and if the accounting officers were bound to operate on a basis where they would have to be constantly adjusting their books on a formula that was tied to some crop return or some wage return I can frankly say, Mr. Chairman, on the basis of all my experience, that you would have an almost hopeless administration muddle.

The CHAIRMAN: Chaos?

Mr. MURCHISON: Yes.

Mr. HATFIELD: Could not that be done with efficient supervisors?

Mr. MURCHISON: No.

Mr. WRIGHT: I cannot agree with that. In the formula I suggested that you have the reports of the Bureau of Statistics each year. Every year they determine what the price of the things the farmer has to buy will be, they take 40 different articles or 50 different articles, standard articles that the farmer has to buy and they figure what those costs are in proportion to a basic year. Then they take the things that the farmer has to sell. It does not seem to me that there should be very much trouble in taking those figures and adjusting every account to them. They are basic figures, and if they would work out in proportion every account would work out the same way. If your payment was \$100 and the difference between the things bought and the things sold was 10 per cent, it would simply mean a \$90 payment. There should be no difficulty. You would simply take an ordinary adding machine and work it out. You simply feed the figures into it and the results come out.

Mr. MURCHISON: I do not think it would be as simple as that.

Mr. WRIGHT: There are calculating machines that can make these calculations just as easy as can be, and a girl could do a thousand of them in a very short time.

Mr. MURCHISON: What would you do, Mr. Wright, in connection with a man who is not established on a full-time farming venture at all?

Mr. WRIGHT: That is a different matter. I am willing to obtain this formula simply for the men who are established on a 100 per cent farming basis. I am not saying that this formula should apply to a man who is not on that basis at all; I do not think it should.

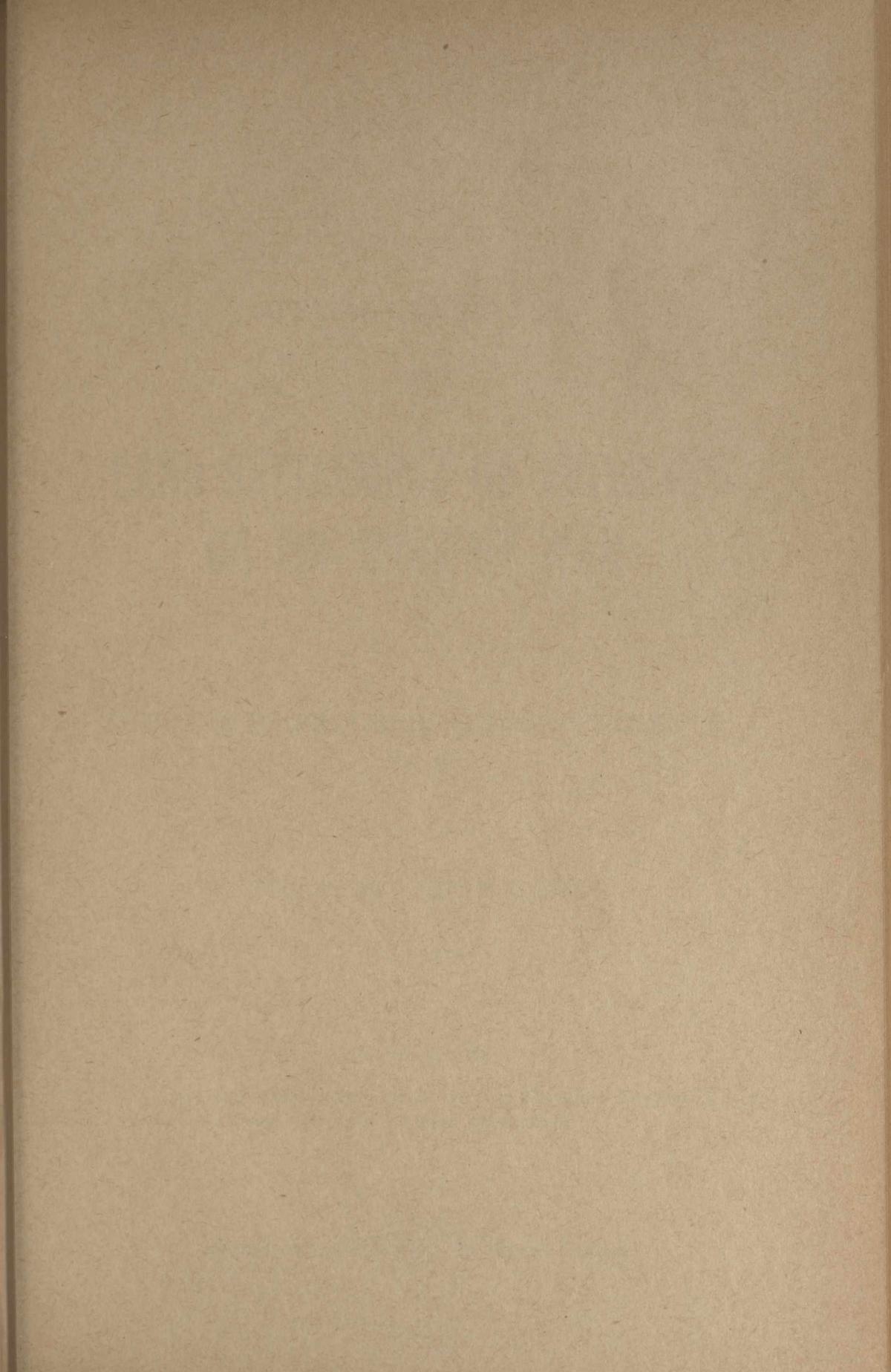
Mr. MURCHISON: I do not think this scheme will operate on such clean-cut lines. There will be other things, as to whether all the income comes from the farm or part of it comes from the farm and part of it comes from outside earnings, and which part comes from where.

Mr. McLEAN: A lot of our discussion has been based on returns from the Bureau of Statistics. Now, I have often wondered by what magic that office can give us information that is supposed to be accurate. Mr. Ross said something that is probably true, that the vast majority of farmers do not keep records. Now, the value of those reports from the Bureau of Statistics is not based on the ability of the officials in that office, it is based on the origin of the report. Those reports remind me of the intelligence reports at headquarters which we used to get in the last war. Tremendous value was placed on them. The value

of those reports was based on the origin of the reports, and I know something about the imagination that was used in introducing reports on petrols, and on what those reports were based. With regard to the figures that come from the Bureau of Statistics in connection with production and earnings on farms, as I say, we cannot base them on the excellence of the system in the office; we have to go back to the origin, and that origin so far as accuracy is concerned has to be measured by the statement Mr. Ross made, that these records are not kept on a farm and are largely guesses, I think, in connection with prices as in connection with other things. I do not think we can base much on those Bureau of Statistics reports.

The CHAIRMAN: We will adjourn now and at our next meeting we will try to have representatives of the Legion here and that will end our evidence.

The Committee adjourned at 11.40 a.m. to meet at the call of the Chair.



SESSION 1942
HOUSE OF COMMONS

SPECIAL COMMITTEE

ON

LAND SETTLEMENT OF VETERANS OF THE PRESENT WAR

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 6

THURSDAY, JUNE 4, 1942

WITNESSES:

Mr J. G. C. Herwig, Acting General Secretary, Canadian Legion, B.E.S.L.
Mr. Gordon Murchison, Director Soldier Settlement.

OTTAWA
EDMOND CLOUTIER
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
1942



MINUTES OF PROCEEDINGS

THURSDAY, June 4, 1942.

The Special Committee on Land Settlement met this day at 10.00 o'clock, a.m. Hon. Cyrus Macmillan, the Chairman, presided.

The following members were present:—Messrs. Blanchette, Dupuis, Hatfield, Macdonald (*Halifax*), MacKenzie (*Neepawa*), Mackenzie (*Vancouver Centre*), McLean (*Simcoe East*), Macmillan, Quelch, Ross (*Souris*), Senn, Sissons and Wright.—13.

In attendance were:—

Mr. Robert England, Executive Secretary, Rehabilitation Committee;

Mr. B. W. Russell, K.C., Department of Pensions and National Health.

Capt. G. Kermack, Representative of Imperials.

Mr. J. G. C. Herwig, Acting General Secretary, Canadian Legion, B.E.S.L., was called, examined and retired.

Mr. G. Murchison, Director of Soldier Settlement, was recalled, examined and retired.

It was agreed to resume consideration of Bill No. 65 at the next meeting.

The Committee adjourned at 11.25 a.m. to meet again at the call of the Chair.

J. P. DOYLE,

Clerk of the Committee.

MINUTES OF EVIDENCE

HOUSE OF COMMONS, ROOM 497,

June 4, 1942.

The Select Special Committee on Land Settlement met at 10 o'clock a.m. The chairman, Hon. Cyrus Maemillan presided.

The CHAIRMAN: Order, please. This morning we are to hear from Mr. J. C. C. Herwig, the Acting General Secretary of the Canadian Legion. I would ask him to come to the front.

Mr. J. C. C. HERWIG, called. Acting General Secretary, Canadian Legion, British Empire Service League.

By the Chairman:

Q. I understand you have a prepared statement?—A. Yes.

Q. Would you proceed with it, please?—A. Thank you.

Mr. Chairman and gentlemen:

I wish first to convey the thanks of the Canadian Legion for the opportunity now afforded to present the Legion's views regarding bill 65, an act to assist veterans of the new war to settle upon the land. I might say at the outset that we wish to commend the dominion government for the initiative taken and thought given to this problem. We feel that the framers of the act have endeavoured to eliminate the unfavourable features of the former Soldier Settlement Act and we believe that the veteran who avails himself of this form of rehabilitation should have a better chance of success than the veteran of 1919.

The Legion, as you may know, has in its membership many hundreds of present and former soldier settlers and all the difficulties confronting them down the years have from time to time been threshed out at our many conventions. In this way, the Legion has become familiar with their problems and has on several occasions made representations in their behalf to the government or to parliamentary committees on soldiers' affairs. With this in mind, we feel that it is important that consideration of the new bill should be undertaken in the light of the defects of the old scheme but without in any way introducing the rather pessimistic atmosphere which now surrounds it—the result of the failures and hardships suffered by so many during the past twenty-five years. The reasons for these failures and hardships have already been set forth at some length before this committee and it is not necessary for us to emphasize them.

In the presentation made by the Legion before the special committee of last session, it was acknowledged that many men would seek rehabilitation on the land and that rehabilitation of this character, if successful, would be an asset to the state. The view was then expressed that, if the state wishes to establish returning soldiers on the land, it should, under no circumstances, call upon a settler to shoulder a burden of debt which, in the light of experience, renders hopeless from the beginning his task of endeavouring to meet his obligations and acquiring a title to his property. The opinion was further expressed that the state should be prepared, in advance, to write off capital outlay to the extent that the remaining obligation will be such that the settler may be reasonably expected to meet, and at the same time look after the requirements of himself and family in such a manner as to enjoy a reasonable measure of the amenities of life.

It appears to us that in this bill a serious attempt has been made to overcome many of the worst features of the old scheme yet no one can predict that the new scheme will be adequate to meet the conditions which the new veterans may have to face.

In considering the new bill, therefore, the Legion has borne in mind the desirability of making the physical conditions of settlement as sound as possible from the start in the light of experience gained during the past twenty-five years.

We regard settlement on the land as a rehabilitation scheme which is bound to cost the government, or perhaps I should say the public, money and we think that no matter how well laid the present plans may be the government must be prepared, in advance, to make adjustments in relation to conditions which may exist in the future. Never again must we allow veteran settlers to buy high and sell low without some adequate and swift means of adjustment, should debt again begin to pile up. The possibility should be explored of stabilizing prices of farm products in the years to come thus maintaining a balance with original costs.

The scope of this bill will probably not be realized by the average person until it actually comes into operation. Wide powers have been given to the director. We have no objection to this because it fixes responsibility, but at the same time permits flexibility. Obviously the personality, broadness of vision, knowledge and capability of the person chosen for this office is of the utmost importance.

Wise administrative policies, we believe, are essential to the success of this scheme, which we visualize as being different to the old scheme in many important respects apart entirely from the very ingenious plan of the financing of the settler. For instance, we note that in Mr. Murchison's explanation of the bill he distinguishes between settlement on commercial farms and settlement on small holdings. We are inclined to the belief that the small holding feature will be the most popular and will probably require the most careful administration. It is likely that the erection of suitable houses on the small holdings will become necessary and in this respect some special care and supervision should be exercised, and we would recommend that the Dominion Housing Administration should be called in for consultation and given definite responsibility to ensure suitable design, choice of high quality materials together with low cost and adequate supervision during the course of construction.

The Legion believes that consideration should be given to the possibility of establishing certain types of disabled ex-service men on small holdings with suitable homes.

Another possibility is the establishment of returned sailors on small holdings, so situated that they can also engage in sea fishing. Thousands of our young men are now in the Royal Canadian Navy and upon their return may wish to continue a seafaring life in the fishing industry. We would suggest that the committee consider the possibility of including as part of stock and equipment the furnishing of fishing boats and fishing nets or other necessary paraphernalia.

At the Canadian Legion Convention at Winnipeg, Bill 65 received the consideration of a special committee on rehabilitation, and I now propose to bring before you the recommendations of that committee. In considering these recommendations, you are requested to bear in mind that the convention was concerned mainly with principles of administration and while they have made specific suggestions as to the manner in which some of the principles should be applied, nevertheless the Legion would be quite satisfied if a better way of obtaining the same objective were adopted.

1. *Selection of Land by Regional Boards*

We recognize that the government must assume the responsibility for determining the land to be acquired, but feel that regional boards should be set up under statutory authority, consisting of three members, one to be named by the agricultural department of a university, one a qualified ex-service man living in the district, and the third, the departmental supervisor.

This recommendation is intended to emphasize the importance the Legion attaches to the selection of good land for purchase by the director. To purchase thousands of good farms in various parts of the Dominion is an undertaking requiring a great deal of expert knowledge. We believe that the director should have assistance from men capable of arriving at sound conclusions in respect to any parcel of land they may be asked to report upon. While the recommendation calls for statutory provision and indicates the type of person to be selected, we realize there may be some objections to these details. The Legion would not insist on statutory provision if regional boards can be set up in some other way. It is quite conceivable that statutory provision might prove embarrassing. Certainly the director should not be placed in the position of being bound by the findings or opinions of a regional board since he is the man that must take the responsibility for all decisions. What we want to emphasize is that regional committees should be effective and the men appointed to them should know their business and feel that their reputations are at stake in each decision they make or opinion they are called upon to express.

2. *Selection of Applicants by Regional Boards*

We also would suggest that this board should pass on the suitability of the settler to determine whether he should immediately enter into a contract, or take a period of training, prior to so doing.

This recommendation emphasizes another factor regarded by the Legion as of the utmost importance and that is the selection of the right type of man to settle on the land, whether they desire to enter commercial farming or small holdings. Much emphasis has been placed on the suitability of the wife also to fit into a life on the farm. Enough discussion has already taken place in this committee to make further comment in respect to this recommendation unnecessary.

3. *Expert Supervision*

It is strongly recommended that supervisors appointed be men who have a thorough knowledge of all phases of agriculture and that they be what the name implies, and that their duties be such that they will be enabled to advise and assist the settler in endeavouring to solve his problems.

This recommendation undoubtedly has arisen out of the feeling expressed by settlers under the old scheme that supervisors were long on collections but short on helpful supervision. We do not subscribe to any such charge against soldier settlement supervisors but the Legion does consider it very important that any settler starting out should have the benefit of advice from men who can give them an immediate answer to many practical questions which will confront them. Supervisors should have a thorough knowledge of local farming conditions and practice, in addition to a little better than average agricultural experience.

4. *The Committee of Review for Rescission of Contract Cases*

The bill contains no provision for an appeal to a court, by the veteran, against rescission of contract by the director. The bill should provide, either a section similar to section 69 of the Soldier Settlement Act, or a committee of review to examine all cases where settlers appeal rescission proceedings, this committee of review to be composed of three members, two of whom shall be

entirely independent of the Veterans' Land Act administration. It is further recommended that the majority vote of the committee of review shall decide whether rescission of agreement is warranted.

The Legion feels that there should be provision for an appeal by the veteran against rescission of contract by the director. Whether this should be before a county court judge, as provided in section 69 of the Soldier Settlement Act, or by a committee of review, which again should be comprised of practical men who would bear in mind that they are dealing with a veteran seeking rehabilitation rather than his strictly legal relationship to the director, is perhaps a debatable question. No one knows just how this scheme is going to work out in the future and while past experience indicates that rescission of contract has usually been a last resort measure on the part of the administration, nevertheless the psychological effect of having an appeal provision is, we think, a most important one from the settler's point of view.

5. Administration by the Present Soldier Settlement Board

This bill does not specify what existing organization will be responsible for the administration of settlement, though the explanation of section 4 implies use of certain members of the staff of the Director of Soldier Settlement. The state has invested a substantial sum of money in the training of the present soldier settlement staff. It is recommended that the widest possible use be made of the members of the existing soldier settlement staff, who have proved their efficiency in land settlement work.

This recommendation speaks for itself. The Legion believes that the present soldier settlement organization would understand the problems of the new veteran who desires to rehabilitate himself on the land better than any other group in Canada. The bill has undoubtedly been drafted in the light of their advice and experience and we think that to set up another land settlement organization at the outset, without making full use of the experienced body already existing, would be rather shortsighted. It is quite likely that it is the intention to place the responsibility of administration with the present soldier settlement organization. In any event, the Legion desires to record its view that the present body manned as it is almost entirely by returned soldiers is the most likely body to start the new settlement scheme off successfully.

6. Continuous Review by Special Parliamentary Committee

It is recommended that the progress and results of the Veterans' Land Act should be subject to continuous review by special parliamentary committee. The committee should meet each session during the war and for a period of ten years after hostilities cease.

This recommendation, we believe, should commend itself to members of this committee and the government. No matter how well laid the plans for the settlement of veterans on the land may be and how rosy prospects appear to be at present, no one can foresee what conditions will be by the time men begin to return home in large numbers. It is conceivable that, notwithstanding the favourable provisions of this Act, conditions may still arise under which it may become impossible for the settler to succeed. Consideration was first given by the Legion to the possibility of including in the bill some discretionary power for the director to rewrite contracts where, through no fault of their own, settlers became hopelessly involved in debt. It was felt, however, that this should not be advanced at this stage, although we are satisfied that in the course of administration full knowledge of all the factors necessary to arrive at such a decision would be available to the director.

In the past conditions were permitted to reach the point where public protests were made before reviews of soldier settlers' difficulties were made. They were aired in parliament or before parliamentary committees long after their

problems had reached an acute stage. The result was that concessions were granted too late to be of lasting benefit and often as a result of political pressure. The Legion at its conventions shared in these outbursts and it is our desire that this sort of thing should be avoided under the new scheme. For this reason we think that this recommendation will commend itself to all concerned, enabling, as it does, conditions requiring legislative changes to be dealt with as they arise.

7. *Variation in Ratio Between the Cost of Stock and Equipment and Price of Land, Etc.*

We recommend that the director be empowered to provide stock and equipment necessary for the efficient operation of each holding up to the maximum of \$1200 regardless of the price paid for the land.

This recommendation is intended to apply a degree of flexibility to the powers of the director in providing stock and equipment where the low cost of the land does not permit of an adequate amount being made available for the purchase of stock and equipment.

8. *Assistance to Married Men to Make Down Payment.*

We also recommend that some agency of the government explore the possibility of granting assistance, where necessary, to married men who have not had an opportunity to save sufficient money to make the 10 per cent cash payment.

It is felt that many married men, desiring to rehabilitate themselves on the land, will be unable to provide the amount necessary for the statutory down payment. Perhaps we can persuade the government to provide more adequate allowances for men with families to enable them to save the necessary amount while they are still serving. Otherwise, it seems to us that some method of assisting them must be devised if they are to take advantage of the scheme.

9. *Clarifying the Scope of Application.*

We feel that the interpretation of "Veteran" in bill 65 should be extended to conform with the interpretation now used in the Pension Act, that is to those who were domiciled in Canada at any time during the four years next preceding the 10th day of September, 1939.

This recommendation is intended to enable men who enlisted from Canada in the British Forces prior to the outbreak of war. It brings the interpretation of "veteran" into line with other legislation providing post-war benefits.

10. *Advance Publicity Among Members of the Armed Forces.*

As and when the bill becomes law, it is recommended that the provisions of the Act be made known to members of the armed forces in order that they will endeavour to make provision for the down cash payment, and that great care be exercised in presenting an accurate picture of the terms of the legislation, as well as the responsibilities of the veteran eligible to participate.

This recommendation speaks for itself. The Legion believes that no time should be lost in bringing the details of this scheme to the attention of men now serving, both overseas and in this country. In this connection we strongly urge that use should be made of supervisors of the auxiliary services in disseminating information and explaining and discussing the scheme with interested individuals. Canadian Legion War Services, through its many supervisors, will be glad to assist.

The CHAIRMAN: Thank you, Mr. Herwig. Are there any questions?

Hon. Mr. MACKENZIE: I would like to ask one question about the regional boards. Is that a new thing in land settlement?

The WITNESS: I do not think so.

Hon. Mr. MACKENZIE: Did you have anything definite to suggest in regard to it?

The WITNESS: Our idea would be that they would be practical men who would assist the director.

Hon. Mr. MACKENZIE: Would they be voluntary organizations?

The WITNESS: They would have to be voluntary, yes, entirely voluntary; you are using voluntary assistance quite frequently with regard to other legislation.

By the Chairman:

Q. On page 3 in your subsection 1 you suggest that of the three members of the regional board set up one should be named by the agricultural department of a university.—A. The idea there was that first we should get somebody who knew soils. That was the main thing behind that. As I say, it is a recommendation. Just how that is to be done or just exactly who should be appointed we are not really very much concerned so long as they are men who can do the job.

Q. And are experts?—A. Are experts; that is the idea.

By Mr. Ross (Souris):

Q. Why not suggest the soils expert of the University? Most provincial universities have soils experts who have a very thorough knowledge of their own provinces?—A. I think that is quite a good idea.

The CHAIRMAN: That is what I had in mind.

The WITNESS: We are not experts in agriculture. I am not prepared to discuss the agricultural aspect of soldiers' settlement.

Mr. MACKENZIE (*Neepawa*): How can we discuss these recommendations not having them before us? I have tried to listen to the reader but there is nothing in my mind now.

The WITNESS: I am sorry, sir.

The CHAIRMAN: This will go on the record and we can discuss it later but at the present moment there are certain questions that some of us would like to ask Mr. Herwig.

By Mr. MacKenzie (Vancouver):

Q. In regard to the recommendation for a sub-committee of the House of Commons for ten years that would have nothing to do with the legislation at all; that would be a recommendation of this committee that they so approve to the House? That would not have anything to do with the bill?—A. That is a recommendation in so far as the administration of the soldiers' settlement is concerned.

By Mr. Sissons:

Q. As to this question of regional boards, did the Legion have in mind what that region should include, how many regional boards there would be and what area should be covered by each regional board?—A. I should think that would be determined by the number of places where it is intended to buy land.

Q. Of course, the Act covers the whole Dominion. Would you set up a large number of regional boards?—A. It seems to me the director would be able to indicate that.

Mr. MURCHISON: Perhaps I had best make some general statement along these lines, Mr. Minister and Mr. Chairman. At the present time in the administrative set-up of soldiers' settlement we have 70 sub-districts each in charge of a district supervisor. That is for the administration of the soldiers'

settlement accounts and in connection with a great many other activities that we carry out.

With regard to the matter of regional boards, under the old Act regional boards or advisory committees as they were called, were set up in each province appointed by the Soldiers' Settlement Board consisting of three members. At that time these regional advisory committees were of two types. The first type was to deal with matters of qualifications of applicants and their wives and agricultural training and things of that sort. The other type was the advisory board which dealt with financial matters as to the purchase of land and loans that were granted. I would say that from my experience the objection to that type of set-up is that it is too centralized. For instance, in the province of Manitoba with one central advisory committee on qualification and another on land, the same thing applying in all the other provinces, there are not sufficient facilities provided for ready servicing of the requirements of the returned men themselves. They have to travel a considerable distance to meet these committees to lay their problems or grievances before them.

In the second place there is the disability of a provincial committee not being sufficiently familiar with all the local characteristics or hazards of smaller communities. True they have a wide general knowledge of conditions as a whole but my criticism would be that provincial committees lack the personal or local touch or contact which is desirable in the administration of anything of this kind.

So far as the suggestion made by the legion is concerned I naturally am not in a position to project just what the pattern of administration will be, but if I might suggest a pattern along these lines that regional offices be set up depending upon the volume of settlement that develops, and I would say that roughly there should be approximately 50 throughout Canada, each in charge of a fully qualified district supervisor and each supervisor assisted by a strong local committee representing that area. It would be very difficult or impossible at the moment to say just what size area that local committee would serve but I would imagine it would not be an area larger than 2,000 square miles, 50 miles by 50 miles. That might vary a great deal.

Mr. HATFIELD: Why would you not have 70 sub-committees inasmuch as you now say you have 70 sub-districts?

Mr. MURCHISON: I do not think we would need to have 70 boards. I think if you have 50 properly distributed you would have ample coverage because there are large parts of Canada, as you gentlemen well understand, where if settlement under this measure is going to be successful, there should be very limited settlement operations undertaken, so when you eliminate some of your unsatisfactory areas and contemplate an administrative pattern with approximately 50 regional committees set up to work with and advise the district supervisor you would overcome the disability of too much centralization.

Mr. SENN: Do you mean for administrative purposes as well as for regional settlement?

Mr. MURCHISON: Quite.

Mr. SENN: Do you think that would be sufficient?

Mr. HATFIELD: Then you consider your 70 sub-districts now should be cut down to 50?

Mr. MURCHISON: It could be if they were manned along the lines I contemplated in what I am saying. To give you a better idea of what is in my mind we will take, for instance, a point like London, Ont., which is central in a very fine part of south western Ontario. One could contemplate there a senior supervisor in charge of a sub-office assisted by two or three field staff fully qualified for detail work and probably a good interviewing clerk at the counter, a couple of stenographers and a three-man committee selected by the director to assist and advise on operations in that area.

Hon. Mr. MACKENZIE: Is that committee to be voluntary?

Mr. MURCHISON: I do not think it would work satisfactorily on a voluntary basis.

Hon. Mr. MACKENZIE: It would not be full time?

Mr. MURCHISON: No. I think they would have to work on a per diem basis and probably meet anywhere from 60 to 100 times a year depending upon the volume of work that developed, but to get the type of man you really require for work of this kind, responsible men, who have other interests, I think it is unfair to suggest to them that they give a good deal of their time to work of that kind unless they are paid some reasonable compensation for their services.

Mr. QUELCH: Mr. Murchison, I do not quite understand what constitutes a district. For instance, in Alberta how many districts are there?

Mr. MURCHISON: At the present time we have 16 sub-districts set up in Alberta.

Mr. HATFIELD: At the time these 70 sub-districts were set up you had a great many more farms under supervision than you have at the present time?

Mr. MURCHISON: At one time we had many more than 70 sub-districts. At one time we had approximately 200, and the number has shrunk as the business has shrunk, but at the present time we estimate that a fully qualified and active field official can take care of the administrative work in connection with approximately 250 to 300 farm accounts. That does not provide for time to be spent to any great length on agricultural training and advice and things of that sort. When you come down to the matter of supervision of farming operations I think it is quite out of the question for any supervisor to give any real agricultural supervision to more than 25 or 30 units. That brings up the question of administrative costs again because you cannot get the type of agricultural supervisor you will require that is going to be of any use unless you are prepared to pay him a reasonable salary. We find with careful administration that it costs approximately \$3,000 a year to keep a good man in the field so that when you apply that to about 30 or 40 farms you can see that the cost of administration will run up to pretty close to \$100 per farm per year just for agricultural supervision.

Mr. QUELCH: Mr. Murchison, I have not quite got this picture. For instance, in Alberta you have 16 sub-districts and then above that is a provincial superintendent?

Mr. MURCHISON: Yes.

Mr. QUELCH: And that superintendent has complete autonomy within the walls of the Act to deal with any question that arises?

Mr. MURCHISON: Subject to the decisions of head office.

Mr. QUELCH: But hasn't he got complete autonomy within the regulations? Isn't it only when he goes outside his area or is asked to go outside that he has to get the authority of Ottawa?

Mr. MURCHISON: There is no district superintendent, for instance, that can commence cancellation proceedings against a settler without referring it to Ottawa.

Mr. QUELCH: Has he power to grant extension without reference to Ottawa?

Mr. MURCHISON: Yes.

Mr. SENN: With reference to supervision is it contemplated that a soldier settler must have consent from the supervisor before he can dispose of his year's crop or a cow?

Mr. MURCHISON: No, sir. He would have to arrange for authority to dispose of foundation stock and arrange for replacement, but we have always

had hundreds and hundreds of settlers who have been meeting their annual obligations from the proceeds of increase in live stock. It is crop the same as field crop, but we must insist for a reasonable period of time that foundation stock as to value and numbers be maintained.

Mr. HATFIELD: If he is in arrears with his payments he has to get consent from the supervisor, does he not?

Mr. MURCHISON: Probably in theory he may have to but in practice it does not work that way. He generally takes it for granted that if he cannot pay he takes time.

Mr. ROSS (*Souris*): Mr. Murchison, following up this matter we were discussing as to regional boards I think the thing we have got to watch first of all is the type of land these people are settled on in order to get them away to a proper start, and I don't know whether it is the case in the eastern provinces but in the prairie provinces we have Professor Ellis in Manitoba, Professor Mitchell in Saskatchewan and I don't know who it is in Alberta, and in recent years they have been making a detailed survey of the soil through those provinces. They have a pretty clear picture of the soils throughout those provinces, and I was just wondering if for the basis of your set-up you are going to have provisional districts—

Mr. MURCHISON: I was going to proceed to deal with that so you would have a more or less complete pattern, administrative pattern that I would visualize in connection with that.

Mr. ROSS (*Souris*): I was just going to suggest that this regional board might consist of one of these soil experts, and then under the P.F.R.A. you have a municipal representative on that advisory committee and they have quite a picture of the set-up. I don't know of any organization that would be more interested in these settlers than your various municipal organizations, and if you have a committee composed of the soils expert, of the municipal official from the provincial organization, and a representative of the Legion and one from the department, and an organization such as that should have the final placing of every applicant before he settled on the land, and then again they could work through sub-committees in each province with your agricultural representatives who have a wide knowledge of the soils and agricultural work in general.

The CHAIRMAN: Pass on the land, too?

Mr. ROSS (*Souris*): Absolutely; I think that is the thing you have got to be most careful about, the type of land they settle on. I would not put a man on the land unless that committee actually passed on that applicant and the land first of all. I think you would have a very sound basis there and avoid a lot of difficulties we have had in the past because they have a good practical knowledge of conditions now.

Mr. MURCHISON: Perhaps I should say, Mr. Chairman, that during the past number of years all our supervisors in western Canada have been attending short courses at Western universities for the express purpose of becoming more familiar with soils and soil analysis. And we have on our staff today just about as sound a group of soil experts, practical men, as you will find anywhere.

Mr. HATFIELD: That is not so in eastern Canada.

Mr. MURCHISON: Probably your soil problem down there is a little more difficult to deal with, but I mentioned that in western Canada going on through regional committees.

Mr. HATFIELD: That is all the more reason why we should have soil experts.

Mr. McLEAN: Mr. Murchison, have you any idea of the extent to which these provincial agricultural experts can be used? They are men with a very

very valuable knowledge. I do not know of anyone better fitted to help with this particular type of work.

Mr. MURCHISON: A great deal of the preliminary work has been done along these lines; for instance, a few days ago I had a gentleman to see me from Nova Scotia—who, incidentally, is at the present time principal of Truro agricultural school—and he has been asked by the Prime Minister of Nova Scotia to concentrate on the part that that province can play in co-operation with the authority set up to discuss this scheme along the lines of furnishing the best possible agricultural advice, in co-operation with the authorities set up to administer this scheme, to assist in the selection of land, and things of that sort. I have no doubt whatever that a similar arrangement can be, and will be worked out with every other provincial government in the country. For instance, in the Province of Saskatchewan—going back to Mr. Wright's province—Dr. Mitchell there is a scientist who has been known as a soil authority and expert for many years; as a matter of fact, when he was going through college he was a part time Soldier Settlement supervisor; and I know from my close contacts with Dr. Mitchell and Dr. Hope just how anxious they are and just how anxious the Province of Saskatchewan is to supply every possible aid and facility to make this work effective.

Hon. Mr. MACKENZIE: Don't you find that all the provinces of Canada are now pretty well agreed in regard to co-operation on this thing?

Mr. MURCHISON: I do not think there will be any difficulty there at all.

Mr. HATFIELD: I might say that in eastern Canada we have county agents who are agricultural experts, they may be able to assist.

Mr. MURCHISON: They shall. I can see no reason at all why in connection with the regional districts which I referred to a few moments ago there should not be a very close link-up between the district supervisor and the Veterans' Land Act in that area with the county agronomist who is working in the area. In addition to these local committees I would visualize a provincial advisory committee consisting of a district superintendent for the province, in matters of more general policy relating to that province; and at the top of the organization I would certainly visualize numbers of people contacting the advisory committee in Ottawa to work with the director. That I think is about the best outline I can give, Mr. Chairman, as to the pattern of administration that I would visualize in the operations.

Mr. WRIGHT: I would like to make a few comments on Mr. Murchison's suggestion. I believe that his suggestion of regional boards, such as he has laid out, would be much more effective than provincial boards. I think you have got to have local boards who know the conditions in particular districts and who know particular types of agriculture. We are going to set up this scheme and we will be setting up settlers in areas where there will be dairy farming, others where they will be potato growing, others where they will be doing mixed farming or fruit growing or grain growing or cattle raising; and these committees have got to understand all the different types of agriculture, and I doubt whether one provincial committee could effectively supervise the whole scheme. I think Mr. Murchison's idea of supervision is really very good providing it can be carried out as he has stated.

Mr. MURCHISON: One of the purposes of the provincial advisory committee in addition to your local regional board would be to deal with matters which will undoubtedly become embarrassing to a locality on points such as qualifications. It can be readily understood, I think, that if a local committee is faced with the necessity of making a very distasteful decision on the matter of qualifications it is a very nice thing to have a check by some board somewhere else to turn it over to them for a definite ruling.

Mr. SENN: I think that is very true, Mr. Chairman, because the number of our agricultural representatives who are working very closely with these people would lose a lot of their popularity and a great deal of their usefulness would be destroyed if they were responsible for making those decisions.

Hon. Mr. MACKENZIE: Would you care to comment, Mr. Murchison, on the suggestion advanced by Mr. Herwig as regards the \$3,600 loans, that the amount advanced for live stock and equipment should be at least \$1,200; would you care to comment on that?

Mr. MURCHISON: I think the suggestion is a very constructive one; at the same time, I personally have not got any great fears that so far as the full time farming is concerned there will be many enterprises where the cost of the land and improvements does not run up to \$3,600. I think I mentioned that here the other day. Certainly I think the administration would contemplate buying farms here and there at prices considerably less than \$3,600 but requiring substantial improvements and when these improvements are effected either as to the land or by way of improvements to the buildings, fences, water supply and things of that sort, it would happen in the great majority of cases I am convinced that the combined cost of the land and the improvements would run pretty close to \$3,600. On the other hand, it is possible that by close buying there may be cases where under the formula written into the Act you would be limited too much if you were held to one-third of the cost of the land and buildings for stock and equipment. But it is largely, I think, a matter of government policy which involves going a little bit further than the drafting committee contemplated. On the other hand, I do not think it would result in any serious increase in the cost of the scheme because certainly in connection with the establishment of small holdings where farming was only a minor incidental in the man's general scheme of life; there would be no such thing as an advance for stock and equipment up to one-third of the cost of the land and buildings, because the man does not need them. I think the suggestion is a constructive one; but, as I say, I do not think it would result in any serious increase in the cost of the scheme.

Mr. WRIGHT: How about housing? I presume you have made provision so that in the case of the building of an average house you could take advantage of the experience of the National Housing Administration as we had it before the war?

Mr. MURCHISON: I am very glad the Legion raises that point. As a matter of fact, over a year ago that very thing was tentatively considered and very seriously discussed with the administration of the Dominion Housing Act, and the outline of a working arrangement was arrived at at that time under which the Dominion Housing Administration would take full responsibility for the construction of homes, their supervision and their certification that they were built after the Dominion Housing specifications.

Mr. WRIGHT: What is the rate of interest there?

Mr. MURCHISON: I don't know—their rate of interest is, I think, 5 per cent. The rate of interest would be the same as for the rest of it under this Act.

Mr. QUELCH: I would like to get a little information as to section 13. Supposing a soldier upon his return has a half section of land worth, we will say, \$3,600 on which there is a mortgage of \$1,200; he would have difficulty in getting a grant or a loan?

Mr. MURCHISON: That is right.

Mr. QUELCH: And he could not get any grant for stock and equipment; in order to become eligible for a grant of \$2,400 he would have to sell that land to the Soldier Settlement Board, I take it, in order to claim the full \$3,600. In other words, there is the contingency that you are going to force the soldier settler further into debt than he would be desirous of going in order to qualify

for the full benefits of the Act. He might just want to borrow from the Soldier Settlement Board \$1,200, and he might give a mortgage to the extent of that \$1,200; but in order to do that he would have to turn part of the property over to the board and there would be a total amount of \$2,400 against it?

Mr. MURCHISON: Quite.

Mr. QUELCH: I think that is very unfair.

Mr. MURCHISON: The theory behind it, Mr. Quelch, is that this whole bill was developed to meet the need of the veteran for assistance to become rehabilitated. We have men on service in this war who are possessed of very valuable property, anywhere from \$7,000, \$10,000 or \$20,000. The sub-committee drafting this bill just could not adjust its line of reasoning to a proposition which involved making an outright grant of up to \$1,200, \$1,500 or \$1,800 to a man who was already possessed of property running into thousands of dollars. We did not think it was necessary and we did not see that the need existed for that. We felt if provision was made in this bill to give that man a long-term, low interest rate loan up to a reasonable amount, that we had met his need. As a matter of fact, the provision was for a straight mortgage loan, no better than that obtainable from the Canadian Farm Loan Board, with the exception that the rate of interest is a little better, $3\frac{1}{2}$ per cent instead of 5.

Mr. SENN: I should like to ask the witness one question. Did the committee of the Legion give any consideration to bringing under this Act the number of men who are at present under the old Act and who are in danger of losing their property? Did they consider whether they might be rehabilitated under this Act?

The WITNESS: We had several resolutions dealing with this, but the suggestion was that they should be dealt with by a separate parliamentary committee on soldiers' affairs, that we should not mix these two up together at the same time.

Hon. Mr. MACKENZIE: That was the idea of the committee we had.

Mr. SENN: But there was consideration given to it?

The WITNESS: We did.

Mr. ROSS (*Souris*): What committee would that come before?

The WITNESS: It might possibly come before the canteen committee.

Hon. Mr. MACKENZIE: It could come before this committee or any other committee, but in a separate capacity. The idea is to keep them absolutely separate, and to make special recommendation in the case of hardship under the old Act.

Mr. SENN: What objection would there be to bringing that class of man who was in the former scheme under this Act?

Hon. Mr. MACKENZIE: Mr. Murchison will answer that.

Mr. MURCHISON: I do not know whether I can answer it fully, Mr. Chairman. As I remarked at the last meeting, with regard to certain other suggestions, it would result in a good deal of administrative chaos. Soldier settlers established under the Soldier Settlement Act have their accounts set up under statutory authority. I myself feel that if anything should be done—and I do not say that there should not be something done for some of these men, the older men—it should be by way of some suitable amendment to the Soldier Settlement Act rather than to make provision for them to participate in the benefits, if I might use that word, of both Acts, because they are entirely different.

Mr. SENN: They would understand that if they came under this Act they would be taken out from under the other. I know a case near my own home of a soldier who, through sickness and other things, has been up against it for

years. But I imagine that with the property which he has, if he were given the benefits of this Act, he could emerge and be put into a better position.

Mr. MURCHISON: You have lost sight of this fact, that at the present time there are approximately 700 soldier settlers on service with this army; and so far as military service is concerned, they would qualify under this Act, but they are barred by a certain section from participating so long as they are indebted to the Director of Soldier Settlement. The thought there is that if they wish to participate in the benefits of this bill, they should wind up their affairs under the other one first.

Mr. QUELCH: How? They have not got the money.

Mr. ROSS (*Souris*): Have you any suggestions as to how that might be done?

Mr. MURCHISON: I have, but I would not care to put it on the record at this time.

Hon. Mr. MACKENZIE: I think I know what they are.

Mr. ROSS (*Souris*): In this respect I should like to suggest to the minister that this separate legislation should be dealt with by this committee. I think it is better if it is dealt with separately.

Hon. Mr. MACKENZIE: I think we would have to ask the house for additional terms of reference. Only this bill is referred to this committee.

Mr. WRIGHT: I think it is essential that we should do something in regard to these soldier settlers.

Hon. Mr. MACKENZIE: I think we should finish this bill first, and then ask the house, if it is the will of the committee, for additional power to deal with inadequacies under the whole act.

Mr. WRIGHT: Will the minister give us an assurance that we will have a chance of asking the house for that?

Hon. Mr. MACKENZIE: Of course, I am only a stop-gap here. This is not my bill. I am acting for the Minister of Mines and Resources. But my personal sympathies are entirely with removing any maladjustments under the old act.

Mr. WRIGHT: I should like to see something done in that respect.

Hon. Mr. MACKENZIE: If the committee asks for additional powers, I think the house will grant them. However, I think we should finish this bill first and report it to the house; and then consider, if the committee so decides by majority resolution, certain recommendations to the government for improvements in the old legislation, and they will have the advice of the director in that regard. I am personally in favour of that.

Mr. WRIGHT: I agree with the minister that we should finish with this bill first. But I should like to have some assurance that we are going to be able to deal with the old act at this session. I do not want to see the thing shelved.

Hon. Mr. MACKENZIE: The committee is a creature of the house. If this committee, by majority resolution, reports back to the house asking for an addition to its terms of reference, I feel sure that the house will grant that request.

Mr. WRIGHT: I feel sure that the committee will ask for that.

Mr. QUELCH: If we knew definitely that we could widen the terms of reference later on so as to deal with former soldier settlers, then it would not be necessary to amend this act. If, on the other hand, we cannot get that assurance, then we may feel that it will be absolutely essential to amend the clause in this act which debars the old settlers.

Hon. Mr. MACKENZIE: I think we should ask Mr. Crerar, who is really responsible for this act and the old one, to give his consent. Of course, I cannot

speak for another minister. But as far as I personally am concerned, I think we can very properly ask the house for an extension of the terms of reference when we finish with this bill, to consider what the committee will recommend in regard to the other one.

The CHAIRMAN: Your suggestion, Mr. Quelch, is that we should get that term of reference before we dispose of this bill?

Mr. QUELCH: Yes, before we go through with this.

Hon. Mr. MACKENZIE: I would suggest that the chairman could ask the Minister of Mines and Resources if he would consent to that.

The CHAIRMAN: I shall do so.

The WITNESS: It is our intention to send that resolution to Mr. Crerar.

Hon. Mr. MACKENZIE: In regard to the question of publicity, I may say that as soon as this act has passed through the house, I can assure the Legion that every step will be taken to see that the troops overseas are absolutely familiar with the terms of it.

Mr. SISSONS: Coming back to these recommendations, could Mr. Murchison make some comment on recommendation number 4 of the Legion, which is the recommendation providing for appeal against rescission?

The CHAIRMAN: That is on page 5 under the heading "The committee of review for rescission of contract cases."

Mr. MURCHISON: I think the point taken by the Legion there is a very good one; and again, it is another aspect of administration that has already been considered.

Hon. Mr. MACKENZIE: I think you might have endless litigation by it, myself.

Mr. MURCHISON: The administration difficulty in connection with that section, similar to section 69 in the old act, would be that you would have all the county court judges in Canada acting as arbiters on appeal during a time when it is necessary to pay pretty close attention to the progress these men are making. As has been pointed out, in the past, one of the weaknesses in the administration of the other scheme—and I do not say this in criticism of my predecessors at all—was that too many men were allowed to remain on the land, without hope of ultimate success, until they had reached an age when they were too old to do anything else. I may say that that particular class of settlement constitutes today the hard core of the administrative problem in connection with soldier settlement administration. Certainly as an alternative to having this thing put on a purely local basis and reviewed by county court judges, it is going to be necessary, to avoid harshness or charges of dictatorship administration, to have set up in each province a committee of review, whose decisions on matters of rescission should be fairly final, and to have those committees so constituted that a majority of them would be independent of the administration, which, of course, must imply men of the highest integrity and men of a good deal of vision and experience in work of this kind.

Mr. QUELCH: Does the Act as now constituted provide for that?

Mr. MURCHISON: The Act does not provide for those committees, but that would come under the heading of administration and would be provided for by regulation.

Mr. WRIGHT: I think that there certainly should be some provision in the Act with regard to that, and that it should not be left to the regulations. I think that is too important to leave to regulations. There should be a clause in the Act which would definitely say that such a board would be appointed. It is not fair to leave it to the director to make regulations to appoint a board which is going to supervise his work to a certain extent. I think that provision should be right in the act.

Hon. Mr. MACKENZIE: What would be the powers of that committee, Mr. Wright? Would they be just in regard to the rescission of contracts?

Mr. WRIGHT: Yes, with regard to the rescission of contracts.

Mr. HATFIELD: If we had assurance of the committee being set up, then there would be no need for the bill.

Mr. MURCHISON: I should like to record for the information of the committee a sample of the sort of thing you encounter in decisions by purely independent authorities on matters of this kind. I am not saying that this is general, but this is a sample of what has happened. There was a case where the settler concerned developed a very serious disability. As the result of war service he became paralyzed. He left his farm fifteen years ago. He is living in the United States. He is in receipt of 100 per cent pension. His farm was supposed to have been operated by his father, who was not living on it but was living in a nearby town, and who was making no real effort to farm the land, who was failing to pay the taxes. Finally, in desperation, after trying to convince this poor unfortunate settler that he had no equity in this land, that he had no possible way of operating it, that his father was too old to do anything with it, we finally resorted to notice of rescission, cancelling that settler's contract. Through a local representative he filed an appeal in accordance with section 65 of the Act. It came before a district court judge, and it was ruled that rescission of this contract was not warranted, and there was no rescission given whatsoever. I have given you an accurate outline of the main facts. There was a situation where the administration was faced with the necessity of dipping into the public treasury for hundreds of dollars to pay taxes, and with no control given over the land, and no indication given at all as to when the administration could realize on that security and sell it to someone who would make use of it. That is an illustration of what happens when you have a fully independent authority to deal with these things.

Mr. WRIGHT: That would be a very exceptional case. I do not suppose you would see three such cases as that.

Mr. MURCHISON: I can quote several more, but I do not think it is good business to do so, Mr. Wright. I just mentioned that as an illustration of what can happen.

The CHAIRMAN: Are there any other questions? If not, I should like to ask Mr. Herwig one.

By the Chairman:

Q. Mr. Herwig, you say, "The Legion believes that consideration should be given to the possibility of establishing certain types of disabled ex-service men on small holdings with suitable homes." I should like to ask if the Legion had any particular types in mind.—A. Well, amputations.

Q. Amputations?—A. People who would have been handicapped.

Q. Disability cases?—A. Yes.

Hon. Mr. MACKENZIE: We have a report in regard to special casualties in one of the committees. I think that is mentioned in the report.

The CHAIRMAN: I should like to ask Mr. Murchison if he would comment on another suggestion by the Legion to the effect that "The committee consider the possibility of including as part of stock and equipment the furnishing of fishing boats and fishing nets or other necessary paraphernalia."

Mr. MURCHISON: I think it is a thoroughly sound suggestion, although considerable care has to be taken in the administration of a point like that. We feel from our studies of this whole problem that, both on the Pacific and Atlantic coasts, there are a large number of very good men who have enlisted and who are not really men who should be directed into agriculture on their return to civilian life. They have been engaged in the fishing industry in one way or another.

Mr. SENN: That is true of the Great Lakes.

Mr. MURCHISON: That is true of the Great Lakes, yes.

The CHAIRMAN: What about men who had not been engaged in the fishing industry but who were in the Royal Navy and wish to continue the seafaring life in the fishing industry, as the Legion say?

Mr. MURCHISON: I would say it would be much easier to convert an ex-navy man into a good in-shore or off-shore fisherman than it would be to convert him into a farmer if he had never had any previous farming experience.

The CHAIRMAN: Quite so.

Mr. MURCHISON: At the same time I do not think there should be any attempt made in this measure to make a veteran into a combination farmer and fisherman. He should be either one thing or the other. The bill, I think, is quite wide enough to provide for the establishment of small holdings on the coast or on the shore, consisting of a reasonable plot of ground and a reasonably comfortable home. But where the main activity in connection with that home is that of the sea, or is that of fishing, I do not think there should be any attempt made to equip that man with teams of horses and agricultural machinery, and fishing boats and nets and that sort of thing. It should be either one thing or the other.

Mr. McLEAN: Under the act as it stands, would you be able to provide fishing equipment and boats?

Mr. MURCHISON: I doubt if you would. There is reference made in section 9 to acquiring commercial fishing equipment.

Mr. SENN: How far would you go in spending money for erecting homes? Homes, after all, are non-productive; and the main element of this bill would be to provide a man with sufficient equipment whereby he could make a living.

Mr. MURCHISON: That is true of a full-time farm, sir. But all over Canada, and for many years, there has been a steady development of what you might call urbanization of the land, where people who are engaged in a wide variety of pursuits live outside the limits of towns and cities on a small piece of ground, outside of the high taxation areas.

Mr. HATFIELD: There are a great many homes being built now by the housing commission for munition workers. Should there not be some thought of making those homes more permanent for veterans when they return?

Mr. MURCHISON: Well, it would be very difficult to do that, I think; because, as I understand it, some of the wartime housing projects now are being developed in areas which, after the war, depend entirely on the continuation of the industry.

Hon. Mr. MACKENZIE: I understand those houses are all movable. I am speaking of wartime houses. I understand they are all movable from one area to the other, by sections.

Mr. HATFIELD: There might be some thought given to making those houses more permanent, because I believe it is the intention to tear those houses down after the war. I think they will all be needed.

Mr. MURCHISON: Answering Mr. Senn's question more specifically, how far would you go—I presume you mean along the lines of cost in the establishment of homes?

Mr. SENN: Yes. There is only so much money that can be expended by this bill. How much would you suggest?

Mr. MURCHISON: I do not think it is fair to the veteran who is going to be established on a small holding, with the idea of primarily furnishing him with a decent home, that you should contemplate anything less than \$2,500 for that home. Under the terms of this bill it would mean that he would be able

to carry that home cheaply. Say your land cost \$500 and your house, \$2,500; \$3,000 altogether, and he was asked to carry an indebtedness of \$2,000 on it. Under the terms provided by this bill it would mean that he would have a reasonably good shelter and some land advantages at approximately \$10 a month. I do not think you can cover housing any more cheaply than that.

Mr. SENN: He could not depend on his land to give him a living.

Mr. MURCHISON: Certainly not. It would not be contemplated.

Mr. SENN: There must be some other employment.

Mr. MURCHISON: I do not think it would be contemplated establishing him on that small holding or building that home until the administration was convinced that he had a fairly regular job.

Mr. SENN: That was the idea I want to bring out.

Mr. HATFIELD: There are thousands of houses being erected now by the housing commission, and you are going to have thousands of veterans returning from the war who will not be able to go on a farm. I think there should be some thought given in building these houses that they might be used by disabled veterans when they return.

Hon. Mr. MACKENZIE: I think there is a very strong demand throughout Canada to-day for a great extension of the National Housing Scheme, probably at smaller cost than it was before. We had a delegation of mayors the other day before our committee of the cabinet, and they made strong and forceful representations as to the situation which at the moment exists.

Mr. SENN: Was that Wartime Housing?

Hon. Mr. MACKENZIE: No, National Housing. They were opposed to Wartime Housing, especially Mayor Queen of the city of Winnipeg, who made a very able presentation before us. They do not like the Wartime Housing types. They say they are too standardized, too uniform; but they want an extension possibly on better terms, of the old national housing system we had before the war.

Mr. HATFIELD: Then again, you are building large office buildings here, temporary war buildings, when with a little more money they could be made permanent and could be used for hospitals after the war. You are putting up a big naval building down here on the square. If that building was continued with cement blocks, the same as the foundation, you would have a permanent building.

Hon. Mr. MACKENZIE: With regard to that point, I may say that at the moment there is a special committee of the main committee on reconstruction which is dealing with the question of housing in relation to post-war problems.

Mr. HATFIELD: They should deal with it now before they go along.

Hon. Mr. MACKENZIE: They are dealing with it.

Mr. QUELCH: There is no intention, is there, of establishing settlers on small holdings unless it can be done in conjunction with an industrial occupation of some kind?

Mr. MURCHISON: Yes. That is the understanding. There have not been any attempts made to limit it to any particular district or type of industry. As far as I am concerned, I would not worry whether a man was working on an assembly line, at a bench, in a warehouse or in an office, as long as his employment was reasonably constant and fairly paid, and he wanted to couple that type of employment with a small plot of ground outside the high taxation area, with a modest home, at modest cost, where his family could grow up in healthy surroundings, rather than be confined to the high rental area and the cramped quarters that a great many of our families are living in today in our cities.

Mr. QUELCH: Or unless, as Mr. Herwig states, he is receiving a small pension.

Mr. MURCHISON: Yes. That, of course, brings up another point; and I mention this with great deference to the honourable the minister who is present this morning. Soldier settlement for many years has had a serious administration problem on its hands in dealing with soldier settlers who were substantial pensioners. I say this in all kindness to these men too. But a psychology develops in the mind of a pensioner of the dominion government that it is unfair for the same government to ask him to pay something to the government that is paying him an income by way of pension. I realize that disability pensions are supposed to be paid on the basis or on the principle of compensation for loss of earning power. That is perfectly true. But after all, once a pension cheque is converted into currency, it is used for the current running needs of the home, the same as any other kind of money. We have found, in so many cases all over Canada, that it is very difficult to transact business with a substantial pensioner on a normal basis just because he is of the opinion that the state is paying him a pension for loss of earning power and you have no business, representing the same state, to ask him to pay you any money. That presents a very serious administration difficulty; and unless it is one that is met in connection with this scheme, I quite frankly fear, Mr. Chairman, that we will not be able to develop its provisions as widely as could otherwise be done if there were an appropriate amendment made to the other legislation to make possible a degree of co-operation between the administration of pensions and the administration of this bill. It would not require very much; some small amount around \$8, \$10 or \$12 a month would cover the thing in a regular way.

Hon. Mr. MACKENZIE: You mean before he gets his pension cheque a certain amount would be paid over to your administration for his balance owing to the board?

Mr. MURCHISON: If he wished to participate in this scheme, yes. If he wants to come under this scheme, there should be provision made. Here we have an amputation case, a very difficult man to fit into any other occupation at all. His main need is a home because his pension income makes up his economic means. If provision is made to meet that small sum regularly, departmentally, it would remedy the matter. After all, it just requires book-keeping. It obviates all the necessity of supervision, of some official running around there two or three times a year or once a month, nagging at him for \$5 or \$6. That should not be necessary. If I may put it this way, it rounds out the plan of providing fully for the needs of the veteran who is in that unfortunate position of having a serious disability and who, from the income he derives from that pension, is not able to acquire a home under other means, and he goes on more or less for the rest of his life paying rent to someone else for a place that he should otherwise be keeping under the provisions of the bill.

Hon. Mr. MACKENZIE: I do not see how you can do that except with the man's consent. A pension is a matter of right; and the man who gets it, gets it as a statutory right.

Mr. MURCHISON: I agree with that. On the other hand, it would sound rather unfair for you to say to a pensioner who appears for qualification to obtain a home under this scheme, "What assurance have we got, as administrators, that you are going to be able to make the monthly payments in connection with this account?—It is not very much, it is true, but you are not in a position to take up any other employment. Your main income is going to be from that pension. What assurance have we got that you are going to meet these payments regularly? Or what assurance have we got that, after we

have spent \$3,000 or \$4,000, whatever it is, you will not decide suddenly that you are not going to pay?" Then the onus is thrown on the administration to resort to the very distasteful process of proceeding against a seriously disabled man. That should not be.

Mr. SENN: I think you should point out to him that every dollar he spends in that way increases his equity in the property.

Mr. MURCHISON: We have done that for many years, but it is a pretty hard bill of goods to sell.

Mr. HATFIELD: That is easier said than done.

The CHAIRMAN: Coming back to fishermen for a moment, I think it should be recorded that the government of Prince Edward Island has specifically asked that provision for fishing equipment should be included in the bill.

Mr. HATFIELD: I think it should be.

Hon. Mr. MACKENZIE: I may say also that the department has a recommendation from the Legion in British Columbia for assistance for soldiers to purchase fishing boats and equipment, but so far no action has been taken because we are somewhat doubtful of the numbers available and the opportunities for trading. Of course, later on that situation would be changed. But it is very definitely, through the provincial command of the Legion, before Mr. Walter Woods now of the Department of Pensions and National Health.

The CHAIRMAN: At our next meeting we shall proceed with the remaining clauses of the bill in camera. The reporters will be excused as in the former session. That does not include Mr. Murchison and Mr. Herwig who are officials of the department.

The WITNESS: Mr. Chairman, I should like to apologize for not having copies of this presentation for every member of the committee. We were not able to do it this time.

The committee adjourned at 11.30 a.m. to meet again at the call of the chair.

SESSION 1942
HOUSE OF COMMONS



SPECIAL COMMITTEE

ON

LAND SETTLEMENT OF VETERANS OF THE PRESENT WAR

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 7

TUESDAY, JUNE 23, 1942

WITNESSES:

Mr. A. Randles, Director of Merchant Seamen, Department of Transport,
Ottawa.

Mr. Gordon Murchison, Director of Soldier Settlement, Department of
Pensions and National Health.

OTTAWA
EDMOND CLOUTIER
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
1942

ORDER OF REFERENCE

TUESDAY, June 16, 1942.

Ordered,—That the Order of Reference of the said committee be extended to enable it to consider what adjustments are necessary and reasonable in respect to the Soldier Settlement Act.

Attest.

ARTHUR BEAUCHESNE,
Clerk of the House.

MINUTES OF PROCEEDINGS

TUESDAY, June 23, 1942.

The Special Committee on Land Settlement met this day at 10 a.m. Hon. Cyrus Macmillan, the Chairman, presided.

The following members were present: Messrs. Mackenzie (*Vancouver Centre*), McLean (*Simcoe East*), Macmillan, Quelch, Ross (*Souris*), Senn, Sissons and Wright.—8.

In attendance were:—

Mr. Walter S. Woods, Associate Deputy Minister of Pensions and National Health;

Mr. Gordon Murchison, Director of Soldier Settlement;

Mr. Robert England, Executive Secretary, Rehabilitation Committee;

Mr. B. W. Russell, K.C., Department of Pensions and National Health.

Mr. McLean moved,—

“That Bill No. 65, as amended, be reprinted for the use of the committee.”

The motion was adopted.

Mr. A. Randles, Director of Merchant Seamen, Department of Transport, Ottawa, was called. The witness read a brief asking that the benefits of this Bill be extended to Canadian seamen. The witness retired.

The Chairman submitted a letter from Dr. A. K. Haywood, Chairman of Rehabilitation Section of the Co-ordinating Council Vancouver, B.C., containing certain criticisms of Bill 65. These were considered by the committee and were found to be mostly taken care of in the amendments to the Bill. It was agreed that a reply to this effect should be sent Dr. Haywood.

The Chairman also submitted a telegram from Mr. H. G. Perry, Chairman, Post War Rehabilitation Council, Smithers, B.C., recommending changes in Bill No. 65. These suggestions are to some extent already provided for in the Bill and Mr. Perry is to be so advised.

The committee resumed consideration of Bill No. 65, in camera.

The following amendments were adopted: Page 8, line 15, after the word “by” insert the words “the Canadian Legion”.

Page 8, line 18, delete the word “justifies” and substitute the word “warrants”.

Page 9, sub-title of section 20, delete the word “Lands” and substitute the word “Property”.

Page 9, section 20, line 28, after the words “Any land or” insert the word “other”.

Page 13, section 34 was changed to read as follows:—

The Governor in Council may appoint regional or provincial advisory committees to advise the Director in respect to the qualifications of veterans, the selection of lands and generally in respect to such other matters as may be referred to any such committee by the Director; and *the Director* with the approval of the Governor in Council, may *make regulations prescribing* the number of members and the composition of each committee, the tenure of office of such members, the remuneration and expenses to be paid or allowed such members and generally the conduct and performance of such committees and the members thereof in the execution of their duties.

Consideration of section 2 (a) and (d) were deferred until the next meeting.

It was also agreed that the Soldier Settlement Act would be considered at the next meeting.

The committee adjourned at 11.40 a.m., to meet again on Thursday, June 25, at 10 a.m.

J. P. DOYLE,
Clerk of the Committee.

MINUTES OF EVIDENCE

HOUSE OF COMMONS, ROOM 497, June 23, 1942.

The Select Special Committee on Land Settlement met at 10.15 o'clock. The Chairman, Hon. Cyrus Macmillan, presided.

The CHAIRMAN: Order, please, before proceeding; Mr. McLean, you have a motion, please?

Mr. McLEAN: Yes. I would move that Bill 65 be reprinted as amended for the use of the committee.

Motion agreed to.

The CHAIRMAN: We have here this morning Mr. Arthur Randles, Director of Merchant Seamen.

Mr. ARTHUR RANGLES, Director of Merchant Seamen, Department of Transport, called:

The CHAIRMAN: Mr. Randles, you have a statement prepared; will you proceed with your statement, please?

The WITNESS: Yes.

From: Director of Merchant Seamen, Ottawa.

To: Honourable Cyrus Macmillan, Chairman, Parliamentary Committee on Land Settlement Bill.

It is respectfully submitted that merchant seamen, subject to qualifications as outlined herein may be embraced and permitted to participate in the benefits of the proposed Land Settlement Bill.

Canadian merchant seamen do not form part of an enlisted service. Their engagement begins when they sign on the Articles of a foreign-going vessel and terminates whenever they are discharged and paid off from the ship and they are free from further obligation. Arrangements have been made whereby merchant seamen's manning pools have been established at Halifax, Montreal and Vancouver where experienced, but unemployed, merchant seamen are admitted and provided with board and lodging and pay (without war risk bonuses) according to their rank. In return the seaman concerned signs an undertaking that he will proceed to join any other ship that requires his services when he is ordered to do so by the regional director in charge of the manning pool. By this means a reserve of experienced seamen is available to fill crew deficiencies and seamen themselves are provided with an opportunity of maintaining themselves whilst awaiting another ship.

The United Kingdom, within the last twelve months, has instituted a system of continuous pay for merchant seamen. However, service at sea is compulsory under the Emergency Powers Act of the United Kingdom. I am hoping to devise a system whereby Canadian seamen are also held on continuous pay during the war.

A number of experienced merchant seamen have previously found employment ashore in Canada, but in view of the shortage of experienced men many of them have relinquished their civil employment and returned to sea service.

There are many thousands of Canadians serving on ships under the flags of Allied nations, the great majority, of course, serving on ships of United Kingdom registry. Canada itself has very few foreign-going vessels under Canadian registry and, therefore, experienced Canadian seamen continuing to go to sea are providing a well felt want in serving on ships of other nations.

The Canadian government, recognizing the service that merchant seamen perform, have enacted a number of Orders in Council providing for their protection as a result of war conditions.

These provisions provide compensation as follows:—

- A. for pensions to dependents for loss of life, or to seamen for permanent injury;
- B. compensation for loss of effects through enemy action;
- C. detention allowance in the event that Canadian seamen are captured or interned in a foreign country;
- D. provision of post-discharge re-establishment to merchant seamen generally who are in receipt of a pension;
- E. Canadian seamen are also obliged to be identified to carry a special form of seamen's identity certificate;
- F. arrangements have been made to issue to Canadian seamen a Canadian Merchant Navy badge, indicating that they have served at least three months on ships trading in dangerous waters, or if having served less than three months, on a ship which has been attacked by the enemy.

With the foregoing evidence that merchant seamen are recognized in a special manner as performing dangerous duties, which can be regarded in line with those performed by the armed forces, it is recommended that Canadian merchant seamen be permitted to participate under the Land Settlement arrangements, provided that their record shows they have served for an appreciable period in dangerous waters or zones during the present hostilities, and I would suggest that a period of three months service might be taken as a guide to determine their eligibility to participate. This is in line with the general requirements for the issuance of a merchant navy badge. In any case, under circumstances where a Canadian Merchant Navy badge is not issued, evidence of service in hazardous zones can be provided by the seamen's discharge documents.

Merchant seamen are probably one of the most essential factors so far in the waging of this war. Without their services merchant vessels could, of course, not be kept moving and thus provide transportation for the munitions and other products of our factories and for the movement of troops to the seat of war. Merchant vessels are continuously, from coast to coast and in every ocean, in danger from enemy action, or from mines. The conditions on board ship are extremely onerous with constant blackout and little protection in case of attack. Merchant seamen have been continuing to voyage backwards and forwards to Canadian ports and across the ocean without cessation for almost three years, and while our Canadian seamen are not under compulsion it must be borne in mind that seamen of other nations are on compulsory service.

The profession of seaman is a highly technical one. As an instance I would mention that it takes three years to qualify as an Able Seaman. There is an extreme shortage of experienced seamen in Canada, more especially those of the navigating and engineer officer grades, and every encouragement should be given in order to recruit the constantly required replacements for this service.

The Department of Pensions and National Health have agreed to regard merchant seamen in receipt of a pension, who have served on a ship of Canadian registry, as eligible to participate under the rehabilitation arrangements as outlined in Order in Council P.C. 80/4430, and it is hoped that this further concession can be recommended by your esteemed committee.

The CHAIRMAN: Thank you, Mr. Randles.

By Mr. Senn:

Q. Under the scheme that you have just outlined are only three months' service required?—A. Three months' service in dangerous zones, with the issuance of a Merchant Navy badge.

Q. Under a scheme of rehabilitation such as you have just mentioned a moment ago how long would you suggest to be required?—A. I would suggest three months' service in a danger zone. That is merely a suggestion but in making it I am bearing in mind that the merchant seamen should count action.

The CHAIRMAN: I think, Mr. Randles, we all realize the dangerous duties of the merchant seamen; and many of these seamen, I suppose, have left land pursuits to join or rejoin the Merchant Navy?

The WITNESS: Very definitely, sir; the land and other occupations, such as fishing. I see that there is a provision for fishing equipment included in the bill. In a great deal of my work, encouraging people to join the merchant service, some of the things about which many of the applicants ask are pensions, allowances to wives and related benefits. And, you see, many of the people joining this service either give up lucrative employment or leave their farms or what they are doing with the idea of being of service.

The CHAIRMAN: To my personal knowledge that is correct in our province, and I think in all the maritime provinces generally including British Columbia. A great many men have left fishing and have left small farms to join or rejoin the Merchant Navy service.

The WITNESS: And a great many men have come from the prairie provinces too.

Mr. SENN: What has Mr. Murchison to say in regard to that?

Mr. MURCHISON: I may say that this is the first presentation I have heard urging the inclusion of men in the Merchant Navy. I think there is such a wide question of policy involved that I would prefer not to make any comment on it at the present time. I would like to have an opportunity of studying it a little further. I agree with Mr. Randles idea.

Hon. Mr. MACKENZIE: My own opinion is that the men of the Merchant Navy are entitled to any and all of the privileges which anybody else serving in this war overseas or elsewhere gets. As I see it, they are twice as much in the line of fire.

The CHAIRMAN: Are there any other questions?

We will give earnest consideration to your submission, Mr. Randles.

Mr. WALTER WOODS: May I add, by way of incidental interest, that the Canadian Legion admits merchant seamen by virtue of their service.

The CHAIRMAN: Thank you very much, Mr. Randles.

The WITNESS: Thank you very much for hearing me.

(Witness retired.)

The CHAIRMAN: I have here several communications. The first one is from British Columbia from Dr. A. K. Haywood, Chairman of the Rehabilitation Section of the Vancouver Co-ordinating Council for war and civilian services: This letter sets forth certain disagreements with certain sections of the bill and I will ask the clerk of the committee to read the various sections.

The CLERK: (1) In section 3, subsection 1, provision is made for administration by a director who shall be responsible only to the minister for the administration of the Act. Mr. Brown expressed the opinion that this practically makes the director a dictator who may be influenced by the fact that he is responsible to a political ministry. Apparently the Canadian Legion has also indicated its disfavour with this phase of the administration.

The CHAIRMAN: Is there any comment on that, Mr. Murchison?

Mr. MURCHISON: The only comment I have to make on that point is that the amendments which had been agreed to in committee as to the setting up of regional advisory committees on matters relating to the selection of veterans and land; and the setting up of provincial advisory boards to deal with matters relating to rescissions, would seem to meet the objections

The CHAIRMAN: Yes.

Mr. SENN: Does the letter outline any alternatives?

The CHAIRMAN: No.

Mr. WRIGHT: Do they make any concrete suggestions themselves?

Hon. Mr. MACKENZIE: Apparently they are criticizing the old bill.

Mr. WRIGHT: They have not made any constructive suggestions?

The CHAIRMAN: No.

The CLERK (2) Mr. Brown also took exception to Section 5, subsection 1, which gives corporate powers to the director. It was thought that this gave the director too much authority and Mr. Brown suggested the establishment of a board free from the control of the department. In this connection, he pointed out the success of the grain board and the Board of Railway Commissioners.

The CHAIRMAN: Any comments on that, Mr. Murchison?

Mr. MURCHISON: The only comment I can make there is that I feel that the subcommittee which drafted this bill, and I have sensed from the discussion which has taken place before this present committee, that certain corporate powers are required by the administration, whether it be a three-man board or a one-man board, in order to comply with the technicalities of acquiring titles and conveyancing and things of that sort. On the other point of acting independently: I have never felt, and I have never sensed from any comments before this committee that it was desirable in a scheme of this kind that the administration should be able to act with complete independence of parliament. That is what is involved when you set up an administration that is responsible you might say to no one. I think in a measure of this kind and under conditions as they exist to-day when no one can foresee actually what the future may hold, it is very desirable that close contact be kept with the parliament of this country as to how this bill is being administered, how it is being operated. That links up with the suggestion made, I think by the Legion or a committee of the House of Commons, to continue for ten years closely to examine the operations of this bill.

The CLERK: (3) The speaker also criticized the wide powers given to the director to supersede the courts and decried the fact that no provision has been made for an appeal. Reference was made to the recent address by the new Chief Justice of British Columbia in which he stated that we must endeavour as much as possible to get away from bureaucracy. It is understood that the Canadian Legion favours a Committee of Review.

The CHAIRMAN: That has been done?

Mr. MURCHISON: That has been done now in Section 16 in the reprint of the Bill. Whilst these committees, as the section has been drafted, act in an advisory capacity surely it could not be interpreted to mean that the director, or whoever is responsible for administration, would follow the practice of

ignoring the advice of committees which are authorized by the Act itself. The very fact that the section is in the Act implies to me, at any rate, that the advice of these committees should be very closely followed.

The CHAIRMAN: Those are all the sections that are pertinent in the letter. I have also a long telegram from Mr. H. G. Perry, Chairman of the Post War Rehabilitation Council of British Columbia. This can go on the record, but I shall read it, and comment as I proceed.

I am directed by post war rehabilitation council to recommend bill sixty-five be not reported so as to enable further study and inquiry unless bill is so amended as to be more comprehensive in scope and clarified in greater detail. . . .

We have already given considerable study to the problems involved, and it does not seem to me that postponement for further study would be of any advantage. Are there any comments?

Mr. ROSS: Who is that from?

The CHAIRMAN: From Mr. H. G. Perry.

Mr. McLEAN: What province?

The CHAIRMAN: British Columbia, Chairman of the Post War Rehabilitation Council.

. . . We consider favourably the general plan of bill providing sale of lands to veterans at reduced price and of advancing funds for stock and equipment though we think the latter should not be related to the price paid for the land . . .

That has been adjusted.

. . . the act should provide authority for expenditures to be made in acquiring and bringing under cultivation raw lands. . .

That is the third point.

. . . The same amount of money as is available to purchase farms should be available to clear and cultivate sufficient acreage on each holding in selected areas in British Columbia stop this policy would permit new wealth to be produced on new lands approved for settlement while the bill merely allows transfer of ownership from present producers to veterans and will create problems of unemployment when the vendor farmers migrate to urban communities and will add to numbers seeking employment in the city . . .

Hon. Mr. MACKENZIE: That is not true.

The CHAIRMAN:

Thirdly, we advise no interest be charged the veteran for first five years of occupancy. . .

Hon. Mr. MACKENZIE: That is in the discretion of the director now?

Mr. MURCHISON: No, sir, interest only may be charged—

The CHAIRMAN:

Fourthly, section thirty-five should be amplified to include not only provincial government lands but any lands within the province and should more definitely state that the minister or director may make agreements with provinces to prepare for cultivation raw lands in the province to an amount on each holding equal to the maximum of thirty-six hundred dollars allowed for purchase and such funds to be provided by the Dominion stop bill should provide for extensive soil surveys in suitable regions such as this council of government will recommend.

That is provided for, is it not, Mr. Murchison?

Mr. MURCHISON: Yes, sir.

The CHAIRMAN:

. . . Fifthly, power should be incorporated in bill to permit loans or subsidies to private enterprise or by government itself for construction of packing plants creameries dairies abattoirs etc. so that markets are available to veteran and other producers for their products as we find large packing plants too far away from producing areas and owners will not or do not build small plants in productive areas which are essential as marketing centres to producers. . . .

I think Mr. Wright brought that up in the committee.

Mr. SENN: This Act does not contemplate community settlement in that way, does it?

Hon. Mr. MACKENZIE: They tried it out in British Columbia after the last war and it was ruinous. We had three community projects and they were all complete failures.

The CHAIRMAN:

. . . Sixthly, there are so many different kinds of settlement required in this province some for larger acreage for mixed farming smaller for fruit and smaller holdings that bill appears to lack the flexibility required both as to limit of purchase price and limit of advance for stock and equipment as in some classes the smaller amount may be required for land purchase and the larger amount for stock and equipment and we suggest these amounts should be interchangeable and increased to include buildings and improvements. . . .

Is there any comment on that, Mr. Murchison?

Mr. MURCHISON: Of course, that opens up a pretty big question as to interchangeability. What they mean by that in practical effect is if you require \$1,200 worth of land you should have permission to acquire up to \$3,600 worth of stock and equipment to engage in specialized operations such as green houses and extravagant poultry plants and things of that sort, highly specialized lines which only specialists should engage in. As I have remarked before very grave difficulty is encountered in selecting veterans of the type who have the aptitude or willingness to put in the time to become specialists in these lines. There are men who have natural ability along those lines but in proportion to the others they exist in the ratio of about 100 to 1. That is the ordinary fellow who can handle an ordinary enterprise as against the man who can make a success of a highly specialized thing. I feel that the bulk of the material in the B.C. submission can be quite easily realized within the bill as it stands, that is to say, the bill makes provision that the administration may acquire land under section 7:—

The Director may, for the execution of any of the purposes of this Act,

- (a) purchase by agreement, at prices which to him shall seem reasonable, or
- (b) in any other manner acquire by consent or agreement from His Majesty in the right of Canada or from any province or municipal authority, or from any person, firm or corporation;

such lands and buildings situate in any part of Canada and such other property including building materials, live stock, farm equipment and commercial fishing equipment as the Director may deem necessary.

Hon. Mr. MACKENZIE: That is pretty wide, isn't it?

Mr. MURCHISON: That section has a very definite relationship to section 34 which I think has been renumbered section 35:

(1) The Minister may, with the approval of the Governor in Council, enter into any agreement with the government of any province for the settlement of veterans on any provincial lands which the provincial government may submit as being specially suitable for settlement by veterans.

Hon. Mr. MACKENZIE: That covers everything they have said.

Mr. MURCHISON: That covers everything they have said.

Hon. Mr. MACKENZIE: I think they should be advised accordingly.

Mr. MURCHISON: It was contemplated right from the start, Mr. Chairman, that in certain provinces, if the province concerned is disposed to do so and wishes to develop special plans for certain areas and submit them to the administration, or to the Governor in Council as being specially suitable for the settlement of veterans then there is power in the Bill for the administration to acquire by purchase or agreements or otherwise from that province control of these lands and then to proceed to improve them and to develop them and to make them workable holdings before the veteran is given an agreement to purchase. As I say, I think the great majority of the points raised there are already provided for or contemplated in the Bill as it stands.

Mr. QUELCH: Mr. Chairman, there is nothing in this Act that prevents establishing of soldiers on a community basis?

Hon. Mr. MACKENZIE: No, no; we were only referring to the experience of the last war. There is nothing here that specially provides for it but there is nothing against it, as I understand. Is that right?

Mr. MURCHISON: Yes.

Mr. WOODS: Where it is suggested that the money for land and buildings be interchangeable so the person can take raw land and spend most of the money on its development there is nothing to prevent that in the Act. The Act says \$3,600 for land and improvements. There is nothing to prevent you spending what you wish on breaking raw land.

Hon. Mr. MACKENZIE: You do not want to make a rigid rule with regard to it.

Mr. WOODS: No, it is interchangeable.

The CHAIRMAN:

. . . We also recommend the principle in bill of purchasing and reselling land to veterans be applied to fishing industry though recognize this might be in new bill and cover other occupational opportunities additionally.

That has been done.

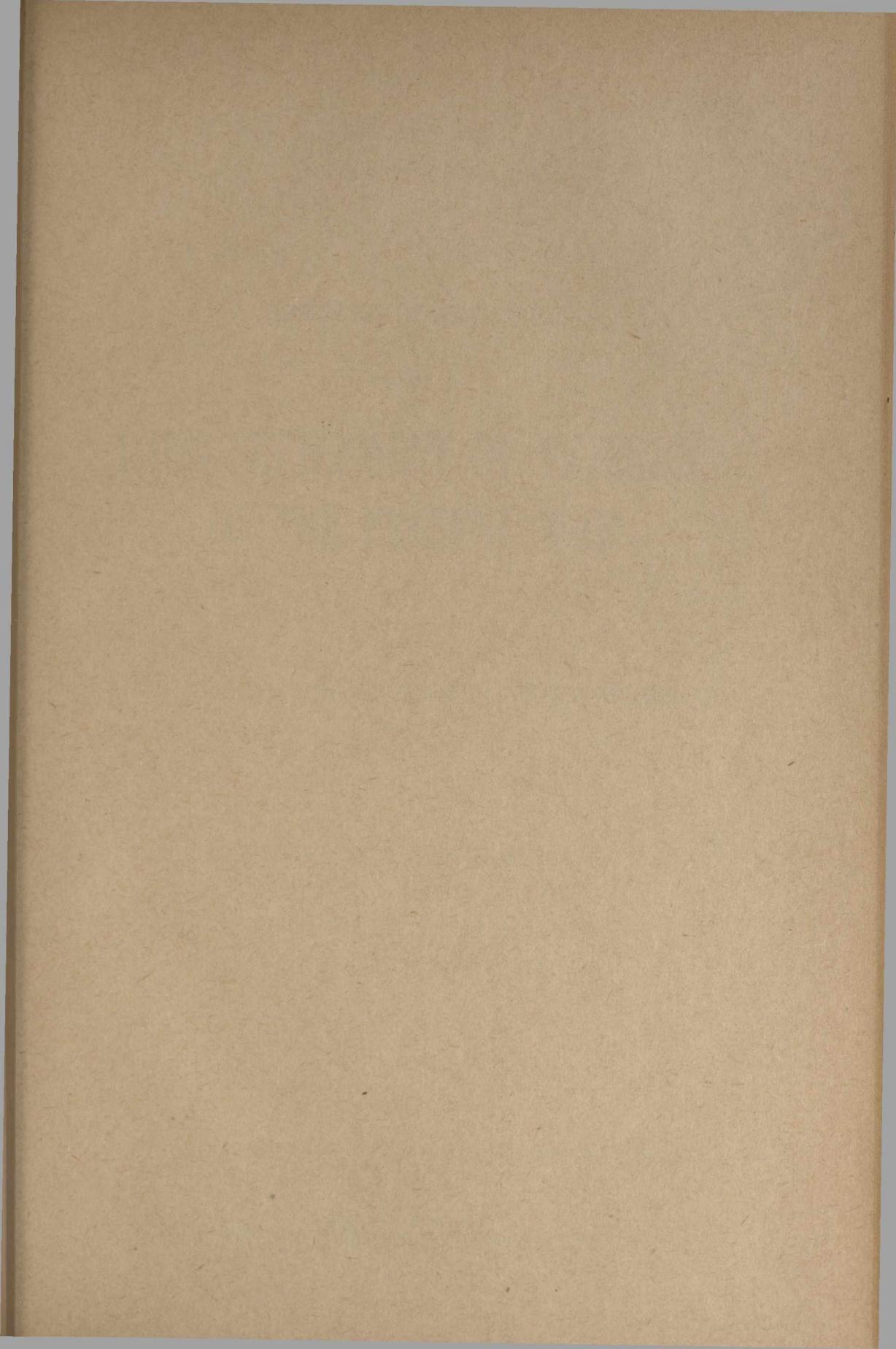
Hon. Mr. MACKENZIE: I think they should be answered and told how much we have already done.

The CHAIRMAN: We will answer by taking up each point.

Hon. Mr. MACKENZIE: What about merchant shipping?

The CHAIRMAN: We will meet now in camera.

The committee continued in camera.



SESSION 1942
HOUSE OF COMMONS



SPECIAL COMMITTEE

ON

LAND SETTLEMENT OF VETERANS OF THE PRESENT WAR

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 8

THURSDAY, JUNE 25, 1942

TUESDAY, JUNE 30, 1942

THURSDAY, JULY 2, 1942

TUESDAY, JULY 7, 1942

WITNESS:

Mr. Gordon Murchison, Director of Soldier Settlement.

OTTAWA
EDMOND CLOUTIER
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
1942

REPORTS TO THE HOUSE

OTTAWA, July 7, 1942.

The Special Committee on Land Settlement of Veterans of the Present War begs leave to present the following as a

THIRD REPORT

Your Committee has considered Bill No. 65, An Act to assist War Veterans to settle upon the Land, and has agreed to report the said Bill with amendments.

A reprint of the Bill, as amended, has been ordered.

A copy of the evidence taken before the Committee is tabled herewith.

All of which is respectfully submitted.

CYRUS MACMILLAN,
Chairman.

OTTAWA, July 7, 1942.

The Special Committee on Land Settlement of Veterans of the Present War begs leave to present the following as a

FOURTH REPORT

With respect to Bill No. 65, An Act to assist War Veterans to Settle upon the Land, which was reported with amendments this day, your committee desires to present the following recommendations for consideration by the Government:—

- (1) The feasibility of adopting a system in which the annual payments to be made by a settler under this Act will be adjusted in accordance with the relation of the prices of the commodities he has to sell with those he has to buy.
- (2) That settlers under this Act be given first option on the purchase of tractors, trucks, and other military equipment suitable for farm use when disposition is being made of same after the war.
- (3) That at a later date this Act be so amended as to make provision for persons having had service on ships, who are not in receipt of a disability pension.
- (4) The advisability of placing the administration of this Act under a new department which would deal exclusively with all matters pertaining to ex-service men and women.

All of which is respectfully submitted.

CYRUS MACMILLAN,
Chairman.

MINUTES OF PROCEEDINGS

THURSDAY, June 25, 1942.

The Special Committee on Land Settlement met this day (*in camera*), at 10.00 o'clock, a.m. Hon. Cyrus Macmillan, the Chairman, presided.

The following members were present: Messrs. Blanchette, Hatfield, Macdonald (*Halifax*), Mackenzie (*Vancouver Centre*), McLean (*Simcoe East*), Macmillan, Quelch, Ross (*Souris*), Senn, Sissons and Wright.—11. Hon. T. A. Crerar, Minister of Mines and Resources was also present.

In attendance were:—

Mr. W. S. Woods, Associate Deputy Minister of Pensions and National Health.

Mr. Gordon Murchison, Director of Soldier Settlement.

Mr. Robert England, Executive Secretary, Rehabilitation Committee.

Mr. B. W. Russell, K.C., Department of Pensions and National Health.

Mr. A. A. Fraser, Associate Law Clerk, House of Commons.

Section 2 (*d*) was amended by inserting in line thirteen after the word "domiciled" the words "or resident".

Section 2 (*d*) (iii) was amended by deleting all the words after "therefrom" in line 29 and substituting the following therefor;— "Provided also that he has been duly certified by the Director to be deemed by him in all other respects qualified to participate in the benefits under this Act.

And "veteran" also means a British subject who was ordinarily domiciled or resident in Canada at the beginning of the said war and who is in receipt of a pension in respect of a disability incurred while serving upon a ship during the said war; provided such person has been duly certified by the Director as aforesaid.

It was agreed to include in the report to the House a recommendation that the provisions of Section 2 (*d*) be, at a later date, extended. This Section was adopted as amended.

The Committee adjourned at 11.30 a.m. to meet again on Tuesday, June 30, at 10 o'clock, a.m.

TUESDAY, June 30, 1942.

The Special Committee on Land Settlement met this day at 10.00 o'clock, a.m. Hon. Cyrus Macmillan, the Chairman, presided.

The following members were present: Messrs. Blanchette, Hatfield, Macdonald (*Halifax*), Mackenzie (*Vancouver Centre*), McLean (*Simcoe East*), Macmillan, Quelch, Ross (*Souris*), Senn, Sissons and Wright.—11.

In attendance were:

Mr. W. S. Woods, Associate Deputy Minister of Pensions and National Health;

Mr. Gordon Murchison, Director of Soldier Settlement;

Mr. B. W. Russell, K.C., Department of Pensions and National Health;
and

Mr. Robert England, Executive Secretary, Rehabilitation Committee.

The Committee resumed consideration of Bill No. 65, an Act to assist War Veterans to settle upon the Land.

Section 2 (a) was adopted.

The Preamble was adopted as amended.

On motion of Mr. Macdonald (*Halifax*), it was *Ordered*,—That the Bill, as amended, be reprinted.

On motion of Mr. Senn, it was *Ordered*,—That the Bill, as amended, be reported.

In the recommendations of the Committee it was agreed to suggest the advisability of placing the administration of this Act under a new department which would deal with all soldier affairs.

It was also agreed to recommend that provision be made at a later date for persons having had service on ships, who are not in receipt of a disability pension.

The statement read by Mr. Murchison respecting Section 9 (b) was ordered to be included in the record. See Appendix A.

Hon. Mr. Mackenzie thanked the Committee for the harmonious manner in which their deliberations had been carried on, and stated that it was one of the best committees of his experience.

Hon. Mr. Macmillan, on behalf of the Committee, thanked the Minister for his able assistance and co-operation.

The Committee adjourned at 11.00 o'clock a.m., to meet again on Thursday, July 2, at 10.00 a.m. The Committee also agreed to meet on Tuesday, July 7.

THURSDAY, July 2, 1942.

The Special Committee on Land Settlement met this day at 10.00 o'clock, a.m. Hon. Cyrus Macmillan, the Chairman, presided.

The following members were present: Messrs. Macdonald (*Branford*), Macdonald (*Halifax*), McLean (*Simcoe East*), Macmillan, Queleh, Ross (*Souris*), Senn, Sissons and Wright—9.

In attendance were:

Mr. W. S. Woods, Associate Deputy Minister of Pensions and National Health.

Mr. Gordon Murchison, Director of Soldier Settlement; and

Mr. Robert England, Executive Secretary, Rehabilitation Committee.

As the reprint of Bill No. 65 was not ready it was agreed to report the Bill and present the recommendations of the Committee in two reports on the same day.

Following are the recommendations to be reported:—

- (1) That consideration be given to the feasibility of adopting a system in which the annual payments to be made by a settler under this Act will be adjusted in accordance with the relation of the prices of the commodities he has to sell with those he has to buy.

- (2) That settlers under this Act be given first option on the purchase of tractors, trucks, and other military equipment suitable for farm use when disposition is being made of same after the war.
- (3) That at a later date the Act be so amended as to make provision for persons having had service on ships, who are not in receipt of a disability pension.
4. That the Government consider the advisability of placing the administration of this Act under a new department which would deal exclusively with all matters pertaining to ex-service men and women.

Copies of the 1942 Departmental Report under the Soldiers' Settlement Act were asked for, but these are not yet available.

The Committee adjourned at 10.35 a.m. to meet again Tuesday, July 7, at 10.00 o'clock, a.m.

TUESDAY, July 7, 1942.

The Special Committee on Land Settlement met this day at 10.00 o'clock, a.m. Hon. Cyrus Macmillan, the Chairman, presided.

The following members were present: Messrs. Hatfield, Macdonald (*Brantford City*), Macdonald (*Halifax*), MacKenzie (*Neepawa*), McLean (*Simcoe East*), Macmillan, Quelch, Ross (*Souris*), Senn, Sissons and Wright—11.

Hon. T. A. Crerar, Minister of Mines and Resources, was also present.

In attendance were:

Mr. Robert England, Executive Secretary, Rehabilitation Committee;
Mr. B. W. Russell, K.C., Department of Pensions and National Health.

The Third and Fourth Reports of the Committee were adopted.

The Committee proceeded to consideration of the Soldier Settlement Act in accordance with Order of Reference dated June 16, 1942.

Mr. Gordon Murchison, Director of Soldier Settlement, was called, examined, and retired.

The Committee adjourned at 11.30 a.m. to meet again Thursday, July 9, at 10.00 o'clock a.m.

J. P. DOYLE,
Clerk of the Committee.

MINUTES OF EVIDENCE

HOUSE OF COMMONS, ROOM 497,

July 7, 1942.

The Select Special Committee on Land Settlement met this day at 10.45 o'clock a.m. The Chairman, Hon. Cyrus Macmillan, presided.

The CHAIRMAN: Gentlemen, we will proceed. Mr. Murchison is with us this morning, and I understand he has a statement to present. Shall we hear Mr. Murchison?

GORDON MURCHISON, recalled.

The WITNESS: Mr. Chairman, I have a brief statement which I wish to read:—

On May 5 I filed certain exhibits which appear on the records of this Committee. These exhibits contain an accurate picture of the accounts of soldier settlers as of December 31, 1941, and consideration of any amendments to the Soldier Settlement Act should of course take these figures into account.

First let me refer to Appendix "C" on page 25 of the minutes referred to, which contains a breakdown of soldier settler accounts showing the groupings under comparative headings of debt and value. There can be no doubt as to the accuracy of the debt position as that is a factual matter. There is always a possibility of error one way or the other in the value position because that is a matter of opinion—even if it is expert opinion. At the same time, I have no reason to feel that the value position is generally too high. There is a tendency all over the country toward the stiffening of land values and I would not be surprised to find that by the end of this year we could quite properly increase many of these inventory values by at least 10 per cent. In some areas the increase would be substantially greater. This would have the effect so far as bookkeeping is concerned of increasing the equity of settlers in their farms.

Supporting this observation as to a justifiable increase in inventory values, I refer the Committee to Appendix "D", which is a summary of the collection statistics for the fiscal year 1941-1942. This summary discloses that collections were equivalent to 92.1 per cent of the instalments which matured in 1941. In addition, there was the sum of \$213,520 prepaid by 1,504 settlers.

It is noted, however, that there were 1,010 settlers who made no payment in 1941, and of this number 869 are located in certain parts of Saskatchewan and Alberta. The majority of these settlers had obtained adjustments under the Farmers' Creditors Arrangement Act but the unsatisfactory conditions which preceded these adjustments continued to exist. I may say further that adjustments which took place under the F.C.A. Act in certain parts of Western Canada between 1935 and 1938 did not in the light of subsequent events take fully into account the deterioration which had taken place, or, alternatively, that bad agricultural conditions continued to exist beyond reasonable expectations. It is clear in my mind from a close study of this situation that notwithstanding the excellent progress being made by a great many settlers

throughout the Dominion, there is a group of probably 500 to 600 who are faced with a problem which centres on a debt which is out of line with productive value. There is a finality about proceedings under the F.C.A. Act which does not permit of any re-opening of these cases under that Act, and of course there is no provision in the Soldier Settlement Act which permits the administration to adjust them.

There is another class of settler confronted with some difficulty—a class which I think is entitled to some prior consideration at this time. I refer to the class of settler who could not obtain any reduction in his principal indebtedness under the F.C.A. Act because the value of his assets exceeded his indebtedness by a comfortable margin. There are quite a number of settlers in this class who have also been faced with some very difficult farming conditions during these bad times. There was inability to pay in full or even in part, with the result that arrears have accumulated to substantial amounts. The contracts of settlers in this class will almost without exception mature in 1946, and it is very doubtful if not impossible for some of them to complete repayment before maturity of agreement. There are no grounds whatever for cancellation of these agreements and these men would find their immediate burdens eased if provision could be made now to extend the term of the existing contracts over a new term of say from ten to twenty years.

The main problem in Soldier Settlement is not so much a matter of debt as it is a matter of time. This may sound contradictory in the light of the statistical information placed on record because the 1941 collection statistics include full payment by a large number of settlers in the highest debt group. Soldier settlers are of an average age of fifty-three years, which means that there is a substantial percentage well over that age. The Committee will agree that a man who has not reached a position of comparative security by the time he is fifty-five has decreasing hopes or even ambition of ever doing so. I may say that this situation is reflected in the number of soldier settlers now in receipt of War Veterans' Allowances or who are otherwise recognized as being on the downhill route. To some of these men (and their numbers will increase as time goes on) an adjustment in debt which leaves a substantial amount payable has little meaning. The solution of their difficulties is the security of a home for the rest of their days, but I can say quite frankly that the solution in this type of case would be greatly facilitated if there could be developed a working arrangement between the administration of the Soldier Settlement Act and the administration of the War Veterans' Allowance Act.

So that the Committee may understand the immediate and potential importance of the situation referred to above, I may say that on March 31, 1938, there were 297 soldier settlers in receipt of War Veterans' Allowances. At December 1, 1941, there were 559. Having regard to the factors of age mentioned above, and the difficulties confronting the problem type of soldier settler, I estimate that there are not less than 2,000 additional soldier settlers who will sooner or later qualify for War Veterans' Allowances under present administrative policy. Just what this will develop into is illustrated by the following figures which relate to the 559 cases on record last December:

Value of farms occupied, approximately..	\$1,000,000
Total Soldier Settlement charges.....	774,339
Arrears of Payments.....	165,622
Arrears of Taxes.....	42,477
Total War Veterans' Allowances in pay...	155,670 per year

I can say from close association with this matter that there is no doubt that the payment of War Veterans' Allowance to a soldier settler encour-

ages an attitude of mind in far too many cases that any contractual obligations such settler may have had to the State have come to an end when payment of War Veterans' Allowances commence, even to the point where he feels entitled as a matter of right to free shelter in addition to the stated monthly cash award by the State. To correct this attitude there are only two methods open to Soldier Settlement administration (1) Persuasion by discussion, which is largely unavailing; (2) Enforced cancellation of the agreement and if necessary enforced dispossession from the farm with all the attendant hullabaloo which results from any action against an old soldier. This takes the form of complaints to veterans' organizations, members of parliament, and ministers of the crown.

In the average case a veteran in receipt of War Veterans' Allowances is infinitely better off on a farm (even a poor farm) than he would be in a town or city, and in my view there is no sound reason why a veteran in receipt of War Veterans' Allowances should not be obliged to pay modest rates for the occupancy of a home and farm. No doubt there are cases where the recipients of War Veterans' Allowances are not in occupation of homes owned by the State and their respective landlords have some difficult situations to contend with, but I think it can be stated without argument that there is no single landlord in Canada except the Director of Soldier Settlement who has 559 of these men occupying homes to a value close to \$1,000,000 and a fairly definite prospect in sight that in due course he may have four times that number. I need not enlarge on the difficulties we encounter when we insist upon payment from the progressive or efficient type of settler while at the same time there is an increasing number who are being carried more or less on a straight charity basis. It is an unfair and undignified position for both classes of veteran.

I am convinced that it is unsound public policy—particularly when the country is in a state of war—to

(a) proceed under the provisions of the Soldier Settlement Act to cancel the agreements and dispossess a substantial number of aged veterans of the last war from the homes they have occupied during the past twenty years;

(b) encourage the attitude in the minds of veterans that the State through the medium of the Director of Soldier Settlement furnishes a farm home, and through the medium of the War Veterans' Allowance Board pays the man income to live on it, and in addition thereto the State takes the responsibility for payment of taxes and carrying charges.

So far as Soldier Settlement administration is concerned, the matter has now reached the stage where there should be some formal clarification of government policy. If the Committee agree with my sizing up of this problem it should not be impossible to find a workable solution. There is no amendment needed to the Soldier Settlement Act—what is needed, in my opinion, is an amendment to the War Veterans' Allowance Act in terms which will permit assignment of payments from War Veterans' Allowances not in excess of \$10 per month, to provide for the continued occupancy of homes and farms by soldier settlers who are in receipt of War Veterans' Allowances and who are otherwise unable or failing to make this provision from farm or other revenue.

The question has been raised several times whether the 5 per cent interest rate chargeable to soldier settler accounts should be reduced to conform with the $3\frac{1}{2}$ per cent rate proposed in the Veterans' Land Act. Having regard to the heavy adjustments made under the Farmers' Creditors' Arrangement Act which took a 5 per cent rather than a $3\frac{1}{2}$ per cent rate of interest into account, and the general improvement in

farming conditions as reflected in the 1940 and 1941 collections, any change in the interest rate should be approached with some caution. Many loans have been paid off in full during the past two years and altogether there is an important principle involved—to say nothing of a considerable amount of money.

Balance Sheet as of March 31, 1942, as per Appendix "A" appearing in the minutes of proceedings and evidence No. 1, of Tuesday, May 5, shows soldier settler current accounts at \$10,574,619.53. A reduction in the interest rate from 5 per cent to $3\frac{1}{2}$ per cent would mean an immediate reduction of approximately \$158,519 in the accounts receivable and a corresponding annual reduction during the remaining lifetime of these contracts. I would estimate the long range total reduction to have a value of somewhere close to \$2,000,000.

From a purely business standpoint there can be little argument to justify a reduction in the interest rate in those cases where the settler has a very wide margin of equity and that is the situation in fully 50 per cent of all soldier settler accounts at the present time.

On the other hand, there are the cases of those who have enlisted with the armed forces during the present war. These men are barred from participation under the Veterans' Land Act so long as they are indebted to the Director of Soldier Settlement, and it seems to me that on patriotic grounds consideration should be given to a reduction in the interest rate with respect to this class of account. Enlistments are not confined to soldier settlers alone, as there are 630 soldier settlers, 173 civilian purchasers and 181 British family settlers (as of May 1, 1942). I estimate the total indebtedness of these men to the Director of Soldier Settlement to be approximately \$1,621,246, and on that basis reduction in the interest rate to $3\frac{1}{2}$ per cent would amount to an immediate reduction of \$24,318 and a long range total reduction to a value somewhere close to \$300,000.

Summarized, I submit the following suggestions:—

1. Administrative power to extend the life of existing contracts beyond the year 1946.

2. Closer co-operation with the administration of the War Veterans' Allowance Act along lines set out above.

3. Reduction in the rate of interest to $3\frac{1}{2}$ per cent as parliament may decide in the light of the foregoing comments.

4. Consideration of ways and means to adjust to a sound basis the contracts of soldier settlers which were dealt with under the Farmers' Creditors Arrangement Act prior to July 1st, 1938. I do not make this suggestion as any criticism of the administration of that Act. Soldier Settlement was the responsible appraisal agency when these adjustments were considered and I realize that this particular group of soldier settler accounts represent only a small percentage of all the farmers in Canada whose affairs came under the F.C.A. Act prior to July 1st, 1938. I cannot, however, in fairness to these soldier settlers fail to mention errors in judgment or that unsatisfactory agricultural conditions continued to exist beyond reasonable expectations. I do not for a moment suggest that the Director of Soldier Settlement be given power to make these adjustments, even with the approval of the Minister or the Governor in Council, because we have enough administrative headaches now. This power vested in the administration would undoubtedly result in a great many importunities. My suggestion is that these adjustments should be authorized by a small independent tribunal named by the Minister and with power limited to accounts adjusted prior to July 1st, 1938, and terms of reference limited to a period of not more than six months.

By Mr. Ross:

Q. Would you need a different policy?—A. I do not think there needs to be any different policy. I think one general policy would meet the situation.

Mr. HATFIELD: I agree with Mr. Murchison that the place for them is on the farm, and if they get full allowance they should pay some rental. I agree they should be on the farm where they could get a cow.

Mr. WRIGHT: You would have to make some provision in cases like that that they get the full allowance because that is where the hitch comes in the arrangement.

Mr. QUELCH: I can produce correspondence to prove that these men were cut down from \$40 to \$30. I take it the explanation was that the general policy in regard to these men was that if they were on poor farms they did not get the full amount.

The WITNESS: I think that is right.

Mr. QUELCH: If that is the policy in the drought area where the land is of a very poor nature I cannot understand why on poor farms they would not be paid the full amount. It seems to be a contradiction. You say that settlers are paid the full amount on good farms. If it is paid on good farms why should it be refused on poor farms?

The WITNESS: I do not profess to be able to answer for the administration of the War Veterans' Allowance Act. All I can speak of is the situation that developed in the administration of this scheme.

Mr. QUELCH: There is evidently a different policy in different parts of the country.

The CHAIRMAN: Did I understand you to say, Mr. Ross, that in your experience they drew the full amount?

Mr. Ross: I know some cases where they do in our locality, and I was wondering if the supervisor in each province had some latitude in that respect, whether there might be a different policy to some extent in each province. That was my question of Mr. Murchison.

By Mr. Senn:

Q. Is it not a fact that under the War Veterans' Allowance Act there is a maximum income of \$60 of which the War Veterans' Allowance only pay \$40?—A. A married man can get an allowance of \$40 a month and he is permitted to earn an additional \$40 a month.

Q. I thought it was \$20?

Mr. ROSS: \$20 for a single man and \$40 for a married man.

Mr. SENN: Perhaps it is the extra \$40 where the difference comes in.

Mr. QUELCH: I thought it was a maximum of \$240 a year for married people and \$120 for single people.

The WITNESS: A married man can earn an additional \$40 a month without having his \$40 allowance reduced.

By Mr. Hatfield:

Q. Do they not receive \$5 extra allowance in some cases?—A. Not to my knowledge.

The CHAIRMAN: In addition to the four suggestions made by Mr. Murchison are there any other suggestions that the committee would like to mention?

Mr. McLEAN: In connection with recommendation No. 3—

The CHAIRMAN: The rate of interest.

Mr. McLEAN: According to Mr. Murchison's remarks he thought this should be approached with caution. Was that recommendation all-inclusive. Did it cover everybody?

The WITNESS: It covered only those who had enlisted for active service in this war because these enlistments, as I say, are not confined to soldier settlers alone. They include civilian purchasers and others.

By Mr. Wright:

Q. Would that take in where a settler's son enlisted who was working on the farm with his father and the son enlisted?—A. No, because his son would probably become eligible under the Veterans' Land Act if he survives the war.

Q. I have cases where these settlers have written me and said that their sons would like to take over the farm when the war is over. Under this Act I doubt whether they would be able to or not?—A. I do not see anything to prevent a son taking over his father's farm.

Q. Under the new Act?—A. No.

Q. You gave us a statement last year in which you stated there was a certain number of veterans who had no interest in their land as at that date that you gave the statement. I forget what the number was but it was quite a large number of veterans.

Mr. QUELCH: Around 3,000.

By Mr. Wright:

Q. Then, there were some who had 60 per cent interest. Can you supply us with a table or a statement so that we will have a copy of that to go with that statement when you have it printed?—A. You have that statement, Mr. Wright, that you refer to, brought up to date in the proceedings of the Veterans' Land Act. There was a schedule filed showing that breakdown of settlers by groups. It is on the record now.

Q. That is fine.

The CHAIRMAN: With regard to your question, Mr. Wright, about a son taking over his father's farm the Minister I think would like to explain something.

Hon. Mr. CRERAR: It seems to me in that case where a soldier veteran from the last war is on a farm and he has got to the point where perhaps his health is bad or for other reasons he wants to leave the farm and his son has enlisted—there may be some reason but at the moment it appears to me to be quite a practical thing for the father to sell his farm to the son and the son then would come under the Veterans' Land Act.

Mr. WRIGHT: I just wanted to be clear that was the case because I know of several cases.

Hon. Mr. CRERAR: Do you see anything in the way of that, Mr. Murchison?

The WITNESS: Not a thing, sir, provided, of course, that the price and suitability and qualifications of the son are proper.

Hon. Mr. CRERAR: There would not be any juggling of the thing at all.

Mr. WRIGHT: Subject to the same qualifications as anybody else.

Mr. ROSS: If it happens to be in a poor district and it was a very poor farm they should not be allowed to take the farm over.

Hon. Mr. CRERAR: In that case the son would be foolish to take it over.

Mr. ROSS: I think it should be the Board's duty to see that they are not allowed to do it.

By Mr. Quelch:

Q. Mr. Murchison, on that statement that was put on the record a little while ago I think it was stated 2,700 men have no equity in their land; the statement that you gave us to-day I think showed that there would be in the neighbourhood of from 800 to 1,000 that have little chance of paying for their places; is that correct?—A. I would not like to create any confusion with these figures. The statement which appears in appendix "C" of May 5 shows there are 2,723 soldier settlers who on the whole had no equity in their farms. That is on the basis of valuations made by the department a year ago. Now, as I say, with conditions as they are at the present time it would be quite proper to increase those values by 10 per cent in many cases and by more than 10 per cent in a great many cases which would have the effect of creating better equity in these farms.

Hon. Mr. CRERAR: Would not that be a bit illusory? I think you are quite right in saying that there is an increase of 10 per cent in the value of farm lands, which is the reflection of better prices for most, if not all, agricultural products—I would say all excepting wheat—and I can understand that that might increase still further; but when the war ends and, perhaps, we have a condition where we have agricultural surpluses in almost every respect and low prices, if the natural laws are allowed to operate would not there come about a decline in farm values, and you would be back to where you are now?

The WITNESS: You would not be back, sir, because if your rate of collections keeps up during the time conditions are good these men are progressively reducing the indebtedness standing against their property.

Hon. Mr. CRERAR: Precisely. They are increasing their equity—or they are securing an equity—but that comes from paying off an obligation, not from a write-off arising from a supposed increase in value.

The WITNESS: Quite.

Hon. Mr. CRERAR: I think we have to look at that feature of it, I suggest, very carefully.

The WITNESS: I do not believe myself in the soundness of trying to pad accounts to show a sound position merely by raising inventory values.

Mr. WRIGHT: I think that is what you are doing in your statement.

The WITNESS: No, it is not.

Mr. ROSS: There is a good suggestion by the minister, and I think that should go the other way; I think it would be safer ground for the settler if we are going to carry on under the present economic set-up in the future.

Mr. SENN: What is he going to do; his equity is gone entirely?

Hon. Mr. CRERAR: No, I assume that the values now in the records of the Soldier Settlement Board are sound values. Well, if they are sound values I see no reason why they should be disturbed. I would not deflate them any more than I would inflate them, assuming that they are sound values.

Mr. WRIGHT: I think the basis of those values that the director now has on his books, and that he gave us before, are sound values and I do not think we should change them now on the basis of present prices that are created during the war.

The WITNESS: I am not suggesting that we change them, but I say that they could be changed.

Mr. ROSS: I think they should be used as the basis of any amendments we are going to make to the Act. Those values which you had last year should be the basis on which any amendments are made.

By Mr. Senn:

Q. May I ask how those values were arrived at? Have they been written down from time to time?—A. Those values generally followed the pattern of the values the Soldier Settlement administration used in valuations for debt adjustment under the Farmers' Creditors Arrangement Act. Those values were generally accepted all over Canada; they were commented on very favourably by the organized farmers of Saskatchewan.

Q. They are not based in any way on the original value?—A. Not at all.

By Mr. Quelch:

Q. And in many cases, actually higher than one would have been able to sell the land for. I am not saying higher than the land should have been sold for, but higher than a person could actually have sold it for?—A. No, I will not say that, because the sales that are going through now by men who had an adjustment under the Farmers' Creditors Arrangement Act are realizing some very nice equities for those men.

Q. You are talking about the present, I am talking about the period before the war. The situation is different; I am thinking of 1930 to 1939?—A. Those values were taken into account when I made that statement to the committee a year ago, and we have not changed those values.

By Mr. Wright:

Q. I want to suggest again that we continue to use those values as our starting point in any amendments which we make to the Soldier Settlement Act. I think they were the soundest values on land that we have had for a long time. They represented more nearly the actual selling price and actual earning capacity of the land?—A. I should like to bear out what Mr. Wright has said by reference, if I may, to his own part of Saskatchewan, the Tisdale district. In that area last year, where they have two subdistricts, Tisdale west and Tisdale east, the collections from those two subdistricts last year were 145 per cent of the 1941 instalment in Tisdale west and 112·2 per cent in Tisdale east. Now, that indicates a pretty sound ability to pay, and certainly does not suggest that we are carrying our inventory values too high in that area.

By Mr. Ross:

Q. What would be an average price per acre for land in that area, approximately?—A. On good land it would be from \$20 to \$22 an acre.

Q. On your basis of valuation?

By Mr. Wright:

Q. Do you mean it would average \$22 per acre?—A. Not over the whole district—between \$15 and \$20.

Q. For the district?—A. You can buy land to-day at less than \$20 an acre.

Q. There is some land being sold there for \$10 an acre. I bought a quarter section of good land there not so very long ago for \$11 an acre.

Hon. Mr. CRERAR: Were there any improvements on it?

Mr. WRIGHT: It was broken—100 acres were broken on it; there were no buildings.

By Mr. Quelch:

Q. Mr. Murchison stated that collections are possibly 92 per cent of the amounts due. I wonder if he would give us the figures to show what the payments were prior to the war?—A. I have not got that information here, but I can tell you this generally that during the period 1930 to 1938, in spite of the

existence of a bonus plan, dollar for dollar, during most of that period, when there were no interest charges at all, there would be arrears in soldier settlement accounts throughout Canada which grew up to the rather staggering total of \$12,000,000. I do not think I need elaborate that very much to show you that collections during that period were very unsatisfactory.

Q. Does not that prove that it is not so much the deficiency in the Act that has caused failure as low prices for agricultural produce and, therefore, under the new Act if prices are allowed to fall in the future as prices have fallen in the past we will have failure under this Act the same as under the last one. It is not the Act that is at fault; it is the agricultural policy that has been in existence. I think those figures prove beyond a shadow of a doubt, even where you are giving dollar for dollar bonuses, that you could not get payments in?—

A. There are some strange things developing under the bonus plan. You will find neighbours living across the road from each other, farming under identical conditions, where one man made up his mind to take advantage of the bonus plan, and even when wheat was 50 cents a bushel it was worth \$1 a bushel so far as his payments to the Soldier Settlement Department were concerned, and he took advantage of that. I have a case on file here this morning that exemplifies that. This particular man is located in an area that has been just as badly hit by drought during the past ten years as any other district in western Canada. Now, this man has never been able to come under the Farmers' Creditors Arrangement Act for the reason that he had kept his contract paid up through good years and bad years and to-day he has got his indebtedness on his fine half section farm down to \$1,200, and he complains now: "Why should my neighbours who do not take advantage of this bonus plan and who have not paid up come under the Farmers' Creditors Arrangement Act and place themselves in approximately as good a position as I am who have made a sacrifice and who have met the terms of my contract?" Now, it is pretty hard to answer a man in that position.

Q. Has that man additional holdings?—A. His wife has a farm.

Q. That helps him out. I imagine in a case like that there is some other factor which has a very strong influence upon the payments. There may be sickness in one case, or additional holdings, or incomes. I know of many cases where men live opposite to each other and where one does one thing and another does not, but that does not mean that that is a rule you can follow in all cases.

Hon. Mr. CRERAR: I would like to take issue with that explanation; it does not apply. I do not know this particular case where the wife had a farm; I do not know where the wife's farm was located.

The WITNESS: It adjoins.

Hon. Mr. CRERAR: If it adjoins, that farm was susceptible to all the difficulties of the drought, and in that particular case in those particular years it might be a liability rather than an asset. The explanation, from my experience, as I stated before on one occasion, lies in the difference there is in the individual; one man has the capacity to plan and organize and manage and he is determined to make his way while the other fellow sits back and says: "I will let the government look after me."

Mr. QUELCH: You say that the other farm would be subject to the drought as well. It must be recognized that in that drought area a man must have a larger area to farm. Under the special areas board the object is to lease every individual 3,000 acres because it is considered impossible for a man to succeed on less than 3,000 acres, because they realized that some 30 to 40 acres were required for a head of stock, and the more land you have the better chance you have of succeeding.

Hon. Mr. CRERAR: If I were farming in an area that suffered from drought and I got from two to three bushels of wheat to the acre I would much rather be farming 320 acres of land than 640.

Mr. QUELCH: You are not considering stock.

Hon. Mr. CRERAR: If you are going to change the type of farming and go into the production of cattle then your 3,000 acre proposition is perfectly sound.

Mr. WRIGHT: Mr. Chairman, in this new Act we are recognizing this new principle that a man to have a chance of success must have approximately a 50 per cent equity in his land. Now, I think we should carry that same principle over into the old Act and that we should see to it that every settler under the old Act has a 50 per cent equity in his land on the valuation that the director gave us last year for those lands. If we see to that I think those men under the old Act will have some chance of success. Unless we are prepared to give those men a 50 per cent equity in their lands and a reduced rate of interest and put them on the same basis as the new settler, I do not think we are treating them fairly, and my suggestion would be with regard to these men that their debts be written down to a point where they have a 50 per cent equity in their land and that the rate of interest that applies in the new Act should also apply to those who come under the old Act.

Hon. Mr. CRERAR: Mr. Wright, we are exploring now. Take the case of a man who was no good. It is unfortunate that that is the case, but unfortunately it is the case—and he has had his debt readjusted from time to time from the beginning right down by adjustment under the Farmers' Creditors Arrangement Act. With all those factors taken into account you arrive by independent judgment on what is a fair value, and he still does not make good. How are you improving his case by giving him a 50 per cent equity in the property if he is that type of man? You should have had him off the land long ago. Mr. Murchison can tell you that the difficulty arises largely from that type of man, and the danger is that it does not end there, the danger is this, as Mr. Murchison stated a moment ago, that the fellow who is a good man and makes an effort to pay thinks that he has been unfairly treated by the government because the government have shown leniency to the man who is no good.

Mr. WRIGHT: I have been under the Act and I have paid my debts, but I do not feel that way towards that fellow because I know that in 75 per cent of the cases it is because of some disability, sickness or some other thing over which the farmer has no control that he is in the position he finds himself. Because of those few exceptional cases where a man is no good—and we know those cases exist—I do not think we should differentiate against the whole group as a class.

The CHAIRMAN: You think the failures because of individual incapacity are relatively few?

Mr. WRIGHT: I know there are some, but I say they are a small percentage of the total. I do not think they are over 15 per cent of the total. I think generally there is some element there such as sickness, the wife's sickness, or the farmer's troubles, or some other thing which has incapacitated that man. I do not really think that the man is no good in more than 15 per cent of the cases. I do not think we should base our amendments to this bill on the condition of that 15 per cent; I think we should base our amendments to the bill on the basis of the 85 per cent.

Mr. QUELCH: If under the new Act a man needs 50 per cent equity in order to succeed, how much greater will the need be as far as the old veteran is concerned whose equipment, generally speaking, has got into a poor state. It will be more difficult for him to succeed if his equity is cut considerably below 50 per cent.

The CHAIRMAN: We are trying to remove these disabilities by adjusting or amending the Soldiers' Land Settlement Act.

Mr. QUELCH: Mr. Murchison's suggestion does not cover them, it only covers a small portion of these men.

Mr. WRIGHT: With regard to Mr. Murchison's suggestion concerning the class of veteran who is incapacitated and who wishes to remain on the land where the war veterans' allowance can be obtained for him, I think that is perfectly sound. I think there is that class of veteran who is incapacitated and is unable to carry on on a war veterans' allowance of which, say, \$10 would be taken, providing the full allowance is given, but allow the man to stay on the farm. I think that is perfectly sound. I think that man is better off there than in any other place. There is, however, this other large group of some 2,700, as Mr. Murchison stated last year, who have no equity in their land whatsoever, and I think we have to do something for that group. That is the main group, and I think we should put them on a basis where they will be on an equal footing with the men who come under the new Act.

The WITNESS: Mr. Chairman and Mr. Minister, I must say from my experience in administering this scheme—and notwithstanding the very generous attitude taken by Mr. Wright based upon his experience under the Act and his feeling that others less fortunate are entitled to all consideration—I say with all earnestness now to write the more or less failure element of soldier settlers into a subsequent equity in their lands would paralyze the whole scheme. Now, when you see this type of thing going on that I am going to place on the record, you will understand what I have in mind:—

Title documents have to-day been completed covering Lot 34, Queen's County, Prince Edward Island, to Walter S. McArthur. This is a small farm property with only 20 acres under cultivation, which McArthur undertook to purchase from the department in June, 1931, at \$1,700.

By the year 1938 he had reduced the purchase price to \$1,307.31. He made application under the Farmers' Creditors Arrangement Act for a reduction in this amount. Following consideration by the Board of Review, McArthur's indebtedness was fixed at \$800, payable over a new term of eighteen years.

Shortly after the outbreak of war McArthur, who was approximately thirty-seven years of age, enlisted for active service, and commencing in December, 1939, it appears that Mrs. McArthur decided to rapidly pay off the indebtedness as fixed by the Board of Review. She was in receipt of standard dependents' allowance for herself and two children plus assigned pay. During the past eighteen months she has remitted a total of \$782, which works out at an average of approximately \$43.45 per month.

Mrs. McArthur and her children continue to reside on the property and since they continue in receipt of standard dependents' allowance, it seems reasonably clear that if and when her husband returns from military service there will be no problem of rehabilitation involved.

Now, I want you to contrast the case of that woman who has made this sacrifice and paid off the debt while her husband is overseas with other cases on record where people have made no comparable attempt to meet the terms of their contract, and you find now that despite their failure to do so they are written into an equity of 50 per cent while this woman has paid for the land. I say that is going to cause confusion and the feeling that that is not fair.

Mr. WRIGHT: Again you are quoting one of those exceptional cases, and you are quoting it as a basis for a rule. That is not the fair thing to do. There are exceptions to every rule, but you cannot use those exceptions for establishing a basis for our reconsideration of this Act. I protest against quoting exceptional cases. I can quote you cases—I have a file of them here—of letters I have received over the past year, but I do not think it is fair to quote individual cases and use those as a basis for establishing a rule.

The CHAIRMAN: Are there cases of distress?

Mr. WRIGHT: Yes, cases of distress.

The CHAIRMAN: Perhaps you do not get letters telling you of successes?

Mr. WRIGHT: No, naturally, I do not; but Mr. Murchison has cases of successes. There is nothing gained by me reading these cases or by him quoting cases of successes, because after all, we have to take the average men into consideration here, and not the exceptional case.

Mr. McLEAN: I differ with that attitude. I think Mr. Murchison is entirely justified in quoting examples.

The CHAIRMAN: Quoting successes?

Mr. McLEAN: Yes. After all, if we are going to deal with any legislation we have to deal with the general from the individual. I imagine it might be interesting indeed if we had some of Mr. Wright's examples. Some of them might be very revealing if we had the other side of the case. But Mr. Murchison is justified in taking concrete examples, because we have to judge from concrete examples as to the merits of what he is suggesting. Mr. Quelch argued that the trouble was not with the Act at all—the Act is all right—

Mr. QUELCH: No, I did not say that; I said the other factor was of greater importance than the Act.

Mr. McLEAN: Perhaps he did not mean what he said that the trouble was not with the Act at all; it was with the general agricultural policy. My point is this: we may have fundamental differences as regards our general economic ideas, but there is no use in our trying to re-write into special legislation like this, which is limited in its application to certain individuals, amendments based on a general economic theory that is not accepted in the country at all.

Mr. ROSS: I think we are going to have a rather difficult problem to make a proper adjustment. Mr. Murchison spoke of 559 settlers with a debt of approximately \$1,000,000—that is for one section of Canada—and then he also said that there were some 800 to 1,000 who have a debt problem which cannot be overcome under present agricultural possibilities in this country. I wonder if he could give us any percentage of that number which in his opinion would be misfits. I think in some manner we have to discard the misfits; it would not be proper to give them this extra equity if they cannot make good. If Mr. Murchison is satisfied that these others are a good type of settler and can make good with a proper equity we should give serious consideration to them because we have to distinguish between the two types of settlers. Could you give us an idea of the number of the two types of settlers?

The WITNESS: Not very clearly, for this reason, that so long as an individual is labouring under an indebtedness that we know to be oppressive I do not think you can fairly assess just what his attitude would be if that burden were adjusted to a proper basis. All we have to go on is the reaction we have from the large number who had a satisfactory adjustment and who are to-day making sound progress; and as I say, the collection returns show that the great majority are making satisfactory progress.

By Mr. Wright:

Q. I take it that the large majority of these settlers, if they have a chance, will pay? It is because of crop conditions that they were not able to pay. Because one had better conditions than another he was able to pay in the last two years, and your payments show that, but if you put their accounts in a shape where they can meet them they will pay.

Mr. ROSS: That is my point. If you are satisfied with the great percentage of those settlers out of the numbers you have given, I think they should be put on the same basis as settlers under the new Act, but I do not think we should include a great many misfits in the adjustment if we are satisfied they will not make good.

Mr. HATFIELD: There must be some other reason that those 2,700 have been allowed to stay on their farms. They cannot all be failures; there must be some other reason.

The WITNESS: Not necessarily, when you remember that 70 per cent of the total settlement took place in western Canada under the old Act and that for a period of close to nine years conditions were hopelessly bad over large areas of the western country with the result that these men, be they ever so good, could not make any payments.

Mr. HATFIELD: Why should they not be put on the same basis?

The WITNESS: We took action in 1938 and from there on and wrote out of those accounts an accumulation of arrears that had developed over the preceding eight or nine years and wrote down the value of those farms to a basis which recognized the deterioration which took place.

Mr. HATFIELD: The man who tried to pay was not recognized under the Farmers' Creditors Arrangement Act.

The WITNESS: I would not say that.

The CHAIRMAN: There is no doubt that there are many settlers with millstones about their necks and shackles about their heels, but what we must try to do is to remove from the Act provisions that are handicapping the settler and amend the Act so that he can get some relief. Mr. Murchison has made four suggestions, and I suggest that we take up each suggestion individually and see whether we can approve the suggestions and also take up any other points that occur to us individually. No. 3 is the reduction of interest. I do not know how the committee feels about that, but is it more or less the unanimous opinion that interest should be reduced? Could you think about that before our next meeting?

Mr. QUELCH: I think we should have a copy of the statement in our hands.

The CHAIRMAN: Yes, that will be printed in the record and will be available to-morrow.

Mr. ROSS: I would like Mr. Murchison to give some further thought to those figures he gave, and I would like to ask whether he could form any opinion from the records as to what percentage would be misfits. It would be a good guide to the committee as to what it should do with regard to adjustments.

The WITNESS: If the committee cares to listen I could present them with a summary of approximately 150 cases throughout the dominion which have gone under the Farmers' Creditors Arrangement Act and which are to-day making no progress, and giving the main reasons. I do not know whether the committee wants to listen to that story or not.

Mr. ROSS: I was thinking that from these records your staff could give you an approximate percentage of the total number who are misfits, and I think that information would afford quite a guide to us in deciding what method we should follow as regards adjustments.

Mr. McLEAN: You are setting a difficult task to classify them as misfits or otherwise.

Mr. WRIGHT: You cannot class the ones who are meeting their payments to-day as misfits. Apparently 92 per cent of them are meeting their payments.

Mr. ROSS: I imagine that in most of the other cases where you have had difficulties over a period of years your office have a pretty fair idea of whether the man is at fault himself or whether there are circumstances which are beyond his control; is that right?

The WITNESS: Yes, I have one summary here for the province of British Columbia.

The total number of F.C.A.A. cases since inception of the Act on Soldier Settlers' account is.....	672
These have all been dealt with except one case.....	1
which is still pending—the case of an insane settler whose estate is somewhat involved.	
A. The accounts where progress since adjustment is considered satisfactory have been broken down under the following three headings:	
(1) Those pushing ahead and making prepayments.....	150
(2) Cases where the account is up to date.....	257
(3) Cases where the account is lagging somewhat.....	130
	537
B. Cases where progress is by no means satisfactory.....	51
C. Cases where the loans have been repaid.....	19
D. Cases where the contract has been assigned.....	25
E. Cases gone into adjustment.....	39
	672

That is a summary of the situation in British Columbia.

Mr. ROSS: I think each one of your provincial supervisors should give you roughly the percentage of outstanding claims which might make good under normal conditions and on the other hand the percentage of those who are actual misfits. Don't you think so?

The WITNESS: Approximately.

Mr. ROSS: That is all I want—something approximate—just that picture.

The WITNESS: I am a little dubious whether I could have that by to-morrow morning.

The committee adjourned to meet Thursday, July 9, at 10 o'clock a.m.

APPENDIX A

JUNE 30, 1942.

Memorandum

Reference was made during the last meeting of the Special Committee to the unfairness of the provisions under Section 13 in comparison with what a veteran might be able to accomplish under subsection (b) of Section 9.

I should like to emphasize that the framers of this Bill held closely to the principle that the repayable debt should not exceed approximately 60 per cent of the value of the fixed security, and this is apparent in both Section 9 and Section 13.

It is admitted, of course, that there is a possibility of occasional cases where under Section 9 a veteran who has substantial cash assets could secure a highly valuable farm and qualify for the conditional grant, but the subcommittee had to concern itself with the average case and anticipate, as stated in the preamble "that the great majority of veterans have limited assets". The subcommittee also took the view that the land already owned by a veteran would not in the average case be of a value in excess of from \$3,600 to \$4,000, and Section 13 is so drawn as to limit the borrowing of such a veteran to an amount which is in line with the repayable debt assumed by the veteran established under the maximum provisions of Section 9.

The maximum loan under Section 13 on a \$3,600 farm is \$2,160 for all purposes, or not more than \$1,800 for stock and equipment. There is no down payment involved. It is simply a loan at a low rate of interest.

The maximum repayable under Section 9 on a \$3,600 farm plus the maximum of \$1,200 for stock and equipment, is \$2,400 in addition to the down payment of \$360.

But if a veteran has a farm worth \$3,600 on which there are encumbrances of \$2,400 and probably requiring improvements to the farm to a total of \$1,200, the Director would take title; clear the encumbrances; effect the improvements; and sell the farm back to the veteran under Section 9 at \$3,600, with a down payment of \$360; advance up to \$1,200 for stock and equipment, and the veteran would assume the maximum repayable debt of \$2,400.

The above illustrations do not dispose of the possibility that there may be certain veterans who have no land but have substantial cash assets and who propose to acquire say a \$6,000 farm under Section 9. To do so the veteran would have to subscribe the sum of \$2,760 in cash. If the farm ran to \$8,000, it would mean a subscription of \$4,760 in cash, and I seriously doubt if many veterans would care to tie up an investment of such a large amount for a ten year period merely to realize on the grant provided for in Section 9.

Careful consideration was given by the subcommittee who drafted this Bill to the insertion of a limiting proviso in subsection (b) such as "provided that this section shall not apply in any case where the total cost of land and improvements exceeds \$5,000", but it was decided not to do so because it is not anticipated that there will be very many veterans possessed of such capital or because the *bona fide* veteran who is in a position to acquire a really high grade farm should not be barred under this Act.

G. MURCHISON.

SESSION 1942
HOUSE OF COMMONS



SPECIAL COMMITTEE

ON

**LAND SETTLEMENT OF VETERANS
OF THE PRESENT WAR**

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 9

THURSDAY, JULY 9, 1942

WITNESS:

Mr. Gordon Murchison, Director of Soldier Settlement.

OTTAWA
EDMOND CLOUTIER
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
1942

MINUTES OF PROCEEDINGS

THURSDAY, July 9, 1942.

The Special Committee on Land Settlement met this day at 10.00 o'clock, a.m. Hon. Cyrus Macmillan, the Chairman, presided.

The following members were present: Messrs. Blanchette, Hatfield, Macdonald (*Brantford City*), MacKenzie (*Neepawa*), McLean (*Simcoe East*), Macmillan, Quelch, Ross (*Souris*), Wright.—9. Hon. T. A. Crerar, Minister of Mines and Resources, was also present.

Mr. Gordon Murchison, Director of Soldier Settlement, was recalled, further examined, and retired.

The Committee adjourned at 11.30 a.m. to meet again Friday, July 10, at 11.00 o'clock, a.m.

J. P. DOYLE,
Clerk of the Committee.

MINUTES OF EVIDENCE

HOUSE OF COMMONS,

July 9, 1942.

The Special Committee on Land Settlement met this day at 10 o'clock a.m. The Chairman, Hon. Cyrus Macmillan, presided.

The CHAIRMAN: Order, please. Mr. Murchison has a statement with reference to the question asked by Colonel Ross at the end of our last session. I think you asked for an analysis of the farmers—

Mr. ROSS: Roughly what I wanted was an estimate of the misfits as compared with the total number—

The CHAIRMAN: We will take that up first.

Mr. GORDON MURCHISON, called.

The WITNESS: I will read from a prepared statement. I have a copy here to file for the records.

At the conclusion of the meeting on the 7th instant I was asked to produce at this meeting a more detailed breakdown of those cases which have been adjusted under the Farmers' Creditors Arrangement Act, it being understood that these cases constitute the great majority if not practically all of the group where the settler has little if any equity in his farm on the basis of inventory values listed by the ministration.

I have obtained the best breakdown available in the limited time since the last meeting, and with your permission I will file a copy of it for the records of the special committee. This statement shows that of a total of loans adjusted under the F.C.A. Act there are 2,047 in good standing, including those where the contract has been assigned. It also shows that 2,118 loans are lagging somewhat, progress is unsatisfactory, or the loan has been brought under cancellation proceedings. In round percentages, F.C.A. Act adjustments of soldier settler accounts have had good results in 49 per cent of the cases, and fair to unsatisfactory results in 51 per cent of the cases.

Now, I might elaborate that statement a little. When I say that it has had fair to unsatisfactory results in 51 per cent of the cases I think we should keep clearly in mind that the purpose of the Farmers' Creditors Arrangement Act was to reduce indebtedness. There was no way I think that the administration of that Act could take fully into account the variations in the efficiency of operators, so they confined themselves to an adjustment of debt and we found in our subsequent administration that a good deal of the unsatisfactory progress results from inefficient operation due to a variety of causes.

In my general statement last Tuesday morning I stated among other things that to a settler who is no longer physically able to farm, an adjustment in his capital indebtedness which leaves a substantial amount payable has little meaning—that the solution of his difficulties is the security of a home for the rest of his days. I did not have an opportunity to elaborate on that observation as to the steps which can be and are being taken to solve this type of problem along reasonable and generous lines. I have a few concrete examples which will illustrate what I mean.

Case No. 1—North Battleford Area, Saskatchewan

Debt reduced from \$3,177 to \$2,100 April 1, 1939. Indebtedness now stands at \$2,200. Tax arrears \$120.74. The settler is 59 years of age, crippled by gunshot wounds and has a war veterans' allowance of \$30 per month. His wife, aged 30, was in a T.B. sanitarium from 1935 to 1938, and is regarded as an arrested T.B. case. This couple have one child, a girl of 7. The farm is in a dirty, rundown condition. The adjustment here was a quit claim deed by the settler, whereupon the department granted a 5-year renewable lease on 11 acres of land and the buildings at an annual rental of \$12 plus whatever taxes might be levied against this small holding. The balance of the farm has been leased to a tenant who does not require the buildings. The main part of the farm will probably be sold as soon as it has been placed in a salable condition.

Case No. 2—Wynyard Area, Saskatchewan

This farm was the settler's post-war homestead, bush type soil, with 100 acres cultivated. Indebtedness \$1,768. In arrears, \$1,309. Arrears of taxes \$200. Settler is 57 years of age, crippled with arthritis, and has no power to operate the farm. His live-stock is down to one horse. He is not eligible for War Veterans' allowance as his military service in the last war was in England only. This man's wife is in her fifties. They have one son aged 17 at home; two sons in the army, one of whom assigns \$15 per month of his pay to his father, and this seems to be the only income. There is a married daughter, who, recent reports indicate, returned recently to the parental roof with her husband and two small children. The adjustment here was a quit claim deed followed by a five-year renewable lease to the settler on the buildings and five acres of land, at an annual rental of \$12 payable quarterly. The department will endeavour to dispose of the rest of this farm.

Case No. 3—Peterfield Area, Manitoba

This settler made application under the F.C.A. Act but later withdrew it. His indebtedness stands at \$4,787, with \$3,492 in arrears. This is a poor, badly cut up farm, with only twenty-eight acres cultivated. The settler is a man of 72 years of age, and his wife is 64. They have one son about 34 who is stated to be mentally subnormal. Because of age and ill health this man has not been able to work for some years and the family is subsisting principally on an old age pension of \$15 per month plus the very small income from the farm. The adjustment here was a quit claim deed and a life lease on the buildings and four acres of ground at a rental of \$1 per month, the balance of the farm to be sold if possible.

Case No. 4—Bulwark Area, Alberta

Indebtedness reduced under the F.C.A. Act from \$2,433 to \$1,800 in the year 1935. Indebtedness is now \$2,364. Tax arrears are \$360.92. This settler is 55 years of age, but during later years has been used up with rheumatism. He has one young son aged 11 years. Failure in this case is due to drought conditions and the family has kept off relief only because the settler has a war pension of \$23 per month. The adjustment here was a quit claim deed and a five-year renewable lease in return for assuming responsibility for all taxes, accrued and accruing.

Case No. 5—Fraser Valley Area, B.C.

The farm in this case was a twenty-three acre dairy proposition. The indebtedness was adjusted to \$2,200 following which the settler moved off the

place and with his war veterans' allowance of \$40 per month rented a home in the nearby village, leaving his two sons to run the dairy. This plan did not work out satisfactorily. Our supervisor was successful in selling the farm, less buildings and two acres, to an adjoining Danish farmer for the total debt standing against the settler, the terms of sale being one-half cash. Thereupon the settler was moved back to his former home where he may live rent free for the rest of his days if he wants to.

These cases illustrate the constructive difference between relieving an unfortunate settler of his indebtedness but at the same time providing him with a home, and attempting to solve his difficulties by reducing his debt but still leaving him liable to something he cannot cope with. Adjustments such as I have cited mean stretching the provisions of the Soldier Settlement Act pretty far, but under the present circumstances I believe such adjustments are quite defensible. They do not impose any injury on the subjects of these adjustments or on the man who is fortunate enough to still enjoy vigorous manhood and the ability to acquire ownership by the dignified manner of paying his way.

I thought you would be interested, Mr. Chairman, in having a few illustrations of what can be done along the lines of compromise with the unfortunate soldier settler who is no longer able to cope with debt and normal farming operations.

The CHAIRMAN: Does that answer your question, Colonel Ross?

Mr. ROSS: I think if I followed Mr. Murchison clearly he gave it that 49 per cent of those who were in difficulties were good and 51 per cent you think are in unsatisfactory shape?

The CHAIRMAN: Fair or unsatisfactory.

Mr. ROSS: I am a bit surprised at those percentages. I was under the impression it might be maybe 50 per cent who were what you might term misfits and I presume this 51 per cent really should come under the heading of misfits.

The CHAIRMAN: No, they are either fair or unsatisfactory.

The WITNESS: You will see by the statement I am presenting there, Colonel Ross, that there are 1,072 where the payments are lagging, but that does not necessarily mean that these men are all going to fail because they will include quite a number in the drought areas where conditions have been none too good since the adjustment of their accounts. Those where progress is unsatisfactory, 727, you can take it in that class that inefficient farming operations for a wide variety of reasons is the reason why they are classified as progress unsatisfactory.

By Mr. Ross:

Q. That is just the point I wanted to get at. What percentage of the total would that be?—A. That would be 727 plus 319 contracts already rescinded, roughly 1,000 out of 4,165, about 25 per cent.

Q. I think that is going to be our difficulty. I think we could probably make some adjustment for those we were satisfied would make good under normal conditions but it is this other percentage that I think are going to be a problem for us.

By Mr. Wright:

Q. How many of that 727 made their payments last year?—A. I have not got that set up but I think I can assure this committee that in those cases noted as progress unsatisfactory that means that they are not meeting their payments which would include no payment in 1941.

By Mr. Hatfield:

Q. Those cases you have just read of those contracts terminated what would they be?—A. Contracts terminated would be cases where the contract was cancelled and the settler has left the land. As a matter of fact, quite a large number of that group of 319 left the land some years ago.

Q. What category would apply in the statement you just made in regard to the doubtful veterans— —A. We place them in what we call the dormant class of account. We set up a new section of our ledgers to deal with what we call dormant class of accounts.

Q. Are they included in this list?—A. No.

By Mr. Wright:

Q. It does not seem to me that your figures quite agree, Mr. Murchison, because yesterday or at the last meeting you gave us figures showing that 92 per cent of the settlers made their payments last year?—A. I did not say that. I said the collections in 1941 were equivalent to 92 per cent of the amount which matured in 1941.

By Mr. Quelch:

Q. Does that mean current payments that are matured or current payments plus all back interest?—A. Just current payments matured.

Q. Would there be a very great change in the situation to-day compared to what it was on the 31st of December, 1941? At that time there were 2,723 soldier settlers that had no equity, 1,078 that had 16·8 per cent equity, 606 that had 32·2 per cent equity and 2,953 with an equity of 67 per cent. In other words, you had around 3,801 with an equity of less than 16 per cent?—A. Yes.

Q. Less than 16 per cent?—A. Yes.

Q. Now, quoting the figures given us by Mr. Wood when he was before us I think he demonstrated quite clearly that unless a man had at least 50 per cent equity his chances of success were practically nil, and that is recognized in the new Act and has been recognized by the credit companies in the past. Now, if these soldiers only have an equity of less than 16 per cent and the majority of them no equity at all, and in addition to that are old men whose equipment is practically worn out or in many cases in poor shape they have a still poorer chance than the settlers coming under the present Act with 50 per cent equity because settlers coming under the present Act will be young and will have modern equipment, so you might say there are 3,801 settlers with practically no chance of succeeding under the old Act. I do not think it is anything to say that settlers paid an amount last year equivalent to 92 per cent because it may very well be that some settlers are paying up a large percentage of their capital and principal that will be due in the future; others may not be making any payment at all. What I would like to see would be figures showing what the present situation is in regard to the equity of the settlers. Has that situation changed very considerably?—A. No, it has not changed substantially since the 31st of December.

Q. Would you admit then, that there are 3,801 according to these figures, with a pretty poor chance of ever owning their farms?—A. I would not admit that.

Q. Why not? You do not agree with the figures given by Mr. Wood?—A. Because I have also shown you a statement here this morning where it shows that 2,047 of these cases of soldier settlers which have been adjusted under the Farmers' Creditors Arrangement Act have their contracts in good standing or prepaid or totally repaid or they have assigned their contract.

Q. 2,047, not of the 2,723, that is of the total that have had their cases adjusted. These settlers might be under the heading of those that are shown in the 606 with 32 per cent equity or 2,953 with an equity of 67 per cent?—

A. These settlers in the highest debt group in class 4, that you are quoting the number, as I have pointed out they represent practically all of the soldier settlers, or a large number of them who went under the Farmers' Creditors Arrangement Act. They are also found in Class 3 settlers, too.

Q. Then you say there are 2,118 lagging. No doubt those 2,118 will be included in that 2,723; they will be part of that amount?—A. No doubt.

By Mr. Wright:

Q. Is the fact that these men are able to meet their payments at the present time under the Farmers' Creditors Arrangement Act any criterion they are going to be able to finally discharge their indebtedness? What I am coming at is this, that under the Farmers' Creditors Arrangement Act the payments for the first few years are very light and we find in the last year there is 49 per cent of the total indebtedness comes due.—A. How is that?

Q. As I understand it under some agreements under the Farmers' Creditors Arrangement Act payments for the first few years are light and during the last year there is a large payment?—A. Not soldier settlers.

Q. I don't know about soldier settlers. There are some of the others that that is the case.—A. They are invariably 25 year re-amortizations or 20 years.

Q. That is different from some of the civilian cases.

Hon. Mr. CRERAR: I know of a few soldier settlers and they are on the basis that Mr. Murchison has stated.

Mr. WRIGHT: Payments are the same over the whole period.

Hon. Mr. CRERAR: Amortized payments over the whole period.

Mr. QUELCH: That is a different arrangement from civilian cases under the Farmers' Creditors Arrangement Act.

By Mr. Hatfield:

Q. Is there any reason for the lag in these payments?—A. There will be a large number of those located in those parts of western Canada where crop conditions have continued to be bad since adjustment under the Farmers' Creditors Arrangement Act; and also there will be some small percentage in other parts of Canada where payments are lagging because of inefficient farm operations due to a variety of reasons.

Q. You don't think it is all their own fault?—A. I would not say that.

Hon. Mr. CRERAR: I do not think it is all their own fault, Mr. Hatfield.

Mr. HATFIELD: There is some other reason for it.

Hon. Mr. CRERAR: There are other reasons for it; you can associate the mental attitude—or, shall I say the psychological factor—of the soldier settler, that comes into it. You take, for a few years perhaps he works hard and perhaps things do not work out to his advantage and then things seem to go against him and he commences to feel, well, I can never make any headway, and underneath it all there is a deterioration of the individual in relationship to his job.

Mr. QUELCH: What do you mean by things going against him; do you mean in a physical sense, or financially?

Hon. Mr. CRERAR: It may be illness in his family, or he may have had a dry year or something else; but the point I am trying to get at is this, that you will get one individual who will look at it in a different way, under circumstances of that kind, from what another individual will look at it. I have seen that all

around, and that does not apply to the soldier settler only; it applies very generally. I can recall instance after instance that has come under my own observation where perhaps the individual just loses heart and says it is no use; where another fellow would say, well, things have gone against me but I am going to win through; and that very often makes the difference between success and failure.

Mr. HATFIELD: You would think all the misfits would be pretty much weeded out of this scheme.

Hon. Mr. CRERAR: Yes, but some of them are still there.

The WITNESS: There is another observation I might make on that point: when we refer to what Mr. Hatfield calls misfits—and what I have to say on this is not by way of criticism of the administration at all, it was indeed done with the greatest sincerity—in 1932 it was a declaration of policy by the government that there were to be no soldier settler contracts rescinded, it did not matter what the circumstances were. Now, that brought about a situation of semi-paralysis both as to administration and as to settlers in quite a number of areas in Canada; and I tell you that in 1938 there were approximately 7,000 loans that were in what I call the dormant class then, there had not been any payments made on them for years. There was a state of inertia existing there which was very hard to overcome.

By Mr. Hatfield:

Q. Did the government advertise that policy?—A. They did. I am not criticizing that, I am merely stating it as a fact. Now, turning to this distribution of these cases, I have placed before the committee this morning, I think I am quite safe in saying that a large percentage of the cases which have shown satisfactory results following adjustment under the Farmers' Creditors Arrangement Act will be borne out pretty closely all over the Dominion of Canada by operations under that Act; that is to say, that soldier and civilian, and everyone else who went under that Act from coast to coast; I doubt very much if you will find the average civilian farmer in more than 50 per cent of the cases showing satisfactory progress to-day. That is the information that I got from responsible people in western Canada who have had this thing under close observation ever since it started; and I think you will find it true elsewhere. As a matter of fact, I had an observation from a provincial cabinet minister not over six months ago that in his opinion adjustments under this Act were not resulting in any substantial degree of progress, either in his province, not only with respect to soldier settlers but to everyone who came under the Act. I disagree with that because as shown here we have brought through roughly 50 per cent of the cases of soldier settlers alone who went under that Act who have shown substantial progress, satisfactory progress, since their adjustments were made.

Mr. HATFIELD: I do not think any farmer in Canada to-day has made any progress on his farm unless he has had some other means of revenue during the last ten years.

By the Chairman:

Q. Mr. Murchison, out of the 51 per cent that you have classified as lagging, or unsatisfactory, we can eliminate 319 contracts which have not been terminated?—A. Yes, sir.

Q. That leaves 1,799?—A. Yes.

Q. That is the number lagging, unsatisfactory; and, of the first payments lagging, 1,072, what proportion of those do you think, or could you estimate the proportion that in your judgment at least should be classified as hopeless?—A. That is a very hard question to answer.

Q. I realize that.—A. Because it depends on so many things; it depends on the ability of the settler, it depends on crop conditions and that sort of thing.

Q. And the latent capacity of the man.—A. Yes; and I think their own disabilities may affect a substantial portion of that 1,072—I am doubtful of the others.

Q. So that what we should do in this committee is endeavour to find some means to help these 1,072?—A. It boils down to about that.

The CHAIRMAN: I would like to ask Mr. Wright; in the table, on this sheet, the highest percentage of unsatisfactory progress I notice is in Alberta and Saskatchewan—relatively. How do you account for that?

Mr. WRIGHT: I would say it would be probably drought in that area, and these conditions over a number of years have perhaps lowered the morale of the settlers in those particular districts.

By the Chairman:

Q. Yes. Mr. Murchison, have you any suggestion or any recommendation to make to the committee with regard to these figures, 1,072 cases, as to general policy?—A. Well, as I suggested to the committee at its last meeting and with some reluctance, the only way these men could benefit now would be by some new authority to review the debt fixations made under the Farmers' Creditors Arrangement Act because a substantial number of those adjustments were made prior to July 1, 1938; which, as I stated, in my opinion did not take fully into account the deterioration which had taken place up to that time; or, alternatively, that drought conditions continued beyond reasonable expectation—as a matter of fact, they continued right up until 1941 in Saskatchewan and in a large part of Alberta, because last year we had one of the worst crops on record in Saskatchewan and Alberta.

By Mr. Hatfield:

Q. But the fellow trying to make these payments does not come under that at all; I mean, the soldier settler that tried to make his payments didn't get any satisfaction under that Act at all, did he?—A. I would not say that; I would say that the soldier settler who had established a position where his assets were of greater value than the amount of his outstanding indebtedness could not obtain an adjustment under that Act because his position precluded his coming under that Act which really is a type of insolvency legislation.

Q. Do you think those cases should be reviewed under the Act or reviewed by your board?—A. They cannot be reviewed under that Act without an amendment to that Act.

Q. I do not believe they should be reviewed under that Act anyway. I think the Soldier Settlement Board should set up a committee to review all of those cases.

By the Chairman:

Q. Has the board authority to do that?—A. Our administration has no power to adjust a debt.

Q. I think they should be given a board to adjust these cases.—A. As I made the suggestion on Tuesday; consideration of ways and means to adjust to a sound basis the contracts of soldier settlers—my suggestion is that these adjustments should be authorized by a small independent tribunal named by the minister and with power limited to make adjustments prior to July 1, 1938, and the terms of reference limited to a certain period; I would not like to see this thing set up and go on and on and on where there is no finality about it.

Q. I agree with that.

By Mr. Quelch:

Q. Have you any settlers unsatisfactory as a result of the adjustment made under that Farmers' Creditors Arrangement Act?—A. Yes, we have a number of settlers who could not come under the Farmers' Creditors Arrangement Act because their accounts—that is, their assets—were in excess of their indebtedness. At the same time quite a number of those men have been farming under adverse conditions and were unable to make their instalment in full, with the result that arrears accumulated.

Q. How many would there be?—A. There are quite a number of those accounts carrying some arrears which mature in 1946; and I have suggested to the committee that the administrative power be granted to the administration to extend those contracts for a true period of from 10 to 20 years on the application of the settler but not involving any reduction in the indebtedness. That is as far as I can probably ask for administrative authority to deal with claims to the Crown. Now, to deal with cases where some further reduction might be proper; then, of course, there would have to be legislative authority set up by way of an amendment to authorize action along those lines.

Q. That situation arose mainly from the fact that these men have either operated other land which they held separate and apart from that which they had under the Soldier Settlement Board?—A. No, I would not say that.

MR. HATFIELD: Could the committee recommend that a tribunal be set up to deal with these cases?

The CHAIRMAN: Yes, I think we can.

By Mr. Ross:

Q. If that is done don't you think this large percentage which you think it is through no fault of their own that they are lagging with their payments now; don't you think that has been caused by an element of nature more than anything else? And these people should be given adjustments to bring them on the same basis as those settlers settling under the new Act. Don't you think that would be fair?—A. I could not support that, because when I look at the all-round adjustments that have been made under the Soldier Settlement Act over a long period of years and see that such a large amount has been written off; I mean, in fairness to the man who has made a success and who has paid off his loan to-day, I could not support a proposition of that kind.

By Mr. Hatfield:

Q. Don't you think a man who fought in the last war and who enlisted and fights again in this war should have the same concessions?—A. No.

MR. QUELCH: Why?

By Mr. Ross:

Q. What is your reason there?—A. Not so long as he continues under the Soldier Settlement Act. If he winds up his connections there, then we could deal with his case with respect to the new war on its merits.

Q. How do you mean freed himself?—A. If he has not paid off his indebtedness on the old farm, and if he has enlisted for service in this war and has left the place more or less run down at the heels and says he doesn't want to go back there—if he is ready to give a quit claim deed and start all over again, and if he is of an age where you can probably qualify him to some other farm, all right.

By Mr. Wright:

Q. He would not be of that age.—A. About the best thing to look for would be a small home. There would be no use in taking him and setting him up on a new enterprise when he is 60.

The CHAIRMAN: Even then you would have to satisfy yourself that the man's failure had not been due to negligence.

Hon. Mr. CRERAR: I would say that in that case the consideration should come from some other source; the War Veterans' Allowance, or something of that kind. I do not think anything would be gained by putting him on the farm where he would be a problem as long as he lived.

Mr. ROSS: I quite agree with you there; but for the man from 45 to 50, one who had failed through no fault of his own.

The CHAIRMAN: Where his failure was not due to negligence.

Hon. Mr. CRERAR: Let me deal with that, Mr. ROSS: your proposal is that in some way the returned man get a 50 per cent equity in his property?

Mr. ROSS: If there is any specially good reason for that.

Hon. Mr. CRERAR: But if his condition is due to crop failure or disability that has prevented him in the past from making headway, do you really do anything for him by legislating him into a 50 per cent equity? And then there is another thing, and it is one that is always present in government administration, shall I say, the danger or the difficulties that arise through establishing precedents in government administration. There is nothing that experience shows should be avoided more than the establishment of precedence that will lead to criticism and difficulties if there is not a general application of the principle—you lay down a precedent—I hope I make myself clear?

Mr. QUELCH: You would have a general obligation in that regard to all farmers and all soldiers?

Hon. Mr. CRERAR: Might I illustrate it this way: in an ordinary business, say life insurance or manufacturing or any other kind of business, the management will rate men on their individual work. Now, you cannot rate men on their individual worth for instance in government administration, because experience has shown that it is necessary to lay down certain rules to guide government administration. You may have two grade 4 clerks, for instance, in one department doing a certain class of work, and you may have a grade 4 clerk in another department doing similar work and they may not be comparable men on their ability at all; but experience and practice has established that so far as it is a wise thing for the government to do, to assume that they have the same qualifications. Now, if in these cases here you legislate a man into an equity, perhaps he has failed because of various factors; he may have had bad crop experience, or he may have had sickness, or he may have had something else, some other natural handicap; or it may be that another factor entered into it, an individual one, that he did not just have the same skill, or the same drive, or the same capacity to manage, what do you do; you legislate him into an equity, and there is going to be not only one but many others who will say, "I am treated unfairly, if you can legislate that fellow into an equity in his farm you ought to give me something"—and, "why should he have it"? And then members of parliament will commence to get letters and they will pass those letters on to the administration—I am not over-drawing the picture at all, because I know from experience that is what happens.

Mr. QUELCH: Is not that true; have you not already by that means established that precedent?

Hon. Mr. CRERAR: Just a minute—my point is this: I am not saying that something should not be done for the individual, but I do not think it should be done in that way. If a man who served his country in the Great War and he suffers disabilities, whether wounded or not, experience seems to indicate to me that he should be cared for in another way; and that is the whole principle of it, the whole principle which underlies the war veterans' allowance legislation.

By Mr. Hatfield:

Q. What if this man has a son who wants to keep on farming and whom he wants to help, shouldn't he have some consideration, a man who fights in two wars and serves his country in two wars; I think he should have some consideration.—A. Do you mean, Mr. Hatfield, that that consideration should be recognition of the son because of the service the father had given?

Q. Sure.

HON. MR. CRERAR: How far are you going to carry that?

MR. HATFIELD: If he has a son who is coming of age—

HON. MR. CRERAR: There are still in the United States, Mr. Hatfield, and I am not exaggerating, war pensions being paid for disabilities created in the Civil War over 80 years ago. How does that come? It comes this way: that the veteran got a pension, and then when he died his wife got a pension; and then when she died her daughter got a pension.

MR. HATFIELD: I know, but this is not a pension.

HON. MR. CRERAR: I know; it is the application of a principle; that is recognition of the service the father has given should be credited to the son; and I think that is dangerous.

MR. HATFIELD: If the father had been home earning money all those years he had been fighting for his country he could have given his boy a chance.

By Mr. McLean:

Q. I would like to ask Mr. Murchison if there is not danger of abuse right along that line. The man is now passing over to his son definitely an equity in the property and it is not going to help the son very much; on the other hand, if he has established an equity in the property he is not entitled to pass along to his son the benefit of the equity he has acquired at the expense of the people of the country. I am just wondering if there is not a danger in some of these cases?—A. There is, undoubtedly. I would like to make this observation too, in regard to men who are soldier settlers and also serving in the present army: as I stated the other day, these enlistments are not confined to soldier settlers, they are also persons who purchased land under civilian agreement and we also have a number of British family settlers on service in this war, in which we have made a pretty close examination of these cases and there are about 980 of them at the present time all told; about 240 of these who have given voluntary orders on their dependents' allowances are trying to meet the terms of their contracts in full or prepay; there are 600 more whose accounts are in a satisfactory condition without any reference to their dependents' allowances—either the farm is being operated by their dependents during the absence of the soldier, or it is being rented to a nearby farmer and the contract payments are being met satisfactorily; now, there is a small percentage—now about 42 cases—they form roughly about 4 per cent—where we have found it necessary to make sure that these people continuing to live on their farms are paying the equivalent of carrying charges—that is, interest and any taxes that may be levied by the taxing authority. I suggest to the committee that in considering the position of soldier settlers or others who are on service to-day that they cannot very well be assisted until the war is over and you know just what position they are in. The war may go on for a considerable time, and there is no doubt at the present trend of things that quite a substantial proportion of these people, the way things are going, will acquire title to their land before the war is over, if it lasts another five or six years.

By Mr. Ross:

Q. I don't suppose you would have any idea as to how many of these settlers who are in difficulties are located in what are recognized as sub-marginal areas in this country now?—A. I do not like to put opinions on record designating any part of Canada as a sub-marginal area.

Q. Of course, they are recognized as being such by competent authorities, and I think that would have a bearing on our adjustment.

By Mr. Wright:

Q. How many are included in the Palliser triangle?—A. I could give you some information on that if I might speak off the record.

The CHAIRMAN: Yes.

(Discussion continued off the record.)

The CHAIRMAN: Gentlemen, the problem as I see it is set out in the fourth paragraph of the first page of Mr. Murchison's statement, as follows:—

It is noted however, that there were 1,010 settlers who made no payment in 1941, and of this number 869 are located in certain parts of Saskatchewan and Alberta. The majority of these settlers had obtained adjustments under the Farmers' Creditors Arrangement Act but the unsatisfactory conditions which preceded these adjustments continued to exist. I may say further that adjustments which took place under the F.C.A. Act in certain parts of western Canada between 1935 and 1938 did not in the light of subsequent events take fully into account the deterioration which had taken place, or, alternatively that bad agricultural conditions continued to exist beyond reasonable expectations. It is clear in my mind from a close study of this situation that notwithstanding the excellent progress being made by a great many settlers throughout the dominion, there is a group of probably 500 to 600 who are faced with a problem which centres on a debt which is out of line with productive value. There is a finality about proceedings under the F.C.A. Act which does not permit of any reopening of these cases under that Act, and of course there is no provision in the Soldier Settlement Act which permits the administration to adjust them.

Now, with reference to that Mr. Murchison suggested that an amendment might be made to the Act.

Mr. HATFIELD: Do you mean the Farmers' Creditors Arrangement Act ?

The CHAIRMAN: No, the Soldier Settlement Act. His suggested amendment is:—

Notwithstanding anything to the contrary in this Act, the Minister may with the approval of the Governor in Council appoint a committee of review consisting of three members with powers to review and confirm or reduce the indebtedness of soldier settlers whose agreements with the Director were the subjects of proposals formulated under the provisions of the Farmers' Creditors Arrangement Act prior to July 1, 1938; provided such arrangements have not been terminated, rescinded or assigned as of the date of the coming into force of this section.

What is the will of the committee with regard to that suggestion?

By Mr. Wright:

Q. Mr. Murchison, you state here that you figure there are 500 cases. Would that cover all the cases?—A. That is about as close an estimate as I could make of it where the solution of the difficulties would be a further revision or adjustment of their indebtedness. I do not claim for a moment that all the

cases where no progress is being made can be solved by further reduction of indebtedness. I feel that in some 500 to 600 cases that would provide at least a workable opportunity for that number of men.

Q. It does not seem to me that 500 or 600 is in line with the figure you gave us before, that there were approximately 3,801 cases with less than 16 per cent equity in their land. It seems to me that those with less than a 50 per cent equity in their land should be entitled to come before this board and receive some adjustment.—A. That is a negation of the principle embodied in the Farmers' Creditors Arrangement Act.

Q. We are not dealing with the Farmers' Creditors Arrangement Act now. We are dealing with the Soldier Settlement Board.

Mr. HATFIELD: I do not think these same cases should ever have come under the Farmers' Creditors Arrangement Act. The Farmers' Creditors Arrangement Act is not in effect now, only in some of the western provinces.

Mr. QUELCH: Have you not established a precedent when you cut down the interest? The men that paid their current interest were penalized. Are we not following up the precedent of the past?

Mr. WRIGHT: We are following along that same line as adjustments have been made under the Soldier Settlement Board to give a flat reduction. To set up a board to deal with individual cases is something new under the Soldier Settlement Act.

The WITNESS: If they had been handled in that way from the start, there would have been a lot less grief in soldier settlement.

Mr. QUELCH: It seems to me that on this hard core of 3,000 which has practically no equity in their places, you have got two categories. You have got men who, if they are given a fair chance, might succeed. You have also got other men who are hopeless; no matter what you do for them, they will not succeed. I think those should be dealt with on two different bases. Whether it was from bad luck or some other cause having got in this unfortunate position where they have no equity, I think their debt should be scaled down to the level where they have the ability to pay. You recognize that to a certain extent to-day. Where you have a married settler on the land, with no equity, you allow him to sign a quit claim and then resell it at a fair valuation to his wife.

The WITNESS: That was done in half a dozen cases.

Mr. QUELCH: I do not see any reason why it should not be done in all. Why discriminate? You recognize the soundness of that principle in certain cases. You are allowing him to sign a quit claim and then you resell the place at a re-valuation to his wife. If it can be done in that instance, I think it could be done in other instances. I would say in so far as the other men are concerned, no matter what you do for them, they will never succeed. Then I think we ought to follow up the procedure you are following out, apparently, of giving them a lease for life on the house and lease the land to somebody else. I would like to see some small community established of low rental cottages where these men can be given a war veterans' allowance and pay the small rental out of that for these low rental cottages.

The CHAIRMAN: Would this suggestion of Mr. Murchison's with reference to the proposed amendment of the Act be a step forward?

Mr. QUELCH: Could you read it again, Mr. Chairman? I think it only begins to cover a very small portion of the problem.

By the Chairman:

Q. As I understand this, you have no power at the present moment to reduce debts. Is that right?—A. That is right.

Mr. QUELCH: Except by procedure of the settler signing a quit claim and then they resell the place at a new valuation to the wife. That has been done in six cases, as Mr. Murchison states. That is one way they can overcome the deficiencies in the act.

Hon. Mr. CRERAR: Let us distinguish clearly between two things. Is it the purpose, in setting up this committee and having these revaluations to enable every veteran—and when I say every veteran I mean veterans from the last war—to pay off his indebtedness, acquire title to his home and so on, or is it intended to provide him with a home, on the security of the home, as long as he lives?

Mr. QUELCH: Will that not depend upon the settler partly, whether the settler is in a good physical condition and is a fairly good farmer? In that case if, by providing that his debt is written down to meet his ability to pay, he could pay for his place, I would say there the objective would be to allow him to pay off his indebtedness. But where the man is physically incapacitated so he cannot work, then I say the objective should be to give him a home.

Hon. Mr. CRERAR: Take another illustration. Let us assume that among these cases—and I have no doubt it would be a fact—you find a man with a pretty good farm, 160 acres, but he has got behind for one reason or another; perhaps he had a crop failure or sickness or something else. Would you proceed in that case, on the basis of valuation of the property, to give him his 50 per cent equity? That would reduce the value of the land, or what its actual selling worth was.

Mr. QUELCH: I do not quite get the point.

Hon. Mr. CRERAR: Well, you have a man with 160 acres of land—and we will say the land was worth \$20 an acre on any fair valuation—but he has got behind. He has perhaps a 10 per cent equity in the land, let us say; in order to give him a 50 per cent equity, we will value that land at \$10 an acre instead of \$12 an acre.

Mr. QUELCH: I would say you should value it at its fair value.

Mr. WRIGHT: \$20 an acre.

Mr. QUELCH: Yes, if that is the value of the land. And then give him a 50 per cent equity in it.

Mr. HATFIELD: I think that this committee should be set up as proposed by Mr. Murchison. I think that all soldier settlers or veterans should come under it, should have the privilege of stating their cases before the committee, and that their cases should be reviewed on their merits.

The CHAIRMAN: I think that is implied, Mr. Hatfield. I will just read this again.

Mr. WRIGHT: No, it is not implied.

Mr. HATFIELD: I do not think it should be kept to 500 or 600 only. I think every settler should have a chance. His position might change any time.

The CHAIRMAN: You mean any settler, irrespective of his association or any agreement he may have made under the Farmers' Creditors Arrangement Act?

Mr. HATFIELD: Yes.

Mr. ROSS: I think that was Mr. Murchison's idea.

The CHAIRMAN: No. I will read it again:

"Notwithstanding anything to the contrary in this act, the minister may with the approval of the governor in council appoint a committee of review consisting of three members with powers to review and confirm or reduce the

indebtedness of soldier settlers whose agreements with the director were the subjects of proposals formulated under the provisions of the Farmers' Creditors Arrangement Act prior to July 1, 1938."

By Mr. Quelch:

Q. Do you not admit there are other soldiers who do not come under the Farmers' Creditor Arrangement Act?—A. Yes. There was a large number.

Q. Why not include those?

The CHAIRMAN: It was your suggestion, Mr. Hatfield, to include those?

Mr. HATFIELD: Yes, include them all. All should have the privilege, whether they had the privilege before or not.

The CHAIRMAN: Is there any objection to that, Mr. Murchison?

The WITNESS: I do not see why we should provide machinery for a man who is in a perfectly solvent position to come before a committee, taking up its time, seeking a reduction in an indebtedness which is fairly well secure.

By Mr. Wright:

Q. You admit that there are men who did not come under the Prairie Farm Assistance Act?—A. Yes.

Q. Whose debt is still out of proportion to their ability to pay?—A. I do not say that.

Q. Well, it is a fact?—A. I said that with the arrears they have in their account to-day it is doubtful if they will be able to pay out their contracts which mature in 1946. I have suggested for that class of account that an extension of time, for a ten or twenty-year period on the application of the settler, be provided for. It will reduce the annual instalments paid.

By Mr. Quelch:

Q. You will admit there are soldier settlers who have not come under the Farmers' Creditors Arrangement Act and who have less than 50 per cent equity in their places?—A. That is right.

Q. And probably less than 25 per cent. I think they should have the privilege of coming before this committee.

The CHAIRMAN: You think they should have the privilege of appearing before this committee of review?

Mr. HATFIELD: Certainly.

The WITNESS: I feel if you set up a committee with instructions to establish a 50 per cent equity for every settler on record, that it is unnecessary and it is unfair to all those settlers who have been thrifty and who have paid off their loans.

By Mr. Quelch:

Q. Did that not apply when they paid off the interest?—A. I beg your pardon?

Q. Did that not apply equally as well to the owners that have already passed under this act and where you slashed off this interest? Those that paid their interest were discriminated against?—A. There was one adjustment made in 1930, a horizontal adjustment of 30 per cent of the total indebtedness of settlers, regardless of how solvent they were.

Mr. HATFIELD: I think the matter of adjustment should be left to the judgment of the committee. I do not think we should set up a committee and lay down hard and fast rules.

The WITNESS: Well, the minister referred a little while ago to the danger of establishing precedents. I would like to suggest, Mr. Chairman, that if provision is made here to review cases which have gone under the Farmers' Creditors Arrangement Act, to write the farmers into a 50 per cent equity, it will result I am sure in a demand that the whole Farmers' Creditors Arrangement Act be reopened and all the farmers of Canada who came under that act will ask for similar treatment. That is the principle that is involved.

Mr. WRIGHT: No. As the proposal stands that Mr. Hatfield made here, we are not using the Farmers' Creditors Arrangement Act as a basis at all. We are using the indebtedness of the settler as a basis. In that way I do not see how you could draw the conclusion that you are drawing there.

By Mr. Ross:

Q. In the matter of the Farmers' Creditors Arrangement Act, did you find any difference or contrast in the decisions made in the different provinces? I have had the impression that there was considerable latitude in the case of the judge in charge in each province, and I think you would have a different system of adjustment in the different provinces. Is that right or wrong?—A. Well, I will answer that off the record. (Off the record).

Q. I think all these people should be entitled to come under your tribunal that you are going to set up; because if you have a different system of adjustment in every province, it is not satisfactory.

Hon. Mr. CRERAR: I want to come back, if I may for just a moment, to what I was saying a few moments ago because I perhaps did not make myself clear. Take a soldier who has 160 acres of land that is worth, say, \$20 per acre. The value of the land in that case is \$3,200. The equity of the soldier in the land to-day, however, is only \$600. Do you propose to reduce the value of the land from \$3,200 to \$1,200 to give him a 50 per cent equity?

The CHAIRMAN: As I understand our function as a committee, we are trying to deal with cases of distress.

Hon. Mr. CRERAR: I am discussing the equity.

Mr. QUELCH: If you place the equity at \$1,600, he would then owe \$1,600.

Mr. McLEAN: If we follow this proposal which has been made, we are setting up the precedent that, at any time in the future, any soldier settler whose affairs are in such a state that he has no longer a 50 per cent equity, may from time to time apply to have a further adjustment; and that is endless. That is the logical conclusion of that proposal. It is open to him to do that five years from now, three years from now, ten years from now, if any soldier settler must always have no less than a 50 per cent equity. If for any reason he no longer has that equity, we will undertake to adjust it; that is the logical conclusion, and I cannot say that it is sound at all.

Mr. ROSS: Just in that connection, may I ask if you have not already in past years given the soldiers a dollar credit for a dollar paid?

Mr. McLEAN: I do not think there is much use in going back.

Mr. ROSS: You have established a precedent in that respect already, whether it is sound or not.

Mr. McLEAN: I do not think there is much use in going back to what was done before.

Mr. ROSS: But you are saying it is a precedent now.

Mr. McLEAN: I do not care what was done before, whether it was right or wrong. If we make this recommendation now, then it is establishing a precedent for all time to come; and at any time any soldier settler no longer has a 50 per cent equity, it is our duty to adjust his affairs so he will have a 50 per cent equity. I think that is absurd.

Mr. QUELCH: I think Mr. McLean overlooked one thing. The Soldiers' Settlement Board have had twenty years' experience and they should be in a position to know how many of these men in this class of 3,000 would have a chance of succeeding if their debt was reduced to a point where they had the ability to pay; and they would only do it in those cases. The others who had no chance of succeeding could be dealt with on a different basis entirely.

The CHAIRMAN: I am afraid we will have to adjourn, gentlemen, because of another meeting here at 11.30. May we meet to-morrow? I should like to get this through. Shall we say at 11 o'clock?

Some Hon. MEMBERS: Yes.

The Committee adjourned at 11.30 a.m. to meet again on Friday, July 10, at 11 a.m.

SESSION 1942
HOUSE OF COMMONS



SPECIAL COMMITTEE

ON

**LAND SETTLEMENT OF VETERANS
OF THE PRESENT WAR**

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 10

FRIDAY, JULY 10, 1942

WITNESSES:

Mr. Gordon Murchison, Director of Soldier Settlement.

Mr. J. G. C. Herwig, Acting General Secretary, Canadian Legion, B.E.S.L.

OTTAWA
EDMOND CLOUTIER
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
1942

MINUTES OF PROCEEDINGS

FRIDAY, July 10, 1942.

The Special Committee on Land Settlement met this day at 11.00 o'clock, a.m. Hon. Cyrus Macmillan, the Chairman, presided.

The following members were present: Messrs. Hatfield, Macdonald (*Halifax*), McLean (*Simcoe East*), Macmillan, Quelch, Ross (*Souris*), Sissons, and Wright—8.

Hon. T. A. Crerar, Minister of Mines and Resources was also present.

In attendance was:—

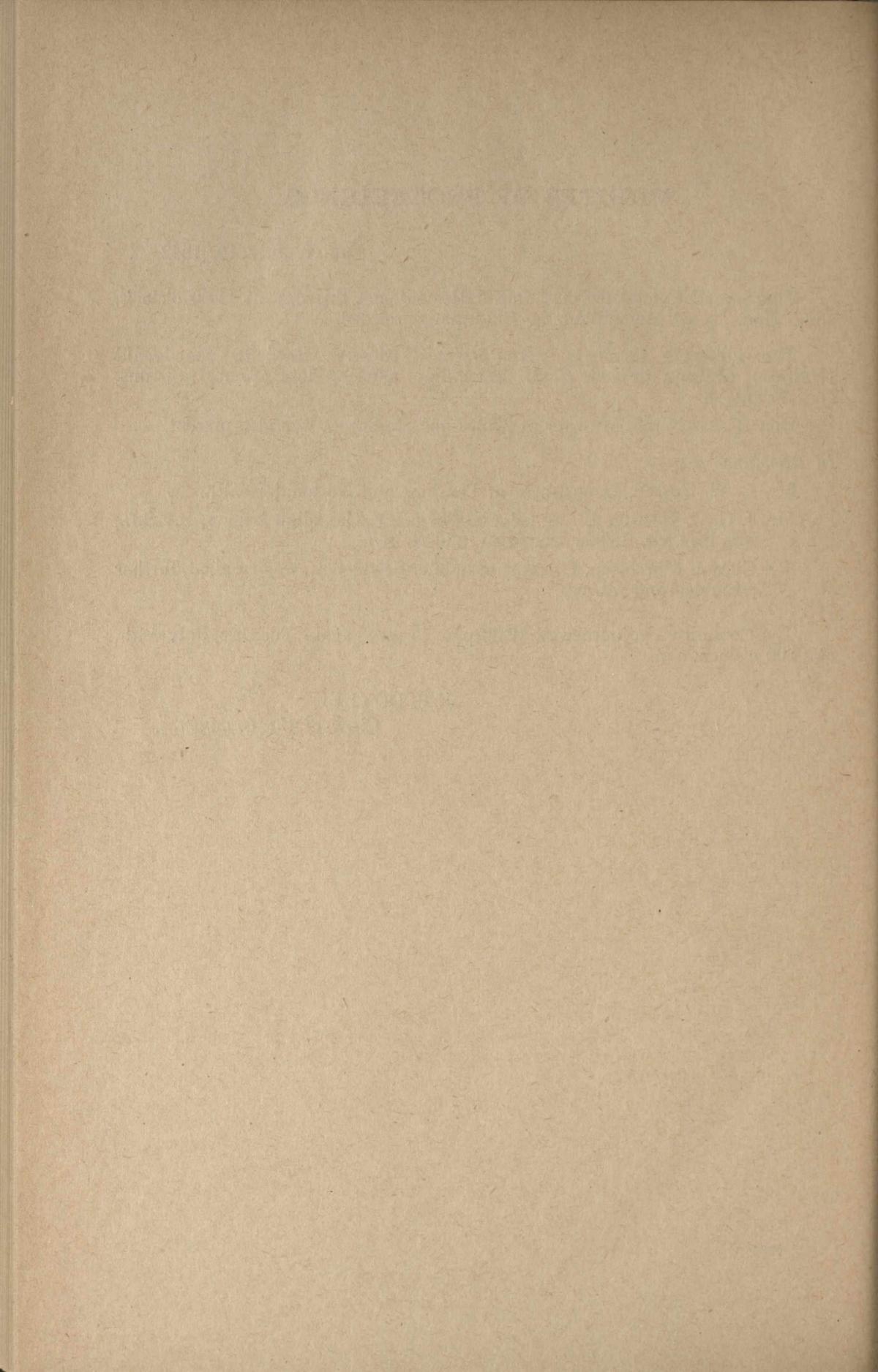
Mr. B. W. Russell, Department of Pensions and National Health.

Mr. J. G. C. Herwig, Acting General Secretary, Canadian Legion, B.E.S.L., was recalled, further examined, and retired.

Mr. Gordon Murchison, Director of Soldier Settlement, was recalled, further examined and retired.

The Committee adjourned at 12.30 p.m. to meet again Tuesday, July 14th, at 10.00 o'clock, a.m.

J. P. DOYLE,
Clerk of the Committee.



MINUTES OF EVIDENCE

HOUSE OF COMMONS,

July 19, 1942.

The Special Committee on Land Settlement met this day at 11.30 o'clock a.m. The Chairman, Hon. Cyrus Macmillan, presided.

The CHAIRMAN: Gentlemen, we have Mr. Herwig, of the Canadian Legion with us and he has a statement to present to the committee. Proceed, Mr. Herwig.

Mr. J. C. G. HERWIG, Acting General Secretary of the Canadian Legion, called.

Mr. HERWIG: Perhaps I ought to explain before I read this prepared statement that at our convention we passed one resolution as follows:—

Your committee, having regard to the fact that our first consideration is to the men who served with us we recommend that the Government of Canada refer the soldier settler problem to a special parliamentary committee on soldier affairs with the object in mind of ensuring that the soldier settler problem will be dealt with fairly and properly.

Now, a great deal of discussion has been heard about the soldier settler under the old Act, and we want to keep them separate under the new proposals.

The CHAIRMAN: We have done that.

Mr. HATFIELD: What is your reason for wanting to keep them separate?

Mr. HERWIG: Because we had a very short time to discuss things in Winnipeg, and the matter was quite a lengthy one and we wanted to deal with those problems as well as we could, so we tried to keep them separate. What I am presenting today is the opinions that are expressed there in committee as to what they thought should be done with the old soldier settler under the new Act.

Mr. Murchison has already placed on record a great deal of factual information regarding the present circumstances of soldier settlers who were re-established under the Act of 1918. A great deal of information has also been supplied regarding the handicaps large numbers of them have encountered in endeavouring to farm successfully under the terms of their contracts.

The difficulties of the first soldier settlement scheme have already been set forth on many occasions and efforts were made to remedy them during the course of the past twenty years. The reasons most commonly given are as follows:—

- (1) In the period when the bulk of the settlement took place, the prices paid for land, chattels and building materials were influenced by wartime inflation. The depression, beginning in 1921, brought about a serious deflation in these values.
- (2) The interest rate was 5 per cent and the settler was placed under a burden of debt including land, live stock and equipment which often represented 125 to 150 per cent of the value of the land.

- (3) Seventy per cent of the settlers were established in the prairie provinces. The difficulties encountered by most farmers arising from drought and market fluctuations were shared by the soldier settlers.
- (4) The settler was expected to obtain his living and his main income from the land.
- (5) When operations were begun, there was available no staff fully trained in settlement operations.

While there is general agreement that bill No. 65 should be considered separately from the previous Soldier Settlement Act of 1918, nevertheless it is impossible to regard the present circumstances of many soldier settlers established under that Act without making comparisons, especially in regard to the statutory provisions of settlement. These comparisons are bound to have a good or bad effect on the morale and future outlook of old settlers, while the circumstances of many of the old settlers will affect the outlook of the new settlers.

(1) *Ratio of Debt to Value of Farm*

The new bill, of course, has been drafted with the idea of avoiding the defects of the old Act, but many of the men who have remained in settlement under the first scheme and who suffered these defects will certainly feel that further consideration should be given them and that an effort should now be made to bring them into as favourable a position as possible in relation to the new principles of settlement. For example, the new bill embodies the principle that the debt assumed by the veteran shall not exceed two-thirds of the cost of the land and buildings, or if the maximum costs permitted by the bill are reached, the debt shall not exceed 50 per cent of the whole enterprise, including stock and equipment. It is clear from the figures furnished by Mr. Murchison that a large number of settlers under the first Act, in classes 3 and 4, have debts considerably higher than the two-thirds value of the land and, in some cases, their debts are even greater than the present total value. This means that a very large proportion of soldier settlers of the last war, after almost a quarter of a century of farming, are still much worse off than a new settler would be starting under the new Act. At the moment farming conditions are favourable and every encouragement should be given to deserving settlers to increase their equities and acquire ownership of the farms they are working. That was the object of this method of re-establishment.

The Legion, therefore, recommends that the principle contained in section 9 of the new bill, respecting the veteran's debt should, as far as possible, be applied to soldier settlers under the old Act and that the director be given power to rewrite contracts accordingly.

(2) *Reduction of Interest Rate*

The Legion also recommends that the Soldier Settlement Act be amended to change the interest from 5 per cent to 3½ per cent.

This is a change that would benefit all the soldier settlers with the exception of those who have paid their accounts in full. We feel this recommendation is justified because there is now a general opinion that the interest rate to farmers should be lowered. Furthermore, it will remove cause for feeling which might arise among soldier settlers that the rate they are now paying is unnecessarily high.

(3) *The Aged and Handicapped*

The Legion is aware that there are now many soldier settlers who, because of age and physical incapacity, will never be able to overtake their indebtedness and attain ownership of their farms. Circumstances, however, have been such that the problem of reestablishing them elsewhere presents so many difficulties and involves so much uprooting of established ties that the board has rarely resorted to the drastic action it is in their power to take. The number of social problem cases that would be created by a drastic handling of such cases leads us to the conclusion that some provision should be made under the Soldier Settlement Act for dealing with them either administratively or by legislative change, so that they can remain in their homes notwithstanding the condition of their accounts.

We would recommend, therefore:—

That the director be given power to complete an arrangement suitable to the individual case and in accordance with the individual's capacity to pay, whereby the settler is left in possession of his home.

The board has already had a great deal of experience in dealing with this type of case and is the only body in a position to indicate how best the interests of the settler and the state can be safeguarded in any particular case, in relation to any particular means adopted for dealing with it. For example, the board has been able to make suitable arrangements in a number of cases where the benefits of War Veterans' Allowance are applicable.

(4) *Soldier Settlers Who Have Re-Enlisted*

There are some 700-odd soldier settlers under the first Act who have re-enlisted and are now on active service during the present war, who would be entitled to the benefits of the new Act but for the provision of section 22 which prohibits loans being granted to persons indebted to the Director of Soldier Settlement. As matters stand, therefore, these men can neither take advantage of the new Act nor secure any change in their circumstances under the old Act, unless either one of them is amended. The Legion believes that, in principle, these men should be entitled to the benefits of the new Act or that equivalent benefits should be made available to them in connection with the farms on which they settled under the first Act.

The Legion, therefore, recommends that these men be given a choice of starting afresh on a new location or having the contract of their present farms re-written in terms as advantageous as if they were settling under the new Act.

(5) *Use of Regional Committees to Deal With Difficult Cases*

It is recognized that in regard to recommendations 1, 3 and 4 account should be taken of the wide differences in personal factors contributing to success or failure that exist between individual settlers in the various classes and as between individuals in each class. No doubt there are those who, because of their general attitude towards their obligations, do not deserve the consideration we ask. Apart from these, there are bound to be many deserving cases regarding which decisions will be difficult to reach if left entirely with the director and his staff.

The Legion would recommend, therefore, that the regional committees to be set up under Bill No. 65 be utilized to settle cases of this kind.

In setting out these proposals we realize that, if adopted, their effect will be to further reduce the indebtedness of many soldier settlers by administrative or legislative means, which may be open to objection. But as previously stated the object of this scheme was to reestablish veterans on the land. There does not appear to be any other acceptable way of dealing with individuals whose present adverse circumstances, in relation to this objective and in relation to the terms of their contracts, are largely due to causes for which they were not responsible, and for which they have lacked either the ability or the resources to cope with successfully.

The CHAIRMAN: Thank you, Mr. Herwig. Are there any questions on the various recommendations? With reference to the reduction of interest rates, do you think that the men who have paid off their loan and have paid 5 per cent interest would seek to have a refund to 3½ per cent which you suggest?

Mr. HERWIG: I do not think so. I think in that respect that success is its own reward and a man who is successful is not looking for a handout. There is difference in the psychology of individuals; there may be some who would feel that it is unfair to do something for someone else that is not being done for them; that discrimination is being shown; but the average man who is successful does not think like that.

The CHAIRMAN: You do not anticipate that?

Mr. HERWIG: No.

Mr. ROSS: Especially ex-service men. Mr. Chairman, I think that this presentation embodies exactly what the majority of us have come to be in favour of as the result of our discussions in the past two meetings. I would think that this could be quite well embodied in the recommendations of this committee. I do not know whether Mr. Murchison, as the director, has any objections; but I think the majority of this committee have come to the conclusion that this report is about what we wish.

The CHAIRMAN: I thought that we might take up these recommendations in order and ask Mr. Murchison to comment upon them. No. 1: Ratio of debt to value of farm, and the recommendation at the end of that section:—

The Legion, therefore, recommends that the principle contained in section 9 of the new bill, respecting the veteran's debt, should, as far as possible, be applied to soldier settlers under the old Act and that the director be given power to rewrite contracts accordingly.

Would you care to comment on that, Mr. Murchison?

Mr. MURCHISON: Of course, there is material on file which shows there are large numbers of soldier settlers at the present time who are in an even better position than the veterans who will be established under the new Act, and I think there is a misunderstanding to some extent just how the principle embodied in section 9 of the new bill will work. This principle that is referred to here, I presume, is one that provides that the selling price to the veterans of the land, improvements, stock and equipment shall be for an amount of not more than two-thirds of the cost to the director of the land and buildings, in addition to the veteran's down payment of 10 per cent. I hope I am right in interpreting what you mean in that way.

Mr. HERWIG: When this bill was discussed at the convention—I am not sure which minister put it out, but it was put out by Mr. Mackenzie or Mr. Crerar—in explaining this bill that principle was to the effect—

Mr. MURCHISON: We cannot apply that principle to this situation because if we go back to the cost to the Soldier Settlement Board of the land and the

buildings and apply that principle it is not going to mean very much to the settler to-day who has an indebtedness down around 50 per cent of what the original cost of the land and the buildings was.

Mr. WRIGHT: I think, Mr. Murchison, that the idea of the Legion is that that principle should be applied to the debt as you have it on your books in 1939—as to the value of the land that you have on your books in 1939, not on the original payments.

Mr. MURCHISON: All right. I will go a step further. The argument has been advanced that establishment under the Veterans Land Act gives the veteran an equity of 50 per cent and for that reason the same principle should be applied to the remaining soldier settlers. The Veterans Land Act does not make an unqualified grant; it provides that the sale price to the veteran of the land, improvements, stock and equipment shall be for an amount not more than two-thirds of the cost to the director of the land and buildings, in addition to the veteran's down payment of 10 per cent. It further provides that the veteran may not realize for his own benefit the difference between cost and sale price for a period of ten years and observance of the terms of his contract during that period. Now, there is a vast difference between these provisions and the granting of an outright uncontrollable equity of 50 per cent to a soldier settler under the old Act.

Mr. McLEAN: Are you recommending that the indebtedness be written down to give the settlers under the old Act a 50 per cent equity?

Mr. HERWIG: Where their present equity is less than one-third, yes, I think that is what it would mean.

Mr. McLEAN: It would be written down to 50 per cent.

Mr. HERWIG: Not necessarily to 50 per cent. All the men settled under the new Act will have a variation between 50 per cent and 33½ per cent.

Mr. McLEAN: I take the same position I have always taken: If we are going to put on the books a new Act under which tens of thousands of new men are going to come we are by our action establishing a principle and a precedent whereby these men know that from time to time as their equity becomes very small they can be assured by legislation or administrative act that that equity is going to be brought up. That is a procedure that I do not think for one minute parliament or the country would endorse at all. Think of the implications of it. We have to be logical. If we do that now there is no reason why we should not do it five years or ten years from now. That is a principle I do not think we should have.

Mr. QUELCH: Let us keep this in mind, that if in the future we continue the same kind of agricultural policy we have had in the past, undoubtedly we will have periodically to make revisions, because no industry can year after year continue to produce below the cost of production, and that is the situation in agriculture. If we are so shortsighted in the future that we are going to allow or ask the agricultural industry to produce below cost of production then not only the soldier settlers but all farmers will need that legislation to rectify their position.

That power lies with the government. It does not lie with the soldier settlers. It is the government that have to do the rectifying of that situation. If the government fails to recognize it, they must face the responsibility for these men they have placed on the land. Just remember this. If we apply the principle of an equity of just one-third instead of 50 per cent, around 50 per cent of the soldier settlers on the land to-day under the old scheme will come under that provision, because approximately 3,800 out of the total of around 7,360—have an equity of less than 16 per cent to-day. Mr. Woods, when he gave his evidence before this committee, pointed out that it is recognized that a

farmer must have an equity of 50 per cent to have a reasonable chance of success. Therefore, if you have 3,800 with an equity of less than 16 per cent, it stands to reason that those men are almost bound to fail. It is not a question of what we would like to do. It is a question of dealing with a situation we have in existence to-day, with 3,800 men of an average age of over 53 years, their equipment in poor shape, men who fought in the last war. Are we going to say, "Oh well, if we reduce your debt, then maybe you will not try to keep your agreement in the future"? That is surely not the logical stand to take. There is a certain situation that has to be faced; and the only fair and logical way to do that to-day, in my opinion is the way we are dealing with the soldiers of the present war. We must give those men a chance to succeed. I am not suggesting that where a settler has, in addition to his soldier settler's holding, land of his own, that this should apply; because then he would have additional assets to that equity in his soldier settlement holding. I would say that we would have to take his combined land holdings, his soldier settlement holding and the land that he holds outside of the soldier settlement board, and apply the 50 per cent division to his total holdings. I say that because of what was done by some men I know, and about which I have personal experience. Some men who got into difficulties with the Soldier Settlement Board, started to get some financial returns from other sources; and instead of paying that money off to the Soldier Settlement Board, they used it to increase their land holdings, realizing that their present holdings were not an economic unit. Therefore they bought more land. In such cases you have to take into consideration the land they hold outside the soldier settlement holding. I quite agree with that. If that is done, I think that we would be giving these men a fair chance. Another thing we have to take into consideration, as this brief points out, is that men who are not physically able to carry on will have to be dealt with in another way. You have got to divide these men into two classifications—men who are physically capable of running a farm and have a reasonable chance of succeeding if their liability is reduced, and the others who are physically incapacitated and have no chance of succeeding even if their debt were reduced. These men will have to be dealt with in another way. But personally, after listening to the brief filed by the Legion, I feel it presents the views of the majority of the men on this committee as expressed during the past day or two; and I would be very much in favour of the adoption of the recommendations of the Legion, perhaps with a few changes.

The CHAIRMAN: In the discussion, Mr. Quelch, I think we will have to bear in mind that notwithstanding the agricultural policy, whatever its defects may be, men have made a success of their settlement. We were told by witnesses and others and by members of this committee, that the number of failures because of negligence or indolence was relatively few. It seems to me that we must remember that.

Mr. QUELCH: Yes, very few failures from negligence. But there is another point regarding success which you must remember when we refer to prices equalling the cost of production, that is based upon averages.

The CHAIRMAN: Yes.

Mr. QUELCH: Therefore when a farmer has land that is exceptionally good, his returns may average higher. Therefore he succeeds where a man below the average would fail because his costs would be higher.

The CHAIRMAN: I realize that. I was going to point out that failures have been largely due to circumstances over which the settler had no control. What we should attempt to do, I think, in making a report, or suggested amendments, is to try to bring this situation of settlers in distress in conformity with the present bill 65.

Mr. QUELCH: Yes.

Mr. Ross: In that respect, I cannot follow Mr. McLean. We are not creating any precedent by adjustments here. These adjustments have been made at various times in the past for those old settlers. I quite agree with what Mr. Quelch has said—in fact, to this extent, that if I were not satisfied that future governments are going to do something about creating parity prices in this country for the agricultural settlers, I would oppose this bill. I think we should be doing these settlers an injustice to put them on the land if we are going to ask them to carry on under the difficulties with which the past settlers had to contend. If it was not for faith in the future that we would create parity prices in this country, I would utterly oppose this entire bill, even bill 65. I feel very concerned about this.

Mr. McLEAN: I have just this to say. The whole economic theory on which Canada is working may be all wrong or it may not; there may be sound arguments for or against. I do not think it is proper for us, in connection with this bill, to institute an economic system under which Canada for the time being at least is not carrying on. Talk about parity prices. You cannot establish, in connection with soldier settlement, an economic system which so far at least, rightly or wrongly, has not been accepted by the people of Canada in connection with agriculture in general. Then when we speak of what was done in the past—I am not prepared to say, as to what was done in the past in connection with writing down these equities, whether it was right or wrong. I am not prepared to legislate now on the basis that everything that was done in connection with the soldier settlement of the last war was correct. I think many things were wrong.

Mr. Ross: You tell us it is going to be a precedent.

Mr. QUELCH: You are defeating your own argument. Why worry about a precedent?

Mr. McLEAN: Coming back to that, to write into this Act or write into our recommendation the principle that as soon as a man's equity drops below a certain percentage, then by governmental action we are going to write off that debt, is a precedent that I am satisfied is absolutely unsound. I think there is a danger of our doing a gross disservice to the returned soldiers that we are going to try to settle on the land. You must not forget we are trying to help the man who goes to fight for his country; but there are going to be thousands of these men who are not going to fight for their country at all. I am not saying that in any harsh way. But you have to keep in mind the people who are struggling along and paying the taxes, who are not in a position to come under the benefits of this legislation. I do say very sincerely, Mr. Chairman, that if you try in the recommendation to establish that principle, you are going to imperil everything that we are trying to do for the soldiers.

Mr. WRIGHT: I do not think we are establishing that principle at all. What we are doing is setting up a board here which will consider these individual cases and adjust them.

Mr. McLEAN: I am not objecting to the board.

Mr. WRIGHT: We are not establishing a principle at all. I think the recommendations are absolutely sound in this regard. As you all know, I tried to get a clause in the new bill which would establish a parity price with regard to payments for the settlers. I still think that it should be there, that we should have included that in the bill rather than as a recommendation. But as that is not there, I think still that these recommendations by the Legion here are very sound. I am in favour of the idea of establishing this board which will consider these cases on the basis of the merit of the cases and decide whether they are to be given an equity in the land or whether they are an impossible case and should be placed in a separate class to be dealt with according as Mr. Murchison has stated he has dealt with certain cases. I think that is perfectly sound.

Mr. McLEAN: I have no objection to this recommendation that we set up these boards, and that these boards have authority to deal with individual cases. What I object to is that we give those boards the direction which they would have if we make this recommendation; by it we give them the direction that they are to go by this principle that when a man's equity drops below a certain percentage, his debt will be written off to that extent. When this government or succeeding governments of Canada establish the principle of parity prices for all farmers, this certainly would be all right; and I would be quite in favour of Mr. Wright's recommendation, if and when that time comes. But that time has not yet arrived.

Mr. Ross: Do you agree they should not have parity?

Mr. McLEAN: I am not arguing that at all. There is the whole thing. I do not say that they should not have parity prices. That is not the question we are deciding at all.

Mr. Hatfield: What we are trying to do, if we adopt this recommendation, is to put the veteran that served the country twenty-five years ago in the same position as we are making the offer to the veteran from this war; and I think they should be. They went through the hardships of ten years of depression, the worst agricultural depression we ever had in this country.

Mr. Ross: Mr. Chairman, this brief says that 70 per cent of the settlements under the old Act took place in the prairie provinces. I think Mr. Murchison pointed out at the last meeting we had here that, of approximately 1,000 now in difficulties, 800 of those are located in the prairie provinces out of this settlement. We all realize what has happened in the last ten years in that area of Canada, whether we agree on economic principles or not to-day. A great deal of assistance was given by the federal government, most provincial governments and by provincial governments in turn through the municipalities, to these settlers; and very drastic adjustments were made on that basis following those very tough years. Surely the same principle would apply in this set-up to these settlers. These settlers to-day are more entitled to it than many of their neighbours, these men who fight for the worthwhile things we live under in this country to-day. I do not think there is any argument about that. If this board then has power to handle each case on its merits, based on the general principle that there is a recognition that this adjustment should be made, I do not see where difficulty should arise.

Mr. Sissons: Mr. Chairman, I recognize that there is a problem here, and it appears to be a problem that we cannot evade, and probably should not evade if we could. There is some merit in the contention that the new principle evolved by the Veterans Land Act should be applied to the old settlers. The brief submitted by the Legion, I feel, merits a great deal of careful consideration; but I feel also that we are now at the tail end, apparently, of the session, and that we are not going to be able, probably, to give to this the consideration that should be given at this time. I feel that this committee should be kept in existence, or that a new committee should be set up next year, until a real careful study of the whole problem can be made; for unless we solve it we are simply leaving there a canker that will grow and grow and become even more troublesome after the new Act comes into operation, as the disparity becomes more apparent. So while I am, offhand, largely in agreement with the Legion's brief, as one takes it from a casual reading of it, I myself do not feel quite in a position to say that all the recommendations are sound or that those are the methods by which the problem can be solved. So I would very strongly urge a continued study of that problem, in order to get something that will put the old settler in a position where his criticisms at least are met to some extent, if that is possible.

The CHAIRMAN: That is, Mr. Sissons, you would apply that to all the recommendations? You would suggest further study of all the recommendations?

Mr. Sissons: Yes. I do not think it is wise at this stage for us to hurriedly take on the recommendations in this brief.

The CHAIRMAN: Bear in mind that the application of the provisions under bill 65 cannot go into force for some time.

Mr. Sissons: Yes. That bill 65 will be before the house and will be passed. This is a problem that has been with us for some time. It is a problem that we have not solved. I do not think we are going to find a ready and easy solution of it in the few meetings we will be able to devote to the subject at this time. I think the subject merits a great deal of study. I do not wish to concur in the conclusions too hurriedly, but with what has been said by Mr. Wright and Mr. Ross and Mr. Quelch I find myself, offhand, largely in agreement, and largely in agreement with the brief of the Legion. On the other hand, I recognize that we have not been able to give this problem the study that is required, and in adopting these recommendations we may be not only not solving one problem but we may be creating for ourselves other problems, and I would like to be satisfied that when we have finished the study that we have reached a conclusion that will stand up in the days to come.

The CHAIRMAN: There is no doubt from the evidence presented that there is considerable distress among the veterans of the last war who are still on the land. That distress may have been caused by circumstances over which they had no control; in large measure it has been so caused. This bill that has been presented to the house, bill 65, is the result of experience and knowledge, and I think, perhaps enlightenment after twenty or twenty-two years. Our purpose in asking the house to give us permission to review and to adjust reasonably—that was the word used—any defects that we felt could be corrected or removed from the old bill, was to endeavour as far as possible to remove that distress and to bring the settler who is struggling against conditions into line and conformity with the provisions of this new bill. That is the way I interpret our function.

Mr. Hatfield: In other words, we admit that we were wrong under the old scheme; and when we introduce the new bill we admitted the mistakes.

The CHAIRMAN: We realized the defects in the bill. Now, can we put those men who have struggled for twenty years on a par with the men who will enjoy the privileges of this new bill? That is all. If we cannot, well let us say so.

Mr. Wright: I think this committee will be neglecting its duty unless it does make some definite attempt to do something at this session. I do not think we should leave the matter over until next session. We should give study to this matter and come to some conclusion on it. Most of the men on this committee are men who understand agricultural conditions. We have studied this matter over a number of years and sending it back for another six months won't change your ideas one iota, because I think 75 per cent of the members of this committee know now the exact conditions under which the old settlers were operating, and what we need to do is remedy those conditions. Therefore, I think we should make recommendations at the present session.

The CHAIRMAN: What impresses me about the statement of Mr. Herwig is that these recommendations are not the recommendations of those who have failed or who are struggling; these represent the considered opinion of the successful as well as the unsuccessful through the medium of the Legion.

Mr. Herwig: That is right.

Mr. Murchison: May I make an observation? I have been following this discussion very closely and I feel that in arguing for the application of the principle contained in this section 9 of the new bill to the accounts of soldier settlers under the old scheme that we should keep clearly in our minds that so far as the land and land debt is concerned there is no question in the world of

getting any settler under the new bill a 50 per cent equity in the land; that does not arise. I can illustrate it this way: Take a \$3,000 farm that may be purchased under the new bill. Say, for instance, there is no stock or equipment involved at all. The sale price to the veteran of that \$3,000 farm, say, would be \$2,000 plus his down payments of \$300, which means in effect that he is given an equity of roughly 24 $\frac{1}{3}$ per cent in that farm. Now, turning to the Soldier Settlement Act, you gentlemen all know that by adjustments made from time to time under the old Act the indebtedness and the security with respect to stock and equipment has been all washed out. Stock and equipment assets supplied by the Soldier Settlement Board to the soldier settler who came under the Farmers' Creditors Arrangement Act were not taken into account at all; their indebtedness was fixed on the basis of the present day value of the land alone. Now, I suggest, Mr. Chairman, that we are trying to reconcile the views of the Legion, the expressed opinion of my minister here this morning after a brief examination of the Legion's statement and the views of the various members of this committee and that we are not very far from a point where we can meet this problem along a line which I think will be reasonably satisfactory. If it is agreed that the accounts of soldier settlers who do not to-day have an equity of 24 per cent in their farms on the basis of the values which have been set up and which have been listed by the administration here should be written into that equity, I do not think there is any objection to that, and it won't involve a great deal of money. I have already indicated to the committee that in my opinion provision should be made to set up a special committee to deal with those cases where the debt fixation under the Farmers' Creditors Arrangement Act prior to 1938 did not take into sufficient account the deterioration which had occurred with the result that there is a group of, maybe, 700 or 800 settlers who are labouring under an unfair debt handicap to-day. Now, it would not require going very much further to review all the cases of soldier settlers on record and adjust their accounts to a basis where they have, in fact, a 24 per cent equity in the farms on the basis of debts and values that I have listed for this committee. Now, I would like to know, Mr. Chairman, whether that line of reasoning appeals to this committee as an approach to this matter with a view to reconciling the views that have been expressed here. I feel myself that there should not be undue delay in dealing with this matter because there are administrative problems to be faced, and delay in dealing with a matter of this kind after it has once been brought before a committee of the house is going to have an unsettling effect on the settlers concerned and will present serious administrative difficulties to those in charge of the operations. I think there is a point there: if we could reach an agreement that the 24 per cent equity should be established for all settlers to-day with the exception of those who appear before a committee who find on a review of their circumstances that there is no question of any debt adjustment providing a solution at all because they are at the end of the road as far as active farming is concerned and that some other provision must be made for those men to allow them the occupation of a home for the rest of their lives but to relieve them of a debt contract associated with a farm which they cannot handle. Now, I think if those two points can be considered we are pretty close to a point which I feel Mr. Crerar would support and I think would largely meet the views that have been expressed in this committee, including the principle advanced by the Canadian Legion.

Mr. WRIGHT: There is one point in regard to that which I wish to bring to your attention. When you say you write down the debt to 24 per cent of your book values you are placing the old settler in the same position as the new settler. Well, you are in a number of cases, but you will find there are a great number of cases where the old settlers' stock and equipment have deteriorated to a point where it is not worth \$1,200.

Mr. MURCHISON: I agree with that.

Mr. WRIGHT: And I think in writing down that value you must also take into consideration the state of repair of the stock and equipment of the settler you are dealing with. In some cases they have got into a position where their stock and equipment is no good and that is why they cannot make payments.

Mr. MURCHISON: You will realize that there will be a large number of establishments take place under the Veterans Land Act where there will not be advances of \$1,200 for stock and equipment or anything like that.

Mr. ROSS: I think in principle we can pretty well agree with Mr. Murchison. There will be cases where the settlers will use their father's equipment and there will be other settlers whose equipment is all washed up. You have to decide on these cases in principle, but I think the majority of the committee will agree that we are not very far apart on that basis.

Mr. QUELCH: Even on those figures that will apply to possibly the majority of the soldier settlers now on the land, approximately 4,400 out of 7,360.

Mr. MURCHISON: You see, gentlemen, it is impossible—it would be foolish for me to list whole ledgers of individual cases in this committee, but I would like you to believe that in all the 700 or 800 cases in this low group, those properly adjusted, as I have already suggested—

Mr. QUELCH: Why do you say 700 or 800? Here is your own statement for the 3,801 with an equity of less than 16 per cent.

Mr. MURCHISON: Let me make this clear. I have tried to make it as clear as I can several times. Certain people in western Canada felt that under the Farmers' Creditors Arrangement Act prior to 1938 they did not take sufficiently into account the deterioration which had occurred. I can speak of one case which comes to me readily where a settler is carrying a debt to-day of \$7,200 on a half section which I know is not worth over \$3,200. Now, you can pick out a few of those and it exerts quite an effect on the aggregate of the settlers who have no equity in their farms. These are summarized figures I have placed before you.

Mr. QUELCH: These are summaries too, and you have 2,723 with no equity at all.

Mr. MURCHISON: Yes.

Mr. QUELCH: You have another 1,078 with an equity of less than 16·8 per cent, and another 606 with an equity of less than 32 per cent. The fact remains that you have 3,801 with an equity of less than 16·8 per cent and 2,953 with an average equity of 67·5 per cent. Those are the cases where the men must be looked after.

Mr. MURCHISON: That will not involve any great problem if you are agreed in the reduction of these accounts to a point where the reasonably efficient settler has his account adjusted to a basis comparable to the principle embodied in bill 65 where he is given an equity of 24 or 25 per cent in his land on the basis of present-day value.

Mr. QUELCH: He has an equity of more than 24 per cent in the land. The stock and equipment now may be gone. You will find a lot of those settlers where it is not worth anything.

Mr. MURCHISON: Yes, but we have a large number of settlers to-day—several hundred of them—that are not living on their farms to-day, they are living in the towns and their farms are rented. They have no intention of going back to the farm. Their accounts are not in a shape to-day that we are justified in closing them out because I took a very generous attitude on the question of eligibility under the Farmers' Creditors Arrangement Act.

Mr. QUELCH: I think we are interested in those on the farms. The others can be dealt with in a different way entirely.

Mr. MURCHISON: The adjustment of a debt—the difference of 24 per cent or 30 per cent in the equity of a farm is not going to replace stock and equipment that does not exist.

Mr. McLEAN: I wonder if it would expedite the work of the committee if we agreed to the suggestion that the chairman with the assistance of the director prepare a draft report and have it presented for the consideration of the committee at the next meeting, and possibly we can get down to a point of finality.

The CHAIRMAN: And in the meantime we can think about the problem and meet on Tuesday.

May I refer to something which appears in No. 8, page 129 of the evidence. There appears to be a mistake which I think might cause a lot of confusion. The question asked is:—

Q. Is it not a fact that under the War Veterans Allowance Act there is a maximum income of \$60 of which the war veterans allowance only pay \$40?—A. A married man can get an allowance of \$40 a month and he is allowed to earn an additional \$40 a month.

I interjected:—

I thought it was a maximum of \$240 a year for married people and \$120 for single people.

The witness answered:—

A married man can earn an additional \$40 a month without having his \$40 allowance reduced.

I have a copy of the War Veterans Allowance Act here and at page 3 I find these words:—

The maximum allowance payable in any year to a married man or to a widower with a child or children shall be \$480 less the amount of the income of the recipient in excess of \$250 a year.

Where does the \$40 come from?

Mr. MURCHISON: I am sorry if I made an error; that is my understanding.

Mr. QUELCH: I thought that would have a direct bearing upon what chance a soldier settler under the War Veterans Allowance has of earning his living.

Mr. MURCHISON: It is a pretty hard thing to control.

Mr. QUELCH: I thought it was well to make that correction, otherwise people would be confused by two different statements.

The committee adjourned to meet Tuesday, July 14, at 10 o'clock a.m.

SESSION 1942
HOUSE OF COMMONS

SPECIAL COMMITTEE

ON

**LAND SETTLEMENT OF VETERANS
OF THE PRESENT WAR**

MINUTES OF PROCEEDINGS AND EVIDENCE
INCLUDING FIFTH REPORT TO THE HOUSE

No. 11

TUESDAY, JULY 14, 1942
THURSDAY, JULY 16, 1942
FRIDAY, JULY 17, 1942

OTTAWA
EDMOND CLOUTIER
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
1942

REPORTS TO THE HOUSE

OTTAWA, July 17, 1942.

The Special Committee on Land Settlement of Veterans of the Present War begs leave to present the following as a

FIFTH REPORT

Pursuant to Order of Reference dated June 16, 1942, your Committee has considered adjustments it deemed necessary to the Soldier Settlement Act. In so doing it has held eighteen meetings and examined witnesses representing the Canadian Legion, the Society of Technical Agriculturists, and the Government administrative officials concerned with soldier settlement.

Your Committee begs leave to make the following recommendations:—

1. Notwithstanding anything to the contrary contained in this Act, upon the application of any settler qualified and established upon the land in accordance with the provisions of this Act and regulations thereunder, who has not abandoned his land and whose agreement with the Soldier Settlement Board or the Director of Soldier Settlement has not been terminated, rescinded, or assigned, the Director may grant to such settler an extension of time, not exceeding twenty years, for the payment of his indebtedness.
2. Notwithstanding anything to the contrary in this Act or in any agreement made thereunder, in the case of any settler as defined under the Soldier Settlement Act, 1919, or person indebted to the Director of Soldier Settlement who at any time during the war declared by His Majesty on the tenth day of September, one thousand, nine hundred and thirty-nine, against the German Reich and subsequently against other powers, has been engaged on active service in a naval, military or air force of Canada, or of any of His Majesty's forces if at the time of his enlistment he was ordinarily domiciled or resident in Canada, and
 - (a) has served in a theatre of actual war, as designated by the Governor in Council under the authority of the Pensions Act, or
 - (b) has served only in those parts of Canada which are not designated by the Governor in Council as a theatre of actual war, provided that such service shall have been for a period of not less than twelve months, or
 - (c) wherever he may have served is by reason of disability incurred as a result of such service in receipt of a pension and has been honourably discharged from such naval, military, air force or other of His Majesty's forces or has been permitted honourably to resign or retire therefrom,

the rate of interest to be charged from and after the standard date first following the coming into force of this Section in respect of any agreement between the Soldier Settlement Board or the Director of Soldier Settlement and any such settler or person shall be three and one-half per centum per annum.

3. The Minister may with the approval of the Governor in Council appoint a committee of not more than three members to be known as the Adjustment Committee at such rate of remuneration as the Governor in Council

may fix and allow and for a period of not more than twelve months with powers to review and confirm or reduce the indebtedness of soldier settlers whose agreements with the Director of Soldier Settlement were the subjects of proposals formulated under the provisions of the Farmers' Creditors Arrangement Act prior to October 1, 1939, or in the case of such other soldier settler as may be recommended by the Director, with the objective if feasible and practical, of establishing an equity for the settler; provided that the settler is in personal occupation of the land and that such agreements have not been terminated, rescinded or assigned.

Any such settler may submit to the Director within a period of six months following the coming into force of this section an application for consideration by the Adjustment Committee as aforesaid, and it shall be incumbent upon the Director to forward such application to the Adjustment Committee together with a summary of the settler's account and such other particulars as may be required by the Adjustment Committee to determine the amount which in its judgment constitutes the present and prospective productive value of the land.

4. The Committee strongly recommends that in those cases where it appears to be the desire of a settler to remain in occupation of his farm home there be developed a closer degree of co-operation between the Director of Soldier Settlement and the War Veterans' Allowance Board to the end that the settler may continue to occupy his present home at modest cost, on a basis whereby the settler can co-operate by assigning a portion of his allowance for this purpose.

A copy of the evidence taken before the Committee pertaining to this Act is tabled herewith.

All of which is respectfully submitted.

CYRUS MACMILLAN,
Chairman.

MINUTES OF PROCEEDINGS

TUESDAY, July 14, 1942.

The Special Committee on Land Settlement met this day at 11 o'clock a.m. Hon. Cyrus Macmillan, the Chairman, presided.

The following members were present: Messrs. Hatfield, Macdonald (*Brantford*), Macdonald (*Halifax*), MacKenzie (*Neepawa*), McLean (*Simcoe East*), Macmillan, Quelch, Ross (*Souris*), Senn, Sissons and Wright—11.

The Chairman read a letter from Mr. J. G. Blythe, Zehner, Sask., making representations on behalf of the Local Body Piapot Reserve Settlers. This was ordered to be printed in the evidence.

Mr. Gordon Murchison, Director of Soldier Settlement, was recalled, and further examined.

A memorandum was filed by Mr. Murchison which was ordered to be printed in the evidence.

The Committee adjourned at 12.30 p.m., to meet again Thursday, July 16, at 11.00 o'clock, a.m.

THURSDAY, July 16, 1942.

The Special Committee on Land Settlement met this day at 10.00 o'clock, a.m. Hon. Cyrus Macmillan, the Chairman, presided.

The following members were present: Messrs. Blanchette, Hatfield, Macdonald (*Halifax*), Macdonald (*Brantford*), MacKenzie (*Neepawa*), McLean (*Simcoe East*), Macmillan, Senn, Sissons and Wright—10.

Mr. Gordon Murchison, Director of Soldier Settlement, was in attendance.

The following recommendations were agreed to:—

- (1) Extension of time for settler to repay indebtedness.
- (2) Reduction in rate of interest from 5 per cent to 3½ per cent.
- (3) Appointment of adjustment committee to review and confirm or reduce the indebtedness of soldier settlers who went under the provisions of the Farmers' Creditors Arrangement Act prior to October 1, 1939; or in the case of such other soldier settler as may be recommended by the Director.
- (4) Provision for soldier settlers to remain in their homes if in receipt of War Veterans' Allowance by assigning a portion of such allowance.

The Committee adjourned at 11.30 a.m. to meet again Friday, July 17, at 10.00 o'clock, a.m.

FRIDAY, July 17, 1942.

The Special Committee on Land Settlement met this day at 10.00 o'clock, a.m. Hon. Cyrus Macmillan, the Chairman, presided.

The following members were present: Messrs. Blanchette, Hatfield, Macdonald (*Brantford*), Macdonald (*Halifax*), MacKenzie (*Neepawa*), Mackenzie (*Vancouver Centre*), McLean (*Simcoe East*), Macmillan, Ross (*Souris*), Senn, Sissons and Wright—12.

The Committee considered, amended and, on motion of Mr. MacKenzie (*Neepawa*), adopted its fifth report.

The Committee adjourned at 11.00 o'clock, a.m., to meet again at the call of the Chair.

J. P. DOYLE,
Clerk of the Committee.

MINUTES OF EVIDENCE

JULY 14, 1942.

Committee on Land Settlement,
House of Commons,
Ottawa.

Dear Sirs:

Re: Piapot Reserve

In the year 1920 this area, which had previously been an Indian Reserve, was settled entirely by soldiers of the First Great War. Most of them had saved some money from their gratuity and other sources and they entered upon the land with a great deal of zeal. There was very little of the land actually clear and it was a very expensive proposition clearing the land. However, they proceeded to clear the land, and at great cost to themselves cleared a great deal of it. To add to their difficulties at the time they purchased the land in the spring of 1920, stock and equipment which they had all to purchase was exceedingly high.

After the passing of the years there have been a great many casualties and the number of settlers now on the land who originally went on is not at all what it was hoped would still be on the land. Naturally there have been a number of deaths but where there have been deaths the families have in most instances not stayed on the land because of the load of debt. These men have farmed well, but just have not been able to make the proposition go, although a great many of them have remained with it and worked the best years of their lives on the land. There have been re-valuations from time to time and some of them have come before The Farmers' Creditors Arrangement Board. Unfortunately for those who came under the Act, they came under it in the early days of The Farmers' Creditors Arrangement Act administration and it is an accepted fact that in those days valuations were put altogether too high and even on the adjusted amount it would be absolutely impossible to hope to work out a solution for them. On the whole those on the land now find that their debts, even with adjustments, have increased since 1929 and this is largely due to financial conditions. The sad part of it is, if they are cancelled and deprived of their right to remain on the land, The Soldier Settlement Board proceeds to sell the land at once, and instances can be given of land which was originally sold to a settler at \$20.00 per acre being resold to a private individual after the settler has been cancelled out, at as low as \$700.00 for a half section. The settlers naturally feel that if the Board is realistic and takes a low price for land from a civilian, then it should do likewise for the men who are on the land and who have spent 22 years of their lifetime there.

They are interested, of course, in new legislation that is being suggested for the soldiers of the second war and they feel that some of the proposals applying under the new Act should be carried into the old Act. Specifically they are suggesting the following by way of relief:—

- (a) That all interest should be cancelled since 1929 and future interest be brought down to 3 per cent and that consideration should be given to the transfer of Title clear to that portion of the land on which the house is.
- (b) That all the land should be valued on the basis of what the land is actually being sold at by the Board to private purchasers at the present time and in this connection the settlers point to the extreme variation in

valuation by the Board of Review and The Soldier Settlement Board itself on land all of which is about the same value from \$1,500 per half section up to \$6,000 per half section, where the land itself varies very little in actual value.

- (c) That the payments required by the Board be restricted under the basis under the new Act to payment of not more than \$144 per half. To-day actually settlers are expected to pay \$300 per half section, plus the taxes, even after having passed through The Farmers' Creditors Arrangement Act.
- (d) That special consideration be given to widows who are residing on the land or intend to reside on the land in the matter of adjustment of debt, even to the point of giving partial clear title.

If a realistic attitude be taken by The Soldier Settlement Board and Government as to what the situation actually is, if the Board actually is justified in reselling land to private parties at low prices, then would it not be better to give the settler who is on the land the opportunity of the same price; of working out his salvation on the land when he has already not only served in the last war, but when he as well has put twenty-two years of his life into developing this land? To him it is his home. If the Board in any salvage proceedings ultimately can only get so much money out of the land, why not now deal with the settler on the same basis? It must realize that the settler has nothing but what he has accumulated there during the past twenty-two years and in too many instances, notwithstanding his efforts, all that he has accumulated is a great deal of debt to the Board.

These are facts that can be verified from the records and we urgently suggest that consideration be forthwith given to the settlers on the part of the Board and the Government. Because of the maintenance by the Board of the high debt amount, with low prices, and uncertain weather conditions, there has unfortunately developed a feeling of bitterness to the Board which should not exist and in the interests of all concerned this should be eliminated. Understanding can be re-established and morale very substantially raised.

Yours truly,

J. G. BLYTH, *Secretary*,
Local Body Piapot Reserve Settlers,
Zehner, Sask.

May 15, 1942.

MEMORANDUM TO THE COMMITTEE ON LAND SETTLEMENT

On the morning of the 10th instant the Minister, the Honourable T. A. Crerar, following a quick examination of the brief submitted by the Canadian Legion, observed that the recommendations appeared to be moderate but he did not have time to study the details.

Following the meeting of the 10th the Chairman asked me to submit a brief to this meeting which would embody some concrete plan for the treatment of soldier settler accounts along lines which might reconcile the views of certain members of the committee, the Canadian Legion, and the administration.

Certain members of this committee have argued for the creation of a 50 per cent equity in favour of soldier settlers, claiming that this is the principle embodied in Bill 65. The Legion recommends that the principle contained in Section 9 of Bill 65 should as far as possible be applied to soldier settlers under the old Act, and that the Director be given power to rewrite contracts accord-

ingly. The administration has submitted factual evidence that 49 per cent of the soldier settlers in the highest debt groups are meeting their contractual obligations and has suggested that action be taken to correct any weaknesses in debt adjustments made under the Farmers' Creditors Arrangement Act. The administration has also suggested reduction in the rate of interest to $3\frac{1}{2}$ per cent where enlistment for service in the present war has occurred, and to extend the terms of solvent agreements which mature in 1946.

The Legion makes a further general recommendation which appears to contemplate that regional committees would have power to say whether a settler should be granted a reduction or be placed on a basis that he can remain in his home notwithstanding the condition of his account.

Let us endeavour to make it clear from the outset that Section 9 of Bill 65 does not create an unconditional equity of any amount for any veteran settler. He must conform to the terms of his settlement contract for ten years before he can realize on the difference between cost and sale price. That contract is assumption of a debt equivalent to two-thirds of the cost of the land. For the purpose of this comparison the cost or sale price of stock and equipment should be disregarded because there will be wide variations in the amount of stock and equipment supplied to a veteran under Bill 65, and because adjustment of the debts of soldier settlers under the Farmers' Creditors Arrangement Act took into account the value of the land only. In any event, the extent of previous legislative concessions more than absorbed the indebtedness of any settler for stock and equipment advances. Section 13 of Bill 65 does not make provision for a grant, conditional or otherwise.

The fundamental reason for the wording of Clause 9 of Bill 65 was not for the purpose of making grants to any person but because of the inability of the average veteran to make a sufficient investment of his own that would place a Government loan for the balance of his requirements on a business basis right from the start. But who can say with certainty at this time how many veterans of this war will be established next year or during the next five years? The present stage of the war, with its taxation and priorities, needs no elaboration.

Granting for the sake of argument that the indebtedness of soldier settlers be reduced to a point not greater than two-thirds the present day value of their farms, what would be the amount involved in these write-offs, and to what extent would the soldier settler benefit? Exhibit "C" of May 9 shows 606 Grade II settlers where the present equity is 32.2 per cent. In order to increase it to one-third of the value of the land it would be necessary to write off a total of \$16,955, or an average of approximately \$28 per loan. In Grade III there are 1,078 settlers owing \$1,987,930 against farms valued at \$2,391,112. Thus the average debt is \$1,844 and the average farm value \$2,218, for an average equity of 16.8 per cent. In order to create a $33\frac{1}{3}$ equity it would mean a total write-off of approximately \$393,855, or an average of \$365 per settler. In Grade IV there are shown to be 2,723 with a total debt of \$5,794,821 against farms having a total value of \$5,411,304. To bring about an equity of $33\frac{1}{3}$ per cent there would be a write-off of approximately \$2,187,275 or an average of approximately \$803 per settler. The total write-off in all three grades would amount to approximately \$2,598,085.

It would be the height of stupidity on my part to oppose anything within reason that would simplify the problems of soldier settlement confronting both administration and settler, and it would be entirely foreign to my nature to adopt a narrow point of view toward people in that part of Canada where the main problems exist and where I lived for thirty years. The successes and reverses of Western Canada are an open book to me, and I think I know this problem in its varying phases all across the Dominion. For some years there has been an element among soldier settlers—probably not more than 10 per cent—that have been agitating for and hoping or expecting that they would be legislated into ownership of their farms, and I make no bones about saying that

this agitation reaches a peak point among those who have made the minimum personal effort. The remaining 90 per cent of soldier settlers are sound and responsible citizens. Successive Governments have tried to do the fair and generous thing, and the proof lies in the figures which are on record. We can analyse them any way we wish, but there is a lot of cold reality about them which cannot be lightly dismissed. Any decision at this time to further ease the burdens of soldier settlers just because they are soldier settlers or because certain things are contemplated on behalf of closely selected veterans of this war, will in my opinion only tend to encourage the belief of the minority that they are going to be legislated into ownership.

For the past few days I have been searching my mind for a solution of the problems confronting the majority of soldier settlers in the highest debt groups. I have also consulted personally the senior administrative officers of the Department in Western Canada, and I regret being unable to recommend to this committee or to the Government any enlargement of the suggestions I placed on the record on July 2, because of the administrative difficulties and the seriousness of principles which would carry adjustment of soldier settler accounts to lower figures. At the same time, I must cheerfully abide by the decisions of the Government if it is decided in view of all the circumstances that something further must be done or shall be done.

The statement I furnished this committee on the 9th instant shows that 51 per cent of the settlers who had obtained adjustments under the Farmers' Creditors Arrangement Act are not making progress or have had their contracts terminated. Analysing this statement further, we find that after excluding the cases where prepayments are now being made and where the loans have been fully repaid or assigned and where the contracts have been terminated, there is a balance of 3,332. Where are these accounts located? 2,537 of them, or 70 per cent, are in the Prairie Provinces—divided as follows: Alberta, 1,108; Saskatchewan, 1,115; Manitoba, 314. What particular parts of the three Prairie Provinces are represented in these difficult cases? I tell this committee that they are mainly concentrated in the areas of the provinces which have for many years been hard hit by adverse conditions. To illustrate what I mean I can submit for examination by the committee a map of crop conditions in Saskatchewan and Alberta last year. This is the situation disclosed by operations under the Prairie Farm Assistance Act. I have personal knowledge of this situation because I am a member of the Board of Review which determines yield categories under that Act. I could if necessary produce the yield maps for 1939 and 1940, and I need not say to western members of this committee that the bad conditions reflected in these maps existed for many years prior to the introduction of the Prairie Farm Assistance Act and they will occur again on the basis of records going back for thirty years.

Apart from cases where the human equation is the main limiting factor, the biggest problem originates in those areas of Western Canada which are subject to recurrent drought conditions. I know and a lot more people know that the general debt problem including the relatively small percentage of soldier settlers in those areas is not going to be solved by measures of the kind applied thus far. Some new ground will have to be broken, but I do not consider that the Director of Soldier Settlement should seek powers to arbitrarily define the boundaries of these hazardous areas merely to develop a lasting solution of the problems of approximately 2,500 soldier settlers. The definition of these boundaries is a matter for Dominion and Provincial Governments to decide. I know and a lot of other people know the general boundaries of these hazardous areas, but I cannot recommend that the Dominion Government commit itself by a formal declaration through the medium of the Soldier Settlement Act just where these boundaries are.

G. MURCHISON.

