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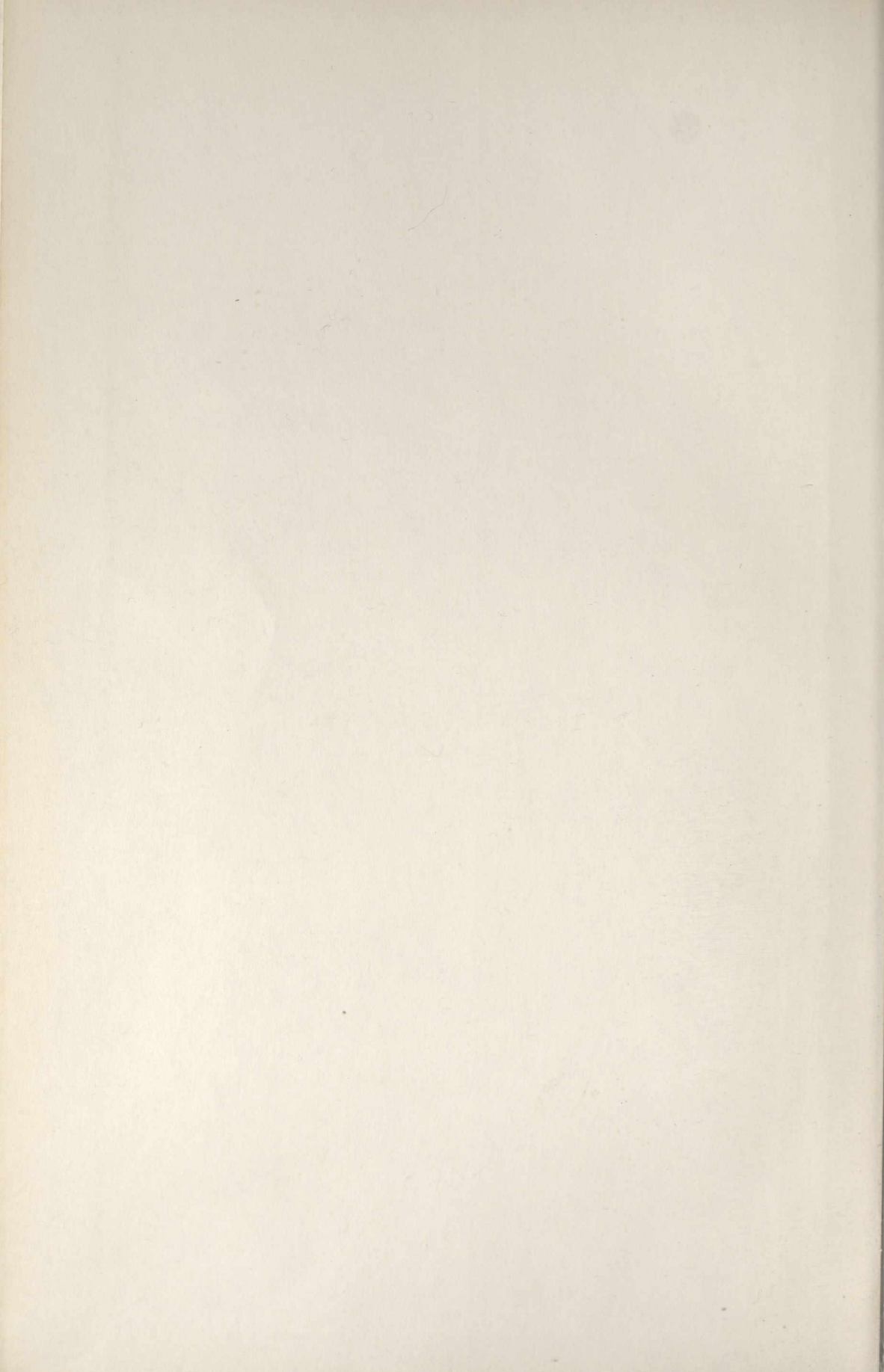
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SENATE OF CANADA

Special Committee on Land Use in Canada
1st Session, 26th Parliament, 1963

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First Session—Twenty-sixth Parliament
1963

THE SENATE OF CANADA
PROCEEDINGS OF
THE SPECIAL COMMITTEE OF THE SENATE
ON
LAND USE IN CANADA

No. 1

TUESDAY, NOVEMBER 26, 1963

The Honourable Arthur M. Pearson, *Chairman*
The Honourable Austin Taylor, *Deputy Chairman*

WITNESSES

CO-OPERATIVE UNION OF CANADA

Dr. R. S. Staples, President, Dr. A. F. Laidlaw, National Secretary and
Mr. George Davidovic, Director of Research.

ROGER DUHAMEL, F.R.S.C.
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY
OTTAWA, 1963

THE SPECIAL COMMITTEE ON LAND USE IN CANADA

1963 Session

The Honourable Arthur M. Pearson, *Chairman*

The Honourable Austin Taylor, *Deputy Chairman*

The Honourable Senators

Basha	McGrand
Boucher	Methot
Buchanan	Molson
Burchill	Pearson
Cameron	Power
Crerar	Smith (<i>Kamloops</i>)
Fournier (<i>Madawaska-Restigouche</i>)	Smith (<i>Queens-Shelburne</i>)
Gershaw	Stambaugh
Gladstone	Taylor (<i>Norfolk</i>)
Hollett	Taylor (<i>Westmorland</i>)
Horner	Turgeon
Inman	Vaillancourt
Leonard	Welch (27)
MacDonald (<i>Queens</i>)	

Quorum—5.

ORDER OF REFERENCE

Extract from the Minutes of the Proceedings of the Senate, Friday, October 11th, 1963.

“The Honourable Senator Macdonald, P.C., moved, seconded by the Honourable Senator Brooks, P.C.:

That a Special Committee of the Senate be appointed to consider and report on land use in Canada and what should be done to ensure that our land resources are most effectively utilized for the benefit of the Canadian economy and the Canadian people and, in particular, to increase both agricultural production and the incomes of those engaged in it;

That the Committee be composed of the Honourable Senators Basha, Boucher, Buchanan, Cameron, Crerar, Fournier (*Madawaska-Restigouche*), Gershaw, Gladstone, Hollett, Horner, Inman, Leonard, MacDonald (*Queens*), McGrand, Methot, Molson, Pearson, Power, Smith (*Kamloops*), Smith (*Queens-Shelburne*), Stambaugh, Taylor (*Norfolk*), Taylor (*Westmorland*), Turgeon, Vaillancourt, Veniot and Welch;

That the Committee have power to engage the services of such counsel and technical and clerical personnel as may be necessary for the purpose of the inquiry;

That the Committee have power to send for persons, papers and records, to sit during sittings and adjournments of the Senate, and to report from time to time;

That the evidence taken on the subject during the eight preceding sessions be referred to the Committee.

After debate, and—

The question being put on the motion, it was—

Resolved in the affirmative.”

J. F. MACNEILL,
Clerk of the Senate.

Extract from the Minutes of the Proceedings of the Senate, Friday, October 18th, 1963.

“With leave of the Senate,

The Honourable Senator Beaubien (*Provencher*) moved, seconded by the Honourable Senator Macdonald (*Cape Breton*):

That the name of the Honourable Senator Burchill be substituted for that of the Honourable Senator Veniot on the list of Senators serving on the Special Committee of the Senate on Land Use in Canada.

The question being put on the motion, it was—

Resolved in the affirmative.”

J. F. MACNEILL,
Clerk of the Senate.

MINUTES OF PROCEEDINGS

TUESDAY, November 26th, 1963.

Pursuant to adjournment and notice the Special Committee of the Senate on Land Use in Canada met this day at 11.00 a.m.

Present: The Honourable Senators:—Pearson, Chairman; Taylor (*Westmorland*), Basha, Boucher, Burchill, Gershaw, Gladstone, Hollett, MacDonald (*Queens*), McGrand, Smith (*Kamloops*), Stambaugh, and Welch.

In attendance: Mr. Ralph A. Stutt, Special Consultant to the Committee, and the Official Reporters of the Senate.

The Committee proceeded to the consideration of the Order of Reference.

The following witnesses representing the Co-operative Union of Canada were heard and questioned:—

Dr. R. S. Staples, President, Dr. A. F. Laidlaw, National Secretary and Mr. George Davidovic, Director of Research.

At 12.45 p.m. the Committee adjourned to the call of the Chairman, tentatively set for Tuesday, December 3rd, 1963 at 11.00 a.m.

Attest.

James D. MacDonald,
Clerk of the Committee.

THE SENATE
SPECIAL COMMITTEE ON LAND USE IN CANADA
EVIDENCE

OTTAWA, Tuesday, November 26, 1963.

The Special Committee on Land Use in Canada met this day at 11 a.m.
Senator ARTHUR M. PEARSON in the chair.

The CHAIRMAN: Honourable senators, we have a quorum and I think we should commence. We have with us this morning three gentlemen representing the Co-operative Union of Canada. First, is Dr. R. S. Staples. We asked him to give us a brief, and he agreed to do so. With him are Dr. A. F. Laidlaw and Mr. George Davidovic. I would ask Dr. Staples to introduce himself and the other two gentlemen and to give us a little background of each of themselves.

Dr. R. S. Staples, President, Co-operative Union of Canada: Thank you, Mr. Chairman and honourable senators. We appreciate the opportunity of coming to make a presentation to the Senate Committee on Land Use. I am the President of the Co-operative Union of Canada. As we say in the brief, it is a relatively old organization as co-operative organizations in Canada go. It was established in 1909. We do have in our constituent membership at the various levels of organization nearly all of the co-operatives using the English language in Canada.

Dr. Laidlaw, on my right, is National Secretary of the Co-operative Union of Canada; and Mr. George Davidovic is Director of Research.

The CHAIRMAN: Is the Co-op Federee of Quebec affiliated with you?

Dr. STAPLES: No, not in any constitutional way, Mr. Chairman. The Conseil Canadien de la Cooperation, which is the general organization representing the French language co-operatives in Canada, is parallel to the Co-operative Union of Canada in its structure. It is almost identical with our structure, but separate. We work very closely together as two organizations at the points of common interest.

Dr. LAIDLAW: It happens that the Cooperative Federee de Quebec is also a member of Interprovincial Co-operatives Limited, which is a member of our organization; so indirectly there is a relationship.

Dr. STAPLES: It will be interesting to note on that point that Canada is one country where there are no sharp divisions in the co-operative movement, although we do not all agree on every point. In some countries the co-operative movement is quite sharply divided on religion or on politics or on affiliation, rural or urban; but here up until now we have in our membership nearly all types of co-operatives; not all co-operatives but certainly all types, are represented in our membership.

The CHAIRMAN: There is this brief which you are going to present to the Senate committee. Usually someone reads the brief. Would you care to do that, and then we can ask questions later on?

Dr. STAPLES: Yes, Mr. Chairman, I should be glad to do that. This brief is an unusual one, in that it is brief. It is the kind of document which could

have been produced in 30 or 40 pages, and before we are through you may feel we should have done that, but we felt it was better to keep the words on paper relatively few in order that there would be time for discussion.

I shall refrain from commenting on the paragraphs as we go along, with one or two exceptions, in the hope that the members of the committee will note the areas of discussion that are of interest primarily to them.

Paragraph A has been covered, I think, by what I said at the start, although I should add one point which is usually overlooked because it is taken for granted in Canada. The co-operative movement in Canada, as we represent it, is very strictly non-partisan. We deal with all governments and all political parties on an equal basis. This has always been the case and there is no indication that it will ever change so far as we are concerned.

INTRODUCTION

A. REPRESENTATION

We are speaking today for the Co-operative Union of Canada (CUC).

Our organization was established in 1909. It is a federation, the principal members being provincial co-operative unions and certain interprovincial co-operatives in Canada. The CUC has in its constituent membership, at the various levels of organization, nearly all of the English-language co-operatives in Canada. A parallel organization, Le Conseil Canadien de la Cooperation, serves the French-language co-operatives, and the two work in close consultation at points of common interest.

B. STATISTICS

It is not our purpose to review in any detail the extent of the co-operative movement in Canada. The best existing statistics are found in an annual report compiled by the Economics Division of the Canada Department of Agriculture. For the fiscal year ending in 1961, about 2000 co-operatives, mostly marketing and purchasing types, had about 1,600,000 members and assets of about \$716,000,000; in 1960-61 they handled goods and services valued at about \$1,425,000,000. The business of credit and insurance co-operatives is not included in these figures.

While the rate of growth varies greatly from one part of Canada to another and from one line of business to another, the overall growth of the co-operative sector of the economy is quite encouraging and provides solid ground for confidence in future development.

C. INTENT

The Special Committee of the Senate on Land Use has received many briefs and rich documentation on the subject with which it is concerned. The problems involved in land use and rural development have been well described by various representative bodies and technical experts. We have assumed that we are not expected to cover the same ground. Instead we propose to deal largely with rural problems from the viewpoint of appropriate co-operative action, and to suggest steps which might be taken to speed the attainment of solutions through more widespread application of co-operative principles and methods.

D. MAIN POINTS

There are four main points we wish to make in this presentation, and we shall do so quite briefly in order that there will be time for discussion. In summary the points are:

1. The value of co-operative organization is widely recognized, generally for the lower income sections of society and particularly for primary producers.

2. The need for extension of co-operative activity in Canada is apparent, particularly so in lines of business of interest to agriculture.
3. There is evidence that succeeding governments of Canada have not held a positive attitude towards co-operative development and have not consciously set out to create an environment favourable to the growth of co-operatives.

We would like to emphasize here that we are not criticizing this government, or any particular government. Our criticism is general.

4. The Government of Canada, working with general farm organizations and the co-operative movement, should investigate carefully the possibilities of improved land use and rural development through co-operative action.

Section I—The Values in Co-operative Organization:

This section is a brief review of some of the major benefits deriving from co-operative organization, particularly from the standpoint of the people who live in rural Canada.

1. Costs in agriculture can be reduced through co-operative organization:
 - (a) in production, and
 - (b) in the procurement of equipment and supplies.
2. Returns to producers can be increased by co-operative processing and marketing.
3. Many services considered essential for good rural communities can be best secured or improved by co-operative organizations. Electricity, medical services, community pastures, artificial breeding, seed cleaning, cold storage, transportation, water supply—these are the commonest types of rural service co-operative in Canada.
4. The value of co-operatives in community development is widely recognized by international agencies and by authorities in this field.
5. By participating in co-operatives people acquire the ability to understand and direct the business functions on which they are dependent.
6. Co-operative participation engenders more positive attitudes and greater self-reliance, thus reducing the need for subsidies and paternalism.

Section II—Areas of Co-operative Need in Rural Canada:

In this section we make no attempt to describe a plan of action but only to indicate some of the problems that could be solved—in part at least—through well-conceived co-operative programs and the extension of existing co-operatives:

1. There is much evidence that special institutions are required to meet the need for the financing of agriculture and agricultural co-operatives. This is partly because farming, typically, is a way of life as well as a business, and partly because supervision is an almost essential part of certain forms of credit.
2. Co-operatives in marketing and in processing, in carefully-planned coordination with marketing boards, reduce the price spread between producers and consumers and at the same time give producers some of the benefits of larger-scale operation.
3. In the case of small owners, good forest management implies co-operative marketing and, for best results in the long run, co-operative processing as well.

4. One of the most obvious needs is for co-operative operation of certain types of agricultural machinery; for example, in spreading chemical fertilizers, in applying insecticides and fungicides, in ditching, draining, contouring and clearing.
5. Through co-operative organization farmers can rationalize the distribution—and in many cases the manufacture—of their own requirements, thus reducing considerably the cost, for example, of machinery, fertilizers, spray materials, feed stuffs, hardware, fuel and household requirements.
6. Co-operatives for operation of production facilities, including land, pasture, feed lots and dairy barns, have possibilities as yet not fully explored in Canada.
7. Groups of farmers could provide themselves at reasonable cost with a farm management and accounting service on a co-operative basis.
8. Through co-operative organization, farmers in certain areas could earn additional income from the holiday business, e.g. advertise accommodation, lay out scenic trails and provide hunting and fishing facilities.

Section III—Position of Government:

If the Government of Canada had been convinced of the value of co-operatives, firm policies intended to encourage the organization of co-operatives would surely have been adopted. But points like the following indicate the lack of effective policies or adequate legislation:

1. In no Federal legislation is the need or value of co-operatives recognized in the same way as the Bank Act recognizes banks and the National Housing Act recognizes houses or dwellings.
2. Incredible as it may seem, there is no general federal legislation under which a co-operative can be incorporated in Canada.
3. There is no special federal institution or program for assistance with co-operative financing, as there is in many other countries.
4. Sec. 75 (3) of the Income Tax Act (the so-called 3% provision) cannot be justified. It actually operates as a penalty clause on patronage refunds in co-operatives.
5. The Farm Credit Corporation applies the same loan limits to a co-operative farm that are applied to a farm owned by an individual.
6. Though the situation in Canada differs from that of the USA in several important respects, the contrast between the extensive program of co-operative promotion carried on by the United States Department of Agriculture and the very limited program in Canada is just too great.
7. No doubt ARDA will provide a bright spot in this gloomy picture, for it does seem to have possibilities from a co-operative standpoint, but present programs do not indicate that major emphasis is being given to co-operative development.
8. The federal government spends large sums on research into better varieties and breeds and on improved methods of agriculture and husbandry, but little on research into new techniques of organization.

Section IV—Proposals:

The Senate of Canada, led by its Committee on Land Use, is a body in position to play a unique and constructive part in developing positive programs for the improvement of agriculture and rural life.

We have three suggestions:

1. The Committee should use its influence to see that a general co-operative act is passed by the Government of Canada.
2. Special attention should be given, in collaboration with appropriate co-operative organizations, to problems associated with the financing of co-operatives.
3. A special committee or commission should be established, including representatives of both government and co-operatives:
 - (a) To study the co-operative movement and its potential for agriculture and rural life, including the role which the Government of Canada can properly play in its development;
 - (b) To survey the relationship between co-operatives and government in selected countries, as a source of information on what could be done in Canada;
 - (c) To review the various pertinent federal acts to ascertain how they could be improved from the standpoint of co-operatives;
 - (d) To recommend steps which should be taken to speed up co-operative development in the interest of better land use and more satisfactory rural living.

CONCLUSION

In the changes enveloping agriculture in Canada, two needs clearly emerge: the need for greater efficiency in production and marketing, and the need for larger-scale operation. Both of these needs can be satisfied—to an extent varying with conditions—through organized self-help and co-operative action.

Therefore, it seems only sensible that government in Canada should set about helping to develop co-operatives in a determined manner—always, of course, respecting their independence and democratic nature. But before programs are instituted, careful thought should be given to the method to be used and to the relationships entailed. The Senate Committee on Land Use could take the lead in ensuring that proper foundations are laid.

With agriculture weak and rural life confronted with great problems in the developing countries of the world, it is worth noting that international agencies of all kinds, including FAO, ILO and other sections of the United Nations, are giving increased emphasis in their programs to the development of co-operatives. This is a strong indication of the direction in which the best type of rural development can take place in Canada also.

The CHAIRMAN: Very good, sir. As you said before, your presentation is brief and to the point. Any questions, honourable senators?

Senator GERSHAW: With regard to paragraph 4 on page 5, I would like to ask if any serious consequences have come to your attention in connection with the poisonous effect of pesticides.

Dr. STAPLES: Do you mean, particularly to the attention of the co-operatives?

Senator GERSHAW: Anywhere. They are now being used pretty generally. Are there any reports of poisonous effects on livestock, birds or vegetation? Have you any information on that?

Dr. STAPLES: We have no information that arises through co-operative channels. Of course, co-operatives are engaged in the business of assisting farmers to take care of bugs and diseases, and are concerned, as is everyone, that great care be taken in the use of these chemicals. However, we are only following the leads of departments of agriculture in their use, and certainly as

more information becomes available the co-operatives will be quick to apply it in the interest of their members.

Senator McGRAND: I would like to have someone enlarge on paragraph (a) on page 8:

To study the co-operative movement and its potential for agriculture and rural life, . . .

I would like someone to enlarge what you have in mind as to things that could be done.

Dr. STAPLES: In terms of how the study should be organized?

Senator McGRAND: Yes. What specific things have you in mind?

Dr. STAPLES: This is fairly well set forth in section 2. These are some of the areas of co-operative development we think should be enlarged or instituted in Canada, as the case may be.

Maybe I misunderstand your question, but this was the purpose of section 2, to outline what more should be done along co-operative lines.

Senator McGRAND: I mean, long-term plans. Looking forward, what would be a long-term plan? Could you specify what the long-term plan would be?

Dr. STAPLES: I am not sure we can outline a long-term plan in detail on short notice, but roughly it would be to give to the operators of farms in Canada—speaking of agriculture for the moment, of course, and realizing this is only one area of activity for co-operatives—it would be to give to operators of farms in Canada—and the average farm in Canada, though it is growing, is still not large—some of the benefits of larger scale operation in production, in marketing, in processing of products, in the procurement of equipment and supplies, both sides of the operators' business. This could be done, and to some extent it is already being done, more economically and more effectively through co-operatives provided, of course, they are well organized and well managed.

Senator McGRAND: I would like you to enlarge a little on paragraph 1(a) on page 3, "in production". Just what kind of production do you figure you could get into in co-operatives and do good to the farmer? I have something in mind.

Dr. STAPLES: The examples that could be used are numerous, but I think one of the most outstanding examples of a very widespread and relatively new service in Canada is the artificial insemination of cattle. This is a program that really has reduced farm costs and has made cattle production much more efficient because better strains could be spread over a much larger number of animals. This is one of the most spectacular examples of reduction of costs through co-operative efforts.

Senator STAMBAUGH: That seems very reasonable. Just outside Edmonton there is a co-operative engaged in raising chickens, and they have made it so tough for the ordinary farmer that they cannot raise chickens on a competitive basis. This is making fryers and broilers, and so on, cheaper to the consumer, but it has just about put the average farmer out of business in raising chickens and also eggs. That is the poultry co-op.

Dr. STAPLES: This is the Alberta Poultry Producers' Limited. Is that the one to which you refer?

Senator STAMBAUGH: That is right. Just outside Edmonton they have about 20 large buildings where they are raising chickens, and they raise them cheaper than the ordinary farmer, that is for sure; and I believe they are making a small profit on the operation.

Dr. STAPLES: Of course, this business is owned by the farmers, as I understand it.

Senator STAMBAUGH: That is right.

Dr. STAPLES: So if the Alberta Poultry Producers' Co-operative is going into this business it would only go into it with the consent of the members. It could not do so otherwise.

Senator STAMBAUGH: I expect so, although the membership is not large in that co-op. It is a real commercial institution; that is what it amounts to; it is run in that way, and the profits are not very large, and they are not spread over a large range of farmers, but it certainly is putting the small farmer out of the business. For instance, the farm women who used to raise chickens and eggs, and the like, just cannot compete with that.

Dr. STAPLES: Yes. Of course, the chances are that if the co-operative were not doing it someone else would, for it is happening in other parts of the country too.

One point is that the marketing co-operatives, particularly in poultry in Canada, have faced a serious situation. Unless they could provide a large volume of certain types of product in a timely fashion and a dependable way, they could not hold their market. They found it difficult to rely entirely on a large number of small producers of the product needed to satisfy the demand. So in some cases, in order to fill in slack periods and to keep their equipment busy and used economically, they went into some production of their own. In the case you mentioned they actually produce the birds themselves.

Senator McGRAND: They have their own hatchery as well.

Dr. STAPLES: Yes.

Senator McGRAND: I think it is a highly debatable point. As you say if they had not done it somebody else might have. That is questionable. Possibly it is true, but you are guessing on that.

Dr. STAPLES: I am only suggesting, but that is what happened in order areas. There may be some advantage even at that, in having the production and marketing under farmers' control—as it is, I am sure, in the case you mentioned.

Senator STAMBAUGH: There is that possibility. I am not sure myself. I am wondering about it and would like to have your ideas on it.

Dr. STAPLES: I think you raise, in principle, one of the most difficult questions the co-operative movement has faced in marketing.

Senator WELCH: The question I would like to ask is, is this co-operative receiving any Government assistance?

Dr. STAPLES: That would be something I could not answer, because I do not know. Some co-operatives in related fields certainly have the advantage of the Cold Storage Act, which does not apply to co-operatives alone.

Senator WELCH: We find in our section of the country we have one large co-operative, and they will work until they get to the point where their finances have pretty well all gone, and then the Government comes to their rescue again. Just a while ago the Government made a loan of a quarter of a million dollars, in my way of thinking driving the other people out of business. When we get to the point where we have not any money we go bankrupt, but this co-operative does not go bankrupt, as the Government comes to their assistance again. In one case they made a loan of a quarter of a million dollars from the Government and rather than go bankrupt they wrote it off, and then they turned around and mortgaged their property and got another loan of money.

Dr. STAPLES: What part of the country is this, Senator?

Senator WELCH: Nova Scotia.

Senator McGRAND: I would like to ask Senator Welch if he can draw any distinction between this and the handout which government gives to private industry at times.

Senator WELCH: I suppose governments do give private industry some money at times, but I don't suppose they give small farmers, home-owned farms, very much. I don't think the Government gives home-owned farms any handout.

Senator McGRAND: But in private industry.

Senator WELCH: In private industry, yes.

Dr. LAIDLAW: We have one instance where the Government stepped in and helped the co-operative. That is in the case of the Wheat Pool in the west. They were down to the bottom, in the early 1930's and the Government stepped in and helped them. They have, however, paid back all loans since then.

Dr. STAPLES: Senator Welch mentioned an area of discussion dealt with in the brief. We were perhaps a little way out in suggesting that co-operatives receive little or no help from the Government of Canada. Because in certain times and in certain places government has helped to finance them. And this is appreciated. This is true federally and in almost all provinces as well. Some provinces have fairly well developed programs for this, but in the main and speaking generally it is on an emergency basis or a hit-and-miss basis. Sometimes it results from political pressure in a local area. We think that this is a dangerous thing. Business ought to stand on its own merits.

It is our view, and we would like to think this Senate Committee will help us, that there should be a careful study made of the problems of co-operatives in financing under modern conditions, and the extent and way in which governments might help.

It might be decided that co-operatives, if they use the money they have wisely, would not need any government financing, but personally I am inclined to think, taking the long-term capital needs into account, that it will not be possible in the foreseeable future for the members themselves to finance growth, and, if they have to rely only on their own funds, growth will be slow. We feel that the co-operative method should be encouraged, and that there is a role of government to play in this. But nobody in the co-operative movement, in the Government or in farm organizations, has a clear view and understanding of what the proper role should be. Senator Welch has some objections; they may be well based. It is not known what is involved, but we should set about finding out.

Senator SMITH (*Kamloops*): Mr. Chairman, I don't want to jump around, but my question is closely related to the discussion which has taken place recently. I am very conscious of a feeling among small operators, whether a small farmer or a small storekeeper in a residential area, that there is a tendency in these days to stress the bigness of operation, and big operators are squeezing the little fellow out, and there is a lot of criticism directed at co-operatives for doing much along these lines, just as the chain operators are doing in the grocery line.

I think there is a vital and fundamental reason that has to be answered by the co-operative movement in connection with the allegation that the co-operative movement acts to the detriment of the independent operator. I see on page 6 under section 4 something which seems to deal with this, and I would like to hear what argument there is to answer the charge that the co-operative movement is enjoying preferment in connection with income tax and the profits tax.

Dr. STAPLES: That is in itself a very important and timely question right now. The question of taxation, the income taxation of co-operatives, was

referred to by Mr. Carter as one of the most difficult questions the Royal Commission on Taxation faces. In terms of its impact on the Canadian economy, it is by no means the most important question but it is an extremely important one. It is highly controversial, and not by any means a new question.

To put it in the briefest possible terms, there is only one Income Tax Act in Canada and it applies to all corporations alike. There is one exception which I shall come to in a moment. But in the main it is true that any corporation in Canada can reduce its income through the payment of patronage refunds to its customers, as long as it does so in accordance with the terms of the act. It does not matter whether it is a co-operative or any other corporation. In this sense there is no difference. But that is rather a superficial view.

Actually there is a difference in the way the act affects the different types of businesses and not because of the terms in the act but because of the nature of the business. A co-operative to the uninitiated looks much the same as any other business of the same type. Like any other firm, it has an inventory, cash registers, bank account, and employees. But there is a fundamental difference. The ordinary corporation expects to make a return on investment. The co-operative exists for the purpose of providing a service for the members at cost. If there is a surplus in the co-operative, some might call it profit—that is not the proper use of the term, for the surplus is money that belongs to the members—it is not the property of the co-operative in the sense that the management has the sole right to determine what shall be done with it. The surplus, whether a thousand dollars or a million dollars, belongs to the members. The board of directors takes it to the members and says "What do you want done with this?" The members may say they want it in cash, or they may decide to leave it in temporarily for the expansion of the program. They may say they want to put a part of it into general reserve. If they do this, that becomes liable to income tax in the same way as it would with any other industry. But the difference is in the nature of the organization and the purpose for which it exists. This is a point not very well understood by many people in Canada, and it would seem that co-operatives have not done a good job in making it understood.

Dr. LAIDLAW: May I ask a question; where does the surplus come from that they get?

Dr. STAPLES: Here we have to distinguish between the basic types of co-operative: the purchasing type and the marketing type. In an ordinary retail co-operative, a purchasing co-operative—we look at it from the standpoint of the members—in this case a surplus arises from the difference in what a co-operative pays the wholesaler and what the member pays to the co-operative. If the margin is sufficiently large a surplus develops. This surplus is morally, and also legally in most cases, the property of the members and it is they who decide what shall be done with it.

Senator SMITH (*Kamloops*): I have a supplementary question. My question has to do with the independent operator in a co-operative, and the profits he gets from the surplus. If he gets this profit and it raises his income, does it become a part of his income for the purposes of income tax?

Dr. STAPLES: If a co-operative is marketing produce, the members sell their supplies to that co-operative and the co-operative processes it, or whatever they do, and sells it, if the price more than covers the cost of the produce and the cost of operations then there is a surplus, sometimes called a final payment. This eventually goes back to the member and in the year in which it is distributed, in whatever form, it becomes a part of his income and of course he pays tax on it if it puts him in a taxable bracket. This is well established in Canada.

Mr. Chairman, you will recall the taxation of Canadian co-operatives was studied in considerable detail in 1944-45 by the MacDougall Commission, the Royal Commission on Co-operatives, a specialized commission.

That commission did clear up one area of doubt which to some extent existed. It did appear that under some circumstances there could be money effectively in the hands of the co-operative, the ownership of which was not always perfectly clear, and whatever else it may have done or may not have done the report of the commission resulted in legislation that cleared this up completely.

Now, the co-operative pays the surplus to the member in a way that is recognized in the Income Tax Act. If it pays it to the member—and I am now speaking about marketing co-operatives—it becomes the member's income and he is taxed on it if it puts him in a taxable bracket; or the co-operative retains it to its own account in a general reserve and if it does that it pays tax on it. So there is never any doubt, once this transaction is completed, whose income it is. This is the situation as it exists today, and it is an improvement.

Senator BURCHILL: Just on that point: I am interested because I belong to a dairy co-operative and I sell them milk. I am a shareholder. Every year I get a statement from the co-operative that it has made so much money on my share capital and I have to pay income tax on the profits they make. But, I cannot get them. That goes on year after year. I pay income tax on the profit of my share capital in the dairy but I cannot get the income.

Dr. STAPLES: The reason you pay income tax on it, of course, is that at that time it becomes your property. You could get it if you could persuade the majority of the members that you should take it out.

Senator BURCHILL: Well, I have not been able to do that.

Dr. STAPLES: I am surprised at that.

The CHAIRMAN: Is this money placed in reserve?

Senator BURCHILL: All I get is a statement from the co-operative, and a copy of it is sent to the Income Tax Branch.

Dr. STAPLES: Senator Pearson asked me if that money is placed in the general reserve. It is not. It stands there to your credit as your share of the surplus. The legal position is that you have been paid this money and you have reinvested it in accordance with the bylaws of the co-operative.

Senator McGRAND: Mr. Chairman, in a co-operative such as that, which has declared a small dividend to a hundred people in the co-operative, if fifty of them said, "Yes, I will take my share out," and the other fifty said, "I would rather let my money stay and build up the assets of the co-operative," have they that individual right or is it the policy of the co-operative to decide whether to pay it all out to these individuals or to hold it for them in trust to be used for future development of the co-operative? In other words could Senator Burchill as a member of the co-operative say that he will take out his share?

Senator TAYLOR (*Westmorland*): As I understand a co-operative, and I am a member of two, there are two different things. There is the interest on the money that you have invested in stock, you have a stock certificate on which you get two or three per cent interest. Then there is a patronage dividend which is declared each year. In the co-operative to which I belong they hold that for a period of so many years. After four or five or seven years they begin to pay you back all the money you have in there as a patronage dividend and which the co-operative has used as a part of its capital. Or you can turn that into a stock certificate. I mean there is an opportunity for you to apply the patronage dividend, to turn it into stock if you so wish.

Senator McGRAND: But, individually, each member has no choice?

Dr. LAIDLAW: Not necessarily, Senator McGrand. Each co-operative makes its own rules and these rules are made by the members themselves in general meetings. Now, if at a general meeting the members decide that 50 per cent shall be paid in cash and the rest applied to capital, that is the way it will be done. If on the other hand the members decide that for the next ten years it will be placed in capital until the principal builds up to so much, then that will be the procedure.

The CHAIRMAN: Is that capital a reserve?

Dr. LAIDLAW: No, that is not reserve.

Dr. STAPLES: In your example the 50 per cent might be reserve if it is not paid out.

Mr. Chairman, the further we go the more complicated it sounds. The members at annual meeting, confronted with a recommendation on the part of the directors as to what will be done with, say, \$100,000, the board might recommend that a quarter of it be put into reserves. The general reserve is allocated to no one, and if they decide on that then the co-operative would pay income tax on that 25 per cent. They might decide that another 25 per cent be paid out to the members in cash right then and there, and they might decide that the remaining 50 per cent be paid to the members in the form of share or loan certificates, and if that is done that money proportionately becomes the property of the member, so that the member's income out of the co-operative in that year was 75 per cent of the surplus and 25 per cent is retained by the co-operative. This is the typical kind of thing that happens.

There are co-operatives that finance—perhaps not many—but just to show the weight of Dr. Laidlaw's point, there are co-operatives that do their financing on an individual basis. That is where all the money is made available to the members and the members are encouraged to reinvest it. They can take it all out if they wish. In one co-operative I happen to know about, they actually have the cheques at the annual meeting payable to every member but they suggest that the co-operative would like to have the money re-invested and the members are asked to leave it in, and in this case a large percentage of it is left in.

Senator BURCHILL: Mr. Chairman, I have to compliment the union for this brief—it is an excellent one—and also for its manner of presentation and the way in which these points have been brought out. I think the union must be commended for doing that.

Is it possible to give us a short review as to just how the co-operative movement is progressing in each province in Canada from coast to coast?

Dr. STAPLES: Dr. Laidlaw could present that outline very well indeed.

Dr. LAIDLAW: Mr. Chairman and senators, the future of co-operative development across Canada is spotty and uneven. First of all the main characteristic is that the co-operative development was largely in agriculture. But this is changing. At least one-half of the co-operative development in Canada is located in the Prairie provinces. This to a large extent is because of the overwhelming size of the business of the grain marketing co-operatives.

Therefore, the first picture, which was province by province, is very spotty and uneven. Some provinces are making very little progress and others are making considerable progress.

The next feature that I think is worth noting is that the purchasing type of co-operative is increasing at a much faster rate at the present time than marketing co-operatives. This does not mean that the marketing co-operatives are at a standstill but it means that in relation to the total Canadian economy the marketing co-operatives are not making the progress that they did make for say a quarter of a century in Canada. Today the purchasing co-operatives

are growing very much faster and again that has been mostly in the Prairie provinces.

However, for example, in the past couple of years the trend is very noticeable in the Province of Quebec and it is strengthening in that province.

The next general picture which I think would be of interest to you is that certain types of co-operatives which are relatively new on the scene are growing very much faster than the older types of co-operatives. An example in that case is insurance. There were many of the old farm fire mutuals, which are really co-operatives, in the early days, but in the last 20 years the co-operative movement in Canada has been developing different types of insurance co-operatives—life insurance, automobile, fire, casualty, sickness and accident—and these co-operatives have been growing quite well in the past, say, 20 years.

The other type of co-operative that is growing quite well is the credit co-operative. The story of the Caisses Populaires in the Province of Quebec is very well known. It is growing very well. At the present time the credit unions are growing more rapidly in some other parts of Canada, notably in the Prairie provinces.

There are certain types of co-operatives which are not growing well at all in Canada, for example, the housing co-operative—and this is a disappointment for us and we do not know the reasons why. Senator Burchill knows about that in his part of the country, as there is one in his community.

It is a strange thing that in the Province of New Brunswick there are no more housing co-operatives. Some people think it is the lack of legislation. I think that is one reason.

These are the general pictures of co-operative development in Canada.

We say in the brief that the co-operative movement is growing quite satisfactorily but we can still see very, very serious gaps in the total development. Have I made the points clear?

Senator BURCHILL: In my own community the credit unions have done a perfectly marvellous job. It is just fantastic what they have done. Yet right a short distance away, not more than two miles, in a town, it has been more or less a failure. It leads me to the conclusion that it is the management, the fellows who are at the head, who either make or break these things.

I cannot say too much for what the credit union has done in my village; and the amount of money that those boys have accumulated there is, as I say, just fantastic.

The CHAIRMAN: There is a question I should like to ask Mr. Stutt who is Chairman of the Land Economics Division in the Department of Agriculture, in regard to ARDA.

Senator TAYLOR (*Westmorland*): Just a moment, Mr. Chairman. May I ask a question first. Dr. Laidlaw, did you include in these marketing co-operatives the marketing boards which are established now—or is that outside?

Dr. LAIDLAW: That is outside. In some parts of the country the marketing boards are in close collaboration with marketing co-operatives. We have some cases where the marketing board names a marketing co-operative to be its agent. For example we have that in the hog producers in New Brunswick and Nova Scotia, where the hog producers marketing board names the co-operative as its agent.

Senator TAYLOR (*Westmorland*): Has that type of marketing been enlarged very greatly in the last 10, 15 or 20 years?

Dr. LAIDLAW: Yes.

Senator TAYLOR (*Westmorland*): By marketing boards taking over marketing of various products, where co-operatives have not been in existence in some cases?

Dr. LAIDLAW: Yes, and in some cases the work formerly done by a marketing co-operative is sometimes absorbed by a marketing board. I think that is true of the marketing of tobacco.

Mr. STUTT: Mr. Chairman, just about a year ago we contacted a number of groups to present briefs to us and at that time the committee was concerned with how they could help ARDA in getting their program under way. I was thinking particularly of that—and we contacted Dr. Staples on this—to show how the co-operative movement could assist ARDA in rural areas in planning and showing how projects could come up from the ranks, as it were. I notice Dr. Staples has prepared a brief, dealing with ARDA and the co-operatives, which is referred to here in this brief. Perhaps he might review that and give us the highlights of it.

Senator STAMBAUGH: Mr. Chairman, before we get off this brief, I have another question I should like to ask. On page 6, the brief says there should be some legislation recognizing the co-operatives, similar to the Bank Act.

Since I have been here, practically all the legislation I can remember with regard to co-operatives has been helpful and generally speaking has been asked for by the co-operatives; whereas if we tried to put through legislation that would restrict co-operatives, as we do the banks—and we make it pretty tough for the banks and they have been protesting most of the legislation we put through—it seems to me that that point is not very well taken.

Dr. STAPLES: It may be that point is not as clear as we would like it to be.

Senator STAMBAUGH: Let me go a little further, Mr. Chairman. We allow the co-operatives practically to run themselves. All those little co-operatives throughout the country can have their own rules and so on. We surely do not give the banks any chance like that.

Dr. STAPLES: No. Our point here is that Canada recognizes the need for banks and sets up an act to make it possible to have a bank and decides what the nature of the bank will be.

Canada decides that there is great need for housing, for Government assistance with the housing problem, so we set up a National Housing Act to meet this need, and it does a tremendous job.

If Canada had recognized that there was a need for co-operatives to help the weaker elements in our society, presumably there would have been legislation to assist co-operatives and encourage them. But there is no legislation of that nature in Canada, no general federal legislation.

Senator STAMBAUGH: I do not know how general it is. I remember that 10 years ago the co-operatives in Saskatchewan came here. I sponsored the bill myself. I do not just quite remember what it was all about now but I do know this, that the co-operatives were there. The marketing co-operatives wanted to borrow money from the credit unions and they were not allowed to do so at that time; but we put legislation through here so that they could. I do not remember if it was very helpful—I followed it along. That was national legislation.

Dr. STAPLES: That would be the Co-operative Credit Societies Act?

Senator STAMBAUGH: Yes, that is right.

Dr. STAPLES: I remember it, in 1953 or 1954.

Senator STAMBAUGH: That is right.

Dr. STAPLES: Incidentally, the Co-operative Credit Society that arose out of that act is quite critical of the legislation—but that may be another subject.

Senator STAMBAUGH: Yes.

Dr. STAPLES: It is true—and it may be that we have tried to say it in too few words—that it is quite possible to incorporate a co-operative in Canada under federal authority by a special act. However, a corporation going into a

business that is not a co-operative does not need to have a special act, as the Dominion Companies Act is there under which it can be set up. However, if an organization is going to be incorporated under federal legislation and operate in accordance with co-operative principles, then of course it has to be a special act. That is a time-consuming and expensive procedure. In spite of that, there are several under such special legislation. But we have said now for something like 50 years that the lack of general federal co-operative legislation inhibits the balanced growth of the co-operative movement in Canada. There are co-operatives incorporated under provincial legislation which in my view, and I think in their view in some cases, would be better incorporated under federal legislation, if there were a federal act.

Senator BURCHILL: All co-operatives are under provincial legislation?

Dr. STAPLES: Most of them, yes.

Dr. LAIDLAW: Take, for instance, the Maritime Co-operative Services. If the Maritime Co-operative Services, or the United Maritime Fishermen—one of these interprovincial co-operatives, was operating in only one province, as New Brunswick or Nova Scotia, it could incorporate under the general co-operative act of that province. When it turns to the federal Government, it has no general legislation to incorporate under; so it has to go to the Dominion Companies Act and incorporate under that act; and they have to try to tack on to their by laws the features that they would ordinarily get automatically under a co-operative act. At the same time, the lack of federal legislation leaves the co-operative movement unprotected in a number of ways. For example, the use of the word "co-operative" or "co-op", which we are always trying to protect. At the present time any company in Canada—and it has happened this way during the past few years here—which has been refused incorporation at the provincial level because it cannot qualify as a co-operative, can come to Ottawa and get incorporated under the Dominion Companies' Act and call itself a co-operative, when it is nothing of the sort.

Dr. STAPLES: We rely on the alertness of some highly qualified civil servants to prevent this from happening, but still it does happen sometimes as there is no legislation to protect the word "co-operative".

Dr. LAIDLAW: There are certain features peculiar to co-operatives which we want to retain. For instance, the transfer of shares. In a co-operative it is recognized that the shares must be transferred only with the approval of the board of directors, and they should not be sold on the open market and transferred freely outside the membership. Well, we have for a number of years placed before the federal authorities all of the features that we would like to see in a federal act, and for one reason or another nothing has been done.

Senator STAMBAUGH: I have never noticed that. It seemed to me that anything we would put through would be something the same as with corporations. We lay down a line and a regulation that they have to do certain things in a certain way. It seems to me that if we tried to do that with co-operatives it would be more restrictive than helpful; but if you have some idea of what would be helpful I think most of us would be glad to take it up.

Dr. STAPLES: We have had a proposal before succeeding governments of Canada, sir, for 50 years, that is not an exaggeration. We have tried repeatedly to persuade governments to enact a federal co-operative act, but so far we have not succeeded. We have hopes of the present Government, and we had hopes of its predecessor, too.

Dr. LAIDLAW: It is worth noting that the Royal Commission on Price Spreads which brought out its report in 1959 does not contain very many specific recommendations. However, one thing they did specifically recommend was the passing of a federal co-operative act. Nothing has happened since.

Dr. STAPLES: There was one point that I should like to mention with regard to income tax, which I was discussing earlier. I said there was one exception to the point I was making. The point I was making was that the Income Tax Act applies to co-operatives and ordinary corporations alike. The exception is the new co-operative in its first three years. If it is a new organization and meets the requirements set forth in the act then it is exempt from income tax for three years. This is not a very important point to us. There is not such a large number of new co-operatives being organized any more, it is a period of consolidation. It is an important concession for a few co-operatives here and there, such as the co-operatives among the Eskimos in the north, apparently, and a few like those; but it should not be overlooked that we do have this one distinct advantage in the Income Tax Act.

Dr. LAIDLAW: I feel that in fairness to the senator at the end of the table we should deal with the objection of Senator Smith (*Kamloops*) that he raised about co-operatives from the viewpoint of the small operator. He suggested that the idea is abroad that the co-operatives are getting big and are not conscious enough of the needs of the small operator.

Senator SMITH (*Kamloops*): Yes. One main complaint is that it is quite unfair competition because the co-op enjoys a preferred position in connection with income tax. What is the answer to that? I am not able to answer the fellow who says that the co-op movement enjoys a position income taxwise that the individual operator does not.

Dr. LAIDLAW: Pardon me, I thought you meant the operator of the small farm.

The CHAIRMAN: I was speaking of farmers, and of everyone who is crushing out the little fellow—the truckers and others. The big argument they raise is the unfairness of the position that they are in competitively with the co-op taxwise.

Dr. LAIDLAW: Apart from taxation, may I spend a moment on this? Typically the co-operative in Canada is a small organization. The average co-operative is an organization, first of all, very often of small operators, and small itself. The typical co-operative in Canada is not a big organization. We start with the small local co-operative or its membership at that level, the small farm operator, or the average citizen at that level. Now, a number of these organizations, it may be 50 or 100, find after a certain period of time at a certain stage of their operation that there are certain things that they cannot do as local organizations and they must set up a central co-operative to provide this type of service; but still even though it may be a fairly large organization at the centre—it still represents the needs and the decisions and the desires of the small operator, the small farmer. The small farmer who happens to be 100 miles away from a feed mill, for instance. The feed mill seems to be a big operation, but it is still a necessary part of his farm operation to have a feed mill maybe 200 or 300 miles away. So I think we should examine what we sometimes call the big co-operative. It is simply an accumulation of the needs and wishes of a lot of little operators, even though the co-operative may be big. I am speaking now, Senator, apart from this tax question which I think is a separate matter.

Senator SMITH (*Kamloops*): It would be interesting to know if the co-op movement deserves legislative aid, and so on. To take an example, I do not think it is fair to point out that the co-op as a rule runs to a small operation. One of the complaints I heard not many days ago was that in the city of Regina there is what is known as Sherwod Co-op, which cannot be considered a small operation. The complaint I heard was that it was cutting into the business of

the stores in Regina, and the unfair part of it was that they did not enjoy the privileges and preferment taxwise that the co-operative enjoys. I would like to have the answer to that argument put to me by an individual operator.

Dr. STAPLES: As I tried to say previously, the difference does not lie in the Income Tax Act, which substantially applies to all alike. The difference lies in the nature of the co-operative and the other business. It hinges on the relationship between the member-customer and the co-operative as compared with the customer of Loblaws or Safeways, or whoever is in competition in the example you used. By way of simple illustration: I am a farmer, I need a tractor and I go to Senator Smith and ask him to go and buy a tractor for me. I give him \$2,000 with which to buy it. Neither of us knows how much it will cost. The arrangement with Senator Smith is to buy the tractor, but if the \$2,000 is more than what he needs. The difference belongs to me. He brings it back to me, do you see? This is the arrangement or the agreement, as it were. So, Senator Smith comes back with the tractor. He reports that it costs \$1,800 and gives me back \$200. I am a farmer, and this reduces the cost of the tractor to me and increases my income. Therefore, the \$200 is taxable income if I am in a taxable bracket. It was not the property of Senator Smith.

However, suppose on the other hand I make an arrangement with Senator Pearson to buy me an automobile and I give him \$2,000 with which to buy it. The arrangement here is the usual one in investor-owned enterprises. He keeps whatever is left over. It is not my property at all. This is the arrangement. If the car or the tractor costs Senator Pearson \$1,800 he has got \$200 left, and this is his income.

This seems to us to be perfectly clear, understandable and fair. Senator Smith, it is the kind of agreement or relationship that exists between the member-customer of the co-op as compared with the relationship between the customer of another business and that business which creates the difference. The inequity in the main is not in the Income Tax Act. We do have a serious quarrel with the Income Tax Act, as we set forth here, but in comparison with the point you are raising it is minor.

Senator SMITH (*Kamloops*): Therefore, your answer to the person who says: "The co-op is stealing our business", is: "You can account to your customers and rebate your profit".

Senator TAYLOR (*Westmorland*): One of the main complaints against co-operatives—and it is made against my co-operative, and there is a picture of it right here on the front page of this little bulletin—is that we have to pay cash. That is the policy. You pay cash for everything you buy from that co-operative. If I go into another store and buy the same thing on time it does not make any difference. I can buy something for cash or buy it by paying so much down and then so much a month for the next 36 months, and there is no difference in the price. That is one of the reasons why some of these organizations are complaining about co-operatives—because they are selling cheaply, or because they are rebating something of the interest.

I think that the fellow who pays cash for any commodity today is the person that is being bled white. It is possible to go into any store here in the City of Ottawa and, if you are known, to buy goods on credit and pay so much a month. In some cases you do not even have to put any money down. However, if you go into the same store with a pocket full of money you find you have to pay exactly the same price as if you bought it on credit.

Senator STAMBAUGH: I think, Senator, you will find that if you add up the monthly payments you pay considerably more in the total.

Senator TAYLOR (*Westmorland*): I have tried this. There is a price on it. I have asked, "How much do I have to pay for it?", and I have been told,

"You do not have to pay anything. We can give you credit terms on it". However, if I want to pay for it in cash I find I pay exactly the same price.

Senator STAMBAUGH: I have often found out that when the number of monthly payments are added up they are always considerably more than the cash price.

Senator TAYLOR (*Westmorland*): In certain instances that is true, but in most of these retail stores it is not.

Senator MCGRAND: We have heard very much about this lately. There have been several bills brought forward all with the purpose of assisting people who are victims of this long-term buying. There must be a lot of difference in prices.

Senator TAYLOR (*Westmorland*): I have never gone into a store yet in the last seven or eight years and found that I could get a cash discount on anything. The price is marked on an article, and that is what you pay for it.

Senator MCGRAND: The other day a person told me that she bought a coat, and that if she did not get it paid for before Christmas she was going to have to pay another \$6. I think that that situation pretty well prevails.

Senator TAYLOR (*Westmorland*): That is a new one. I have never heard of that before.

The CHAIRMAN: Let us hear from Mr. Davidovic.

Mr. George Davidovic: About ARDA?

The CHAIRMAN: Yes. Is there any association between ARDA and the co-operatives? Are you working along with ARDA, or do they call on you at all?

Mr. DAVIDOVIC: The co-operative possibilities with respect to ARDA are not very clear at the moment, but in analyzing the whole act and the policy of ARDA we have come to the conclusion in this report "ARDA and Co-operatives" that, first of all, a co-operative committee should be established within the ARDA structure in order that co-operative problems can be studied and co-operative possibilities analysed.

The main position that we see is in the provision of the act where there is the question of agencies. The law says that ARDA has to carry out its activities through provincial governments or their agencies. What are agencies is not clear, but we presume that co-operative organizations can also be considered as agents, and under this provision the provincial governments can say: "Well, co-operative such-and-such, we ask you and finance you to carry out some kind of program", and it can be an irrigation program, or a program of reforestation or deforestation, or whatever it is.

This is mentioned in a way in Schedule A accompanying the act respecting the contract between the federal Government, or ARDA, and the provincial governments. Co-operative development is mentioned there.

We think the main point would be that co-operatives are considered as agencies, and we think this would be in the interests of the people, of ARDA, of the federal Government and of the provincial governments, because this would induce people to try to find out a solution themselves and to get financial help. If the whole action is carried out by the provincial government irrespective of ARDA directly then that means the Government should cover all the costs, but if it is a question of irrigation or deforestation, or whatever it is, then the co-operative can say: "All right, if you give us 50 per cent we will supply the remaining amount", and there are provisions about this. This would be a mobilization of people's money with the help of ARDA. We have found out that there are large possibilities with respect to co-operative pastures, and

in changing the structure of production where there is at present no possibility of successful production of crops such as wheat, and so on.

We have found out also that with ARDA help there could be established a system of co-operative machinery and tractor stations. Some farmers, especially small farmers—as one of the senators has mentioned—have no possibility of acquiring the necessary machines for themselves. With the financial help of ARDA co-operative machines could be made available at very low cost to small farmers.

Of course, the problems of irrigation and drainage are very important. If co-operatives are appointed as agents the farmers could make a considerable contribution, and not necessarily always in the form of money. Perhaps they could help by contributing their own tractors, their own cars, and their own work. The work would have to be done by the Government and everything paid for by the Government but if it is done through the co-operatives the co-operatives might be able to say: "Well, this work will cost \$100,000, of which we will contribute \$50,000 by working. The co-operative members will work, and will put at the disposal of the project their cars and tractors, and whatever else they have".

Finally, we would like to see the ARDA policy take into consideration co-operative possibilities in the field of forestry. In most other countries which have a similar situation to Canada's—and I am referring to the Scandinavian countries particularly, Finland, Sweden, Norway—those have, on the whole, transferred the possession of forests to small farmers, and it is a very important source of income for the small operator; and forestry processing and marketing requires a large-scale operation, but then the small farmers, small forest owners come together and organize the marketing of forestry products. They can even process and export. So, in most cases we think that especially with these marginal areas, where the farmer is working under difficult conditions, there are possibilities of developing small ownership of the forests, and through co-operative action making it possible for the small operator to take advantage of large-scale operations.

The CHAIRMAN: I would suggest that the idea of an agency, a group of farmers, just as you say, could be an ARDA agency which, in another sense, could be a co-operative. I do not see any reason why it is not so. Is that your understanding, Mr. Stutt?

Mr. STUTT: I am not too sure of that. I think these people have looked into the importance of the ARDA group, but I think it states they are agents of the provincial government. I suppose they could designate a group of farmers, if they wish, but they would have to designate them first, I would gather. One of the main concerns about ARDA is whether it is getting right down to the local level. Also there is the problem of local leadership which is of concern. Then there is the question: Is ARDA doing the kind of things people want it to do? I wonder if Dr. Laidlaw might comment on that?

Dr. LAIDLAW: Is ARDA doing it?

Mr. STUTT: Is ARDA doing the kind of things the local people wish to have done to improve their position?

Dr. LAIDLAW: The general feeling across the country is that ARDA in theory, is an excellent concept, and that there is great possibility for rural development using this technique, but not a great deal has actually, so to speak, got off the ground, so I cannot give you the reaction across the country any more than to say that people admire the idea of ARDA, but we are sort of waiting to see how it will actually get into operation.

Maybe Dr. Staples knows more about the actual ARDA projects. I know of quite a number of ARDA studies that are going on, but the actual projects I am not close enough to to know.

Dr. STAPLES: The administration and staff of ARDA certainly intend to work closely with local people at the community level. We would like to think that co-operatives, since they are community organizations owned and controlled by the people who live in the area and are responsible to no one except themselves, will prove to be excellent instruments to assist with the ARDA program. But I think we all have a lot of thinking and planning to do, both ARDA and the co-operative movement together. I think the principle back of ARDA is sound enough. We have no quarrel with that. There are some aspects of it that could be improved. As we have indicated in this publication, "ARDA and Co-operatives", it might promote and encourage, use and collaborate with co-operatives. But I have a feeling we will find our way through it; it is just so logical.

The CHAIRMAN: It will take time.

Dr. STAPLES: There was a point raised by two senators that I would like to comment on a little further, and I would like to read a quotation for the information of the Committee. I think it was Senator Smith (*Kamloops*) and Senator Welch who raised the question of possible competition between co-operatives and non-co-operatives, and whether in these circumstances Government help to co-operatives is really justified in principle.

We appended to the brief the statement of policy by Secretary Freeman of the United States, and I am not going to read it, but I just call it to your attention.

However, I have here a quotation from an even more current source I would like to read. It will take only two minutes, or less. I would like to read from, *News For Farmer Co-operatives*, the official publication of the farmer co-operative service of the United States Department of Agriculture, the November, 1963 issue, the current issue. It is an article by none other than John A. Baker, the Assistant Secretary of the United States Department of Agriculture. The quotation is on page 16. This is very pertinent to the question raised. The situation in Canada and the United States is not so different that it is not pertinent.

Instead of wasting away, the adequate family farm, in terms of production efficiency, is a growing dynamic force. It has set a fast pace with vast increases in efficiency. It has more than doubled the rate of productivity increase in the non-farm sectors of the economy.

However, the family farm can be driven out of existence by forces outside of farming; by the overwhelming bargaining power of those who sell to and buy from farmers; by vertical integration of farm production with food processing or distribution or both; by contract or captive farming; or even by an imposed incapacity to fit the efficiently produced output of small farms into the narrow requirements of big processing and distributing companies.

We in the department stand ready to encourage the growth of co-operatives that—in conjunction with appropriately designed commodity programs—will strengthen the market position of the farmer regardless of the forces in the market place.

That is a very strong statement.

Farm families can strengthen their ability to survive in a changing market pattern by joining together in strong co-operatives. We need to determine whether existing co-operatives can expand their services

into other farm-related industries. We need to strengthen the legal power of co-operatives to compete more effectively with the growing centers of power within the market structure of agriculture.

We see co-operatives as the business enterprises into which rural people of all economic and educational levels can pool their resources for mutual gain and the common good. Working together in this effort, co-operatives can create the explosive burst of energy and economic growth that will build a prosperous rural America.

That seems to me to be a very significant statement.

Senator SMITH (*Kamloops*): Would you repeat the source again?

Dr. STAPLES: *News For Farmer Co-operatives*, an official publication of the United States Department of Agriculture.

The CHAIRMAN: You have just given me a thought. Senator Stambaugh was talking of chicken farming. Would that be a form of integration?

Dr. STAPLES: Yes, it certainly is a form.

Senator STAMBAUGH: Very definitely it is.

Senator TAYLOR (*Westmorland*): Is it a case where other organizations of that character were in existence, and the farmers of that area discovered they had to do something to compete with this, and so they established the co-operative?

Senator STAMBAUGH: I do not think so. I am right on top of it, and I do not think so. Actually, it was started really not in Edmonton, but down around Strome, only 25 miles from me, and they decided to go into Edmonton, and it has got bigger and bigger. Pretty well every year for the last 10 years they have built new buildings and are hatching more chicks and raising more chickens.

Senator McGRAND: Who are the owners?

Senator STAMBAUGH: This is a group of farmers and the president is a friend of mine, but so far as the average farmer that deals with it is concerned he does not have anything to do with the operation. I know the president very well and he certainly runs the show as if he owned it.

Senator McGRAND: It is not a true co-operative?

Senator STAMBAUGH: Well, there is no profit to the shareholders, except that the farmers are shareholders.

The CHAIRMAN: Do they not issue any stock to farmers?

Senator STAMBAUGH: To start with I know around Strome people put in \$100 a piece, but since that I do not know. It started very small.

Dr. LAIDLAW: In this section to which the senator originally referred, in the production kind of co-operative, the case where a co-operative is in production, like in this hatchery company, and competes with its own members is a very rare thing in this country and would in principle be opposed by co-operatives in general. Now how far that hatchery in Alberta goes I don't know, but I can mention this as a parallel case. I am going to describe a co-operative which I think perhaps Senator Taylor (*Westmorland*) will know from Nova Scotia. In Scotsburn there is a very old co-operative, over 50 years old, and the farmers wanted to get into the hog production business, and in this case the members themselves directed the co-operative to do the first part of the job, which a co-operative with a central plant can do much better than the farmers individually. So they told the co-operative that it should run a pig hatchery, which it does, and they have the little pigs there and they bring them up to so many weeks and then they are taken out by the members and from there on the production process is entirely in the hands of the members. In this

case the co-operative is doing a certain stage of the productive process that can be done better centrally than by the farmers individually. Furthermore in some cases a poultry co-operative, set up for marketing poultry, will operate a hatchery for the purpose of the members. That is the sort of thing we have in mind in the production end.

Senator STAMBAUGH: I think this one started out in that way, but they didn't only sell chickens and turkeys to the members. Anybody could go in there and buy them. I think they sold more to those outside. It is the same with the chickens; they raise them and sell them to the Macdonald Hotel or to anybody else who wants to buy them. But the members who sell eggs for hatching to this hatchery, they are contracted to do so and they have to supply a certain number of eggs of a certain breed, and they are fairly particular about this. They must be that pure breed, and the producers get an extra price for their eggs. But the situation is that anybody can go in and buy the chickens that are raised. Actually they have a daily service in chickens around town and to the hotels and restaurants and so on.

The CHAIRMAN: Any further questions, honourable senators?

Senator WELCH: I would like to ask a question on the profits made and going to shareholders in the way of dividends placed on the book. When you get \$100 worth of dividends you get another share in the company. Now the question I would like to ask is does the company have to recapitalize every so often and, supposing you get up to, shall we say, \$80 or \$90 in certificates and the owner of this passes away, and it goes back to his estate what happens then? Now we must keep in mind that income tax has already been paid on this money when it goes back to the estate. The estate cannot sell this to just anyone, they have to sell it to a select party because only such a party can join the co-operative. Therefore they may say "We don't want John Jones in there," so what does the estate do with the money?

Dr. STAPLES: Under most provincial acts the co-operative would have the authority to repurchase the share.

Senator WELCH: They have the authority but they don't always do it. Why should they do it? Why should they spend this money?

Senator TAYLOR (*Westmorland*): It is an investment. The co-operative to which I belong would be glad to get the stock.

Senator WELCH: But they have the money.

Senator TAYLOR (*Westmorland*): But they don't get any dividends on that money.

Senator WELCH: It can be half the money. It holds the money on this man's dividends and the farmer has already paid income tax on that money. Now he wants to get his money back, but he is gone, and so his widow would like to get the money back but she cannot get it back unless the co-operative are good-hearted enough to say they will give back the money. I think there should be some regulation by which the co-operative would be forced in some way to do so.

Dr. STAPLES: Most of the co-operatives would help in this, and they would be anxious to help to clear up the estate. One of the problems they have had in past years is to keep effective control in the hands of currently active members. That is why co-operatives need authority to purchase the shares so as to be in a position to transfer them to somebody who is an active producer and who can be an active member. This is a real problem. Unless it is in a weak financial situation, and there are some in that position, it would be an exceptional co-operative that would not repurchase shares in circumstances like this.

Dr. LAIDLAW: May I say the largest co-operative in western Canada are the Wheat Pools and they have a standing rule that members may have their money returned under three conditions. Firstly, if the member stops farming, secondly, if he dies, and, thirdly, if he reaches a certain age, in some cases it is 65, and in some other cases it is 70. These are amounts that are held by the co-operative and on which income tax has been paid by the farmer member. The actual cash is returned to him under these three conditions. This applies for example in the Saskatchewan Wheat Pool.

Senator WELCH: I will just mention this point. And I want to speak of the time when we referred to barrels of apples—now they are referred to as bushels of apples. I belong to two co-operatives, one of them in the apple business. As I say, this goes back to some few years ago, when we used to speak of barrels of apples, and we used to hold back 10 cents a barrel so as to bring up the reserves of the company. This is rather close to home because I was manager of this company myself. Then we got to the situation where we had some thirty or forty thousand dollars which we had held back at 10 cents a barrel. That amount of money is still lying on the books of the company because if they pay it back income tax would have to be paid on it. It is still lying on the books of that company. It has been there for about 39 years. This is one of the things I think there should be an act to cover, a Government act. It should be possible to straighten some of these things out because I consider them to be loose ends in the co-operatives.

Dr. LAIDLAW: May I mention that in the case of some of these fruit co-operatives in Nova Scotia, they were organized when there was no such thing as a co-operative act, in 1911.

Senator WELCH: They have changed and been reorganized twice since then.

Dr. LAIDLAW: In the meantime a co-operative act has been passed and is in operation in Nova Scotia. But the older fruit companies to which you refer have not transferred under the act. This is another indication of what we were talking about before, the need for good, sound legislation that takes care of special needs and requirements of a co-operative.

Senator WELCH: I go for that too.

The CHAIRMAN: Well, Dr. Staples, I think we have a very fine brief, and a very good discussion, which I think could last quite a while still before we could get down to all the answers. I would like to commend you on behalf of the committee for the fine work you have done and the ready answers you have been able to give us.

Dr. STAPLES: Thank you very much.

The CHAIRMAN: I am sure we all appreciate the work you have done.

The committee adjourned.



First Session—Twenty-sixth Parliament
1963

THE SENATE OF CANADA
PROCEEDINGS OF
THE SPECIAL COMMITTEE OF THE SENATE
ON
LAND USE IN CANADA

No. 2

TUESDAY, DECEMBER 3, 1963.

The Honourable Arthur M. Pearson, *Chairman*
The Honourable Austin Taylor, *Deputy Chairman*

WITNESS

Mr. A. T. Davidson, Director of the Agricultural Rehabilitation
and Development Act, Department of Agriculture.

ROGER DUHAMEL, F.R.S.C.
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY
OTTAWA, 1963

THE SPECIAL COMMITTEE ON LAND USE IN CANADA

1963 Session

The Honourable Arthur M. Pearson, *Chairman*

The Honourable Austin Taylor, *Deputy Chairman*

The Honourable Senators

Basha	McGrand
Boucher	Méthot
Buchanan	Molson
Burchill	Pearson
Cameron	Power
Crerar	Smith (<i>Kamloops</i>)
Fournier (<i>Madawaska-Restigouche</i>)	Smith (<i>Queens-Shelburne</i>)
Gershaw	Stambaugh
Gladstone	Taylor (<i>Norfolk</i>)
Hollett	Taylor (<i>Westmorland</i>)
Horner	Turgeon
Inman	Vaillancourt
Leonard	Welch (27)
MacDonald (<i>Queens</i>)	

Quorum—5.

ORDER OF REFERENCE

Extract from the Minutes of the Proceedings of the Senate, Friday, October 11th, 1963.

"The Honourable Senator Macdonald, P.C., moved, seconded by the Honourable Senator Brooks, S.C.:

That a Special Committee of the Senate be appointed to consider and report on land use in Canada and what should be done to ensure that our land resources are most effectively utilized for the benefit of the Canadian economy and the Canadian people and, in particular, to increase both agricultural production and the incomes of those engaged in it;

That the Committee be composed of the Honourable Senators Basha, Boucher, Buchanan, Cameron, Crerar, Fournier (*Madawaska-Restigouche*), Gershaw, Gladstone, Hollett, Horner, Inman, Leonard, MacDonald (*Queens*), McGrand, Méthot, Molson, Pearson, Power, Smith (*Kamloops*), Smith, (*Queens-Shelburne*), Stambaugh, Taylor (*Norfolk*), Taylor (*Westmorland*), Turgeon, Vaillancourt, Veniot and Welch;

That the Committee have power to engage the services of such counsel and technical and clerical personnel as may be necessary for the purpose of the inquiry;

That the Committee have power to send for persons, papers and records, to sit during sittings and adjournments of the Senate, and to report from time to time;

That the evidence taken on the subject during the eight preceding sessions be referred to the Committee.

After debate, and—

The question being put on the motion, it was—

Resolved in the affirmative."

J. F. MACNEILL,
Clerk of the Senate.

Extract from the Minutes of the Proceedings of the Senate, Friday, October 18th, 1963.

"With leave of the Senate,

The Honourable Senator Beaubien (*Provencher*) moved, seconded by the Honourable Senator Macdonald (*Cape Breton*):

That the name of the Honourable Senator Burchill be substituted for that of the Honourable Senator Veniot on the list of Senators serving on the Special Committee of the Senate on Land Use in Canada.

The question being put on the motion, it was—

Resolved in the affirmative."

J. F. MACNEILL,
Clerk of the Senate.

MINUTES OF PROCEEDINGS

TUESDAY, December 3, 1963.

Pursuant to adjournment and notice the Special Committee of the Senate on Land Use in Canada met this day at 11.00 a.m.

Present: The Honourable Senators: Pearson, *Chairman*; Taylor, (*Westmorland*), Basha, Cameron, Fournier (*Madawaska-Restigouche*), Gladstone, Hollett, Horner, MacDonald (*Queens*), McGrand, Stambaugh and Welch.

In attendance: Mr. Ralph A. Stutt, Special Consultant to the Committee, and the Official Reporters of the Senate.

The Committee proceeded to the consideration of the Order of Reference.

Mr. A. T. Davidson, Director of the Agricultural Rehabilitation and Development Act, Department of Agriculture, was heard and questioned.

At 12.00 noon the Committee adjourned to the call of the Chairman, tentatively set for Tuesday, December 10th, 1963 at 11.00 a.m.

Attest.

D. M. Jarvis,
Clerk of the Committee.

THE SENATE

SPECIAL COMMITTEE ON LAND USE IN CANADA

EVIDENCE

OTTAWA, Tuesday, December 3, 1963.

The Special Committee on Land Use in Canada met this day at 11 a.m. Senator ARTHUR M. PEARSON (*Chairman*), in the chair.

The CHAIRMAN: Honourable senators, we have a quorum and I suggest that we commence. The Banking and Commerce Committee is also sitting this morning on an important matter, and a good many senators are in attendance there now. However, we are here to discuss an important subject also, that of Land Use. We have with us this morning Mr. A. T. Davidson, Director of the Agricultural Rehabilitation and Development Act, Department of Agriculture, Ottawa. We should like to have a general idea of what is taking place with regard to what is known as ARDA, so without further ado I will ask Mr. Davidson to tell us. We have had you in attendance here before, Mr. Davidson, so I do not need to ask you to give your qualifications.

A. T. Davidson, Director of the Agricultural Rehabilitation and Development Act, Department of Agriculture, Ottawa: Mr. Chairman and honourable senators, I addressed your committee on February 22, 1962. I propose today to attempt to review very generally what has happened in the ARDA program since that time. I regard it as a special privilege to be able to do this before the committee, because your committee had a great deal to do with the ideas behind the ARDA program. A great deal of information you provided, the recommendations you made, the ideas you brought forward, all had a bearing on the formation of the program. That is why I regard it as a privilege to be able to tell you what we have done since 1962 in the program you have had so much to do with.

I am sure that while I am talking on this subject the Chairman will feel free to interrupt to ask questions and in order that you may make any comments you like.

At the time I spoke to you on February 22, 1962, we were holding the first of a series of meetings with the provinces across the country to discuss how best the act might be implemented. The act, as you know, is very broad and general. This first series of meetings took place between December 1961 and March 1962. As you know, the act requires the signing of agreements with the provinces before any projects can be undertaken.

Following this series of meetings a draft general ARDA agreement was prepared and approved by the federal cabinet in May 1962 for discussion with the provinces. Further discussions with the provinces took place during the summer, at which time additional ideas were discussed; the agreement was revised and in final form approved by the cabinet and signed by all ten provinces by October 1962. This discussion and negotiation process was long but it allowed full consideration of provincial views and I believe laid a sound basis for a joint policy and program approach. We have continued these meetings with the provinces actually ever since in the implementation of the program, so that many projects have come forth under the agreement that were actually discussed in the very early stages, that is, in their formation stages.

This general agreement sets forth the working policy for the program, the types of projects that may be approved, the range of federal cost sharing, and provides for a maximum federal contribution of \$50 million over the two and three quarter year term of the agreement, which runs from June 1, 1962 to March 31, 1965.

The general agreement was purposely restricted to a pilot and testing term during which the provinces and the federal Government might try out certain methods of approach leading to the establishment of longer term policy after 1965.

I think it is fair to say that the Government at the time would probably have agreed to a much longer term of agreement. We felt, however, that we were not in a position because additional research was required—and that the time of discussion with the provinces really had not been long enough—to attempt to establish a fixed formula for a long time, so we purposely set it for a shorter period to give us a chance to work out methods of approach with the provinces.

The general agreement is extremely flexible to allow the most effective program to be devised for each region and province.

Following this signing of the general agreement, a series of project agreements to implement specific sections of the program were negotiated and signed with the provinces. These include: alternative land use project agreement, a community pasture project agreement, research agreement, and a rural development agreement.

I will not bore you with a listing of the types of projects and detailed terms of these agreements. I have brought along additional copies of the general agreement for those of you who may be particularly interested. With the signing of these agreements in the late fall of 1962 the program was underway. The provinces had, however, started some projects and programs in the summer of 1962 in anticipation of the signing of the agreements.

During this time, and in spite of the staff economy measures then in force, a start was made at providing a basic staff for ARDA. At present we have a small but competent and dedicated staff. The workload has now grown to the point where we require more such staff.

At the same time it was decided that the Prairie Farm Rehabilitation Administration in the west and the Maritime Marshland Rehabilitation Administration in the Atlantic region would serve as district offices for ARDA in those respective regions.

All provinces have established ARDA administrations and interdepartmental liaison machinery. All have provincial directors or co-directors of ARDA. Six provinces have special ARDA legislation which they thought was required to most effectively complement the federal legislation.

I might review briefly the actual activity to date in projects and programs. Two hundred and sixty-five projects and programs have now been approved and ten are under consideration. The total joint federal and provincial expenditure commitment on these projects is over \$15 million.

This includes 30 projects for the more efficient use of marginal agricultural lands. The majority of these projects are for the acquisition of marginal lands for forestry and combined forestry, wildlife and recreational purposes. The total commitment on these projects is about \$3 million.

As a matter of interest, this includes about \$200,000 for the development of blueberry project areas in Quebec and about \$200,000 for the acquisition of lands specifically for recreation across the country.

The general total I mentioned above includes 41 community pastures—both the acquisition of lands for pastures and the cost of pasture development. An expenditure of over \$3.5 million by both levels of government is involved

in the pasture program. There are 19 in Saskatchewan, 6 in Nova Scotia, 5 in Alberta, 5 in British Columbia, 2 in Ontario, 2 in New Brunswick, 1 in Quebec, and one main pasture project in Newfoundland, which is comprised of 6 smaller pastures.

The community pasture program—we have not had much experience with it in ARDA—seems to be proving an effective method of finding more effective use of marginal lands, and at the same time expanding the base of operation for small, low income farms transferring to beef production. As honourable senators know, the acreage of the farms in these marginal areas is small, and the lands may be marginal, at any rate, but if they have summer grazing in a public pasture, this in effect results in an expansion of their farm business, and this seems to offer an avenue toward farm adjustment in some of these marginal areas.

We are also working out with the provinces alternative land use policies for the purchase of lands and their consolidation into economic units and their resale.

Under the soil and water conservation agreements there are 81 projects with an expenditure commitment of about \$5 million. Perhaps I may give examples of the types of projects under this program, which include bog land reclamation in Newfoundland; small dam construction programs in Prince Edward Island; programs of farmland improvement, including drainage, clearing on existing small farm units, construction of farm ponds, erosion control measures, all aimed at assisting in the maintenance of efficient productivity on better soil areas in Nova Scotia and New Brunswick; drainage and stream improvement work in Quebec; a multiple-purpose watershed development scheme, including water supply dams, erosion control, tree planting, and so on, in Ontario; a water stabilization scheme to protect good agricultural land from flooding in Manitoba, and programs to assist farmers to buy grass seed for planting on eroded areas.

In Saskatchewan, projects of stream improvement, water supply and drainage in Saskatchewan conservation and development districts, and a shelterbelt tree planting program.

In Alberta, another multi-purpose river development scheme and a start on a long-term development program to renovate and improve the operation of existing irrigation districts, to rehabilitate soils subject to salting, to develop more efficient water supply and to improve land for irrigation; and, in British Columbia, renovation and improvement of existing irrigation works.

Under the rural development agreement a number of rural research regions have been jointly selected by the provinces and the federal government and a number of formal rural development areas have been designated, as provided for in the general agreement. We expect that additional rural development areas will be designated as studies go forward in the rural research regions. These areas have been selected in rural regions which have development and adjustment problems. Four rural research regions are under study in Newfoundland; two areas on the east and west ends of Prince Edward Island; the north shore area of Nova Scotia; the Bathurst-Gloucester region in New Brunswick; the south shore of the St. Lawrence and Gaspé, the Brome and Vallée de la Rouge areas in Quebec; the ten eastern counties in Ontario, the Interlake and Central Plains areas of Manitoba, the Torch River, Meadow Lake, Broadview areas and Census District 16 between Saskatoon and Prince Albert in Saskatchewan, and the Edson-Coalbranch area in Alberta. In all these areas a range of physical, social and economic research is either underway or planned. It is intended that this research will uncover leads to proposed adjustment plans. The federal government under the research powers in the act is undertaking the full cost of some

of this research with federal commitments on these fields of research being almost \$800,000. Joint research with the federal and provincial governments sharing the cost in these areas, and on rural development research by provinces on a province-wide basis is now approaching a half million dollars.

In most areas local committees or agencies are actively assisting in the studies. We are confident that this research will throw new insights on the types of income and adjustment problems in these areas and on possible avenues to adjustment and development. The largest research commitments of these kinds so far have been made in Quebec, Newfoundland and Saskatchewan, with Manitoba and New Brunswick next in line.

It became apparent early in the ARDA land use adjustment program that we did not have sufficient information about the capability of our lands for various purposes, to carry out this program most effectively. The Senate Land Use Committee recognized this need in August 1958 when it recommended that a nation-wide land capability study should be undertaken.

The federal cabinet has now approved the undertaking of a Canadian land capability inventory in co-operation with the provinces. This inventory includes the following sectors:

- (a) Soil capability for agriculture,
- (b) Soil capability for forestry,
- (c) Present land use,
- (d) Socio-economic land classifications,
- (e) Argo-climatology classifications,
- (f) Land suitability for wildlife production,
- (g) Land suitability for recreation.

This inventory proposal was placed before the Resource Ministers Council at their plenary session in Montreal on November 19 and 20, 1963, and was endorsed in principle, subject to ARDA agreements with each province to carry out the inventory in that province.

Working on the information compiled by the exceedingly good soil survey carried out in Canada over the past few decades through federal-provincial co-operation, a soil capability for agriculture study is now underway. We hope this may be done in about four years time. The research on climatic aspects for land capability is also well underway. We expect that the entire inventory, if it goes ahead under agreement with provinces, will take approximately five years to complete and it will require additional expenditures of about \$5 million. This amount was not included in the figure I gave at the beginning of my remarks.

If this inventory can be successfully completed, it will provide major background information not now available, both for senior and local governments to assist in land use planning decisions in Canada for two or three decades at least. The carrying out of the inventory itself, the very fact of the number of people involved in it in provincial staffs, will focus a great deal of attention and interest on land use planning in Canada. It is my own personal opinion, as a resource administrator, that the most effective use of lands is the single, important renewable resources management question, and I think that the inventory plus the agreements we have, should have quite an effect on this in the next decade.

A number of more local land adjustment and capability studies in the provinces, amounting to a joint expenditure of \$350,000 are also now underway. The intent of these studies is to obtain necessary land capability and land use information for land adjustment and agricultural development programs

in local regions. As I said earlier, we believe much can be accomplished in more effective land use in the next decade through ARDA land use adjustment projects.

We are now undertaking a number of important water conservation research projects. One is a basic study on the need, the extent, and the economics of a long term program for the renovation of the existing irrigation works in areas in Alberta. Research costs are being shared, and of course under our agreements the actual program of work to be done will be shared by local interests and the provincial and federal governments.

Another important area is expanded and accelerated ground water research on the prairies. We believe this is an area of research that has been neglected and is vital in view of the present and anticipated future importance of water conservation in prairie development. Another example is: an intensive hydrometric survey of a watershed in Ontario. This has importance in view of the growing demands for water in Ontario in highly developed areas. Another example is the surveying of surface water and small watershed factors in Saskatchewan.

Our studies in the rural research regions and in other areas to date have shown that the low income and underemployment problem is a serious national problem in a number of rural areas in the Atlantic Provinces, in a fairly broad area in Quebec, and in an extensive area along the fringe of agricultural settlement in Ontario and the western provinces, and in some areas in the west, it goes beyond this fringe but is not within the area covered by this act.

The CHAIRMAN: Does this act go to the same boundary that the P.F.R.A. had in Saskatchewan and Manitoba?

Mr. DAVIDSON: It covers, according to the terms of the act, rural agricultural areas which go beyond the original boundary set for P.F.R.A. but was concerned more with prairie drought areas. To return to a discussion of studies done in these low income areas, I think the case can be made that the standard of living for many of the people in these areas is unacceptably low. Many have lost hope and economic freedom is certainly inhibited because they see little opportunity for themselves. Certainly many of them are seriously underemployed. So we believe the problem is a serious one and it is in the public interest to attempt to do something effective about it. We believe that the basic and most effective approach for improvement of rural incomes and standard of living in these areas of low income and underemployment is a package regional development approach, and includes:

- (1) programs of agricultural rationalization,
- (2) land use adjustment programs,
- (3) resource development programs, including soil and water conservation and the development of recreation and tourist potential,
- (4) specially directed manpower policies including policies of training and re-establishment where necessary, including the kind of manpower policy now being developed by the federal Government and the provincial governments and by both governments jointly,
- (5) specially devised employment policies, including policy now being developed through the provincial governments and the federal Government and both governments jointly, to attempt to generate employment within reach of these people, and such as may be developed under the Area Development Agency (ADA) of the federal Government. Such programs may be designed to attempt to generate additional employment in centres near labour surplus rural areas.

We believe that it is ideal to have local participation in these rural development areas. We think it may be important in many areas that local people take initiative, that they become involved, that the understanding of the nature of their position be broadened, and that if this understanding is developed they will take a major part in the adjustments that must be made to improve their standard of living situation.

We believe that if people are well informed, they will, in most cases, make wise and sound decisions. This is the basic philosophy behind the approach which involves our rural population. If they become involved in the study of this situation and improve their understanding of their situation they will make wiser and sounder decisions.

We think the program to date has acted as a catalyst in broadening the understanding of the character of the low income problem, and of possible avenues of solution. We believe there is an increased national interest in doing something effective about these lagging and low income areas, and that policies are being developed that will be effective when applied to them. We are developing some of the tools that are required to meet the intent of the ARDA legislation. If carried out with vigour, ARDA could in time make a contribution, perhaps within the next decade, to the amelioration of some of the adjustment problems that have arisen in some of our rural areas because of the rapid technological and economic changes that have affected them.

We do not think that the program being devised has to be, or should be, defended from any narrow and perhaps outdated view of rural fundamentalism. We do not believe there is any intrinsic value or need for people to live in rural areas in poverty. Neither do we think people should be exported to the cities untrained and unemployable. There are real avenues to development to avoid either of these alternatives. We think we now see some of these, although I would be foolish to pretend that we know all or even many of the answers.

We feel if we remain flexible in our approach and dedicated to the objectives of the legislation, we will make an important contribution. You will know that ARDA is no panacea. The human adjustment and resource adjustment problems in some rural areas are complex and there is no simple, single or quick solution. We hope, however, we are developing the best approaches made available so far.

This is an extremely important time for the program since, as I said earlier, we are in a pilot or testing stage in which we are trying out a number of approaches, and in which we are bringing to bear all the ideas and thinking we can generate.

There is a national and indeed an urban interest in healthy rural areas. The nation, whether from a humanitarian or economic view, must assist in finding a meaningful and productive way of life for the many tens of thousands of people that have been displaced or will be displaced by technological changes in the rural areas. In addition, we cannot afford to employ ineffectively the rather limited high-quality physical resources that lie in these rural areas.

Our best thinking will be required if a sound and workable program is to be developed for the long term. We will need the advice and criticism of members of the Government of Canada, including bodies such as this committee which played such an important part in gathering together the ideas and recommendations that helped establish the ARDA program, and I am hopeful that you may play a part in making recommendations that may assist in framing any redirection of the program that may be necessary.

Thank you.

The CHAIRMAN: Thank you, Mr. Davidson. That was a very good report. I imagine you have done a great deal more work than actually appears in that report.

Mr. DAVIDSON: I did not attempt to list all the projects.

Senator CAMERON: How detailed is the study of the water table in Ontario and in Alberta? There is some alarm in some districts about the deterioration of the water table.

Mr. DAVIDSON: We are studying some questions in relation to the ground water tables, or we are participating in the study of these, in Saskatchewan. But we are not dealing with the ground water question, I think, in Ontario.

Senator CAMERON: Who is doing that?

Mr. DAVIDSON: The one in Saskatchewan is being done by the Saskatchewan Research Council, in co-operation with the Saskatchewan Department of Agriculture and ourselves. The one in Ontario is being done by the Water Resources Commission in co-operation with the Ontario Department of Agriculture and ourselves.

Senator CAMERON: When do you anticipate a report will be made available on the preliminary studies?

Mr. DAVIDSON: The preliminary report for the Saskatchewan Research Council study within a year, and the other one sooner.

Senator HOLLETT: I wonder if you could give some particulars regarding the bog land development in Newfoundland, if any. Has anything worth while been accomplished? I have driven through that area and I would like to get some particulars regarding the cost and the possibilities.

Mr. DAVIDSON: I don't have particulars in my mind regarding the cost. I do know the cost of development per acre is very high. It is physically possible to develop these bog lands, and as far as the soil is concerned they are, once developed, very suitable. However, the economics are a difficult problem. The costs are extremely high. I would think that the main reason for participating in Newfoundland is to attempt to broaden the agricultural base there. In some other areas of Canada these costs would not be worthwhile. They are too high. I don't anticipate that there will be in the near future a really substantial development of bog lands.

Senator HOLLETT: That is my opinion.

Mr. DAVIDSON: We are participating because there has been a long term federal-provincial plan to do so. We have taken over the federal responsibility. I must say I don't think it is as hopeful as it looked ten years ago because of the economic factors.

Senator HOLLETT: Regarding the reforestation, is the Government looking after this or are they leaving it to other interests?

Mr. DAVIDSON: We are not interested directly in the reforestation program in Newfoundland.

Senator HOLLETT: Do you know to what extent the two companies involved are interested?

Mr. DAVIDSON: I don't. My personal view is that it is mainly a matter of forest management. Regeneration is generally adequate. It is a matter of managing because the regeneration is effective.

Senator TAYLOR (*Westmorland*): With regard to the development of bog lands, is that for the development of specialized crops or general agricultural development?

Mr. DAVIDSON: It has been mainly studied from the point of view of specialized crops, although some development has been for the production of forage for cattle. I think the same situation applies in both areas where the real problem is that of cost and economics of farming in that area.

The CHAIRMAN: Is the topsoil of the bog land peat?

Mr. DAVIDSON: I don't know whether you would call it peat or not. I would call it that, but whether that is the correct technical term or not I do not know.

Senator HORNER: But it has a lower base that is a kind of clay.

Mr. DAVIDSON: Yes, and if properly developed it probably could do well.

Senator McGRAND: In the first year of this committee this was discussed.

Senator STAMBAUGH: Could you give us some idea of what you are doing for recreation? I suppose it would be somewhat similar right across Canada. I am speaking in terms of parks.

Mr. DAVIDSON: The only thing we are doing in recreation is to assist in the purchase of marginal lands to turn them over for parks and recreation areas. Our present agreements do not permit us to assist in the development of such parks.

Senator STAMBAUGH: Could you give us a little more detail of the project in the Edson area and going on down towards Mountain park?

Mr. DAVIDSON: I cannot give great detail of this because it lies with the Province of Alberta. They asked if we would share in the cost of research in this area on the grounds that there were many low income people in this area because of the falling off in employment in mining and forestry industries. We agreed to do so and they are now drawing up a research program.

Senator STAMBAUGH: It is entirely research, then?

Mr. DAVIDSON: All that is involved at this stage is a research program.

Senator STAMBAUGH: Have you had any information with regard to drainage? There is quite an area around High Curry where the province is studying the situation. I understand this could come under ARDA.

Mr. DAVIDSON: Yes, we are assisting in a number of major drainage projects in Quebec and Manitoba and a couple in Saskatchewan.

Senator McGRAND: Mr. Chairman, I have a few short questions. How many community pastures have you in New Brunswick and what would the acreage be?

Mr. DAVIDSON: Again I don't have exact figures. I did have the number in that list. I think I said there were two now approved. There is another in the process of being considered, so there are three altogether, and the acreage is less than 1,000 acres, I think, in each case. In terms relative to Western Canada pastures they are small but the carrying capacity is much greater.

Senator McGRAND: I do not know exactly the technical term you used but you mentioned that there was drainage and farm improvement work going on in New Brunswick and Nova Scotia. In what part of New Brunswick would that be?

Mr. DAVIDSON: The program is being carried on in an area along the Saint John River both in northwestern New Brunswick and in south central New Brunswick. Not over the whole province but in most of the main agricultural areas.

Senator TAYLOR (*Westmorland*): Is that not an extension of the work that is being done by the engineering branch of the Department of Agriculture of the Province of New Brunswick?

Mr. DAVIDSON: Yes. We discussed it with them and we agreed to share in some parts of this program. I understand there was a backlog which they were not able to meet, and we extended it to meet more requests for assistance from farmers.

The CHAIRMAN: Is this a tiling of the soil?

Mr. DAVIDSON: Yes. The New Brunswick program can assist farmers in drainage.

Senator McGRAND: It will be mostly ditching?

Mr. DAVIDSON: The main parts of the program are ditching, clearing of additional arable land on small farms.

Senator McGRAND: I wanted to know if it was just a continuation of what was going on there for years or was it a special project?

Mr. DAVIDSON: No, it is a continuation of what has been going on there with an attempt at expansion and some redirection of it.

Senator McGRAND: Have they converted any marginal land to forestry in New Brunswick?

Mr. DAVIDSON: Yes, in one case that I remember. It is in the Lincour area. It is west and south of Bathurst. There was a small settlement in there with 25 families, I think it was, who were cut off from schools, from services. They had depended upon the forest for a livelihood and there had been a severe forest fire there several years ago and they were virtually unemployed and living on welfare. We agreed with the province that we would assist in purchasing these lands for forest use and relocating these people in bigger settlements, which has been done.

Senator McGRAND: You mentioned social research. I always thought that that was the basis of our approach to living on the land in the next decade. Can you give us the meaning of the term "social research"?

Mr. DAVIDSON: When I use this word "social research" it is in a fairly broad sense. We have for example, a general research program going on in the Bathurst-Gloucester area which is attempting to get more definite information on what the income position of the people in that area is and possibilities for development. There are some local committees working under Sacré Coeur University which will assist us in studies this winter. There are economic studies going on in connection with forest possibilities, fishing, industry, and the possibility of employment in mining and refining and smelting. The attempt is to get a picture of what the general income situation of the people there is, what the level of underemployment is, because many of these people on the land are what we call highly underemployed but they do not show in the statistics as unemployed. This is an attempt to see what the degree of unemployment is, and, in addition, to see what we can do in the way of rationalization of agriculture. We would want to know if we can do something there in the way of providing community pastures or consolidation of farms to increase the number of economic farms in the area. There are very few economic farms in the area at present. What can the province with our financial assistance or technical assistance do about rationalizing the forest industry, in which employment is falling fairly rapidly. What possibilities are there for employment in the mining, smelting and refining industry; what kind of training should we provide for their jobs; how many people in the area are prepared to take such training. With the help of the local committees we hope to have interviews with all the rural families and get their ideas on what they would like to do. This program is under way and it will go on for another two years anyhow. According to the agreements the federal Government and the provincial Government together are to draw up a plan for the development of this area in an attempt to generate more employment in the area, increase the mobility of the people where necessary, to try to raise their living standard. When I say social research, Senator McGrand, I include some of the studies I have mentioned. A great amount of what might more strictly be called social research will be undertaken by the local committees and not by experts alone.

Senator TAYLOR (*Westmorland*): Is it your opinion that if these areas can become self-supporting and work provided for people of the area at a reasonable rate of wages that the social problem can resolve itself?

Mr. DAVIDSON: I do not know whether I can answer that categorically or not. I do think that relatively very low incomes among any group in society today tends to generate social problems and if incomes can be raised and mobility of people increased, if there is a better understanding by them of their situation and the possibilities for improvement, it must be assumed that social problems will lessen. Certainly the situation in areas such as this is serious now and I do not think it is improving, I think it may be tending to get worse. Welfare costs are rising rapidly. Some people tend to be very pessimistic about this. I think however there are real possibilities of improvement through regional development projects that will achieve results. I think experience, particularly in Europe, suggests this is true. I know the question always arises of cost—how much public money can you expect to spend in order to increase the income and standard of living of people—but I think there are economic reasons for attempting to do something effective. First, unless these people find alternatives or unless they can be established on economic farming they will remain virtually unproductive for the rest of their lives. Supposing they have 20 or 25 years of work time ahead of them and they are unproductive during that period this is a great economic loss to the country.

Secondly, there is a very broad philosophic reason and that is that there is a tendency, because they are out of the main adjustment forces in the economic sphere, that the rich get richer and the poor get poorer and I do not think that a democratic society works well on this basis.

Senator HORNER: Would you ever be able to prevent that taking place?

Mr. DAVIDSON: No, I think there always will be, and perhaps there should be, differences of income. My view is that it is very unfortunate and unnecessary that the poor should be as disadvantaged as some of these people are.

Senator CAMERON: What degree of resistance have you found to moving people out of an area?

Mr. DAVIDSON: First of all I should say little of it has been done. But I would say that there is far less resistance to the idea that people should move to employment elsewhere, if it is not available where they are in their community—there is far less resistance than I thought there would be when I first came into the program. At that time I thought this would be a major stumbling block—the feeling of rural people that they wished to retain the status quo and wished to increase incomes where they are now located at any cost. But we do not find that. Whether this is because there have been changes in outlook over the last five years or so I do not know, but it does not now appear a major problem. We can usually discuss the mobility of people now without an argument.

Senator CAMERON: I hope that is right because we are going to find much more of it even in urban areas through people being let out of employment through automation and so on, and if you are finding an acceptance on the part of people to move it may be encouraging.

Mr. DAVIDSON: I think I could say there is such acceptance, much more so than we had thought.

Mr. STUTT: Mr. Davidson, are you referring to rural people in general or to the younger section?

Mr. DAVIDSON: It is true that people over 55, to speak about one particular age, who have lived their lives in one place, on a farm, even though their economic status is getting worse and worse they are not in a position to talk about retraining, or to move to a city. We are not thinking in these terms. We are

thinking in these cases in such terms as devising programs whereby if the lands of such people are needed for more effective uses that might draw up some program of a limited pension in addition to the land purchase cost to be offered. We are thinking of this.

Senator TAYLOR (*Westmorland*): It seems to me, at least I found it so in my area through observation and in talking to people, that the very thing that the director has mentioned has developed since this committee has been set up. One would hardly think it, but the discussions and reports of this committee have gone out reasonably well throughout the country and have been accepted quite well by rural individuals. The recommendation by the committee to set up ARDA and the work they have in mind to accomplish, recognizing it cannot be done in one, two or five years, I think as a result of their studying and knowing that the federal, provincial and municipal Governments are trying to do something to relieve the present situation they are prepared today to accept probably a change of areas to a greater extent than they ever thought of before. I recall that I made an extensive tour across Canada, and I was in the Scandinavian countries and when I came back I was tremendously impressed by the type of land that was being used and the type of land we had seen in our province, and I made public addresses in which I said I felt the Governments together with individuals residing in those areas, where there was not a hope of ever becoming self-supporting or making any agricultural progress, that they should be moved out. After the first two or three speeches that I made along those lines I was almost thrown out of the hall, but today there is a different attitude.

The CHAIRMAN: How many departments in the federal Government are involved in this ARDA program and how many universities are involved in research work?

Mr. DAVIDSON: We have interdepartmental committees made up of representatives of the Department of Agriculture, the Department of Forestry, the Department of Fisheries, the Department of Labour, the Department of Industry and the Department of Finance. We have an arrangement with the departments of forestry and labour which is somewhat unique staffwise, in that they have a senior person with their staff assigned to the ARDA group, so that they work with us, and with the staff of this other department in this way, particularly to keep in close co-ordination with our policies. If the kind of approach employing manpower and employment programs which I have been talking about this morning is to be done effectively we shall have to get closer liaison with the Department of Labour and the Department of Industry and corresponding provincial departments. The co-ordination in most provincial governments is quite good. They have interdepartmental co-ordinating committees, and in most cases a director. I would think that one of the major accomplishments of the ARDA program—and here I speak both provincially and federally—has been the breaking down of some of the walls between functional agencies and departments.

The CHAIRMAN: There is more co-operation between the departments now, federally and provincially, than there used to be?

Mr. DAVIDSON: Yes, I think this is true. In ARDA we spend, I would say, as much as half of our time in consultation with the provinces programming and policy making continuously; because all of us are in it, and not only is the money shared but the policy is shared and the program is shared, and we are trying as much as we can to build a joint program, because we started out on the assumption that neither level of government could do this effectively on their own, and I think that assumption has been well founded.

The CHAIRMAN: Last week we had with us representatives of the Co-operative Union of Canada, and I suggested that they would like to be involved in this ARDA program. Is there any reason why they should not be? Mr. Davidovic mentioned the suggestion at the last meeting.

Mr. DAVIDSON: Well, the actual involvement of co-ops themselves would normally take place at the local level, and the actual process of involvement of people at the local level is under the direction of the various provinces. We may approve or discuss with them, but the initiation lies with them, so if they were to have co-op groups involved that would have to be considered by them. Now, on the question of the national level, if it were a question of research or liaison with general co-op policy we would be happy to do this; but we cannot control who is involved at the local level.

Senator MACDONALD (*Queens*): Would it be a fair question to ask what has been accomplished in Prince Edward Island since the ARDA program was started? Just what has ARDA done for that province?

Mr. DAVIDSON: We have assisted in some of what I would call normal things, in the building of some dams, which the province was doing before. We expanded the program. And I do not know by how much, but I think they are building quite a number more dams under this scheme. We assisted them in the purchase of marginal lands for forestry purposes, not large, and also in some recreational lands. We are now working with them in drawing up a research program for Prince County and I believe it is partly under way. But the whole program is not outlined yet. As you may know, Prince Edward Island has a community development program under which a number of projects have been proposed to us just recently. However, the difficulty with them is that the agreement requires that there be a general development plan for these rural development areas before we can approve projects. We cannot approve *ad hoc* projects here and there. They must show some relationship between the project and a general plan to develop the area. I think the main problem is lack of staff on their part and lack of time to do it, so we are caught in this problem that we want to do certain things, but we cannot approve them until some basic work has been done which has not been done. This is only in the case of two or three projects. The research and land use projects and soil and water conservation programs are being proceeded with.

Senator FOURNIER (*Madawaska-Restigouche*): Do you produce a progress report of what is being done, province by province?

Mr. DAVIDSON: Not by provinces; but we do produce about every two months a sheet of tabulation of all the projects undertaken by all provinces, and it is divided by provinces also.

Senator FOURNIER (*Madawaska-Restigouche*): Where can we get copies?

Mr. DAVIDSON: You can get a copy from my office.

Senator FOURNIER (*Madawaska-Restigouche*): Thank you.

Mr. DAVIDSON: Have you a copy with you, Mr. Stutt?

Mr. STUTT: I have a copy here.

Mr. DAVIDSON: It is quite a thick document, because it contains a list of all the projects, described very simply.

Senator FOURNIER (*Madawaska-Restigouche*): I think every member of the committee would appreciate a copy. Of course, I would be more interested in New Brunswick than possibly the west; no doubt the people in the west would be more interested in their report.

Mr. DAVIDSON: It could be broken apart.

Senator FOURNIER (*Madawaska-Restigouche*): I would be satisfied if it were broken apart.

Mr. DAVIDSON: We have to decide what to do with it, because it is getting very large, and we do not know yet whether to simply list the new ones.

Mr. STUTT: The projects are much along the same lines as when it started two years ago. I was wondering whether or not you have any other thoughts or ideas which have come forward that might be actually approved as projects, possibly in the new category.

Mr. DAVIDSON: I would say the answer right now is no, that in the late winter we shall be starting to enter into another series of discussions with the provinces leading up to renegotiation of the new agreements in 1965. There is a possibility that quite a few ideas will come out during that time; but to my knowledge no province has suggested to date that the agreement as now written is unsatisfactory or that there should be some things in it that are not.

Mr. STUTT: This list of projects gives the contribution of the shareable costs of the federal and provincial governments, but there is no indication of the contribution by the local people. I think in the general agreement it mentions that you have regard for the contributions by the local and other interests. I was wondering also, apart from the local people themselves, if there is any indication of contribution from, say, the boards of trade, from industry, or other groups like that.

Mr. DAVIDSON: On many of the projects listed in this tabulation you will see it does not list the contributions of local people, but in most cases lists the total cost and then the shareable cost. The difference between the shareable cost and the total cost is the amount put in by the local government or the local conservation authority, or irrigation district, and so on. So far there have been no contributions by special rural development committees as such.

The CHAIRMAN: Any further questions, honourable senators?

Senator STAMBAUGH: I should like to move a vote of thanks. I think Mr. Davidson has given a very clear explanation, and it has been most interesting.

Senator TAYLOR (*Westmorland*): I second that, Mr. Chairman.

Mr. DAVIDSON: I might mention that I brought along some copies of an ARDA pamphlet produced recently, and a booklet entitled, "Agricultural Resources for Tomorrow", produced by the Canadian Federation of Agriculture with our help. The Canadian Federation of Agriculture has received a great many compliments on it, and the booklet has been widely used and printed many times. You might find it interesting for casual reading.

The CHAIRMAN: May I mention, before we adjourn, that there will be a steering committee at 2 o'clock to consider the complete report of the work of the Land Use Committee to the end of 1963.

Whereupon the committee adjourned.



First Session—Twenty-sixth Parliament
1963

THE SENATE OF CANADA

PROCEEDINGS OF

THE SPECIAL COMMITTEE OF THE SENATE

ON

LAND USE IN CANADA

No. 3

TUESDAY, DECEMBER 10, 1963

The Honourable Arthur M. Pearson, *Chairman*
The Honourable Austin Taylor, *Deputy Chairman*

WITNESSES:

Reverend Fred N. Poulton, Secretary, Canadian Council of Churches;
Reverend Douglas Brydon, Vice-Chairman, Committee on Rural Life
of the United Church of Canada; Reverend Arthur Gowland,
Secretary, Presbyterian Board of Evangelism and Social Action and
Reverend Maurice Wilkinson, Secretary, Anglican Counsel for Social
Service.

APPENDIX "A"

Brief submitted by the Department of Social Relations of The Canadian
Council of Churches.

ROGER DUHAMEL, F.R.S.C.
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY
OTTAWA, 1963

THE SPECIAL COMMITTEE ON LAND USE IN CANADA

1963 Session

The Honourable Arthur M. Pearson, *Chairman*

The Honourable Austin Taylor, *Deputy Chairman*

The Honourable Senators

Basha	McGrand
Boucher	Methot
Buchanan	Molson
Burchill	Pearson
Cameron	Power
Crerar	Smith (<i>Kamloops</i>)
Fournier (<i>Madawaska-Restigouche</i>)	Smith (<i>Queens-Shelburne</i>)
Gershaw	Stambaugh
Gladstone	Taylor (<i>Norfolk</i>)
Hollett	Taylor (<i>Westmorland</i>)
Horner	Turgeon
Inman	Vaillancourt
Leonard	Welch (27)
MacDonald (<i>Queens</i>)	

Quorum—5.

ORDER OF REFERENCE

Extract from the Minutes of the Proceedings of the Senate, Friday, October 11th, 1963.

“The Honourable Senator Macdonald, P.C., moved, seconded by the Honourable Senator Brooks, P.C.:

That a Special Committee of the Senate be appointed to consider and report on land use in Canada and what should be done to ensure that our land resources are most effectively utilized for the benefit of the Canadian economy and the Canadian people and, in particular, to increase both agricultural production and the incomes of those engaged in it;

That the Committee be composed of the Honourable Senators Basha, Boucher, Buchanan, Cameron, Crerar, Fournier (*Madawaska-Restigouche*), Gershaw, Gladstone, Hollett, Horner, Inman, Leonard, MacDonald (*Queens*), McGrand, Methot, Molson, Pearson, Power, Smith (*Kamloops*), Smith (*Queens-Shelburne*), Stambaugh, Taylor (*Norfolk*), Taylor (*Westmorland*), Turgeon, Vaillancourt, Veniot and Welch;

That the Committee have power to engage the services of such counsel and technical and clerical personnel as may be necessary for the purpose of the inquiry;

That the Committee have power to send for persons, papers and records, to sit during sittings and adjournments of the Senate, and to report from time to time;

That the evidence taken on the subject during the eight preceding sessions be referred to the Committee.

After debate, and—

The question being put on the motion, it was—
Resolved in the affirmative.”

J. F. MACNEILL,
Clerk of the Senate.

Extract from the Minutes of the Proceedings of the Senate, Friday, October 18th, 1963.

“With leave of the Senate,

The Honourable Senator Beaubien (*Provencher*) moved, seconded by the Honourable Senator Macdonald (*Cape Breton*):

That the name of the Honourable Senator Burchill be substituted for that of the Honourable Senator Veniot on the list of Senators serving on the Special Committee of the Senate on Land Use in Canada.

The question being put on the motion, it was—
Resolved in the affirmative.”

J. F. MACNEILL,
Clerk of the Senate.

CHAPTER IV

The first part of the chapter is devoted to the study of the

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MINUTES OF PROCEEDINGS

TUESDAY, December 10th, 1963.

Pursuant to adjournment and notice the Special Committee of the Senate on Land Use in Canada met this day at 11.00 a.m.

Present: The Honourable Senators: Pearson, *Chairman*; Taylor (*Westmorland*), *Deputy Chairman*; Basha, Gershaw, Hollett, MacDonald (*Queens*), McGrand, Smith (*Kamloops*), Smith (*Queens-Shelburne*), Stambaugh, Vaillancourt and Welch.

In attendance: Mr. Ralph A. Stutt, Special Consultant to the Committee and the Official Reporters of the Senate.

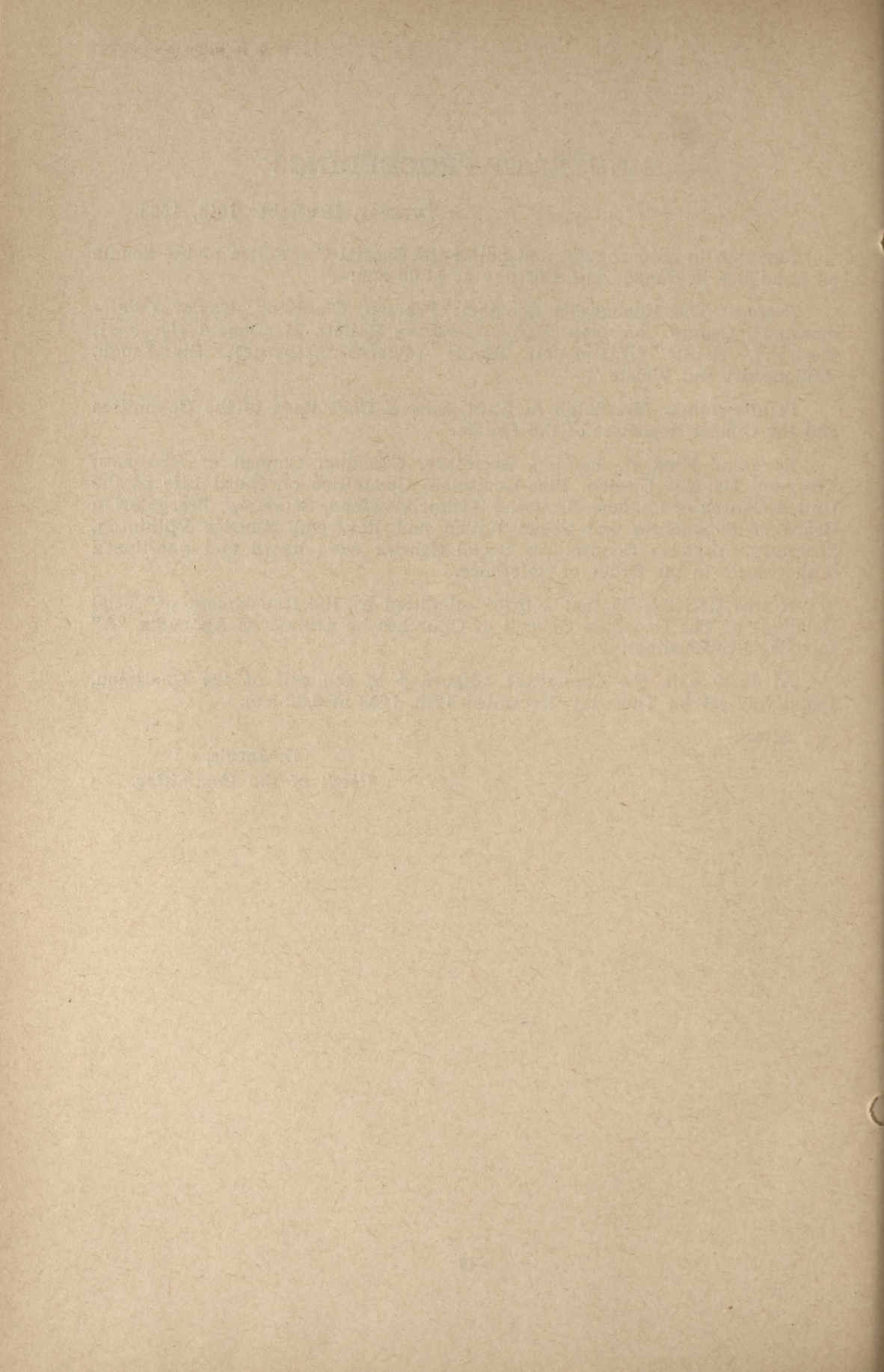
Reverend Fred N. Poulton, Secretary, Canadian Council of Churches; Reverend Douglas Brydon, Vice-Chairman, Committee on Rural Life of the United Church of Canada; Reverend Arthur Gowland, Secretary, Presbyterian Board of Evangelism and Social Action and Reverend Maurice Wilkinson, Secretary, Anglican Counsel for Social Service were heard and questioned with respect to the Order of Reference.

It was RESOLVED that a brief submitted by the Department of Social Relations of The Canadian Council of Churches be printed as Appendix "A" to today's proceedings.

At 12.20 p.m. the Committee adjourned to the call of the Chairman, tentatively set for Thursday, December 12th, 1963 at 9.30 a.m.

Attest.

D. Jarvis,
Clerk of the Committee.



THE SENATE

SPECIAL COMMITTEE ON LAND USE IN CANADA

EVIDENCE

OTTAWA, Tuesday, December 10, 1963.

The Special Committee on Land Use in Canada met this day at 11 a.m.

Senator ARTHUR M. PEARSON in the Chair.

THE CHAIRMAN: Honourable senators, we have a quorum and as it is after eleven o'clock I think we had better proceed.

With us this morning we have Reverend Fred N. Poulton, who is sitting on my right. He is secretary of the Canadian Council of Churches, with headquarters in Toronto. Next is Reverend Douglas Brydon, vice-chairman of the Committee on Rural Life of the United Church of Canada. Next is Reverend Arthur Gowland, secretary of the Presbyterian Board of Evangelism and Social Action. On the extreme right is Reverend Maurice Wilkinson, secretary of the Anglican Council for Social Service.

We are indeed glad to have these reverend gentlemen before us today.

Mr. Poulton, would you tell us in a few words, just what sort of an organization you have in regard to this land use question that we are studying. Have you any special committee in your council of churches which deals with the question of land use?

REVEREND FRED N. POULTON, SECRETARY, CANADIAN COUNCIL OF CHURCHES: Mr. Chairman, we have no special committee within the Canadian Council of Churches as such. This sort of work is done through our department of social relations. The several denominations that make up the council each has its own rural life committee, town and country committee. Each denomination does have its own special committee engaged in this particular program.

The CHAIRMAN: Is there any special reference you want to make about any of the gentlemen on your right?

Rev. Mr. POULTON: No, Mr. Chairman, except to say we are sorry that the Reverend Doctor Homer Lane, to whom you addressed some correspondence earlier, is not with us for this particular meeting. Since this brief was begun Dr. Lane became senior minister of St. Andrew's United Church in Moose Jaw.

The CHAIRMAN: He has gone to a good province.

Rev. Mr. POULTON: Yes, enjoying the clear air of Saskatchewan compared to our smog. I can say this, coming from Toronto.

Senator TAYLOR (*Westmorland*): He will never know what living is like until he gets to the Atlantic area.

The CHAIRMAN: Copies of the brief you sent us were distributed to senators last week.

Most members of the committee will probably have read it or part of it and be familiar with it now. I understand you intend to read part of the brief and then call on some of the other gentlemen to discuss part of it.

Rev. Mr. POULTON: That would be our wish, if it meets with the approval of yourself and members of the committee. All of you are good readers and no doubt, like good folk at church, you will have read this material which has been sent to you. I will not insult you by reading it to you but I suggest that I might refer to certain sections and ask my colleagues, who are far more knowledgeable than the speaker, to deal with those points and with any questions which you may address to us. We hope you will break in with those questions; and we will not think it rude if you stop us in the middle of a sentence and ask about it. We think there is much more value in discussion than in our trying to present a paper to you. Does that meet with your approval?

The CHAIRMAN: Yes, very much so.

Rev. Mr. POULTON: Honourable senators, I should like to read the opening statement, as we mean what it says. It is:

Honourable Chairman, honourable members of the Special Committee of the Senate on Land Use in Canada, we express appreciation for the opportunity to make a submission to you. We commend the Senate of Canada for undertaking a study of land use, and the Parliament of Canada for introducing the Agricultural Rehabilitation and Development Act. Proposals and plans that envisage the improvement of rural society in Canada are to be welcomed.

We state then that we come before you as churchmen. We wish to stress this at the outset:

We do not come with technical competence in agriculture, forestry, mining, or any other occupation related to the primary production of this country.

We do not want to come under false pretenses:

We come as representatives of Christian churches deeply concerned for the rural life of Canada. We believe that any program of rural rehabilitation and development should take account of the moral and spiritual welfare of the people.

My good friend Jean Lanctot is in attendance and I well remember, as you senators do, the presentation he made on behalf of our Catholic fellow Christians some years ago, I believe in this room. We say:

We believe that our churches and other religious bodies have a significant role to play in a program such as ARDA.

As you will have noticed in reading the brief, we set out then what we believe to be a Christian rural philosophy. It is on this that we base our presentation. This philosophy of ours is that God is the creator and sustainer, that the good earth is a gift from God for the proper stewardship on the part of man, and this means stewardship of all natural resources.

We hope that nothing in these first few pages would seem to imply harsh condemnation. However, we do point out in the middle of page 4:

It would not be difficult to document similar examples of destruction of the soil in the case of the indiscriminate opening of gravel pits and gypsum pits, the overcutting of timber and the location of highways and factories across the country.

We go on to refer to water supply. Then on page 5 we go on to say:

It is the duty of the Christian church to warn men of this danger—
That is, in the misuse of God's goods—

and to support all professional agriculturalists, foresters, and Government and farm agencies, in their efforts to conserve the soil. We must do this because it is the word of God for us.

I do not think you need any sermon from this preacher. We are convinced you men feel the same way about it.

At the bottom of page 5, in section III, we say:

We believe that rural society has made for strong character. Not all the results of changing rural patterns have been bad. Rural people are better educated and more socially articulate than heretofore. It must be admitted, however, that rural values have suffered somewhat in recent years.

I wonder if at this point whether Mr. Brydon, with his experience in this field, would like to enlarge on this statement we have made. Perhaps it would elicit some question from members of this committee. It is a bold statement that rural values have suffered somewhat in recent years.

Rev. Mr. BRYDON: Honourable senators, it is hard to put into specific and concrete terms this deterioration of rural value. We all know that in the earlier days people were concerned with bearing one another's burden and if anything happened to one family it was the concern of all, and all took part in remedying it. Those were the days when families were closely integrated in all aspects of life. Those days have changed. The family farm has become a more self controlled and self sustaining unit. There are no longer bees, no longer the type of fellowship that happened in the early type of development.

With this has come the lessening of the concern of bearing one another's burden, a lack of social control. There was a time when it was said that a man's word was as good as his bond, but now a contract is signed. These are some of the things we might pinpoint and which might elicit questions.

The CHAIRMAN: Does this hold good across Canada, in the eastern parts as well as in other parts?

Rev. Mr. BRYDON: I belong to the central region, although I travel east and west.

Rev. Mr. POULTON: Well, I have travelled east and west as well, as to the region I belong to, and I would say that the trend is in the direction of this.

Senator STAMBAUGH: While I think we can agree with what you say, what have you to offer to offset this and to help us? That is what we want to know.

Rev. Mr. POULTON: Later on, honourable gentlemen, I think we shall suggest there is an educational program to be desired, and a leadership role we feel which needs to be carried one step further. Later on in the brief, this will come out. This is of real concern.

Rev. Mr. GOWLAND: I do not think we want to indicate that moral integrity has deteriorated there any more than in any other part of the country. I think this would be a reflection that would be unfair and not due to the inhabitants in the area. I think it is that the breakdown of community life in some of our rural areas is such that the population becomes so depleted it is not possible for the community to function properly; that is where I think real values have suffered.

The CHAIRMAN: I would say that is true to the extent that whereas in the past you had a small community built around a school or church or store in the area, that is gone now; but there is a larger concentration in the little towns or market areas which might tend to give a better philosophy to community development than it used to have.

Rev. Mr. BRYDON: In the brief, when we move to 6, 7 and 8, later on, about the neighbourhood, the community, and the enlarged community, I think it is in this context that Mr. Poulton would like to deal with the subject, because the significant point is that the new emphasis is on the enlarged community.

Rev. Mr. POULTON: If there are questions about that statement, we are here to discuss it with you, although perhaps we cannot answer all the questions.

Senator TAYLOR (*Westmorland*): May I make this comment? It seems that what you have said is true in the rural areas to a degree; but do you not think there are other organizations which are more or less taking the place of some of this? I am thinking of the home and school associations of today which we never had before. I appreciate the fact that due to present day conditions and radio, television, automobiles, and various other things that have taken up the time of individuals, the picture has changed, but at the same time I think there are other organizations coming in. For instance, various clubs, such as the Lions and the Rotary, have extended into the rural areas and are getting members. This may not be fulfilling or doing the job which used to be done when everybody went out and helped everybody else in the local community, but as I say, to a degree there are other organizations which may be taking the place of that.

Rev. Mr. POULTON: Are these service clubs establishing clubs in those areas for the purpose of bringing these people into a central sort of community?

Senator TAYLOR (*Westmorland*): Yes.

Rev. Mr. BRYDON: When you take a Lions club of say 70 members, you may have 700 members in that whole peripheral large area, and what you say is true; but in these interstitial areas, where there are people who are not involved in the multiplicity of organization, even in a town of 2,500 people, there will be 75 organizations not churched, and a vast section of the area, 5, 10 or 15 miles out, will not be seriously involved in social or educational organizations, and it is in this interstitial space we would like to do something.

The CHAIRMAN: You mean that before they were concerned in their little community—they were all together.

Rev. Mr. BRYDON: Yes.

Rev. Mr. WILKINSON: The concept of service clubs and home and school and similar groups seems to be bringing into the picture of the rural areas that of a specialized collection around the particular area. You know as well as I that the majority of service clubs collect themselves around a particular economic strata. The home and school is around the school concept. The sort of thing Mr. Brydon was under-citing, as having largely disintegrated, signifies the need for a greater wholeness across the board that regards life as embracing the old and the young, the rich and the poor, as well as the vast majority of us in the middle, and all involved in the one aim, whatever happens.

Senator TAYLOR (*Westmorland*): I am thinking in terms of the home and school association, particularly. We have in my home community, as I believe they have in other parts of the east, and probably everywhere in Canada, many school districts which amalgamated into regional schools, where home and school associations have been organized and the department has co-operated, buses have been permitted to bring people in, and so on; and it seems to me that there is an advantage in this, in that whereas there was a little local community which sort of resolved itself around that particular one area, it did not have those advantages. It seems to me that the later development is an enlargement of that, and people are recognizing there is a greater development possible in that way. They have widened their experience and are getting better service in some degree, although I admit we have lost something in the communities which we had at one time.

Rev. Mr. WILKINSON: We are not denying the wider concept, but we do not want to lose sight of what we have let go as the price of that.

Rev. Mr. POULTON: Yes, I think the qualifying phrase is the sentence just before that, that not all the results of changing rural patterns have been bad. You cannot bemoan and say everything is wrong. Some of the changing patterns are good, and you are speaking of one now, sir.

Rev. Mr. WILKINSON: If I may add a word. The church by its concern to redeem people is wedded to change. Let us not lose sight of that. That is the change of approach.

Senator TAYLOR (*Westmorland*): I think the churches have demonstrated that.

Rev. Mr. POULTON: The church must be prepared to change. On page 6 we talk about these three main sociological and geographical units. I do not think the first two need any enlarging—the neighbourhood and the community. Then as to the enlarged community, if I may pause, Mr. Chairman, I would ask Mr. Wilkinson to say a word as to what we have in mind when we talk about the enlarged community.

Rev. Mr. WILKINSON: I think we have already explored part of this. It is simply the sort of thing which has gone on in the enlarged district, the enlarged method of transportation, the way radio and television intrudes into our homes and brings to us news and information from the remotest corners of the world, so that the man who is plowing in the “back forty” knows today what is going on in the four corners of the globe, not just at the crossroads half a mile away. The whole enlarged community is spelt out in techniques in this way.

Rev. Mr. BRYDON: This larger community concept comes around the towns as well as the cities. Someone has said that two generations ago 90 things were required by people. Now as a basis they need about 290 and they are offered about 32,000. The point is that in the little hamlet you cannot provide these 290 goods and services, so you get specialized services such as medical and professional services, as well as agriculture, and so on.

Rev. Mr. POULTON: In the closing paragraph on page 7 we confess for our delegation that we are still searching for the answer. We say that any major development program should endeavour to preserve the values and opportunities that go with life in smaller communities. Again, you gentlemen have a perfect right to say to us, “That is easier said than done”. We believe that it is basic, but we confess we have not a complete answer as to how this major development program would work. We can say what it should endeavour to do, but how it is to do this we have not a one hundred per cent answer, unless some of my colleagues here can add something from their own experience.

Rev. Mr. BRYDON: We realize that because man is a social creature there must be a social pattern and structure which must be fluid and must be easily adaptable to change. This last sentence here, namely, “Opportunity for individual initiative, personal responsibility and neighbourly relationships must be maintained,” contains the points we want to keep in mind. This requires a social pattern and structure which includes recreation as well as education, and also the functional services to maintain life.

The CHAIRMAN: I would suggest that to some extent the changes have not been to the benefit of the community or the people who still live in these outlying areas. I have in mind particularly the surroundings of a school. We have now these larger school units which are very good in themselves, and I do not say anything against them at all, but there is the fact that in the old days everybody would pitch in and get involved in, say, putting up a brick chimney

or in painting the school or the church, or some other community building. There is now indifference to this sort of thing amongst the people who live in that community because the whole project is taken out of their hands. Today there is a carpenter who looks after the repairs to the school, a brick-layer who looks after building, and such things. All these things are taken out of the hands of the community, and as a result there has been a certain tearing apart of the community.

Rev. Mr. POULTON: I think we would agree that, whenever we enlarge the units, difficulties in respect of administration and participation arise. It is difficult to get the participation of the rank and file of people. We are faced with a dilemma in this respect, and it is a burden on our hearts.

Rev. Mr. GOWLAND: Of course, we are not unmindful of the fact that many of these things have come about through technological development and automation. What is happening in the urban areas is happening in the rural areas. We cannot turn the clock back, and we must face this problem realistically. I would like to say, in speaking in reply to what you had to say with regard to people in communities, that there are differences over the whole country. There is no one set pattern for the whole country. You must have a pattern for one area, and another pattern for another area. In Saskatchewan, which you know well, farms are getting so large that it is to the advantage of people to go into the small towns for their community activities. There they have fellowship that they would not have elsewhere. I would feel that this is a distinct advantage. There is a difference between Saskatchewan and what is found in Ontario or in the Maritimes. So, we are not coming here with the idea that there is one fixed pattern which must be fixed for the whole community.

Senator GERSHAW: There is a community which I have visited quite often where the church organization works something like this: student ministers come out, sometimes from one denomination and sometimes from another. When he comes out all the people go to church—the Roman Catholics, the United Church people, the Presbyterians and the Anglicans. They all go to church. Then, probably the next summer there will be a student from some other denomination. Do you see any objection to a rural organization of that kind? That organization looks after those who are in trouble in the district, and it looks after the sick. The whole district is centred in that one organization.

Rev. Mr. POULTON: Is this an organization of local people?

Senator GERSHAW: Yes.

Rev. Mr. POULTON: It is not something imposed upon them.

Senator GERSHAW: No.

Rev. Mr. POULTON: I will let our denominational people speak to this.

Rev. Mr. WILKINSON: This kind of activity is wonderful. It demonstrates the results which flow from the kind of meetings that have been held in Toronto, and also in Rome. I welcome it, and so do a great many of my Church.

Rev. Mr. BRYDON: We are moving in this direction.

Rev. Mr. POULTON: Then, at the bottom of page 7, Mr Chairman, and members of the committee, we come to the question of the farm family. This brings us to what is for us the core of today's problem: the farm family. Since the family is the primary institution in society we believe that access to land and stewardship of the land must be planned with family life in view. There is a special potentiality in the farm home for nurturing strong and wholesome family life. No move should be made in land use or agricultural development that

impairs in any way the possible contribution of the farm family to the life of the nation. There is a close link between land use and human welfare. Efficiency in land use is not to be judged by material production alone, but by a balanced consideration of spiritual, social and material values.

We are aware that the vast changes taking place in agriculture because of technology have made the small farm holding in many cases an uneconomic unit; that the trend is to larger farms on account of higher capitalization and other factors. However, as Christian churchmen we are concerned to preserve the individual initiative and integrity of the family-operated farm as opposed to the trend towards the factory farm. It is granted that the size of the farm unit will increase. But the farmer-owned-and-operated enterprise, in our judgment, embodies the desirable principle to be followed in any program of land use, and we submit that adequate provision should be made to retain it.

On that point, again, I would pause, Mr. Chairman, to see whether perhaps any one of my colleagues has a comment to make.

Senator SMITH (*Kamloops*): I wonder if you would repeat your last two sentences.

Rev. Mr. POULTON: It is granted that the size of the farm unit will increase. But the farmer-owned-and-operated enterprise, in our judgment, embodies the desirable principle to be followed in any program of land use, and adequate provision should be made to retain it.

Have I covered the portion you had in mind, sir?

Senator SMITH (*Kamloops*): Yes.

Rev. Mr. BRYDON: Honourable gentlemen, we are a little concerned about the possible emergence of contract farming on a large scale for we feel that this takes away individual initiative, and individual direction and control, which is an essential element of the farm family and the rural community. When we find facts such as this, that a large packing company could have all its poultry produced for its processing plant by 150 producers working under contract—that is, for its whole setup—then this raises questions in our minds as to what the others are going to do. What is the structure of our society? I have heard of a leader of a church who does not believe in Sunday work, and who had a man come to him with an offer to put him under contract. He was told: "You must plant your peas on Sunday". He said, "I have never done a thing like that in my life and I do not intend to," and he was then told, "Plant your peas on Sunday, or you do not get the contract".

Senator WELCH: Has that happened?

Rev. Mr. BRYDON: I was not told that myself directly, but I was told it by a man I trust. I am the second person along the line who was told this. If this is the trend that is emerging, then we are concerned about it because it is a danger to the family-owned-and-operated enterprise. We know that the concept of the family farm is changing. It used to be that the family farm supplied most, if not all, of its own labour, but the farmer-owned-and-operated enterprise in the concept that is before us today may not be able to supply all his own labour or even a major portion of it, and the planning of his farm, decisions with respect to it and its general operation, will be all out of the hands of that farmer. It is in this area of concern where we feel we must try to preserve the individualness and integrity of the farmer-owned farm.

Rev. Mr. GOWLAND: I am wondering if some of our small farmers do not require more financial assistance to enable them to farm effectively and efficiently. You have learned the figures from the United States with respect to farming. I have been told that 1½ million farmers produce 87 per cent of all agricultural produce, and that two million farmers produce 13 per cent. One and a half million farmers could easily produce the other 13 per cent if

they wanted to do it. But here are two million farmers, and I think the situation in Canada is somewhat similar. Many farmers are in this position. In many ways farmers are not able to produce or make sure farms produce the way they should, because they do not have the money to buy the machinery to make their farms really an economical operation.

I think this is where the Church comes in. We are concerned about these people as individuals and we are concerned that these 2 million as well as the others should have a decent standard of living.

Senator McGRAND: How much attention have you given, in studying this, to the formation of co-operative societies in these communities, where they share in some way the expensive machinery which is so necessary for small farmers?

Rev. Mr. GOWLAND: We have given some consideration to this, but maybe this is an area we should pursue further.

Rev. Mr. BRYDON: I believe the individual church groups have been in general support of this idea, but we have not many examples in the central part of Canada. I suppose the ones on the east coast and in Saskatchewan are better examples than those in Ontario. I think we are not quite clear yet on all the implications involved in the way of control and management and in the way of development, to make an unqualified statement, "This is the way to do it". We are not convinced yet that the communal pattern is the only way; but it is a way. We are concerned about the implications of whatever type of land tenure system is used, whether it be a community pattern or individual. We are concerned and are watching, and are encouraged by it; but we are not saying flatly, "This is the way."

Senator McGRAND: What other means would you have in mind? You say they are not your only means. What others do you have in mind?

Rev. Mr. BRYDON: Honourable senators, I may be speaking only for myself and the church I happen to represent, and not the whole group here, but we believe that given leadership and educational pattern and, maybe, with minor modifications of the Farm Credit Corporation and ARDA plans, this needs to be given a real, good, solid trial, and there needs to be more leadership given to this in the local area. This is where some of us are at the moment.

Senator McGRAND: Who is going to spark interest in the community to do it? Everybody says it should be given a try, but no one seems to go out and spark that interest.

Rev. Mr. BRYDON: We are almost convincing ourselves, those of us who live here, that we have to do more in it.

Senator McGRAND: That is right.

Rev. Mr. WILKINSON: Could I draw attention to a comment quoted in the addenda? This is the last sentence of the quotation from Dr. Prince. The Church is not a community of experts saying this is the means or that is the technique. The Church is concerned about people and what various techniques and organization are doing to people. No matter what happens this is the point of view from which the Church will always act as the critique of society.

I believe Dr. Prince has come as closely to the point of suggesting a possible means as anyone could, when he says:

With the current consolidation of schools, churches, lodges and other institutions cannot we evolve a rural social system more or less like the Mormon villages in the State of Utah where homes are located in close proximity, with educational and cultural advantages and a more satisfying way of life.

This can be taken as suggesting the kind of co-operative ownership of essential tools, or essential services, that has been suggested several times this morning.

Rev. Mr. POULTON: That is on page 14, gentlemen.

Rev. Mr. GOWLAND: This does not necessarily imply that the land and these implements would be owned in common; but that these people should live in this community as apparently is being done in some places in Saskatchewan. Each family would own its own farm, although they would live together in a small town or village in order to make for better living conditions and a better spirit of fellowship in the community.

Senator SMITH (*Kamloops*): I cannot help but think we have examples of this in the Hutterite, Mennonite, and Doukhobor settlements in this country. It is hard to arrive at a method which will correct some of the faulty trends that we witness in this day and age, without putting the operation of the farm under state control or a great measure of state, church or community control. We have the benefit of the experiences of these groups that have been operating along those lines. It gives us a very confusing picture of what the answer is to attain what many of us realize is a need for different conditions than we see. It makes me think of a certain old-timer I was familiar with over a period of some 30 or 40 years. He was a harsh critic of modern trends. He said the result is that a terrible condition is developing, that there is only one answer, and that is a return to primitive living. I do not think any of us want to champion the return to primitive living and the passing up of the benefits enjoyed by people living in rural life today as compared to 25 or 40 years ago, within the memory of most of us.

Rev. Mr. GOWLAND: I was not suggesting for one moment that we are going to herd them into communities. This would be voluntary on the part of people, and would not be something they are forced to do. My suggestion was they would own their own farms rather than have a system similar to the Hutterites, where they are completely a community. This is something that has to be worked out by people on their own.

Senator McGRAND: The trouble is that what works best in one community does not necessarily work well in another.

Rev. Mr. BRYDON: We have tried to say that in the quotation I have read twice, at page 8:

But the farmer-owned-and-operated enterprise, in our judgment, embodies the desirable principle to be followed in any program of land use, and adequate provision should be made to retain it.

We are not for one moment suggesting the extreme of communal living as that word implies. To come to your illustration, the Hutterites, Mennonites and other groups to whom you have referred, the strength of those groups is that they all belong to the same religious-cultural group. But in the case of a community where there are Anglicans, Roman Catholics, Baptists, United Churchmen and Presbyterians, it would not be quite as simple as in the case of a colony of Hutterites or Mennonites.

The CHAIRMAN: I know of three cases in Saskatchewan of communities where the farmers in those areas, who live a long way from the village or town, have been able to buy 20 or 30 acres adjoining the town, and they have moved their farm buildings, and have lifted the barns and houses right up and set them down in this area. They bring all their feed and grain in there, and in the winter time their stock is taken there. Their families enjoy the advantages of town living. Then in the summertime they take their own stock out to the original farm and they farm that by themselves and have their own machinery and do not have any community work. In this way they

live in a centre where they can enjoy winter curling and all that, where educational facilities are much better for the children, and there is no expensive bus service needed to bring the children to school. The cost of upkeep of roads is very much less, that of the telephone system is less; and I think this might be an answer.

Rev. Mr. POULTON: I don't think I need to read section 4 to you. But we would like to come to page 9 in the summary, and the second paragraph says the fact of change must be recognized at all times. Research should be going on constantly regarding changes in values and attitudes in the community, resulting from the introduction of rural rehabilitation programs. The Church stands ready to co-operate with other community institutions on behalf of human needs.

I don't want to give you the impression by what we have been saying in earlier paragraphs that we think, or that the Church thinks the only answer is to return to what we used to do yesterday. We cannot. It is past and gone, and it never was as good as it appears to have been at this distance. But the task of the Christian Church is to present the vision of the redeemed community and to channel the power that lifts the actual community from where it is to where it ought to be. The Church surely stands as the symbol of the ideal. We don't always attain the ideal and we won't always reach it, but it must always stand there. It must present social concepts and ideals of Christianity, and exalt the values of rural life. The Church is herefore committed to change as part of the ongoing creative and redemptive work of God. The Church is not afraid of change, and she does not believe in maintaining a status quo. She hopes by the grace of God to work in co-operation with the Creator.

We say that the role of the Church is first to help people in rural communities to become committed to a basic philosophy of rural life, as outlined above, so that all enterprises are carried on in a context of stewardship of the land, and an enrichment of the life and the character of the people.

We are trying to say that we feel that whether a man is on the farm, in the city, or working at forestry, or whatever he does, he has the responsibility to treat God's earth as a trust entrusted to him. As a steward of these things, it therefore is required that stewardship requires that a man be found faithful, as Paul puts it. We are saying that in every enterprise in life this must be carried on in the context of stewardship of the land and an enrichment of the life and character of the people.

Then we feel that the Church must become involved, as clergy and church bodies in the promotion, on a co-operative basis, of ARDA in those areas where it is applicable. We don't think any one denomination is big enough to do this on its own. This is not a Baptist business, an Anglican business, or a Catholic business. It is a Canadian business.

Furthermore we feel we should do everything possible to strengthen rural values and community life centering around the family. The Church should affirm and apply in all situations those spiritual principles which reside in love and obedience to God, the redemptive power of Jesus Christ, and an involvement in the brotherhood of man, and especially brotherhood in the local community.

We hope that section does not sound too theological. We didn't intend to come here to preach sermons. You get those on Sundays. Perhaps my colleagues would be able to comment on this.

Rev. Mr. GOWLAND: I might start by saying what we understand by the Church. We hope you don't go away with the impression of the Church as simply being the clergy, or being simply an institution. What we feel is that

while this is an important part of our understanding of the Church, that in all these discussions, for example so far as they relate to ARDA, this is something to be expressed through the Church. Furthermore while the Church discusses this, the action must be expressed by our lay people moving out and taking active part in community affairs. We are trying in the Church today to stress the fact that the Church is not against the community organizations because the church of Jesus Christ through its people is representative of human organizations. For example in the home and in the school you don't have things in opposition. Here we are trying to get people to realize that our mission in the community takes them into these organizations.

Rev. Mr. BRYDON: I think what we are, in part, trying to say here, in article 4, is that we are trying to recover in some areas that which seems to have been lost. We do not wish to stress those things which are negative, but rather to face the facts of recovery in a positive way by instructing, inspiring and suggesting to those who work alongside it how the interest of the Church can work for the community. The emphasis here is on renewal. People are accustomed to the seasons, and they parallel this attitude of renewal in the economic area. Through the social sciences we are presented with a tremendous amount of data and so on. We find, however, that we are not fully trained in this area, and we are committed to finding through new understandings, the vision of these new sciences, and trying to interpret them through the work of men in bodies like the Federation of Agriculture, the co-operative movement, and Farm Forum and all these agencies. We are trying to interpret the social sciences and the implications of these men doing the specific jobs that they do.

Rev. Mr. POULTON: We see the layman exercising his Christian ministry in these fields. Just as the minister performs his ministry by dispensing the Sacraments and preaching the Word, the layman dispenses his ministry in this fashion. This is how John Doe can exercise the Christian ministry in the day-to-day operation of his work.

Senator HOLLETT: On page 9, in the fourth paragraph, you say "The task of the Christian Church is to present the vision of the redeemed community." What is meant by that?

Rev. Mr. POULTON: Would you like to answer that, Mr. Wilkinson?

Rev. Mr. WILKINSON: Well, this is rather difficult.

Rev. Mr. POULTON: It is a very good question. Answer it from the Anglican viewpoint.

Rev. Mr. WILKINSON: With a variety of theological backgrounds here, forgive me for indulging in generalities, but the broad concept of Christianity is that man has, by his sinful nature, become estranged from his Maker. The task of the Christian Church is to bring him back into relation with his Creator. The redeemed community is those who have been brought back into that kind of relationship. Now there is no point at which one can say "I am saved, and he is not." There are various gradations in the process all through life. Paul, the greatest of the early New Testament saints, about the end of his life said he was the chief of sinners. This is simply recognizing this whole process. As we strive towards our spiritual ascendancy we recognize those vast areas of life as yet unredeemed. I don't know if that answers your question.

Senator HOLLETT: It helps.

Rev. Mr. WILKINSON: This can help in the context of a group having this understanding. And this understanding points out the greater responsibility which we express in the concept of stewardship.

Rev. Mr. BRYDON: The word "redeemed" does not mean a complete act. It is going on continuously. May I refer to the social sciences again. When we take sociology these social sciences come into being. These are the means by which the community at work is redeemed—recognition of the worth of the individual, learning how to work together, to face issues, difficulties, and doing it in a creative way for the benefit of humanity as a whole. The application of the social sciences, following through the individual commitment, is the process of redeeming the community.

Rev. Mr. WILKINSON: Mr. Chairman, may I add a comment, not to lengthen these proceedings unduly, but I do think that running through all these was the opening statements that we made about the Christian rural philosophy, basically the Christian theology, underlying this whole concern for the land and its use. The particular Christian concern, which is shared by all denominations, is that these are the gifts of God to us and for whose use we are responsible, and how its products shall be shared by all men.

These are where the concepts of brotherly concern, and so on, have a very practical expression. It means that our local concepts of land and ownership do not free us from this overriding responsibility on how land shall be used. We do not think in terms of what is commonly derided now as wheat mining. We think in terms of the long-term use of the land, to continue to produce grain beyond future centuries so that the growing numbers of people on earth may continue to be fed. We do not think just about the advantages of the Niagara Peninsula from the transportation point of view in order to locate factories there. On the other hand, we do think of the irreplaceable land as an area for fruit growing, and this is part of the Christian stewardship concept which lies behind ownership and use of all land.

Rev. Mr. BRYDON: Mr. Chairman, we are concerned about the parkland and the pre-Cambrian Shield where the soil itself is different to that of the south Ontario regions, and we realize there needs to be a different approach in the pre-Cambrian Shield going across northern Ontario, past Sudbury and to the west. We realize that this area has unique problems and unique needs, and the fact of the community itself is difficult to establish. To bear out the things we have been saying earlier about this pre-Cambrian area, the forest area is something else that perhaps needs separate treatment. We cannot see the application of one broad scheme which would apply to this northern region of the pre-Cambrian Shield.

Rev. Mr. WILKINSON: This is the kind of thing I have been saying we are attempting to communicate to our theological students. Across the country are what we call rural training schools conducted for theological students, and they are a compulsory part of every theological student's training at some part of his seminary experience. They are also conducted for graduates in different areas after they are out, but the one point where we try to contact them is in their seminary training.

Senator TAYLOR (*Westmorland*): Mr. Chairman, there has been a question in my mind that I have been debating whether or not to ask for some time now during this meeting. First of all, some of it has already been answered by the statement just made and the fact that some of the churches are recognizing the rural responsibility of the Church. I feel that our rural ministers did not and were not taking part in rural community life at all.

Rev. Mr. POULTON: That is right.

Rev. Mr. BRYDON: We have to confess that.

Senator TAYLOR (*Westmorland*): Mr. Chairman, may I be permitted to relate an experience, off the record?

The CHAIRMAN: Yes, go ahead.

(Discussion off the record).

Senator McGRAND: The words "redeemed community" fascinates me, because I see a lot in them. To me it is a sort of survival of the things that are essential, that a community exists and possesses the essential things, the better things of life in an area. It will survive in spite of the fact that all around it people are pouring into the cities and that sort of think. That leads me to something else. I am a member of the Senate Committee on Aging which has been currently hearing evidence, and it has been emphasized by every person who has appeared before us in dealing with all the problems of aging people, that in the old days when most people lived on the land, on farms, we did not have this problem, and that it is the urbanization of our population which has added to our social problem of the aging. I believe of course in maintaining people on the land, and if this migration goes on from country to city, and continues on in the next decade as it has in the past decade or two, this social problem of looking after the aging is going to multiply. Would anybody care to comment on that?

Rev. Mr. BRYDON: Mr. Chairman, we are troubled about the aging. In our rural areas there is probably a larger percentage of older people to the rest of the population than the corresponding figure for the average of the nation. The thing that troubles us is that in the foreseeable future it looks to us as if three out of four or five of the young people coming out of our communities are going to enter urban society. The problem then can be stated: can we hold enough potential leadership in this community to do these things we want to do with any of these agencies, whether it is church, ARDA, the Federation of Agriculture or the Department of Agriculture. This is one of the real concerns.

Senator McGRAND: In other words, you cannot redeem the community unless you retain leadership.

Rev. Mr. BRYDON: This is the key.

Rev. Mr. POULTON: Honourable senators, you have been very patient. We shall take only two or three minutes more. We make a statement at the bottom of page 10 that there are two operating principles which are basic to the advancement of ARDA. One of them is that there must be an involvement of the community selected. We say we believe that the churches have a distinctive role to play at this point of involvement. The more the local people take the initiative and feel their sense of responsibility, the better the chance of success. We also say that assistance from the outside should be given only in a manner to encourage this local initiative and responsibility. Nevertheless, we believe it is important to understand that there is a place for professional services for the assistance of local planning committees as proposed by ARDA.

What we are trying to say here is that we do not think it is sufficient to say to a local community, "Go ahead, here is an opportunity, do something." The plain fact is that most of us are terribly busy, or at least we think we are, and we think they should be doing something—it is always "they"—and they do not do it and so it is not done.

We feel there should be a happy combination—we have not the answer any more than this Senate committee has—between local initiative and assistance from the outside, so that local initiative is not crushed and dampened. We feel that these two belong together and that "whom God has joined, let no man put asunder". We feel the need of local initiative, coming up from the grassroots, if you allow that expression, but also a need from the skilled professional people who have had a chance to sit behind a desk and do some technical work and planning.

The CHAIRMAN: This is basically the idea of ARDA, with the involvement of both sides, with the professional or extension services bringing in the

knowledge of the research work being done, to give some leadership to the community. The community itself must be involved in this completely. Otherwise it is a failure.

Rev. Mr. WILKINSON: That is well illustrated in the south side of the Saskatchewan irrigation project. On the north side of the river they will cooperate, but on the south side they will not.

The CHAIRMAN: They are different people.

Rev. Mr. BRYDON: I think the fact that we have put this brief together has laid open the hearts of all of us to our responsibility to do a better job and to communicate this within our own denominations, in seeing that it gets down to the respective levels. We are all feeling conscious about this brief.

Rev. Mr. POULTON: Mr. Chairman, at the conclusion of the brief we give you some samples of the comments received. We draw attention to the statement by the Reverend A. D. Stade, in his letter, which is given on page 11: "The problem of implementation is to get an education and an action program going in addition to the normal research program". We think you will not take that as any criticism. It is a statement of fact. His feeling is given in the next paragraph, that at the moment, "education for the most part is directed at those leaving the community, rather than of those remaining in it".

We are not able to interpret all that Reverend Mr. Stade had in mind. He is not with us, but we draw your attention to it.

We also draw attention to other letters, to Derek Salter, who refers to the need for a careful look "at the methods of dealing with natural resources from the top down".

Mr. John Root, given on page 13 says: "We shall require more extensive care in management of our water resources".

We have not said very much, but it is implicit throughout the brief, and explicit in some places, that education will have to be given in the management of our water resources.

Mr. Chairman, and members of the committee, this completes the presentation of our brief. We are open to answer further questions. We do not want to weary you unduly. We have appreciated the opportunity for this free and frank discussion and we hope it has been of some value to you, as it has been of value to us.

The CHAIRMAN: I think the statement by Rev. Mr. Brydon that you are conscious of being involved in it is the best thing that has happened. As far as this brief is concerned, it has involved the various denominations in this program of ARDA and that is a great thing.

Senator TAYLOR (*Westmorland*): I hope no one will become discouraged with the progress being made with ARDA. This is a terrific program of development, as I see it; and while we expect, and governments expect, the people in the community to take the initiative, many of them do not know where to start.

The CHAIRMAN: That is quite so.

Senator TAYLOR (*Westmorland*): They have to be given leadership. I am not being discouraging or unfair when I say we have not a great many individual successes. We cannot point to ARDA as being a total success but I think we can agree that a good deal of satisfactory groundwork has been done. I anticipate and foresee that in the future there will be excellent work in the development of ARDA and I am very glad to know that the churches are interested in it.

Senator McGRAND: I am not discouraged either. I think this is a wonderful opportunity. We note the interest you have shown in this, in the words that

E R R A T U M

SPECIAL COMMITTEE OF THE SENATE ON LAND USE IN CANADA

Re: Proceedings No. 3--

Page 65, Lines 18 to 21 inclusive:- Strike out the following words:

"when we built a school at Malbay, and also we had within a few miles one of the latest teaching schools to show the latest fishing methods with a motorized fishing fleet we could not get the local people to come, but"

ERRATUM

SPECIAL COMMITTEE OF THE SENATE ON LAND USE IN CANADA

Re: Proceedin a No. 3--

Page 65, Lines 18 to 21 Inclusive:-- Strike out the

following words:

"When we built a school at Malbay, and also we had within a few miles one of the latest teaching schools to show the latest fishing methods with a motorised fishing fleet we could not get the local people to come, but"

you mention as underlined "Education for the most part is directed at those leaving the community rather than at those remaining in it." Nothing could be truer as far as the Province of New Brunswick is concerned. When we left the little red school house and developed the regional high school, the majority of farmers' sons thought it a wonderful opportunity to learn technical training and get away from the farm. Any attempt made by anyone to encourage them to stay on the land, by any teaching in the school, was regarded as a heresy. I think someone in ARDA has got to overcome that. We have to start out perhaps with that as one of the points, the idea that education in the community should be directed to making people find that fulfilment and perhaps the redemption of the community.

Senator TAYLOR (*Westmorland*): Also, in addition to what Senator McGrand has said, we should recognize the fact that all boys born on a farm cannot stay on the farm.

Senator McGRAND: I recognize that—they cannot all stay, no more than all the bees can stay in the one hive.

Rev. Mr. WILKINSON: In a slightly different area, I may say I discovered in the Gaspé, when we built a school at Malbay, and also we had within a few miles one of the latest teaching schools to show the latest fishing methods with a motorized fishing fleet, we could not get the local people to come, but the members of our local church in Malbay were busily organizing and getting a mechanics school in the parish hall, dealing with the kind of equipment they were currently using, so that they could get the first stage of preparation and readiness and eventually get them to go to the larger school and the more advanced fishing equipment.

The CHAIRMAN: I think you have presented a very fine brief and that we have had a very good discussion here this morning. I think a vote of thanks to you gentlemen for coming here would be in order.

Hon. SENATORS: Agreed.

Senator STAMBAUGH: I would like to compliment these gentlemen for the broadminded approach they have made to this situation. It is a little different from what we have been used to, sometimes, from the churches.

Rev. Mr. POULTON: Thank you. We are learning, too. Thank you very much.

Whereupon the committee adjourned.

APPENDIX "A"
 DEPARTMENT OF SOCIAL RELATIONS
 of
 THE CANADIAN COUNCIL OF CHURCHES
 A BRIEF
 on
 LAND USE IN CANADA
 to
 The Special Committee of the
 Senate on Land Use in Canada
 December, 1963.
 I
 INTRODUCTION

Commendation

Honourable Chairman, Honourable Members of the Special Committee of the Senate on Land Use In Canada, we express appreciation for the opportunity to make a submission to you. We commend the Senate of Canada for undertaking a study of Land Use, and the Parliament of Canada for introducing the Agricultural Rehabilitation and Development Act. Proposals and plans that envisage the improvement of rural society in Canada are to be welcomed.

Our Limitations

We come before you as Churchmen, under the auspices of the Canadian Council of Churches, a national body whose members and affiliated members are the following churches and religious organizations:

- The Anglican Church of Canada
- The Baptist Federation of Canada
- The Churches of Christ (Disciples)
- The Evangelical United Brethren Church
- The Greek Orthodox Church
- The Presbyterian Church in Canada
- The Reformed Episcopal Church
- The Russian Orthodox Greek Catholic Church
- The Salvation Army
- The Society of Friends
- The Syrian Antiochian Orthodox Church
- The United Church of Canada
- The National Council Y.M.C.A.
- The National Council Y.W.C.A.
- The Student Christian Movement of Canada
- The Armenian Apostolic Church
- The United Lutheran Church in America

We do not come with technical competence in agriculture, forestry, mining, or any other occupation related to the primary production of this country. We come as representatives of Christian Churches deeply concerned for the rural life of Canada. We believe that any program of rural rehabilitation and development should take account of the moral and spiritual welfare of the people. We believe that our Churches and other religious bodies have a significant role to play in a program such as ARDA.

II

CHRISTIAN RURAL PHILOSOPHY

The Christian view of life is fundamentally the same in every situation, city or country, affluence or scarcity, but there are some emphases that have distinctive application in the rural setting. These include the following:

GOD—CREATOR AND SUSTAINER—God created the universe, of which the earth is a portion, with a purpose, and through his loving Providence he maintains it for the good of human beings. He is the ultimate owner of all creation. This is a primary Judeo-Christian belief which can be supported not only by texts from Holy Scripture, but is evident in the intent of the Old and New Testaments as a whole. Man under God, is made to have dominion over created things.

God's intention in creation is to enable man to live with dignity in accord with his nature and destiny, to develop his personality, to establish and maintain a family, and be a useful member of society.

THE GOOD EARTH—The Biblical statement "In the beginning God created the heavens and the earth" (Gen. 1: 1) sets forth the elemental fact that the created earth is God's, and is given to man for his use and development. Indeed it is "Holy Ground". It is God's greatest material gift to mankind. It is the fundamental source of food, fibre and fuel. The responsibility to use wisely such an elemental source of life and development in line with its basic purpose is incumbent upon all human beings: it is not to be denied or rendered ineffective by any legal ordinances, or apparent contrary rights.

STEWARDSHIP OF ALL NATURAL RESOURCES—Since all natural resources are God-given, a duty is imposed on man to conserve and enhance them. We must not sin against the soil by abusing and depleting it. We must be good stewards of all resources. We hold them in trust for all mankind, for our children and for future generations.

Land is a very special kind of property. Ownership of it does not give an absolute right to use or abuse. The land steward has a duty to enrich the soil he tills, to hand it on to future generations as a thank offering to God. Our neglect, indeed defiance, of the conditions upon which God permits us to live upon this planet leads to one devastating result—extinction. If we continue to sin against the soil we are doomed. It is more than 20 years since Walter C. Lowdermilk, then of the United States Soil Conservation Service, made his study in some 15 countries of man's stewardship of the land down through the ages. What he saw and found led him to formulate what he called "The Eleventh Commandment". Here it is:

Thou shalt inherit the holy earth as a faithful steward, conserving its resources and productivity from generation to generation. Thou shalt safeguard thy fields from soil erosion, thy living waters from drying up, thy forests from desolation, and protect thy hills from overgrazing by thy herds, that thy descendants may have abundance forever. If any shall fail in this stewardship of the land thy fruitful fields shall become sterile stony ground and wasting gullies, and thy descendants shall decrease and live in poverty or perish from off the face of the earth.

No thoughtful Canadian wants to see depletion of our natural resources because of neglect, but we must be on guard. It is happening here. Speaking at Saskatoon, in January 1963, to members of the Saskatchewan Agricultural Graduates Association as reported in the *Western Producer*, D. T. Anderson, agricultural engineer at the Lethbridge Research Station, warned that historians may well label the present decade as the "dusty sixties" unless something is done to stop soil erosion on the prairies. He said:

A study by the Alberta Institute of Agrologists estimated that, in the spring of 1959, up to 800,000 acres of Alberta farm lands had experienced light to severe drifting. In April of 1962, over 900 acres of sugar beets and an unknown number of fields of fall and spring-sown wheat had to be re-seeded in southern Alberta because of erosion. These are typical examples of what has happened all across our prairie farm lands during the past five years; and occurrences of erosion during these years have been potentially as severe as during the "dirty thirties".

It would not be difficult to document similar examples of destruction of the soil in the case of the indiscriminate opening of gravel pits and gypsum pits, the over-cutting of timber, and the location of highways and factories across the country.

Inseparable from the question of land use is the whole matter of water supply, its provision and protection. Uncontrolled timber cutting, over-trapping of beaver and muskrat, draining of swamps, removal of fence rows, and other factors in the past have seriously threatened basic natural water storage facilities. Needless pollution of streams, lakes and rivers by domestic and industrial waste has already destroyed large amounts of water life and threatens to affect materially not only our pure water supply but also a major source of protein food in the form of fish. We are happy to note that the ARDA legislation envisages comprehensive water conservation schemes as a necessary part of full and proper land use.

It is the duty of the Christian Church to warn men of this danger, and to support professional agriculturalists, foresters, and government and farm agencies, in their efforts to conserve the soil. We must do this because it is the Word of God for us. "The land is mine; for ye are strangers and sojourners with me." (Lev. 25: 23)

Long range planning must be done in order to produce land use programs which emphasize preservation of the soil and natural resources as well as current productivity. Such plans call for comprehensive patterns of development that may follow natural geographical boundaries and formations, and cut across artificial municipal or county lines. Such programs of readjustment for proper land use must have over-all support by the community. It is not fair or realistic to expect individuals to place the more idealistic considerations of proper land use above economic opportunity, unless society as a whole supports them in it.

III

HUMAN VALUES

The well-being of the people in all phases of their life should be the primary concern of Church and State. We believe that rural society has made for strong character. Not all the results of changing rural patterns have been bad. Rural people are better educated and more socially articulate than heretofore. It must be admitted, however, that rural values have suffered somewhat in recent years. As well as soil erosion there has been soul erosion. The strengthening of spiritual foundations necessary to responsible living is imperative. Love to God shown in love toward neighbour is still the cardinal duty of man.

These are critical days for rural people. The revolution resulting from cash farming, specialization and mechanization goes on apace. Old conceptions of neighborhood and community associated with self-sufficient farming and the pre-automobile period had to be revised. The neighborhood of former years is disappearing, or is having less and less meaning, and earlier concepts of community have had to be adjusted to the fact that many rural people, through their business, cultural and social life, belong to several geographical units of varying sizes. Changes have been, and still are, so rapid that it has become

increasingly difficult to define neighborhood and community. It is reasonably accurate, however, to say that there are three main sociological and geographic units within which rural people live.

THE NEIGHBORHOOD—"Neighborhood" may be defined as a small group of families—up to thirty or forty—who, living close together, have built up some common friendship ties and associations and may look to one building, Church, cemetery, hall or store as a focus of interest or activity. Only some of the social and economic needs of the residents are met within such a neighborhood.

THE COMMUNITY—"Community" on the other hand refers to an area in which the people are bound together by a number of important common needs and institutions—economic, religious, cultural, and educational. Frequently such a community is centered in a village or town (trade centre) which will include a variety of stores, schools, churches, garages and gas stations, and possibly other social and recreational facilities. Several neighborhoods may exist within a single community.

In addition to belonging to a "neighborhood" individuals may belong to more than one community. They may have friends, business associates and relatives in, and may visit regularly, two or more trading centres within reasonable distances from home. Usually the boundaries of a given community may be set fairly accurately, although a degree of overlapping will frequently appear.

THE ENLARGED COMMUNITY—The emergence of the automobile, good roads, the radio and television, medical and welfare services, and changes in the cultural aspirations of many rural people have made them a part of an even larger entity which is frequently called "the enlarged community". This may correspond roughly to one or more counties, or municipalities. The heart of the enlarged community is likely to be an urban centre where more elaborate and specialized economic, educational, medical and entertainment facilities are available. An increasing number of people living in rural areas commute to this larger centre for employment. The "enlarged community" will have within it many neighborhoods and two or more communities.

The steady disappearance of the old easily defined neighborhood and community, and the growing tendency of rural people to go in so many different directions, and such long distances, for the necessities and amenities of life, are having a most profound effect upon the life and work of rural institutions, including the Church.

Any major development program should endeavour to preserve the values and opportunities that go with life in smaller communities. Opportunity for individual initiative, personal responsibility and neighbourly relationships must be maintained.

THE FARM FAMILY

This brings us to what is for us the core of today's problem: the farm family. Since the family is the primary institution in society we believe that access to land and stewardship of the land must be planned with family life in view. There is a special potentiality in the farm home for nurturing strong and wholesome family life. No move should be made in land use or agricultural development that impairs in any way the possible contribution of the farm family to the life of the nation. There is a close link between land use and human welfare. Efficiency in land use is not to be judged by material production alone, but by a balanced consideration of spiritual, social and material values.

We are aware that the vast changes taking place in agriculture because of technology have made the small farm holding in many cases an uneconomic unit; that the trend is to larger farms on account of higher capitalization and other factors. However, as Christian churchmen we are concerned to preserve the individual initiative and integrity of the family-operated farm as opposed to the trend toward the factory farm. It is granted that the size of the farm unit will increase. But the farmer-owned-and-operated enterprise, in our judgment, embodies the desirable principle to be followed in any program of land use, and adequate provision should be made to retain it.

IV

There is much stress today upon our need for community, and an emphasis upon those forces that draw us together. A trading centre is not enough to make a community. Community begins to emerge where there is a sense of interdependence and shared concern. There must be a connecting fabric of loyalty and allegiance to a common good. It may involve a shared experience of hardship or sorrow which makes people one in heart and mind. Or, it may centre upon some material need, but the dominant elements are moral and spiritual. Community involves such things as: bearing one another's burdens, sharing of goods, interests, trust, empathy, and brotherliness.

Without this concept of community, a district remains a cluster of dwellings and stores, the people preying upon and living off each other. Such a place becomes the victim of defeatism and drifts along to mediocrity and slow death. Having lost its sense of the future it grows careless about its appearance and its reputation, about the maintenance of any kind of moral order, and descends to lower levels of meaninglessness, thus providing conditions in which immorality, vice and crime may thrive.

SUMMARY

Life must be seen as a whole; whatever affects persons is a concern of the Church.

The fact of change must be recognized at all times. Research should be going on constantly regarding changes in values and attitudes in the community, resulting from the introduction of rural rehabilitation programmes. The Church stands ready to co-operate with other community institutions on behalf of human needs.

The task of the Christian Church is to present the vision of the redeemed community, and to channel the power that lifts the actual community from where it is to where it ought to be. The Church is the symbol of the ideal. It must present social concepts and ideals of Christianity, and exalt the values of rural life. The Church is therefore committed to change as part of the on-going creative and redemptive work of God.

The role of the Church:

1. To help people in rural communities to become committed to a basic philosophy of rural life, as outlined above, so that all enterprises are carried on in a context of stewardship of the land and an enrichment of the life and character of the people.

2. To become involved, as clergy and church bodies in the promotion, on a co-operative basis, of ARDA in those areas where it is applicable.

3. To do everything possible to strengthen rural values and community life centering around the family.

4. To affirm and apply in all situations those spiritual principles which reside in love and obedience to God, the redemptive power of Jesus Christ, a commitment to truth, and an involvement in the brotherhood of man, especially brotherhood in the local community.

V

THE CHRISTIAN CHURCH AND ARDA

It is against the background of these religious and human values that we venture some comment about legislation in aid of rural development and the role churches may play in this undertaking.

One or two operating principles seem basic to its advancement:

1. There must be involvement of the communities selected—and of the people themselves—in the planning. Existing community organizations should be used wherever possible. We believe that the churches have a distinctive role to play at this point of involvement. Clergy and other religious leaders can help to provide the dynamic necessary to move a community to action for its betterment. The more that local people take the initiative and feel their sense of responsibility for the success of the undertaking the better.

2. Assistance from the outside, especially financial assistance, should be given only in a manner to encourage this local initiative and responsibility. Nevertheless, there is a place for professional services for the assistance of local planning committees as proposed by ARDA.

In preparation of this brief we sought the counsel and comment of men who serve the church in rural pastorates, or are in close touch with rural movements. The following are samples of the comments received.

(a) Rev. A. D. Stade, Superintendent of Home Missions in Southern Saskatchewan and Southern Alberta for The United Church of Canada writes:

Assurance has been given that the work of implementing ARDA would have the co-operation of the PFRA and provincial government agencies. To date implementation of the act in furthering rural development has experienced difficulty in getting beyond study and research programs. In Saskatchewan most notable and enthusiastic progress has been made in the Torch River undertaking. The others seem to have bogged down. The problem of implementation is to get an education and an action program going in addition to the normal research program.

An Educational Program has some inherent hurdles to overcome. Perhaps, the most serious of these is, that, in spite of its general nature and good intention, education for the most part is *directed at those leaving the community, rather than at those remaining in it*. How to create an effective educational program for those remaining in a community is an immediate challenge. It would seem that the Agricultural Representatives, the clergy, and the school teachers, will be key figures in any real solution of this education hurdle. It is at this point that ARDA offers a tremendous opportunity for local and government agencies to work together.

The working together of agencies is also true with regard to an action program. To date action programs have been retarded because of failure to reach agreement on the part of local and government agencies. Farmers are afraid of change in the name of rural development. If it is change to irrigation, the question is who pays for the big ditches and

who digs the little ones. If change is to pasture, then the question is, who is going to leave the community to make room for pasture. In all projects the question arises, 'Can long term charges against land be paid'. In addition to the labour and the economic involved, many farmers are asking serious questions about the increase of production at a time when it is almost a sacrilege to produce more and thereby threaten market values.

- (b) The Reverend Derek Salter, Western Rural Resource Leader under the direction of the Council for Social Service of The Anglican Church of Canada writes:

While I understand this is intended to be a "grass roots" movement with official encouragement and assistance, a careful look at the methods of dealing with natural resources from the top down should not be left out. The tax system that draws revenue from royalties on crown resources as they are used up lends itself to opportunist political groups using this revenue for their own ends and encouraging the rapid use of resources during their term of office when, in fact, conservation might be encouraged for the benefit of future generations.

In the interests of efficiency and progress there will need to be many adjustments. Some areas may well be abandoned, so far as permanent places of residence are concerned. As pointed out in the report, care should be taken in the relocation of people. In the interests of morals and appearance some general policy should be established with regard to the disposal of unused buildings. A few are worthy of restoration and preservation as historic sights, and others should be completely removed. Perhaps some tax arrangement would encourage this. This leads naturally to a consideration of the matter of museums which are usually located in larger centres. In this day of easier transportation, these might well be located in rural areas so that some of the traffic might be induced to flow in that direction.

- (c) Mr. John Root, M.P.P., chairman of the Town and Country Church Committee of the Baptist Convention of Ontario and Quebec, writes:

The church ought to be interested in the proper use and development of the resources with which God has richly endowed Canada. When we think of possible future trends, we should keep in mind two or three things that are basic.

1. In a country that possesses such tremendous quantities of basic raw materials, we should plan for the continuing expansion of population. Canada's economy will not permit it to import all its food stuff, so we will be required to produce more and more as the years go by. This will invariably call for higher production from the same acres. This in turn, will make necessary the development of policies which will bring about the maximum amount of products from particular types of soil, whether that production is in the form of food stuff, live stocks, or forest products.

2. Another matter that is important is the fact that as population expands, and industry develops, we shall require more extensive care in management of our water resources. Already, irrigation is being used extensively in certain areas. The ARDA program is designed to develop better land use through research, and through conservation practices in regard to both land and water. Since the church is interested in the welfare of the people, it should give its support to programs that will be developed in the ARDA program.

- (d) Rev. Phillip Schissler of Innerkip, Ontario, Presbyterian Church writes:

The Church's concern ought to be with the development of right attitudes on the part of government and people toward the use of resources, the welfare of the people of the world and the conservation of the things which are needful for the preservation of life on the earth. It is important that man be aware of his responsibility to God for the use of earth's resources. And Church and State are the two God-established agencies by which this awareness may be aroused in man.

- (e) From an article by the late Rev. Dr. S. H. Prince, Professor of Sociology at King's College, Halifax, N.S., in the Bulletin of the Council for Social Service, No. 174. This information was drawn from Dr. Prince's observations during the International Rural Travel Seminar at Bossey in which he was a participant.

For the greater part of human history men have lived in villages and locality groups. While we have village living in some parts of rural French Canada and some intimate types of valley agricultural and orchard life in British Columbia, our farm families in many sections of the land are scattered far and wide and largely miss the friendly neighbourliness of a village community with the social and psychological reinforcements which are afforded by homogeneity of occupation and life interests. There are many folk who are living in social Saharas with community life as barren as are the sands of Tangier. It is not without significance that the insanity rate per capita of the rural population in some parts of this country and of the United States is said to exceed that of those living in an urban milieu. And here we might very well ask ourselves if community living can be made compatible with the rural economy of Canada? With the current consolidation of schools, churches, lodges and other institutions cannot we evolve a rural social system more or less like the Mormon villages in the State of Utah where homes are located in close proximity, with educational and cultural advantages and a more satisfying way of life.

- (f) Rev. D. A. Brydon, B.S.A., of Mount Forest, Ontario, United Church writes with reference to Section III:

Business and Industry—The encouragement of Small Industry in the small community is necessary to give an adequate economic base in the smaller centres, to give variety, character, and a balance of trained people in an area. Time studies in industry in Western Ontario indicate that the factory efficiency can be maintained in these centres.

- (g) It also should be pointed out that a number of the member bodies in the Canadian Council of Churches have expressed official support for ARDA in the form of resolutions adopted at their annual assemblies and conventions.



THE SENATE
OF
CANADA



**Report
of the
Special
Committee
on
Land Use
in Canada**



First Session—Twenty-sixth Parliament
1963

THE SENATE OF CANADA

Consolidation of the proceedings and considerations of the Committee from
its inception on January 30, 1957 to the end of the first Session—
25th Parliament, February 6th, 1963

on

LAND USE IN CANADA

No. 4

THURSDAY, DECEMBER 12, 1963.

The Honourable ARTHUR M. PEARSON, *Chairman*
The Honourable AUSTIN TAYLOR, *Deputy Chairman*



THE SENATE OF CANADA

LAND USE IN CANADA

BOARD OF MEMBERS

ROGER DUHAMEL, F.R.S.C.
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY
OTTAWA, 1964

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THE SPECIAL COMMITTEE ON LAND USE IN CANADA

1963 Session

The Honourable ARTHUR M. PEARSON, *Chairman*

The Honourable AUSTIN TAYLOR, *Deputy Chairman*

The Honourable Senators

Basha	McGrand
Boucher	Methot
Buchanan	Molson
Burchill	Pearson
Cameron	Power
Crerar	Smith (<i>Kamloops</i>)
Fournier (<i>Madawaska-Restigouche</i>)	Smith (<i>Queens-Shelburne</i>)
Gershaw	Stambaugh
Gladstone	Taylor (<i>Norfolk</i>)
Hollett	Taylor (<i>Westmorland</i>)
Horner	Turgeon
Inman	Vaillancourt
Leonard	Welch (27)
MacDonald (<i>Queens</i>)	

Quorum—5.

STEERING COMMITTEE

The Honourable Senators

Boucher, Cameron, Hollett, MacDonald (*Queens*), McGrand, Pearson, Smith (*Kamloops*), Taylor (*Norfolk*), Taylor (*Westmorland*) and Vaillancourt—10.

ORDER OF REFERENCE

Extract from the Minutes of the Proceedings of the Senate, Friday, October 11th, 1963.

“The Honourable Senator Macdonald, P.C., moved, seconded by the Honourable Senator Brooks, P.C.:

That a Special Committee of the Senate be appointed to consider and report on land use in Canada and what should be done to ensure that our land resources are most effectively utilized for the benefit of the Canadian economy and the Canadian people and, in particular, to increase both agricultural production and the incomes of those engaged in it;

That the Committee be composed of the Honourable Senators Basha, Boucher, Buchanan, Cameron, Crerar, Fournier (*Madawaska-Restigouche*), Gershaw, Gladstone, Hollett, Horner, Inman, Leonard, MacDonald (*Queens*), McGrand, Methot, Molson, Pearson, Power, Smith (*Kamloops*), Smith (*Queens-Shelburne*), Stambaugh, Taylor (*Norfolk*), Taylor (*Westmorland*), Turgeon, Vaillancourt, Veniot and Welch;

That the Committee have power to engage the services of such counsel and technical and clerical personnel as may be necessary for the purpose of the inquiry;

That the Committee have power to send for persons, papers and records, to sit during sittings and adjournments of the Senate, and to report from time to time;

That the evidence taken on the subject during the eight preceding sessions be referred to the Committee.

After debate, and—

The question being put on the motion, it was—

Resolved in the affirmative.”

J. F. MacNEILL,
Clerk of the Senate.

Extract from the Minutes of the Proceedings of the Senate, Friday, October 18th, 1963.

“With leave of the Senate,

The Honourable Senator Beaubien (*Provencher*) moved, seconded by the Honourable Senator Macdonald (*Cape Breton*):

That the name of the Honourable Senator Burchill be substituted for that of the Honourable Senator Veniot on the list of Senators serving on the Special Committee of the Senate on Land Use in Canada.

The question being put on the motion, it was—

Resolved in the affirmative.”

J. F. MacNEILL,
Clerk of the Senate.

Foreword

This report briefly summarizes the basic principles and problems of land use in Canada and the highlights of the hearings, deliberations, findings and recommendations of the Special Committee of the Senate on Land Use in Canada. The proper use of our lands and the economic and social implications have been the important points of consideration of this Committee during its period of existence from January 1957 to the present time. Its deliberations in this important area of resource use and development have particular significance in view of recent technological and scientific improvements, labor-saving innovations and the changing needs of the people. These forces and others associated with the maturing of Canada's economy point up the need for adjustment in the utilization of our lands. The Committee concerned itself particularly with the scope and complexity of adjustment needs and especially with regard to the low income and backward rural areas of Canada.

While the Committee directed its attention mainly to the use of land and water for Agriculture and the welfare of rural people dependent on agricultural income, it also studied other alternative and multiple uses for forestry, urban purposes, transportation, fisheries and recreation. This report, together with the printed proceedings emphasize all the complex relationships between the use and management of the land and water resources, and the human benefits and satisfactions. The information assembled by the Committee and the interest generated amongst the general public and legislators has contributed to a fuller understanding of our problems and to the development of appropriate objectives with particular focus on governmental policies and programs.

The Committee is indebted to the witnesses that appeared before it and especially for the content and depth of information provided in all the phases of land use across Canada. These witnesses represented a wide range of organizations and bodies including farmers and other primary resource users or producers, processors and industrialists, scientists, governmental officials and legislators. Without this help, the task of the Committee would have been impossible.

The Committee wishes to single out for commendation the excellent co-operation received from the Department of Agriculture for scientific and technical information, and services provided by many of the officials in briefs. The advisory and consultative service provided by Mr. R. A. Stutt of the

Economics Division has been invaluable to the Committee throughout its existence. Mr. H. K. Scott, Economics Division, also helped with the preparation of this report.

A. M. PEARSON,
Chairman.

OTTAWA, December 1963.

Preface

Thursday, December 12, 1963.

The Special Committee of the Senate on Land Use in Canada make their second Report, as follows:—

On January 30, 1957 a Special Land Use Committee of the Senate was authorized. The scope and purpose of this committee was indicated in the following extract from the Minutes of the Proceedings of the Senate of that date:

- “1. That a Special Committee of the Senate be appointed to consider and report on land use in Canada and what should be done to ensure that our land resources are most effectively utilized for the benefit of the Canadian economy and the Canadian people and, in particular, to increase both agricultural production and the incomes of those engaged in it;
2. That the said Committee be composed of the Honourable Senators: Barbour, Basha, Boucher, Bois, Bradette, Cameron, Crerar, Golding, Hawkins, Horner, Inman, Leger, Leonard, McDonald, McGrand, Molson, Petten, Power, Smith (*Kamloops*), Stambaugh, Taylor (*Norfolk*), Taylor (*Westmorland*), Tremblay, Turgeon, Vaillancourt and Wall;
3. That the Committee have power to engage the services of such counsel and technical and clerical personnel as may be necessary for the purpose of the inquiry;
4. That the Committee have power to send for persons, papers and records; to sit during sittings and adjournments of the Senate, and to report from time to time.”

The Leader of the Government in the Senate, at that time made this comment, when introducing the motion,—

“ . . . There can be no doubt that any comprehensive study of land use will have to range widely across the Canadian scene, but much of the information that the proposed committee will take under advisement will come from the provincial departments of agriculture. The pattern of land use varies widely . . . from province to province.”
He further added,—

“It is . . . the challenging task of this proposed Senate Committee, (a) to make a broad survey of land use in Canada, (b) to focus public attention on all aspects of this problem, and (c) to invite the best

minds in the country to set out their views as to the appropriate solutions, and particularly as these would benefit the farmer and tend to raise farm incomes."

The land use problem, which it was expected that the Committee would address itself to, was stated by the Prime Minister in a speech delivered in Toronto on November 20, 1956. He said,—

"Now—at least in Eastern Canada, the area of our arable lands cannot be substantially increased. On the contrary, there is a not important portion of those lands now included in the farm area which is quite unfit for ordinary agricultural uses and on which it is deplorable, and in this country unnecessary, to allow backbreaking work to be continued when it is so obvious that it cannot yield a decent family livelihood to those who engage in that work. I say that should not be continued, because we are blessed by Providence in this country with such great and valuable resources that any man's consistent arduous work could and should provide him with adequate returns to search for himself and his dependents a decent livelihood, provided that work is applied to the right job in the appropriate setting.

I am convinced that some of the land in Eastern Canada that hard-working Canadians are trying to use as farmers should go back to forest and water conservation uses and those attempting to live on them resettled in more rewarding surroundings."

There was much continuity in the membership of the Committee during the eight sessions under review. Sixteen members were active throughout the whole of the period. These were supplemented by the following fourteen Honourable Senators: Buchanan, Emerson, Fournier (*Madawaska-Restigouche*), Gershaw, Gladstone, Higgins, Hollett, MacDonald (*Queens*), Methot, Pearson, Smith (*Queens-Shelburne*), Veniot, Welch and White. The Honourable Senator Charles G. Power was Chairman of the first two Sessions and The Honourable Senator Arthur M. Pearson at the subsequent Sessions.

Introduction

The Special Committee of the Senate on Land Use in Canada began hearings in February 1957. The hearings were called to facilitate the fulfilment of the terms of reference stated in the first paragraph of the Minutes of the Proceedings of the Senate as quoted in the preface to this report.

These terms of reference may be paraphrased as follows:

- (i) to consider and report on land use in Canada,
- (ii) to consider and report what should be done to ensure that our land resources are most effectively utilized for the benefit of the Canadian economy and the Canadian people, and
- (iii) to consider and report what should be done to ensure that our land resources are most effectively utilized to increase both agricultural production and the incomes of those engaged in it.

This special report is a consolidation of the proceedings and the considerations of the Committee up to the end of the first session of the 25th parliament, 1962-63.

Procedure

The procedure adopted by the Committee was to call witnesses to give verbal and written reports in their particular fields of land use. Those giving evidence were officials of federal and provincial governments, university personnel, officers of professional societies, heads of industrial firms, officials of the U.S. Federal Co-operative Extension Service, farm leaders, scientific and technical workers in agriculture, forestry officials, officials of co-operative organizations, and specialists in aerial surveys, land use planning, water use and conservation. A complete list of these witnesses appears as an appendix to this report.

During the period from the first hearing until the last hearing held in 1962, a total of 56 meetings were held at which 109 witnesses were heard and 1,606 pages of evidence recorded (*see* Table 1). In addition, witnesses were assisted by about 35 advisors.

The hearings of the Committee were held in Ottawa and were open to the public. The printed proceedings of these meetings were published. Publication of these submissions have assisted substantially in the fostering of a concern for and understanding of the problems concerning the efficient use of our land resources.

Table 1.—A Summary of the Number of Meetings, Witnesses and Pages of Evidence According to Senate Sessions and Dates of the Sessional Reports of the Committee

Session	Date of Committee Report	No. of Meetings	No. of Witnesses	No. of pages
5th Session, 22nd Parliament	March 28, 1957	7	27	230
1st " , 23rd "	Dec. 12, 1957	3	3	55
1st " , 24th "	Aug. 20, 1958	3	8	67
2nd " , 24th "	July 8, 1959	15	17	469
3rd " , 24th "	July 13, 1960	9	22	236
4th " , 24th "	June 28, 1961	13	20	341
5th " , 24th "	Dec. 4, 1962	5	8	130
1st " , 25th "	nil	1	4	78
	Total	56	109	1,606

Near the close of seven of the eight sessions during which the Committee received submissions, a report was submitted for the consideration of the Senate. The dates of these reports are included in Table 1. Recommendations formed a part of four of these sessional reports. These recommendations are restated later in this report. (*see* Pages 47 to 50).

Limitation of land resource

The total land area of Canada is about 2,272 million acres, a large tract. Nevertheless the usable land or land with present or potential use is limited. About seven per cent of the total land or 174 million acres was in farms according to the 1956 Census. Of the total land area about 68 per cent is in forest with 184 million acres being occupied or used. Smaller acreages are used for other purposes such as urban, recreational and communication uses. It was presented to the Committee that the potential increase in improved agricultural land would not exceed 45 million acres.

Restrictions or limitations in the acreage of usable land in Canada result from weaknesses in this resource. The limitation in the potential use of land areas results from differences of soils, topography, climate and location. These four variables may be viewed as the components of land and as they vary so does the value or usefulness of the land. It was pointed out to the Committee that there have been mapped more than 500 differing soil types in Ontario alone. Variations in the other components are also apparent. Topography varies from depressional areas to the rocky slopes of mountains. Climate varies from the arid Prairies and the frozen Arctic to the humid coastal conditions. Land areas vary in location, also, from land that forms a part of a large metropolitan centre to other land that is located in remote isolation.

An appreciation of the limitations in the land resource of Canada and the need of a fuller understanding of these limitations on efficient land use

was expressed in many submissions. It is expected that the trends in land use of the past will continue into the future. Expanses of land will be required for urban, industrial, governmental, recreational and communication uses. Much of the land that will be put to these uses in the future will come from the better agricultural land of the present it was forecast by different witnesses.

Demands of land

The demands that have been made of the lands of Canada have changed considerably over our relatively short history. The first settlers were concerned with the fur and fish that were found in this country. Subsequent settlement resulted in the raising of foodstuffs to supplement importations, although initially, little produce was raised for sale. The concern of these early farmers was self-sufficiency, the raising of food and fibre with which to assure themselves and their families with sustenance.

Increases in population brought the development of the nation. Widespread agricultural settlement and urbanization occurred. Land was put to use as the site of manufacturing, processing and service industries. Land was used in the extraction and marketing of minerals and petroleum products. The harnessing and distributing of electrical energy required the use of land. The increased specialization and industrialization of the urban centres resulted in the farmers being relied on as the producers of food. This resulted in commercial agriculture with farmers adapting new technologies and raising food for sale, while purchasing many of their supplies. This movement of goods necessitated many improved transportation facilities such as roads and railroads, which required the use of land. Society took an increasingly active role in the allocation of land resources to these uses and later to other uses such as water supplies and sewage systems, national defence, conservation and recreation among others.

Improvements in the living standards in urban centres attracted many rural people. The continuing improvement in communications through such means as the press, radio, television and telephone resulted in most agricultural areas becoming less isolated. This has served as stimuli to the farmers to improve their level of living. Those who remained on the farms produced food with greater efficiency. Technological advances facilitated this trend. Machines were manufactured that replaced much man and animal power. Better cultural practices were adopted and more productive crops were grown. Efficiency or output per man increased tremendously. In the course of this change to better living conditions more was demanded of the land. It was found that both men and lands varied in response to change. The farmers with the better managerial abilities and/or with more capital at their command were more suited to adjusting their use of land to the changing demands. Some lands proved to be more responsive than others to the change in use and conditions.

The following sections of this report are grouped in three parts. In Part I, variable uses of land are reviewed, based on briefs submitted by various witnesses and subsequent discussions. Most of the concern of the Committee has been devoted to submissions pertaining to the agricultural use of the land. But the broad range of uses has been considered with briefs having been received that dwelt on land uses for transportation, urban areas, recreational purposes, forestry and fisheries, as well as the problems of conservation and the multiple use of land.

Part II briefly reviews the organization and initial development of the program under the Agricultural Rehabilitation and Development Act (ARDA) and its joint relationships in alternative land use, rural development and soil and water conservation activities with the provinces.

Part III chronologically lists the recommendations the Committee has respectfully submitted to the Senate followed by a statement regarding contributions of the Committee.

PART I

Agricultural Land Use

The particular attention of the Committee was directed by the terms of reference to the agricultural use of land. The submissions were predominately concerned with agriculture. It is not the intent of this section to report on the detail of these submissions but rather to present a broad or more generalized review of the agricultural use of land in Canada and a rationalization of many of the problems that beset this use.

Agricultural land occupancy

As was mentioned in the introduction, there are only 174 million acres occupied as farms out of Canada's total land area of 2,272 million acres, according to the 1956 Census. Of this occupied acreage less than sixty per cent or about 100 million acres are improved. In 1956, 63 million acres were seeded to crops. The remaining improved acreage consisted of summer-fallow, seeded pasture, or was idle or in use as barnyards, lanes or roads on farms.

Some additional land in occupied farms can be cultivated. In addition it is estimated that up to 45 million acres of non-occupied land are still available as potential agricultural land. The land, which is viewed as having a potential agricultural value, is generally of inferior quality. The non-occupied land that is available for future agricultural production is found in all the provinces. There are about 5 million acres which could be developed in the Maritimes with most of the remaining potential acreage located in the northern areas of the other provinces.

Land is being brought into production every year with some being removed from use. The net result has been a comparatively slow increase in the net improved acreage over recent years. Because of the low grade of much of the land considered as potentially agricultural, it is expected that the demand for farm products will have to increase substantially before most of this land is developed. New land is brought into production only when the expected returns are adequate enough to make the development of such land attractive.

Number of farms

The Committee heard many witnesses who were concerned about the number of farms in Canada. These submissions all agreed that the decrease

in number of farms will likely continue. In 1951 and 1956 the Census defined a farm as a holding on which agriculture was carried out, and of three acres or more in size, or with agricultural production of a value of at least \$250 if it was less than three acres but more than one acre in size.

Using this definition there were in 1956 about 575,000 farms in Canada. This number was a decline of approximately eight per cent from the 623,000 farms that were reported in 1951. Over this five-year period, the total number of farms declined in each of the ten provinces. These figures include many holdings which many would not consider farms. Instead they would be viewed more as rural residences or part-time farms. Rural residences are those holdings where the occupant resides but depends for his income, in the main, from non-farm source. Part-time farmers are operators of generally small-income producing holdings who earn part of their income from the farm and part from some other source. These users of land form part of the rural scene of Canada and must be kept in mind when statistics on the number of farms are considered.

The commercial farmers form the group that is of main concern to the Committee. This group depends upon the sale of farm products as the sole or predominant source of farm income. The large majority of these commercial units are family operated farms, few being operated by incorporated businesses. Most farmers are owners of their land, some own only a part of their land and rent or lease a portion while others are wholly tenants.

Farm size

Historically the units of land acquired by the early settlers were smaller in Eastern Canada than on the Prairies. Farms having one hundred acres or less were common in the East, while in the West the original settlers usually farmed 160 or 320 acres. Although, as was pointed out to the Committee, the average acreages of farms in Canada is increasing, many in all provinces are still of an inadequate size.

A farm must be of a size that the volume of production will enable a satisfactory level of living when normal prices for agricultural products and costs of production prevail. Without an adequate volume of product no reasonable price-cost relationship will return the desirable standard of living. The limited size of many farms also inhibits the fuller adoption of technological advances and as a consequence, farm costs per unit of product are higher.

The increasing commercialization and specialization that have characterized the movement of Canadian farmers to better living conditions have resulted in many farmers increasing the productive size of their holdings. Some farmers have increased the productive capacity of their farms by areal expansion. This method is common to land areas where the types of farm production are more extensive. Other farmers have increased the volume of products sold by increasing the intensity of use of their existing farm units.

This means is used in many parts of Canada where the components of land particularly favor production in this manner. Both methods with adaptations have been used on many Canadian farms.

Adjustments that have been made in the short-grass prairie region of Western Canada exemplify increased production through areal expansion. This region was originally farmed with horses by settlers on holdings of about 160 or 320 acres. Incomes from many of these farms proved inadequate soon after settlement and a large number of farms were subsequently abandoned. Abandonment reached large-scale proportions in the 1930's. This was the period of drouth with low yields and low prices. The abandonment of many of the farms permitted the remaining families the opportunity of expanding their holdings. Through a change from horse power to tractor power with larger complementary equipment; the replacement of threshing machines with combines; the adoption of appropriate cultural methods; and a more extensive use of land for wheat and beef production; adjustments to more economic-sized units were accomplished. Relatively larger farms of about 960 acres and more are common to the areas today.

Examples of increase in the productive capacity of farms through more intensive use of land can be cited for many areas across Canada. The fruit growers in British Columbia and in Eastern Canada have increased the production from their relatively small acreages either by more selective plantings, better use of irrigation water in some areas, a fuller use of fertilizers, insecticides and herbicides, or by other means. Many dairy farmers, especially some fluid milk producers, have made gains in volume of production from limited acreage by increasing the quality of livestock, increasing the size of their herds and generally specializing in this one line of production. The volume of production from livestock enterprises is enlarged by many farmers through the purchase of feed and the specialization of feedlot operations. This reduces the need for additional land as well as permitting a more exclusive use of available capital, labor and management for the more specialized agricultural production.

Quality of agricultural land

It was pointed out to the Committee that many farms are so situated that they are not adaptable to enlargement. This points to comparative quality of land areas. Quality in agricultural land refers to the relative ability of the resource to satisfy the demands for its use. As the soils, topography, climate and location of particular land areas vary the quality of these lands vary. In determining the most satisfactory use for the agricultural lands of Canada, it is necessary to appreciate the effect of these varying components of land.

Several submissions referred to the work being carried out by soil specialists in Canada. From 85 to 90 per cent of the improved farm land in

are growing very much faster and again that has been mostly in the Prairie provinces.

However, for example, in the past couple of years the trend is very noticeable in the Province of Quebec and it is strengthening in that province.

The next general picture which I think would be of interest to you is that certain types of co-operatives which are relatively new on the scene are growing very much faster than the older types of co-operatives. An example in that case is insurance. There were many of the old farm fire mutuals, which are really co-operatives, in the early days, but in the last 20 years the co-operative movement in Canada has been developing different types of insurance co-operatives—life insurance, automobile, fire, casualty, sickness and accident—and these co-operatives have been growing quite well in the past, say, 20 years.

The other type of co-operative that is growing quite well is the credit co-operative. The story of the Caisses Populaires in the Province of Quebec is very well known. It is growing very well. At the present time the credit unions are growing more rapidly in some other parts of Canada, notably in the Prairie provinces.

There are certain types of co-operatives which are not growing well at all in Canada, for example, the housing co-operative—and this is a disappointment for us and we do not know the reasons why. Senator Burchill knows about that in his part of the country, as there is one in his community.

It is a strange thing that in the Province of New Brunswick there are no more housing co-operatives. Some people think it is the lack of legislation. I think that is one reason.

These are the general pictures of co-operative development in Canada.

We say in the brief that the co-operative movement is growing quite satisfactorily but we can still see very, very serious gaps in the total development. Have I made the points clear?

Senator BURCHILL: In my own community the credit unions have done a perfectly marvellous job. It is just fantastic what they have done. Yet right a short distance away, not more than two miles, in a town, it has been more or less a failure. It leads me to the conclusion that it is the management, the fellows who are at the head, who either make or break these things.

I cannot say too much for what the credit union has done in my village; and the amount of money that those boys have accumulated there is, as I say, just fantastic.

The CHAIRMAN: There is a question I should like to ask Mr. Stutt who is Chairman of the Land Economics Division in the Department of Agriculture, in regard to ARDA.

Senator TAYLOR (*Westmorland*): Just a moment, Mr. Chairman. May I ask a question first. Dr. Laidlaw, did you include in these marketing co-operatives the marketing boards which are established now—or is that outside?

Dr. LAIDLAW: That is outside. In some parts of the country the marketing boards are in close collaboration with marketing co-operatives. We have some cases where the marketing board names a marketing co-operative to be its agent. For example we have that in the hog producers in New Brunswick and Nova Scotia, where the hog producers marketing board names the co-operative as its agent.

Senator TAYLOR (*Westmorland*): Has that type of marketing been enlarged very greatly in the last 10, 15 or 20 years?

Dr. LAIDLAW: Yes.

Senator TAYLOR (*Westmorland*): By marketing boards taking over marketing of various products, where co-operatives have not been in existence in some cases?

Dr. LAIDLAW: Yes, and in some cases the work formerly done by a marketing co-operative is sometimes absorbed by a marketing board. I think that is true of the marketing of tobacco.

Mr. STUTT: Mr. Chairman, just about a year ago we contacted a number of groups to present briefs to us and at that time the committee was concerned with how they could help ARDA in getting their program under way. I was thinking particularly of that—and we contacted Dr. Staples on this—to show how the co-operative movement could assist ARDA in rural areas in planning and showing how projects could come up from the ranks, as it were. I notice Dr. Staples has prepared a brief, dealing with ARDA and the co-operatives, which is referred to here in this brief. Perhaps he might review that and give us the highlights of it.

Senator STAMBAUGH: Mr. Chairman, before we get off this brief, I have another question I should like to ask. On page 6, the brief says there should be some legislation recognizing the co-operatives, similar to the Bank Act.

Since I have been here, practically all the legislation I can remember with regard to co-operatives has been helpful and generally speaking has been asked for by the co-operatives; whereas if we tried to put through legislation that would restrict co-operatives, as we do the banks—and we make it pretty tough for the banks and they have been protesting most of the legislation we put through—it seems to me that that point is not very well taken.

Dr. STAPLES: It may be that point is not as clear as we would like it to be.

Senator STAMBAUGH: Let me go a little further, Mr. Chairman. We allow the co-operatives practically to run themselves. All those little co-operatives throughout the country can have their own rules and so on. We surely do not give the banks any chance like that.

Dr. STAPLES: No. Our point here is that Canada recognizes the need for banks and sets up an act to make it possible to have a bank and decides what the nature of the bank will be.

Canada decides that there is great need for housing, for Government assistance with the housing problem, so we set up a National Housing Act to meet this need, and it does a tremendous job.

If Canada had recognized that there was a need for co-operatives to help the weaker elements in our society, presumably there would have been legislation to assist co-operatives and encourage them. But there is no legislation of that nature in Canada, no general federal legislation.

Senator STAMBAUGH: I do not know how general it is. I remember that 10 years ago the co-operatives in Saskatchewan came here. I sponsored the bill myself. I do not just quite remember what it was all about now but I do know this, that the co-operatives were there. The marketing co-operatives wanted to borrow money from the credit unions and they were not allowed to do so at that time; but we put legislation through here so that they could. I do not remember if it was very helpful—I followed it along. That was national legislation.

Dr. STAPLES: That would be the Co-operative Credit Societies Act?

Senator STAMBAUGH: Yes, that is right.

Dr. STAPLES: I remember it, in 1953 or 1954.

Senator STAMBAUGH: That is right.

Dr. STAPLES: Incidentally, the Co-operative Credit Society that arose out of that act is quite critical of the legislation—but that may be another subject.

Senator STAMBAUGH: Yes.

Dr. STAPLES: It is true—and it may be that we have tried to say it in too few words—that it is quite possible to incorporate a co-operative in Canada under federal authority by a special act. However, a corporation going into a

enough moisture is available for the wheat the land commonly is cropped every second year. The land is summerfallowed in the alternate year. This is the practice of leaving the land idle and cultivating two or three times during one growing season to keep weed growth at a minimum and conserve moisture in the soil. Shallow cultivation is practised enabling as much of the stubble trash as possible to remain on the surface to combat wind erosion.

The Committee was told of the research and extension work that has been carried out which has assisted in the development of an adequate agricultural use of land in this dry area. Universities, government research stations and the Prairie Farm Rehabilitation Administration have been in the forefront of this work. The various cultural programs that have been developed are based upon scientific principles of land use and include measures to control soil drifting, water erosion, tillage and cropping practices, suitable forage crops, grass land management and tree planting.

Despite the vast amount of research work and extension work that has been carried out it was reported that many farmers do not make use of the recommended practices. Much erosion of the land still occurs. Also it was estimated that the annual damage from weed growth alone costs western farmers at the rate of approximately \$1,000 per farm.

Another feature of this semi-arid area is its suitability to large scale production. Only with large acreages can the farmers keep their costs of production per acre low enough to compensate for the lower acreage yields that are received. Other regions in Canada outyield the short-grass prairie area on a bushel of wheat per acre basis, but they are unable to produce at such low costs per acre. The land use of this short-grass prairie is extensive whether in wheat or in pasture use. In other words it has a low rate of inputs per acre of the factors of production which compensates for the low yields that are received.

The location of the short-grass prairie area is such that it has limited local demand for the agricultural products of the land, and consequently the products that are raised must be exportable. Both wheat and beef have proven satisfactory. This implies that these two main products can be produced at a low enough cost to permit profitable marketing at the prices offered by the export market.

Lands which are adjacent to the prairie area are commonly referred to as the parkland and wooded lands. These lands have a higher precipitation, a lower evaporation rate, a lower frequency of strong winds and a shorter growing season than do the prairie lands. These differences have resulted in a differing pattern of land use for the parkland and wooded lands. Mixed farming is common to these areas with the farmers raising livestock and grain on their farms. Wheat, oats and barley are the common grains and hogs, beef and dairy cattle are the main types of livestock. Grain yields per acre generally are higher in the area but the costs of production are also

higher. In this area there is generally less need for a moisture build-up for succeeding crops. Summerfallowing is not as common as in the short-grass prairie areas but is practised as a weed control measure. Higher precipitation results in an increased weed growth which necessitates increased costs for field operations to combat this problem. The increased work load which results from the additional cultivation has tended to restrict the acreages operated by the farmers of this region. The need of clearing of trees to bring the land under initial cultivation has also restricted the acreages operated, especially on the more wooded lands. The raising of livestock which complements the grain growing permits the farmers of this area to build up the productive size of the family farm holdings and results in a more efficient use of both land and labor.

The shorter growing season that characterizes this region results from later frosts in the spring and earlier occurrence of these damaging temperatures in the autumn. This is one of the contributing reasons for the selection of the coarse grains as one of the main crops, as oats and barley mature in a shorter period than wheat.

As with the more arid region most of the products raised are generally sold elsewhere. Consequently, these products must be produced at a cost which will permit sale at interprovincial or export prices. Generally the lands with the better soils in this area have returned a more adequate living than have the lands with the less productive soils. A relatively high proportion of the soils in the wooded areas are of the lower productivity rating because of much leaching of the plant nutrients from these soils during the past centuries. It is in the wooded regions that most of the non-occupied lands are found.

The majority of the agricultural production of Canada occurs in the Prairie Provinces but the majority of the farm operators are found in Eastern Canada. In Eastern Canada the rural land scene differs from that found on the Prairies. Due to larger metropolitan areas there are more demands for non-agricultural uses of open-country land. These non-agricultural uses would include land for rural residences, part-time farms, wildlife and recreation, in addition to increased use related to the industries of mining and forestry. These demands for alternative land use result in higher real estate values than would be the case if demands were restricted to agricultural use. The non-agricultural demand results in larger rural populations in some areas. These non-farm rural people also require social services such as schools and roads. These increased services result in higher costs in the form of taxes per unit of land in some areas. Farmers, in sharing these higher costs with the non-agricultural users of land, must practise a land use that will adequately pay for the extra costs.

Other inhibitors to agriculture characterize land use in Eastern Canada. Initially the land was covered by heavy forests which provided a hindrance

to the development of large farms. Further restrictions to farm size in Eastern Canada are imposed by the soils. Many of the soils are not productive. Many soils are shallow deposits over bedrock. Poor internal drainage is also common to much of the land. Drainage systems have been installed in many cases but these require substantial capital investment which adds to the costs of production.

The topography of Eastern Canada in many areas is too hilly or mountainous for agricultural use. Steep and rough topography restricts the use of farm machinery in addition to being very subject to water erosion when cleared of its native tree cover.

While noting many of the limitations to agricultural production in Eastern Canada, the submissions mentioned areas where the land is of a quality that permits satisfactory farming conditions. The climate in the East is generally more advantageous to the raising of farm produce than it is in the Prairie Provinces. Precipitation is generally higher, the growing season is generally longer and the evaporation rate is generally lower than in the West which are all desirable features.

The main strength of the land, particularly in Ontario and Quebec, is its location. The proximity of the larger population centers has resulted in the most common agricultural land use in the area being the production of dairy products. Fluid milk is not usually transported over long distances and the major demand for this product is in the urban centers. It is advantageous, therefore, to put land located near the large cities into this use. The adequate precipitation also enables the growing of forage and pasture which complements this type of land use.

Many farmers who are not able to obtain a fluid milk contract also put their land into a similar use. This group market their produce for processing into such products as cheese, skim milk powder, condensed milk, butter and ice-cream. These farmers are frequently interspersed with the fluid milk producers as well as more removed from the urban market.

Near the large urban centers, farms that are used for the production of fresh vegetables are also found. Fresh vegetables must be marketed in peak condition to receive the better prices and thus the positioning of this type of production near the market is often advantageous where the right kind of land is available. Modern refrigerated transport has increased the transportability of fresh produce and this has reduced to some extent the importance of the location component. However, when soil and climate are adequate, location is a valued factor which must be judged against real estate costs.

Location is not as important to fruit and vegetable production when the product is marketed for processing purposes. These products, when canned or frozen, can be transported easier over longer distances than fresh

produce. Also they are suitable for long-term storage which permits marketing of the processed products at dates much later than the harvesting period.

Other specialty products are raised in areas removed from the larger urban centers where soil, topography and climate are satisfactory. Certain lands with sandy soils having good topography and moderate climate have proven usable as tobacco lands. This is a crop that can be stored as well as transported with comparative ease.

Potatoes are an important crop in certain areas, especially in parts of the Maritime Provinces. In these areas the quality of the land is such as to favour this line of specialization. Potatoes are tolerant to slightly acid soils and many of the soils of Eastern Canada are acidic. Liming is recommended for most crops.

Fruit growing as in the Annapolis Valley and the Niagara Peninsula are almost historic land uses. The components of land have been such as to favor advanced specialization in these areas. However, the vulnerability of these uses to a changing land use demand was brought to the attention of the Committee. In the Niagara Peninsula particularly, many acres of land that were very productive in soft fruit production have had their use changed to industrial use.

Farm management and land use

Efficiency in the use of Canada's agricultural land is dependent upon the abilities of the individuals using this resource. The variations that exist in this human factor of production are great. The ability to manage a farm is associated with the knowledge of the individual farmer. This knowledge is an inherent trait as well as an acquired characteristic. The fortunate farmer is one that has above average mental capacity developed through education. But farmers, as other groups of people, do not all have above average mental capacity nor have they all had the same opportunity to receive the most desirable education. For this reason there are from excellent to poor farm managers.

Many submissions to the Committee stressed the need for additional educational facilities for those that are presently farming as well as those that will become farmers in the future. The more developed the decision making abilities of the users of Canada's agricultural land becomes the more productive will be the use.

In discussing the need for additional farm management information being made available for farmers, many witnesses pointed to the increasing emphasis that is being given to farm management education both formally through schools and informally through extension services. The ability to farm efficiently was stated to be the basic formula for success and this ability it was noted, results from education and a greater knowledge of the profession.

Capital availability and land use

Many witnesses that appeared before the Committee referred to the need of adequate credit facilities for farming. Attention was directed to the cost of production from uneconomic farm units. When farms are not of a size to adequately use the available management and labor, there is a waste of this resource. When the farm is too small in size, the economies of scale that are available to larger farm units are not possible. Many farmers, it was pointed out, operate uneconomic units because of limitations in capital.

The submissions considered the difficulties inherent in granting of credit. Both the land and the management must be of a quality to repay the indebtedness. It was submitted that a great need existed for counselling of many farmers in the efficient use of credit.

The suggestion was also made that the increasing capital requirements that characterize Canadian agriculture will result in more land being farmed by tenants. The result of this it was agreed will be an increase in soil conservation problems. The providing of more readily available credit would relieve these pending problems it was suggested.

Land use change

Canadian agriculture is dynamic. Adjustments have been made since the days of the early settlers. The adjustments that have been made are many and varied. Differing crops have been grown; different cultural practices have been adopted; many acres of land have been drained while others have been irrigated; many farms have had their acreages increased; and, livestock raising has become more specialized. In many cases the needed adjustments have forced the abandonment of farm land.

Changes in land use are costly. Many witnesses that appeared before the Committee discussed the problems inherent to making land use adjustments. The briefs indicated many of the costs to the individual farmers and also costs to society as a whole. Frequently, changes in land use have resulted in new capital commitments by farmers. Often capital goods such as machinery must be disposed of before it is fully worn out to be replaced by new more efficient lines. The change in use may require specialized equipment of a line that differs from previously owned machines. Often too, the farmers have had waiting periods during which adjustments in use are being made but the increased returns have not begun. For example, it requires time and capital to build up a livestock herd or possibly to plant an orchard of a type that bears a more marketable variety of fruit.

The individual farmer that decides to abandon his farm and take up another occupation is an example of a high cost of change. His farm management ability, his "know how" is frequently sacrificed in the change as are much of the worth of his productive capital. These farmers must adapt to a

new means of livelihood. The time and costs of these adjustments are often a large and insurmountable burden for a farmer to carry. As a consequence, he may remain farming an inefficient unit in preference to uncertain urban employment. At retirement or death of the operator the land is available for consolidation.

Where a farmer would be more productive in some alternative endeavor both he and society as a whole lose through this unrealized potential. This loss is only one of the costs to society of adjustment requirements. Other costs which were mentioned to the Committee, more specifically for prairie regions but pertinent throughout Canada, are the costs of changes to community patterns. Roads, schools, churches, and for that matter whole towns have been abandoned because they were no longer necessary. New communication routes have replaced old. Reduced rural populations and improved means of transportation have replaced the need for many of the old services.

Briefly some of the problems of change have been cited here. These problems point up what different briefs stressed, i.e., the need for more study of this facet of land use in Canada. Change is considered inevitable but it can be facilitated through knowledge thereby reducing the cost in both human suffering and capital wastage.

Small farm problem

In the consideration of the most effective use of land in Canada, many of the submissions that were received by the Committee were particularly concerned with the small farm problem. At the request of the Committee a group of four Canada Department of Agriculture officials visited the United States and studied their rural development program. This American program pertains predominantly to the small farm problem and land use adjustment. A report of this study was submitted to and considered by the Committee. The reader is particularly referred to this report contained in Proceedings No. 1, March 3, 1960, (3rd Session, 24th Parliament, 1960).

Size of farm frequently refers to the net income producing capabilities of the farm. In this context small farms would refer to low-income farms. That is, the concern is with the families that live on farms, in most rural communities, who have been unable to keep abreast of changing times.

The presence of small farms is not a modern phenomenon. They have characterized agriculture since early times. But the urgency of the problem posed by small farms varies with times. Recently, with the rapid changes in agriculture that have resulted through increased mechanization and commercialization, the income situation of many families on small farms has become acute. They have been unable to keep pace with the advancement of our society in general. Their relative position in the overall scale of living has been characterized by regression.

The difficulty of assessing the magnitude of the problem of small farms was pointed out in many briefs. Statistics, such as 37.9 per cent of Canadian farmers received gross incomes from farm products sold of less than \$1,200 in 1950, were mentioned. However, witnesses noted the inadequacies of such figures due to the inability of the data to differentiate between the real problem farms and the small farms that have a satisfactory way of living.

Small farms may be considered as being of various types. There are the part-time farmers. These are the group that earn the major portion of their income from non-farm sources. Frequently the families on these farms were formerly dependent upon the farm for their sole source of income. Because of the changing social and economic forces they have been forced to supplement their income through off-farm employment. This group of part-time farmers often are in a transition period between farming and full time non-farm employment.

There are other cases where the part-time farmers are primarily concerned with farming and the off-farm employment is serving as a means of farm capital accumulation. Many of these two groups of part-time farmers are not social problems. They are capably making adjustments. However, there are other part-time farmers who are in distress.

Another group of farmers that appear in the statistics of low income farm families are the farms of limited output because the operator is in the process of retiring. This group of farmers are not necessarily a problem. They may have decided to retire because of poor health or because of advancing age. They may, as is frequently the case, be assured of an adequate income to satisfy their reduced demands. This group, not infrequently, reduces the farm output by a reduction in the productive capital. They sell land and/or productive livestock. The capital received from these sales may adequately supplement their reducing current farm incomes.

Another type of small farms are formed of farmers that are dependent upon their farms for their main source of income which is very limited. This group operate farms that do not have the productive size to return an adequate income. These farms are found throughout the agricultural area of Canada but with greater frequency in some areas than in others. This type of small farms results from limitations in the factors of production. They result from limited managerial ability, limited capital availability or limited land capability or from a combination of two or three of these factors. The occurrence of farmers with low managerial ability will be found in all agricultural areas, as will farmers with limited capital. The most serious problems occur in areas where the land use is characterized by unsatisfactory income returns for the farm families. These land areas present a challenge of adjustment. Alternative land uses will have to be found. The new uses may be agricultural or non-agricultural. It can be expected that the adjustments will result in fewer farms in many areas. Other sources of income must

be found to accommodate the farmers displaced through change. In many cases the farmers will be poorly qualified to earn satisfactory incomes from other lines of work. Because of this they will tend to remain farming low-income or uneconomic small farms.

The small farms have an inadequate productive capacity. The smallness of output from these farms makes any price increase merely token relief from their basic problems. The inadequate income received from these farms make it impossible for the majority of these low-income farmers to pay their share of all the modern social costs such as hospitals, schools, roads, etc. These costs must be borne in part if not wholly by other members of society. Unfortunately, there are areas of low income producing farms where there are discrepancies in the availability of the social services that are found in the more productive areas. These are areas of small farms where the schools, hospitals and roads are below national standards. These inequalities result in a continuation of the underdevelopment of both the human and land resources unless adjustments are made.

Water and Land Use

Water occupies a very influential role in determining the most beneficial use of land. Because of this, various witnesses devoted a part of their submissions to expressing a need for more concern about the use of this resource. The briefs pointed out that most uses of land require water. Despite this, the value of water is often overlooked. This lack will have to be remedied, especially in the areas where the limitations of water are becoming apparent. Less pollution and squandering of water will have to result, it was noted. Decreasing water supplies in relative or absolute amounts create limitations to urban, industrial and recreational development, it was stated. Large quantities of water of suitable quality are required for these land uses.

Of particular concern to the Committee was the role of water in agriculture. In Eastern Canada many lands have the problem of too much water. Drainage must be provided for many agricultural lands. All levels of government are active in drainage programs. Many details, were reported to the Committee, of the various schemes that are in operation to assist farmers in draining farming areas.

Lands in both Eastern and Western Canada are subject to erosion by water. In areas characterized by heavier precipitation, cultural practices and land use measures are adopted to compensate for erosion tendencies. Seeded pasture and forage crops are grown in many areas in Eastern Canada as a means of controlling water erosion. Lands that are more susceptible to this erosion are frequently left with forest cover.

In other regions particularly in the more arid section of the Prairies the concern is with safeguarding waters at its source and in reservoirs and the providing of supplemental waters to land through irrigation. Thousands

of dugouts have been constructed to collect waters from the spring run-off, thereby providing farms with a summer water supply for domestic and stock use. Reservoirs have been constructed by damming rivers and streams.

The largest developments of supplemental water are the irrigation works that have been and are being constructed. In Ontario, the Committee was told, there are about 70,000 acres of land that are irrigated and it was forecast that up to 500,000 acres may be irrigated by 1975.

Scarcely more than one per cent of Canada's improved farm land is provided with irrigated facilities and not more than 750,000 acres are regularly irrigated. Most of the irrigated land is located in Alberta with smaller acreages in British Columbia and Saskatchewan.

Large acreages of irrigated lands are used for the production of spring grain crops, but it was pointed out that the most satisfactory use of irrigated land was for the production of irrigated forage crops to supplement livestock production or for intensive use of land for specialty crops. In Alberta and Saskatchewan the production of forage crops through irrigation is integrated with dryland grazing. This has proven a desirable combination of land uses.

In some areas where the demand for particularly specialty crops is adequate it has been found economical to use irrigation to more fully use the other factors of production. In British Columbia the relatively high rate of capital and labor inputs that are used in irrigated fruit growing is only feasible in the arid south-eastern valleys. In Alberta a similar situation exists with the production of sugar beets, canning and fresh vegetables. In Ontario the relatively high cost of tobacco production has resulted in advantageous use of irrigation in some cases.

Due to the increasing demands for food production in the future which will result from anticipated population growth and due to the existing limitations in the extent of our agricultural land resources it was stated that additional irrigation facilities could justifiably be developed.

Transportation, Communication and Land Use

Land use in Canada has paralleled lines of communication. The water routes were our first avenues of transport. Because of this our first settlements, in the Maritimes and in the Provinces of Quebec and Ontario were located on lands adjacent to these routes. The characteristic 'long lot' of Quebec, extending back from the St. Lawrence river is a direct result of the value placed upon this main artery of transportation. In the western parts of Canada initial settlements developed near trading forts that were established on rivers. The rivers supplied water and transportation routes for the fur traders and the subsequent settlers.

While submissions mentioned the continuing effect of water transportation on land use, particularly in regards to cities that provide facilities for ocean going vessels, witnesses discussed other means of communication and transportation. The great westward movement of settlement was made possible by railroads. Towns and villages located along the railroads provided market centers for produce from adjacent agricultural lands and were service centers for the farmers. Railroads served as the main means of transport from farms to industrial centers and conversely from industrial centers to farms.

In more recent times motor transport has had a decided effect on land use. Marketing facilities have been greatly expanded where access to good roads is available. As settlements in the past were located on water routes and rail lines, today, the development is along the main highways. We expect an increase in this ribbon type of settlement in the future.

Witnesses brought to the attention of the Committee many of the problems associated with the development of properties along main roads. This tendency for industrial and urban growth to extend out into the open-country creates a demand for many social services. The cost of these services is met in a large measure by means of a property tax which many farmers have difficulty in paying. More will be said of this later but briefs stressed the need for consideration of costs other than engineering in the planning of new roads. Attention should be directed to the offset of road development on agriculture, on land values and on urban development, it was stated.

Other forms of transportation and communication have been extended across Canada as the result of technological advancements. The telegraph, the telephone, the radio and the television facilities have all a place in the development of this country. The increased communication facilities removed the isolation from many parts of Canada and permitted the population to become more productive as a consequence of being better informed.

Air traffic has increased substantially also in recent times. Land values neighboring air terminals have increased as a consequence. An increasing demand for land to be used as terminals or for industrial developments that service or are serviced by air traffic was forecast.

Other means of transport that were mentioned are power lines and pipelines. These means of transport require the use of land for rights of way but of most importance is the availability of power in the areas served. This transference of power from one locale to another provides advantages that affect the land use in the recipient areas.

The presence of or the lack of the various means of transportation and communication have a significant effect on the competition that exists among various regions in Canada. The advantages one region has over another resulting from differences in location, soil, topography and climate are enlarged when complemented by more adequate and efficient systems of transportation and communication.

Urban Land Use

A continuing growth of the population of Canada is anticipated and will be located in the main in and adjacent to the present large urban centers. The Committee was told that 80 per cent of the population will live in cities, towns and villages of 1,000 population or more by 1980. Land adjacent to existing urban centers, especially the larger metropolitan areas, will be required to provide room for residences, industries, communication and recreation, as well as schools, churches and other institutional buildings. Much inefficiency in the use of land will continue unless planning is undertaken, witnesses claimed.

As urban centers increase in area much of the better grades of farm land is brought into urban use. The significance of the loss in farm land will increase as the demands for agricultural produce increase. It was estimated that the use of 382 acres of land is lost to agriculture for every 1,000 population increase. It was further pointed out to the Committee that two-thirds of the acreage that is lost to agriculture can be considered as waste and permanently lost to the former use.

This land is viewed as waste inasmuch as it is in a state of misuse or non-use. The main reason for the waste is the scattered, sprawling type of development that occurs around the urban centers. The non-compact manner in which housing and subdivisions for housing are built creates many social and economic problems. It is difficult to supply many of the sprawl areas with the usual urban services at a reasonable cost. As the sprawl development encroaches upon agricultural land areas, inevitably taxes are increased, often out of proportion to the increase in services rendered to farmers. Another type of problem that frequently occurs is that physically the sprawl type of development breaks up many economically sized farm units as a result of the ribbon or leapfrog nature of the development along main roads.

Speculation in land in advance of urban development results in much waste inasmuch as the land is often held in an idle state awaiting ripening and development. Foreseeing eventual abandonment of the farm lands to urban or industrial uses farmers frequently appear to "mine" their land. Often the buildings and fences are not kept in good repair and cultural methods tend to be more extractive rather than conservational.

Adequate adjustments on the periphery of urban centers can be attained through a regional planning approach. It was argued that efficient planning undertaken on a regional base rather than being restricted to areas enclosed by boundaries or urban centers, if followed by government or municipal action programs, would facilitate greatly the solving of many of the problems of urban development. It was suggested that consideration be given to a deliberate attempt by governments to break the land market, thereby reducing land speculation. A re-examination of public utility policies that encourage urban sprawl was also suggested to the Committee.

Recreation and Land Use

In the course of considering land use in Canada the Committee received some views on land requirements for recreational use. It was pointed out that various forms of creation put land to a wide range of uses. Land is required for institutional purposes such as museums and historic sites. It is also required for playing fields and various other park forms.

Briefs discussed the increasing recreational use of land, especially in the region of the larger urban centers, which will result from the increasing population of Canada. They also mentioned increases in income, greater mobility and more leisure time of the people as other factors that add to requirements for land for recreational purposes.

Foresight in planning and acquisition of land for recreational use is required it was stated. Much of the land that should be acquired for recreational needs is held in private ownership. The acquisition of this land in the near future would be desirable before it becomes firmly committed to other uses, it was suggested by witnesses. In many cases land should be purchased now and held in reserve for future recreational demands, it was claimed. It was also noted, that rights of public access to certain land and water areas should also be secured.

The Committee was told that there should be a minimum of ten acres of readily accessible (within 50 miles) park land for each 1,000 population. Additional land is required within urban centers for recreational purposes as well as land for use as more remote wilderness parks.

It was further pointed out that the importance of tourism and its direct relationship to the recreational use of land has been only recently realized. It is considered that the value of land for this purpose is not sufficiently recognized.

Forestry and Land Use

The forests of Canada provide the greatest single item of export from this country, i.e., newsprint. The importance to Canada of our wood and paper products is evident when it is considered that for many years these products have returned an annual favorable balance of trade in excess of one billion dollars, the Committee was told.

Of Canada's total land area of about 2.3 billion acres, 68 per cent or about 1.5 billion acres are in forests. A large proportion of the forested area is unproductive from the standpoint of economically usable products. It appears inevitable that a large proportion of the land area will always be in forests. The area that produces usable forest products covers an area of 28 per cent of the total land or about one million square miles. At the present time about three-quarters of this productive and usable forest land is accessible and about one-quarter is being used. The used or occupied forest land has an extent of about 287,000 square miles or 184 million acres.

The total production of timber in Canada has been nearly stationary, witnesses reported, with about two-thirds being produced in British Columbia of which about one-half is exported. Of the paper output about 15 per cent is produced in British Columbia with the most of the balance coming from eastern provinces. A large proportion of the plywood comes from the western provinces. The demand for forest products will increase in the future, it was forecast.

The occupied forest consists mainly of privately-owned lands and crown lands under lease or license. Many of the privately-owned forest lands form part of farms and serve frequently as a source of income for farmers. These privately-owned forested areas are often the most productive of the forest lands. In many cases they are adaptable to intensive forest management. An expansion of the private forest use could be considered in some areas. Many submarginal farm lands could beneficially be reforested. Many existing wooded lands on farms could have increased value if adequate encouragement was given, it was stated.

Witnesses suggested many means whereby privately-owned forest lands could increase in productiveness through various government action. Due to the long term crop rotation of up to 75 years, low-cost capital and forest crop insurance to cover fire, insect and disease damage would be desirable, it was stated. It was also submitted that adequate standards for grading and scaling of trees should be developed and administered by qualified provincial personnel. Other means suggested included increased extension services, expanded forestry service, consideration of certification and verification of seed, establishment of seed production areas, and experimentation in new species and disease-free tree types. A well prepared thesis was also received by the Committee which argued that consideration should be given to a study of the present methods of taxation on real property, income and estates, as they pertain to forested lands.

Adequate markets for the products from privately-owned forest land present a problem in many areas. Many pulp and paper mills, when they are located nearby, provide a market for wood products which were formerly wasted such as, weak species, tops of trees, hardwood species, slabs and edgings in addition to the normal pulp wood. Saw and planing mills are strategically located in many areas but in others there has been a decline in numbers. It was suggested that governments consider the adequacy of local markets for the products of the privately-owned woodlots and possibly encourage cooperative mills.

There is an increasing awareness of the value of forest management practices. Many pulp companies are now working forests on a sustained yield basis. Most of these firms have plans underway which provide for orderly cuttings and eventual rejuvenation of the forest, the Committee was told.

Witnesses expressed concern for the manner in which many of the forestlands are being alienated for other purposes. Often little regard is being given to the full potential of the forest, it was claimed. The determination of the value of the forest land should consider, in addition to the value of timber production, the worth of forest use as a source of water, forage, wildlife and recreation.

Attention was also directed by witnesses to the need of land quality for productive forests. Forest lands must be accessible as well as having suitable soils and climate. Many lands that are inferior or sub-marginal for agriculture are also inferior for forest growth, it was pointed out. The quantity and quality of tree species that may be produced depend upon the quality of land.

Fisheries and Land Use

Fish from the fresh and salt waters of Canada have been an important source of food and income since the days of the first settlements. The dependence upon fish for food by many Canadians, particularly many of the original natives, have caused our governments in their programs to attempt to mitigate against any harmful effect upon the livelihood of these people.

The continuation of commercial and sport fishing in many waters necessitates an increasing concern for the maintenance of suitable habitat for fish. Frequently man in using land resources directly or indirectly adversely affects fish population, it was reported. Poisons that are added to waters through such means as industrial wastes and pesticides often deplete fish numbers, Organic matter dumped into streams and rivers from industrial and domestic sewage uses up available oxygen resulting in lower fish populations. Man has altered fish habitat by such structures as hydro-electric dams which interfere with fish migrations. Man has also induced soil erosion and the silting of streams, which is detrimental to fish.

In certain areas, mostly coastal, in Canada commercial fishing provides the sole source of income for families. Many fishermen fish throughout the whole year which permits no secondary source of income. In other areas the income from fishing is supplemented by income from other sources. Forestry has proven the more lucrative source of secondary income in many fishing areas.

An expansion in agricultural pursuits as a source of secondary income is limited in most fishing areas by the conflicting demands for the fishermen's labour and by the absence of suitable land. There is a strong combination of factors acting as deterrents to agriculture, the Committee was told. The soil is often in small pockets and has limited fertility. The growing season is often very short. Marketing difficulties often exist due to the geographical location of the fishing areas. But expansion in agriculture could be encouraged in some areas if only to serve as a source of supplementary food for the families of fishermen, the Committee was told.

It appears that the most promising method to improve the income and level of living of the segment of Canada's population dependent upon commercial fishing is through an increase in employment opportunities for the non-fishing members of the families. The increasing processing of fish has been one development that has permitted additional employment, the Committee was told. It is hoped that other sources, including labour intensive industries, will develop.

Conservation and Land Use

Land has been available for the use of generations in the past, it must also be available for the use of generations in the future. Individuals must be aware that the land used by the present generation is held only in trust for future uses. Land must be conserved. Many witnesses made statements, such as these, when they appeared before the Committee.

Because people are particularly concerned with their own welfare, it becomes the role of the various levels of government to safeguard the needs of society. Each individual lives his own number of years but governments have continuing responsibilities that span generations.

The need for an awareness of the limitations in the agricultural land has been mentioned. Land is limited in extent and in quality. Increasing population will place greater demands on the land and this will have the effect of stressing these limitations. Minimizing wind and water erosion of land through proper cultural and land use practices and the maintenance and improvement of soil fertility where possible was advocated by witnesses.

While governments have the responsibility of conserving the land resource, it is often the individual that must perform the conservation practices. The selection of the most satisfactory use frequently rests in the hands of the citizens themselves. Governments are generally better equipped to conduct research and assemble knowledge which can be provided to guide the decision making and the enactment of the most desirable use.

In the past governments on numerous occasions have taken the initiative and instigated desirable land use programs which have been more conservation oriented than former practices. The Committee heard in some detail of the conservation work that is carried on by many of the provincial governments and also the federal projects carried out under the Maritime Marshland Rehabilitation Act and the Prairie Farm Rehabilitation Act. Although much work of a conservation nature is and has been carried out in the past, it is considered that more is required.

Multiple Use of Land

The selection of the most desirable use of land is a complicated task in many cases. Many possible uses must be considered. Differing uses of land have been briefly discussed in this report. The interdependence of uses

has been suggested or inferred in many instances. The people in the urban areas rely on the areas of primary production to provide food and fibre. Farmers require communication and transportation facilities. The uses of agricultural land requires the market centers provided by urban areas. Urbanites demand land for recreational uses. They also require the use of land for communication. All people require water and the forests assist in the preserving of a supply of this resource. These are some of the examples of the relationship between uses that have been reported to and discussed with the Committee. In addition there is another type of related use which may be referred to as the complementary or multiple use of land.

In the consideration of the use of Canada's land resource it was noted that in several areas, many uses complement and supplement each other. Many examples of these multiple uses were cited by witnesses. In certain regions the harvesting of forest products such as timber, pulpwood, Christmas trees and maple syrup from farm woodlots have been an important source of income for farmers. Many farmers have supplemented their income by working in neighboring forests. In some forest areas grazing of cattle is carried on. This type of complementary uses of a region's land resource for forest and agriculture will likely continue in the future where proper management of the resource is practised. However, in the past millions of acres of forest land have been 'man-handled' and then abandoned to a regrowth into scrub forests the Committee was told. This type of use may be too costly in the future.

Another example of multiple use which was referred to was the use of forests for the harvesting of wood products as well as providing recreation in such pursuits as hunting, fishing and relaxation. Farming areas also serve as recreational areas. It was suggested that recommended uses give due consideration to all complementary uses where these exist and not just to particular singular uses.

The amount of research that is required to determine the most satisfactory use of the land of Canada is extensive. With the increasing demand that is being placed upon the land for satisfaction of human wants, it is fortunate that much information has been assembled. In the past much of the study and concern has been with particular uses. In the future more attention, the Committee was told, should be given to planning the use of land on a regional basis keeping in mind the multiplicity of uses.

Because of the multiplicity of uses as well as their interdependence, differing persons when presenting their briefs suggested that a detailed land use study and program be undertaken. It was suggested that an inventory of land should be compiled followed by study which would permit the most desirable uses to be recommended.

The responsibility for effective land use planning must ultimately rest with the government as the custodian for the people of this resource. The

jurisdiction of this control lies in many instances with provincial authorities and these, in turn, will leave much of the action on an individual or group basis. Nevertheless, the problem of satisfactory use must be solved through regional and national concern. The basic criteria for the selection of policies of land use should not be narrow choices between one use and another but instead directed to an optimum habitat for men.

PART II

Rural Development

The particular concern of the Committee with agricultural land use and the need for adjustments in this use resulted in an interest in what has been termed "rural development". Although mention was made in Part I of the need for adjustments on many farms and of rural development, this section of the report deals specifically with this subject.

Rural development is a term that may be defined broadly as the organized consideration and programming of required resource adjustments in rural areas of Canada. Many of the witnesses who appeared before the Committee referred to various aspects of rural development. In the earlier hearings, witnesses from different parts of Canada, recommended that a concerted program be undertaken by provincial and federal government groups that would be particularly concerned with rural development. An outgrowth of this concern was the Agricultural Rehabilitation and Development Act commonly known as A.R.D.A.

ARDA

This was legislation passed by the Government of Canada, June 22, 1961. In January 1962, the federal ARDA Administration was set up. This Administration with a relatively small staff directs, organizes and co-ordinates various existing agencies at the federal and provincial government levels. A federal interdepartmental co-ordinating committee functions at two levels, (1) at the Deputy Minister level to consider broad policy matters, and (2) at the senior officer level to consider and appraise provincial program and project proposals and to advise on project execution.

P.F.R.A. and M.M.R.A. organizations are both considered as operating arms of ARDA and deal with negotiations and joint inspections, and carry out some joint federal-provincial projects.

The various kinds of programs and projects possible under the terms of the Act must be carried out jointly between the federal and provincial governments. The actual physical arrangements of projects may be carried out jointly or the federal government may co-operate only through the provision of financial assistance. There is one area of activity provided in the Act in which joint federal-provincial financial cost-sharing is an exception and not mandatory. The federal government may conduct research strictly on its own as well as on a joint basis with the provinces.

Individual projects are undertaken and carried out through specific agreements. Under the terms of the Act the lines of communication with local areas and committees are through the provincial co-ordinating body or its agent. Following discussions with representatives of all provinces a general agreement was drawn up. This general agreement exemplifies the intent of the Act and lists in some detail the kind of projects that may be carried out under each of four general categories. These four broad categories are:

- (1) Projects for alternative use of land,
- (2) Projects for soil and water conservation,
- (3) Projects for rural development, and
- (4) Research projects.

Through the federal-provincial administration, discussions and the submissions of the provinces, many projects were proposed. These proposed projects were varied but in most cases could be considered under the four general categories. The kind of projects proposed by the provinces were

(a) Section 2 of the Act—alternative use of land—in terms of maintaining land in some appropriate use, not idle or permitting abandonment.

- (1) projects to establish association, group or community pastures on lands considered to be submarginal or marginal for cultivation,
- (2) projects to establish pastures on individual farmer-owned marginal cropland,
- (3) projects to acquire marginal or other related lands for forestry purposes—provincial crown forests, municipal forests, county forests or other public forestry management areas,
- (4) projects to acquire marginal lands of assembly to lease to adjacent farmers for forestry purposes and promote establishment of diversified economic forest farm units,
- (5) projects for the acquisition and planting to trees of lands that are designated as marginal or submarginal agricultural lands,
- (6) projects to assist in the establishment and maintenance of farm woodlots, including assistance in planting, thinnings, access trails to woodlots, management, planning and other woodlot extension services,
- (7) projects to acquire marginal lands for recreational needs, particularly in areas close to large urban centres
- (8) projects to acquire marginal lands for public shooting areas, wild-life management areas or to lease or acquire easements on such lands from farm owners for public use;

- (b) Section 4 of the Act—soil and water conservation of good agricultural lands,
- (1) projects for the drainage of good arable farm lands,
 - (2) projects for the protection of such lands from flooding, including dykes, main ditching systems, stream improvement, flood control dams,
 - (3) projects for the supply of water for agricultural purposes, including water storage, dams and dugouts,
 - (4) projects for shelter belts and other such soil erosion control measures,
 - (5) projects for stone removal on good arable land, also grassing and terracing to prevent erosion,
 - (6) projects to maintain water levels for stability of agricultural production and related flood control, wildlife and recreational purposes,
 - (7) projects to provide for engineering studies, cost-benefit studies or other studies related to projects proposed in this section of the Act,
- (c) Section 3 of the Act—rural development;
- (1) projects to establish rural development areas
 - (2) projects for pilot area studies;
 - (i) studies of present land use and land capability for various purposes,
 - (ii) studies of resource use or resource development opportunities for increasing income,
 - (iii) studies of soil and water conservation project needs,
 - (iv) rural sociological studies,
 - (v) agricultural economic studies including marketing, employment, labour, under-employment and vocational training needs,
 - (vi) studies of off-farm employment and industrial development opportunities.

Some of the provinces suggested the above kinds of intensive pilot studies in rural development areas where low incomes are prevalent and in which local committees would be set up. The results of these studies will be presented to local committees in such a way as to be understood in devising appropriate projects to improve employment and income opportunities and living standards. It is hoped that blueprints or proposals for development of the particular area will emerge from the deliberations of these committees.

Through technical and financial facilities co-ordinated through ARDA, programs for the better use of land and improvement in use of good agricultural land by soil and water conservation will be applied. Technical and financial assistance will be focussed on local areas through an integrated attack on local economic development.¹

Rural development at the provincial level

The Committee received briefs outlining rural development work being undertaken in different provinces. These briefs indicated variations to be expected in the application of rural development programs in the various provinces. Rural development in Manitoba—The Committee received a brief that dealt with ways and means of promoting positive thinking and action with respect to rural development in general and ARDA in particular in Manitoba. It suggested two broad approaches to rural development. The first of these was the liberal provision of capital in order to develop what really amounted to a completely new resource. The second was a “bootstrap” approach whereby people are given assistance, primarily technical, in order to develop their resources. This is the basic extension philosophy of helping people to help themselves.

The general public is generally inclined, the brief pointed out, to view a program such as ARDA, as of the first type, while public administrators tend to regard government assistance as technical help only. The types of programs to be developed under ARDA were suggested as falling between the two extreme categories.

The Committee was told that it is unrealistic to try and solve the economic problems in a narrow setting of relatively small marginal or sub-marginal areas. These areas should be considered as a part of a larger region including other areas with more resources, often non-agricultural, capable of development. Economic development, it was claimed, can no longer be attained in terms of primary resources of agriculture, forestry, fisheries, etc. The utilization of these resources must be related to industrial development to permit wider employment and income opportunities.

An interdepartmental committee was set up in 1961 in Manitoba to formulate a list of proposed ARDA projects. Two sub-categories of research and investigation projects and physical projects were proposed in each of the major categories of alternative land use, rural development and soil and water conservation.

Since ARDA is primarily a long range, fundamental program, a great deal of detailed information is required, it was pointed out. Thus, research projects in such fields as soil surveys, farm ownership, rural sociology and

¹Mr. A. T. Davidson, Director of ARDA, appeared before the Committee on December 3, 1963, and reviewed progress in ARDA to that date. A synopsis of this review appears as Appendix II of this report.

hydrology are needed to develop multiple use programs. The provincial committee recognized a basic problem of under-employment in agriculture, especially in the marginal areas, and proposed an educational program in one area to re-train some of the people for non-farm employment.

To prepare the people in local areas for participation in the ARDA program, a one-week course for 25 rural leaders was held to acquaint them with the details of the ARDA program, the general philosophy of rural development. In one area an advisory committee of five local residents and five governmental representatives of major resource fields was set up to work toward the maximization of a long range program based on involvement of all local people.

The Committee heard of the regional development program of the Manitoba Department of Industry and Commerce. This body has the broad objective of securing the proper development of the physical and human resources to provide the needs of the people through productive measures to put permanency and stability into the regional economy. It is believed that the prime way to help in the development of rural and urban areas of the Province is through the introduction of secondary manufacturing and processing industries, business industries, business developments, tourism and recreation. The program is premised upon the initiation of self-help at the local level supplemented where feasible by government assistance per se in the role of a development promotion agency to interest out-of-province investors to establish in the Province. It depends upon close inter-departmental co-operation and partnership with local development agencies for economic progress and social improvement.

The first major step in the program to stimulate and assist regional development, the Committee was told, was the preparation by expert consultants employed by the provincial government of a broad economic inventory and analysis of human and physical resources of a region. It concerns the extent of the region's resources, the significance of each resource, over-all opportunities for economic growth, and particularly opportunity for industrial expansion in the broadest sense. The development opportunities recommended in these economic surveys involve agriculture, forestry, industry, business and tourism.

The organization set up to enlist the co-operation of the people in the region is responsible for carrying the program forward. Conferences and workshops are held to present the facts of the economic survey, to give the local people an opportunity to present their views as to the development potentialities and to stimulate local leadership. This is followed by the completion of an evaluation form by the community. Four types of community surveys are used and are referred to as community data, drawing power, industrial impact and industrial location. These are valuable and useful tools in promoting, stimulating and assisting industrial development.

Three kinds of local development organizations found throughout Manitoba were described for the Committee. Under the Companies Act as amended in 1958, community development corporations or quasi-public bodies can be formed to act as local development agencies. They are a formal and legal framework through which municipal leaders, farmers and businessmen can work together to solve common problems and assist in the initiation of industrial projects. In addition to their functions to publicize industrial opportunities, stimulate business and industrial expansion, provide information to make business contacts, the most important role is the power to raise funds to assist industrial establishment. This latter power has been employed in a number of cases to provide buildings for an industry, usually under a lease-purchase arrangement. The second kind of local development organization includes a chamber of commerce or a board of trade. Recently, other organizations have been established, which are unincorporated, under the name of Civic Affairs or Development Committees. If these latter two bodies are successful in stimulating interest in retail or service commercial activities or tourist attraction or any kind of local development project, then a corporate body, as outlined above, is established. The third kind of local development organization which has grown up of late is an area development association. These associations are of a regional nature and include representatives from a relatively large number of rural and urban municipalities. They are comparable with area committees as envisaged under ARDA with various study sub-committees such as beef, swine, dairy, sheep, grain, special crops, allied agricultural industries, credit, linear programming and public information. Other non-agricultural committees include forestry, recreation, employment, and vocational training.

An important agency with respect to growth of industries and tourist facilities is the Provincial Development Fund. Its purpose is to provide financial assistance to new and existing manufacturing industries, tourist and recreational facilities and to community development corporations. While the source of funds of this agency is the provincial government, it is administered by an independent board of Directors. It does not compete with banks or other private lending institutions but rather supplements their activities.

Another service of the Regional Development Branch is a town and rural planning service which provides technical information to municipalities and works directly with local planning commissions. This body helps local people to assess the community problems and formulate future plans for action to assure the best possible over-all development of the areas.

The experience in area economic development has met with far greater success when an effective development group has been set up. The common needs of every class of people in a community in terms of employment, industrial development, more income, municipal services, new development

capital at the farm, processing and service industry level simplify the task of drawing the various segments of the community together through co-operative effort.

The relationship of ARDA to the regional development program is viewed as complementing each other and meshing perfectly. A major part of ARDA is concerned with the development, adjustment and use of natural and human resources upon which rural industrialization depends. Rural industrialization in an agriculturally-oriented province can be built upon a framework of raw agricultural products, adequate water supplies and under-employed farm people. The efforts of the Regional Development Branch are compatible with the economic and social aspirations of rural communities which can be aided and abetted further through ARDA. A key point with respect to assistance to local development committees is the provision of a sort of rural development specialist or regional co-ordinator, with experience in local involvement and motivation, access to technical knowledge of local resource use in agriculture and other industries, and ability to stimulate gainful employment in those kinds of production demanded by a maturing economy.

Rural development in Prince Edward Island—The early phases of the rural and community development program in Prince Edward Island was outlined in a brief presented to the Committee. The program became effective on January 1, 1961. The launching steps were, (1) analysis of the physical, economic and social conditions of the normal and natural regional boundaries coinciding with the existing regional high school areas centering on a key centre, (2) selection of a sponsoring group in each area, and (3) preparation of a list of institutions, organizations and leaders in agricultural, business and civic affairs active in each area. Invitations were sent to leaders and representatives of the area organizations to attend a meeting at which the over-all provincial program was discussed. An opinion survey was then used to obtain some community and personal attitudes followed by a declaration of program agreement and support of the local participants.

Those attending the meeting were asked to pursue a study course, to take part in an area-wide survey of physical and human resources, and to serve on one of 18 different sub-committees in such fields as agriculture, fisheries, recreation, tourism, education, public health, small business, new industry, rural beautification, etc. Out of 150 people co-operating in the study course, 130 were graduated at a formal ceremony and about 70 per cent agreed to carry out all three steps. The remaining group were asked to bring an additional person to a group meeting at which the survey was initiated. The prime purpose of this survey was to investigate the physical and human resources mainly in terms of ideas, aspirations, hopes and needs; kinds of talents and skills; employment opportunities; training requirements. The survey returns justified the belief that people in local rural areas have

worthwhile thoughts and ideas for the improvement and development of the local economy. The intent is to derive and set reasonable, sensible and practical long- and short-range goals, specific fields of community activity and even to suggest project priorities.

Those in charge of the provincial resources development program have catalogued the provincial and federal technical experts from which scientific and technical knowledge and skills might be sought and made available to local groups. Local and provincial groups were encouraged to refrain from appealing for financial assistance from the federal treasury only after every other possibility of local effort has been exhausted, or in the case of worthwhile projects when no known local solution exists.

After the provincial program got underway, a forty-four man provincial development council was formed representing virtually every economic and social strata of the Province. Their duty is to counsel, to guide and direct the program.

Extension principles and rural development

The Committee heard opinions of professional agricultural extensionists regarding the importance of extension work in rural development. These witnesses pointed out that while the duty of extension workers in the past has been to provide answers to individual farmers production problems and to teach production and management skills, the new challenge is now primarily related to the establishment of goals, motivations, and capacities for self-help projects of individuals and communities, and help to improve the character of whole communities. The fundamental principle of ARDA, it was stated, is to develop self-help programs in rural areas but the witnesses cautioned that activities should not be limited to purely agricultural possibilities.

Nine principles of extension pertinent to rural development were outlined to the Committee.

- (1) full cognizance must be taken of existing local organizations, institutions and agencies in order to deal effectively with people at the grass-roots level on a self-help basis.
- (2) to obtain interest, support and participation of the people, objectives of any program must be clearly understood.
- (3) a well-directed extension or educational program is essential to bring about changes in knowledge, attitudes, skills and practices.
- (4) extension, which is the major channel of communication, should have full information on research findings, trends and rural needs to facilitate a two-way flow of information between research and the public.

- (5) a well-balanced extension program including production techniques, marketing, management, leadership development, youth work, community improvements and social and cultural interests, should be democratically developed and oriented to the needs of the community.
- (6) a good extension program should be long-range and be ready to meet anticipated problems.
- (7) the extension field staff should have a well-balanced training in the physical, biological and social sciences. It should be supported by competent and subject-matter specialists.
- (8) there should be close association between researchers, administrators and extension personnel.
- (9) there should be research into the different types of organizations, teaching techniques and methods so as to evaluate and measure the achievements of the extension activities.

The real problem ahead in the ARDA program, it was stated, is the development of people, to interest and involve them, to raise their objectives, to change their farming practices and to use the available technical information. This is also the same challenge facing Extension. The objectives would be to broaden the scope of the ARDA program rather than restrict it to production-type projects. More information and research is needed on the factors associated with decision-making, planning programs and measuring achievements in order to apply the principles and administrative implications of extension to the ARDA program.

PART III

Recommendations of the Committee

The method used by the Committee to approach the assigned task was outlined at the start of this report. Dates are noted in Table I when the seven reports of the Committee were presented for consideration. As part of four of these reports the Committee respectfully submitted to the Senate a number of recommendations. These were the result of study and deliberations by the Committee of the information submitted by the numerous witnesses.

On August 20, 1958 the four recommendations that follow were made.

1. That the soil survey being co-operatively carried out by the Federal Department of Agriculture, the Provincial Departments of Agriculture and the Colleges of Agriculture be speeded up and expanded not only in order to complete the soil mapping of the whole settled area of Canada, but also of the unsettled areas.
2. That it be called to the attention of the proper authorities the need of a systematic land use survey based upon appropriate factors to provide for an economic classification of the land according to its use suitability.
3. That the work of various agencies in the study and management of our water resources be expanded—specifically that work relating to drainage and erosion problems, irrigation, levels of water-tables and present and likely future water requirements.
4. That more emphasis be given studies which designate requirements respecting farm size, organization and practices according to the physical characteristics of the land and economic conditions which prevail.

On July 8, 1959 the Committee reaffirmed its support of the recommendations of the preceding session and in addition presented an additional six for consideration. These six recommendations follow.

5. That a special body be instituted to assemble, co-ordinate and arrange for the dissemination to farmers of agricultural research done by the Federal and Provincial Departments of Agriculture, universities and agricultural colleges, and other research organizations.

6. That an expanded extension service be inaugurated to deal with active farm planning, sound business principles and farm management for the alleviation of problems of the small uneconomic farm unit. These services are regarded as necessary conditions in the use of credit and the expansion of loans to farmers in the long, intermediate and short-term fields.
7. That provision be made for an expanded program of vocational and technical training in rural areas.
8. That governmental employment agencies improve and expand their services to facilitate employment of persons from low-income farm areas in off-farm jobs. Associated with this service we would urge the complete listing, categorizing, and reporting of the farm labor supply. A special counselling service should be instituted.
9. That consideration be given to extension of resettlement assistance to any farmer on a small uneconomic farm wishing to move to another area of employment, after due consideration of the existing farm potential and employment situation.
10. That this Committee request the Federal Department of Agriculture to send a delegation to the United States to study and report on the Rural Development Program. On July 13, 1960 the Committee reported and submitted the following five recommendations.
11. (a) That further research be undertaken to define more clearly the nature of the problem in low-income areas and to pin point their location.
(b) That a Federal-Provincial Rural Development Program be instituted to deal with areas of greatest need.
12. That in implementing such a program the provincial governments participate on a co-operative basis; such co-operation to include the principle that both provincial and local authorities assume major responsibility for the identification of problems and needs of local areas and the initiation, planning and development of appropriate action programs.
13. That the federal and provincial governments co-operate in assisting any such program with financial and technical assistance, said financial assistance to be provided through a cost-sharing agreement.
14. That the federal and provincial governments provide for a larger farm-management service and expansion of educational facilities with particular emphasis on leadership to ensure a prompt dissemination of the research results to those farmers who will be more benefited therefrom.

15. That there should be some form of co-ordination of Federal Departments of Agriculture; Northern Affairs and National Resources; National Health and Welfare; Labour; Trade and Commerce; Fisheries; Forestry; and Citizenship and Immigration, with regard to activities under a Rural Development Program.

Resulting from study and delineation of the Committee during the 1961 session, the following five recommendations were submitted on June 28, 1961 for consideration.

16. That a system of financial assistance payments by senior governments be developed to recompense farmers on sub-marginal and marginal lands in appropriate areas to encourage reforestation of presently cultivated farm lands and sustained use management of present farm woodlots during a waiting period and until these lands attain a fair state of forest productive use.
17. That Federal and Provincial Governments arrange for the building up of a co-ordinated extension staff to work with the present Provincial extension staffs whose training should have particular emphasis on farm management and planning, rural development, principles and methods of community organization and development.
18. That further studies in co-operation with the provinces be made to the end that pollution of waters should be restricted by more effective measures and penalties.
19. Due to the limited extent of good agricultural lands in Canada, it is recommended that the Federal Government speed up the survey being made by the Department of Mines and Technical Surveys of urban expansion of all metropolitan areas in Canada, so that there might be a basis of a more orderly development.
20. Whereas the agricultural industry is subject to changing forces and periodically facing new economic and social problems and in a continuous process of use adjustment, the Committee believes it can serve a useful purpose in the public interest and recommends:
 - (a) That the Special Committee of the Senate on Land Use in Canada be a continuing committee and be reconvened at each session.
 - (b) That authorization of the Committee under its order of reference be used to engage a research team or teams to assemble data and to make comprehensive studies and report to the Committee on (i) the state and incidence of rural taxation, (ii) requirements of land for future recreational use, (iii) conversion of marginal farm lands to forest use, (iv)

river and lake pollution, (v) loss of good agricultural lands to urban sprawl, in all parts of Canada, and (vi) co-operation of Federal and Provincial Governments in a study of methods to combat forest fire losses.

Contributions of the Committee

In reviewing the work of the Committee over the first six-year period of its existence, 1957 to 1963, it is evident that problems in land use in Canada are many, extensive and varied. The tasks that were assigned to this Special Committee were broad and the value of contributions made are difficult to assess. The results of the work that has been carried on will only be judgeable in retrospect in years to come.

The following five points may be listed as an indication of the means through which the Committee has been responsible for contributions to the field of efficient land utilization:

- (i) The members of the Committee have formulated many recommendations regarding land use which have been submitted for consideration.
- (ii) Many suggestions in briefs and recommendations of the Committee have been incorporated in the new Agricultural Rehabilitation and Development Act, which provides means for action programs in land use adjustments.
- (iii) Many briefs dwelt with problems of farm credit prior to the general revision of the federal participation in this field and the creation of the Farm Credit Corporation on October 5, 1959.
- (iv) The Committee has provided a forum where attention could be directed to the problems dealing with uses of our land resources.
- (v) Many people from across Canada have had their interests fostered and have been encouraged to consider means of solving many of the problems pertinent to satisfactory land use.

Appendix I

List of Witnesses Appearing Before and the Reports of the Committee on Land Use in Canada

5th Session, 22nd Parliament, 1957

PRINTED PROCEEDINGS NO. 1

Canada Department of Agriculture

Dr. A. Leahey, *Field Husbandry Division, Experimental Farms Service*

A. M. Shaw, *Chairman, Agriculture Prices Support Board*

PRINTED PROCEEDINGS NO. 2

Farmers' Union of Alberta

Mr. A. Platt, *President*

Western Canada Reclamation Association

Mr. J. A. Cameron, *President*

Canada Department of Agriculture

Mr. S. J. Chagnon, *Assistant Deputy Minister*

PRINTED PROCEEDINGS NO. 3

Union Catholique des Cultivateurs

Mr. J. B. Lemoine, *President*

New Brunswick Department of Agriculture

Mr. A. M. Taylor, *Deputy Minister*

Nova Scotia Department of Agriculture and Marketing

Dr. W. F. Walsh, *Deputy Minister*

PRINTED PROCEEDINGS NO. 4

McGill University

Professor H. J. Spence-Sales, *Chairman, Committee on Physical Planning, Faculty of Graduate Studies and Research*

International Water Joint Commission

Mr. George Spence, *Commissioner*

*Prairie Farm Rehabilitation Administration, Canada Department of
Agriculture*

Mr. G. L. MacKenzie, *Chief Engineer*

PRINTED PROCEEDINGS No. 5

Canadian Forestry Association

Mr. J. A. Vance, *Chairman of the Board*

Mr. Harold Fish, *President*

Mr. J. L. Van Camp, *General Manager*

Canadian Pulp and Paper Association

Mr. W. A. E. Popler, *Manager, Woodlands Section*

Canadian Forestry Association

Mr. L. Paquet, *Chairman, Executive Committee*

Quebec Forest Industries Association

Mr. E. Porter, *Manager*

Canadian Institute of Forestry

J. W. B. Sisam, *President*

Mr. Angus Hills, *Chairman, Committee on Soil and Land Use*

PRINTED PROCEEDINGS No. 6

Canadian Federation of Agriculture

Mr. H. H. Hannam, *President*

Mr. David Kirk, *Secretary-Treasurer*

Dr. E. C. Hope, *Economist*

Ontario Department of Agriculture

Mr. J. A. Garner, *Chief, Agricultural Officer*

Dr. H. L. Patterson, *Director, Farm Economics Branch*

Professor N. R. Richards, *Head, Department of Soils,
Ontario Agricultural College*

PRINTED PROCEEDINGS No. 7

Canadian National Railways

Mr. J. S. McGowan, *Director of Colonization and Agriculture*

Agricultural Institute of Canada

Mr. J. E. McCannel, *Executive Secretary*

1st Session, 23rd Parliament, 1957

PRINTED PROCEEDINGS No. 1

William Houde Limited, Quebec

Mr. William Houde, *President*

PRINTED PROCEEDINGS NO. 2

*University of Toronto*Professor Donald Baillie, *Department of Mathematics*

PRINTED PROCEEDING NO. 3

*Federal Department of Mines and Technical Surveys*Dr. N. L. Nicholson, *Director, Geographical Branch***1st Session, 24th Parliament, 1958**

PRINTED PROCEEDINGS NO. 1

*Canadian International Paper Company*Mr. Vernon E. Johnson, *President*Mr. F. A. Harrison, *Vice-President and Manager, Woodland Division*Mr. D. A. Wilson, *Forest Economist*

PRINTED PROCEEDINGS NO. 2

*Spartan Air Services Limited*Mr. Russel L. Hall, *Vice-President*Mr. W. G. E. Brown, *Resources Engineering Department*

PRINTED PROCEEDINGS NO. 3

*Canada Department of Agriculture*Dr. P. O. Ripley, *Chief, Field Husbandry Division, Experimental Farms Service*Dr. K. W. Hill, *Head, Field Husbandry Section, Field Husbandry Division, Experimental Farms Service*Dr. K. F. Nielson, *Head, Soil Fertility and Soil Management Section, Field Husbandry Division, Experimental Farms Service*

PRINTED PROCEEDINGS NO. 4

Report of the Committee

2nd Session, 24th Parliament, 1959

PRINTED PROCEEDINGS NO. 1

*Canada Department of Agriculture*Dr. J. F. Booth, *Director, Economics Division*

PRINTED PROCEEDINGS No. 2

*Canada Department of Agriculture*Dr. J. A. Taggart, *Deputy Minister*Dr. J. F. Booth, *Director, Economics Division*Dr. M. E. Andal, *Chief, Production Economics Section, Economics Division*

PRINTED PROCEEDINGS No. 3

*Canadian Agricultural Economics Society*Dr. M. E. Andal, *President*Dr. W. E. Haviland, *Vice-President*Professor P. A. Wright, *Executive Member*

PRINTED PROCEEDINGS No. 4

*Prince Edward Island Department of Agriculture*The Honourable Eugene Cullen, *Minister*

PRINTED PROCEEDINGS No. 5

*Ontario Forest Industries Association*Mr. Gordon Godwin, *President*

Professor D. V. Love

Mr. J. B. Matthews

Mr. J. W. McNutt, *Past-President*Mr. D. R. Rogers, *Director*Mr. C. R. Mills, *Manager*Mr. S. F. Rook, *Vice-President*

PRINTED PROCEEDINGS No. 6

*Interprovincial Farm Union Council*Mr. Ed. Nelson, *Vice-President, and President of the Farmer's Union of Alberta*Mr. James Patterson, *Director of Public Relations**Saskatchewan Department of Agriculture*The Honourable I. C. Nollet, *Minister*Mr. W. H. Horner, *Deputy Minister*Mr. Grant Mitchell, *Research Economist*

PRINTED PROCEEDINGS No. 7

*La Coopérative Fédérée de Québec*Mr. Adelard Bellmarc, *President*Mr. Omer Deslauriers, *Vice-President*Mr. Raynald Ferron, *General Manager*Mr. Roger Perreault, *Economist*

Alberta Department of Agriculture
The Honourable L. C. Halmrast, *Minister*

PRINTED PROCEEDINGS NO. 8

Canadian Federation of Agriculture

Dr. H. H. Hannam, *President*

Mr. J. M. Bentley, *1st Vice-President*

Mr. Jean B. Lemoine, *2nd Vice-President*

Mr. E. A. Boden, *Director, Saskatchewan Wheat Pool*

Mr. C. R. Belyea, *Economist, Ontario Federation of Agriculture*

Mr. Roy Grant, *Secretary, Maritime Federation of Agriculture*

Mr. J. M. Johnson, *Director, C.F.A.*

Mr. L. Laventure, *Executive Member, Ontario Federation of Agriculture*

Mr. J. Ferguson, *Past President, Ontario Federation of Agriculture*

Mr. David Kirk, *Secretary, C.F.A.*

Nova Scotia Department of Agriculture and Marketing

The Honourable E. D. Haliburton, *Minister*

PRINTED PROCEEDINGS NO. 9

British Columbia Department of Agriculture

The Honourable M. P. Steacy, *Minister*

New Brunswick Department of Agriculture

Mr. R. D. Gilbert, *Deputy Minister*

PRINTED PROCEEDINGS NO. 10

Manitoba Department of Agriculture and Conservation

The Honourable E. F. Willis, *Minister*

Mr. L. B. Kristjanson, *Extension Economist*

Mr. J. Parker, *Director, Soils and Crops Branch*

PRINTED PROCEEDINGS NO. 11

Ontario Department of Agriculture

Dr. H. L. Patterson, *Director, Farm Economics and Statistics Branch*

Dr. N. R. Richards, *Head, Department of Soils, Ontario Agricultural College*

PRINTED PROCEEDINGS NO. 12

Report of the Committee

3rd Session, 24th Parliament, 1960

PRINTED PROCEEDINGS NO. 1

*Canada Department of Agriculture*Mr. S. C. Barry, *Deputy Minister*Dr. J. F. Booth, *Director, Economics Division*Mr. A. E. Barrett, *Assistant to the Director General,*
*Research Branch*Mr. R. A. Stutt, *Head, Land Economics Unit, Economics Division*

PRINTED PROCEEDINGS NO. 2

*Canada Department of Agriculture*Dr. J. F. Booth, *Director, Economics Division*Mr. A. E. Barrett, *Assistant to the Director General,*
*Research Branch*Mr. R. A. Stutt, *Head, Land Economics Unit, Economics Division*Mr. S. F. Shields, *Regional Director, Prairie Farm Rehabilitation*
Administration

PRINTED PROCEEDINGS NO. 3

*Waterloo University College*Professor Ralph R. Krueger, Ph.D., *Chairman, Department of*
Geography

PRINTED PROCEEDINGS NO. 4

*Federal Department of Northern Affairs and National Resources*The Honourable Alvin E. Hamilton, P.C., *Minister*Mr. E. A. Côté, *Assistant Deputy Minister*

PRINTED PROCEEDINGS NO. 5

*Co-operative Extension Service, United States*Mr. Paul V. Kepner, *Deputy Administrator, Federal Extension*
Service, United States Department of
*Agriculture*Mr. Sherman Weiss, *Northern Area Resources Development*
Specialist, Hayward, Wisconsin

PRINTED PROCEEDINGS NO. 6

*The Canadian Chamber of Commerce*General R. Holley Keefler, *Chairman, Executive Council*Mr. W. J. McNally, *Manager, Policy Department*Mr. J. S. Whyte, *Chairman, Agricultural Committee*Mr. R. F. Richardson, *Manager, Organization Service Department*

Federal Department of Labour

Mr. George V. Haythorne, *Assistant Deputy Minister*
 Mr. Ross Ford, *Director, Training Branch*
 Mr. William Thomson, *Director of Employment Service,*
Unemployment Insurance Commission

Federal Department of Trade and Commerce

Mr. James A. Roberts, *Deputy Minister*
 Mr. C. V. Parker, *Director, Agriculture Division, Dominion Bureau*
of Statistics
 Mr. Morgan Mahoney, *Assistant Director, Small Business Branch*
 Mr. Basil Hayden, *Director, Industrial Development Branch*
 Mr. A. D. Holmes, *Director, Prices Division*
 Mr. V. J. Macklin, *Director, Economics Branch*

PRINTED PROCEEDINGS NO. 7

Experimental Farm, Ste. Anne-de-la-Pocatière, Québec
 Dr. J. R. Pelletier, *Superintendent*

PRINTED PROCEEDINGS NO. 8

Report of the Committee

4th Session, 24th Parliament, 1961

PRINTED PROCEEDINGS NO. 1

The Conservation Council of Ontario
 Mr. Gavin Henderson, *Executive Director*

PRINTED PROCEEDINGS NO. 2

The Lower Mainland Regional Planning Board
 Mr. A. D. Crerar, *Research Planner*
Canada Department of Agriculture
 Dr. P. C. Stobbe, *Director, Soil Research Institute*
 Dr. P. O. Ripley, *Director, (Soils), Research Branch*

PRINTED PROCEEDINGS NO. 3

Federal Department of Forestry
 The Honourable Hugh John Flemming, *Minister*
 Dr. J. D. B. Harrison, *Deputy Minister*
 Mr. A. L. Best, *Acting Chief, Forest Economics Division*
Federal Department of Fisheries
 Mr. S. V. Ozere, *Assistant Deputy Minister*
 Dr. A. L. Pritchard, *Director, Conservation and Development*
Service
 Mr. J. B. Rutherford, *Assistant Director, Economics Service*

PRINTED PROCEEDINGS No. 4

*National Capital Commission*Mr. Eric Thrift, *General Manager*Mr. Douglas McDonald, *Director of Planning and Property*

PRINTED PROCEEDINGS No. 5

*Department of National Health and Welfare*Dr. G. D. W. Cameron, *Deputy Minister*Dr. Joseph W. Willard, *Deputy Minister*

PRINTED PROCEEDINGS No. 6

*Quebec Department of Agriculture*Dr. Ernest Mercier, *Deputy Minister**Macdonald College of McGill University*Professor Angus Banting, *Chairman, Department of Agricultural Engineering*

PRINTED PROCEEDINGS No. 7

*Canada Department of Agriculture*Dr. W. J. Staple, *Soil Research Institute, Research Branch*Mr. S. F. Shields, *Director, P.F.R.A.*

PRINTED PROCEEDINGS No. 8

*Canada Department of Agriculture*Mr. J. S. Parker, *Director, Maritime Marshland Rehabilitation Administration**Maritime Federation of Agriculture*

Mr. Ross Hill

Mr. Roy Grant, *Secretary**Canada Department of Agriculture*Dr. C. C. Spence, *Economics Division, Edmonton, Alberta*Dr. J. C. Wilcox, *Research Station, Summerland, B.C.*Dr. C. C. Russell, *Experimental Station, Lethbridge, Alberta*

PRINTED PROCEEDINGS No. 9

*University of Saskatchewan*Professor W. B. Baker, *Director, Center for Community Studies*Professor H. Van Vliet, *Head, Department of Farm Management*

PRINTED PROCEEDINGS No. 10

*Ontario Department of Commerce and Development*Mr. A. H. Richardson, *Chief Conservation Engineer*

PRINTED PROCEEDINGS No. 11

Report of the Committee

5th Session, 24th Parliament, 1962

PRINTED PROCEEDINGS NO. 1

Agricultural Rehabilitation and Development Act
Mr. A. T. Davidson, *Director*

PRINTED PROCEEDINGS NO. 2

Government of Manitoba

Dr. G. A. Kristjanson, *Senior Rural Development Specialist,*
Department of Agriculture and Con-
servation

Roger B. Truemner, *Regional Development Branch, Department*
of Industry and Commerce

PRINTED PROCEEDINGS NO. 3

La Société Canadienne d'Établissement Rural
Mr. Jean-Baptiste Lanctôt

PRINTED PROCEEDINGS NO. 4

Government of Prince Edward Island

Mr. Hartwell Daley, *Director, Division of Research, Department*
of Industry and Natural Resources

PRINTED PROCEEDINGS NO. 5

Canadian Society of Rural Extension

Dr. W. A. Jenkins, *President*

Mr. L. W. Rasmusson, *Vice-President*

Dr. L. C. Paul, *Secretary-Treasurer*

1st Session, 25th Parliament, 1962

PRINTED PROCEEDINGS NO. 1

Canadian Tree Farmers' Association

Mr. Bert Herridge, M.P., *Vice-President*

Mr. C. B. Kevin Clarke, *President*

Mr. J. A. MacDonald, *Secretary-Treasurer*

Mr. Edmund Asselin, M.P., *Director*

PRINTED PROCEEDINGS NO. 2

Summary of Briefs Presented to the Committee During the 5th Session,
24th Parliament, 1962.

Appendix II

A Synoptic Review of Progress in the ARDA Program Based on a Brief Received by the Committee

The Committee heard a resumé of the progress and some of the underlying philosophy of the ARDA program from its Director, Mr. A. T. Davidson, on December 3, 1963. As a supplement to this report, a summary of this progress is presented here.

Following a series of meetings with the provinces, a general ARDA agreement was prepared and signed by all ten provinces and the federal government by October, 1962. As was stated,—“this general agreement sets forth the working policy for the program, the types of programs that may be approved, the range of federal cost sharing, and provides for a maximum federal contribution of \$50 million over the two and three quarter year term of the agreement, which runs from June 1, 1962 to March 31, 1965”. The general agreement was made extremely flexible and was restricted to the relatively short period to provide a pilot term for testing methods of approach. It is anticipated that a longer term policy will follow.

After the general agreement had been signed, a series of project agreements to implement specific sections of the program were negotiated and signed. These include agreements for: alternative land use, soil and water conservation, community pastures, research and rural development. In total, 265 separate projects and programs have been approved and 10 were under discussion at the time of the hearing, the Committee was told. More than 15 million dollars of federal and provincial expenditure have been committed to these programs.

Thirty projects for alternative and more efficient uses of marginal agricultural lands are under way. The majority of these projects are concerned with the acquisition of low grade agricultural lands for forestry, wildlife and recreational uses. Consideration is also being given to policies which will enable acquisition and consolidation of agricultural lands and their re-sale in economic size farm units. Agreement has also been reached on a land capability inventory being carried out jointly by the federal and provincial governments.

Examples of specific types of projects and programs under the soil and water conservation agreements were noted. Some bog land may be reclaimed in Newfoundland for agricultural pursuits. Small dams are being constructed in Prince Edward Island. Programs of farmland improvements on the better

soils of New Brunswick and Nova Scotia are being undertaken. In Quebec, drainage and stream improvement work is being carried out. A multi-purpose watershed development scheme is under way in Ontario. In Manitoba, a water stabilization scheme to protect good agricultural land from flooding has been agreed on. In Saskatchewan, projects of stream improvement, water supply and drainage in conservation and development districts were undertaken. In Alberta, a multi-purpose river development scheme and a start on a long term development program to renovate and improve the operation of existing irrigation districts are other examples. In British Columbia, an agreement for a project to renovate and improve existing irrigation works has been signed.

Agreements have been signed to acquire and develop 41 community pastures. There are 19 in Saskatchewan, 6 in Nova Scotia, 5 in Alberta, 5 in British Columbia, 2 in Ontario, 2 in New Brunswick, 1 in Quebec and one main pasture project in Newfoundland which is comprised of 6 smaller pastures.

A number of rural research regions which have development and adjustment problems have been selected. Four rural research regions are under study in Newfoundland; two areas on the east and west ends of Prince Edward Island; the north shore area of Nova Scotia; the Bathurst-Gloucester region in New Brunswick; the south shore of the St. Lawrence River and the Gaspé, the Brome and Vallée de la Rouge areas in Quebec; the ten eastern counties in Ontario; the Interlake and central plains areas of Manitoba; the Torch River, Meadow Lake and Broadview areas and Census District 16 in Saskatchewan; and the Edson-Coal Branch area in Alberta. In these regions, physical, social and economic research is under way or is planned. It is expected that rural development areas will be designated as studies go forward in these rural research regions. A number of formal rural development areas had been designated at the date of the submission of the brief.

Among other agreements that have been signed are research projects which will obtain land capability and land use information necessary for land adjustment and agricultural development programs in local regions.

All which is respectfully submitted.

ARTHUR M. PEARSON,
Chairman.





First Session—Twenty-sixth Parliament

1963

THE SENATE OF CANADA
PROCEEDINGS OF
THE SPECIAL COMMITTEE OF THE SENATE
ON
LAND USE IN CANADA

No. 5

TUESDAY, DECEMBER 17, 1963.

The Honourable Arthur M. Pearson, *Chairman*
The Honourable Austin Taylor, *Deputy Chairman*

WITNESS:

The Honourable L. George Dewar, M.D., Minister of Education,
Prince Edward Island.

ROGER DUHAMEL, F.R.S.C.
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY
OTTAWA, 1963

THE SPECIAL COMMITTEE ON LAND USE IN CANADA

1963 Session

The Honourable Arthur M. Pearson, *Chairman*

The Honourable Austin Taylor, *Deputy Chairman*

The Honourable Senators

Basha	McGrand
Boucher	Méthot
Buchanan	Molson
Burchill	Pearson
Cameron	Power
Crerar	Smith (<i>Kamloops</i>)
Fournier (<i>Madawaska-Restigouche</i>)	Smith (<i>Queens-Shelburne</i>)
Gershaw	Stambaugh
Gladstone	Taylor (<i>Norfolk</i>)
Hollett	Taylor (<i>Westmorland</i>)
Horner	Turgeon
Inman	Vaillancourt
Leonard	Welch (27)
MacDonald (<i>Queens</i>)	

Quorum—5.

ORDER OF REFERENCE

Extract from the Minutes of the Proceedings of the Senate, Friday, October 11th, 1963.

"The Honourable Senator Macdonald, P.C., moved, seconded by the Honourable Senator Brooks, P.C.:

That a Special Committee of the Senate be appointed to consider and report on land use in Canada and what should be done to ensure that our land resources are most effectively utilized for the benefit of the Canadian economy and the Canadian people and, in particular, to increase both agricultural production and the incomes of those engaged in it;

That the Committee be composed of the Honourable Senators Basha, Boucher, Buchanan, Cameron, Crerar, Fournier (*Madawaska-Restigouche*), Gershaw, Gladstone, Hollett, Horner, Inman, Leonard, MacDonald (*Queens*), McGrand, Méthot, Molson, Pearson, Power, Smith (*Kamloops*), Smith (*Queens-Shelburne*), Stambaugh, Taylor (*Norfolk*), Taylor (*Westmorland*), Turgeon, Vaillancourt, Veniot and Welch;

That the Committee have power to engage the services of such counsel and technical and clerical personnel as may be necessary for the purpose of the inquiry;

That the Committee have power to send for persons, papers and records, to sit during sittings and adjournments of the Senate, and to report from time to time;

That the evidence taken on the subject during the eight preceding sessions be referred to the Committee.

After debate, and—

The question being put on the motion, it was—
Resolved in the affirmative."

J. F. MACNEILL,
Clerk of the Senate.

Extract from the Minutes of the Proceedings of the Senate, Friday, October 18th, 1963.

"With leave of the Senate,

The Honourable Senator Beaubien (*Provencher*) moved, seconded by the Honourable Senator Macdonald (*Cape Breton*):

That the name of the Honourable Senator Burchill be substituted for that of the Honourable Senator Veniot on the list of Senators serving on the Special Committee of the Senate on Land Use in Canada.

The question being put on the motion, it was—
Resolved in the affirmative."

J. F. MACNEILL,
Clerk of the Senate.

MINUTES OF PROCEEDINGS

TUESDAY, December 17th, 1963.

Pursuant to adjournment and notice the Special Committee of the Senate on Land Use in Canada met this day at 11.00 a.m.

Present: The Honourable Senators:— Pearson, *Chairman*, Taylor (*Westmorland*), *Deputy Chairman*, Burchill, MacDonald (*Queens*), McGrand, Smith (*Queens-Shelburne*), Stambaugh and Taylor (*Norfolk*).

In attendance: Mr. Ralph A. Stutt, Special Consultant to the Committee and the Official Reporters of the Senate.

The Honourable L. George Dewar, M.D., Minister of Education, Prince Edward Island was heard and questioned with respect to the Order of Reference.

At 12.30 p.m. the Committee adjourned to the call of the Chairman.

Attest.

D. Jarvis,
Clerk of the Committee.

THE SENATE
SPECIAL COMMITTEE ON LAND USE IN CANADA
EVIDENCE

OTTAWA, Tuesday, December 17, 1963.

The Special Committee on Land Use in Canada met this day at 11 a.m. Senator Arthur M. Pearson (*Chairman*), in the chair.

The CHAIRMAN: Honourable senators, we have a quorum. We are very pleased to have here with us this morning the Honourable L. George Dewar, M.D., Minister of Education, Charlottetown, Prince Edward Island, Dr. Dewar has prepared a brief for us. I hope that the brief gives us a good insight on the taxation problem, which is a very important one. Now, Dr. Dewar, if you are prepared to speak, we are prepared to listen.

Hon. Dr. DEWAR: Mr. Chairman and honourable senators, this is a grief which has been prepared, and you may wish to ask some questions to illustrate it.

The CHAIRMAN: Do you mind if we ask questions as you proceed?

Hon. Dr. DEWAR: Certainly. This brief deals with the question on which you requested information. I shall read it now.

Prince Edward Island is divided into three counties. There is one city, the capital, Charlottetown, seven small towns and about 12 incorporated villages. All other areas of the province are unincorporated and have no municipal boards. The only organized administration in these rural areas is the local school board of which there are over 400. The provincial land tax was abolished about 20 years ago, and the only assessment on rural lands and buildings is by rural school boards.

The CHAIRMAN: Who collects that tax?

Hon. Dr. DEWAR: It is collected by the school boards.

The CHAIRMAN: They have their own tax?

Hon. Dr. DEWAR: Yes, they are all corporations.

All areas both incorporated and unincorporated in Prince Edward Island except Charlottetown and Summerside are under a uniform assessment system, which is carried out by the Land Valuation Board in the Department of Education under Mr. Cecil Moser and a staff of three evaluators, which is augmented in the summer months by student evaluators. This Board was formed in 1949 and as yet has not completed quite 100 per cent of all areas on the Island.

Senator STAMBAUGH: Do you mind an interruption?

Hon. Dr. DEWAR: Not at all, sir.

Senator STAMBAUGH: Then the school boards do not make their own assessments?

Hon. Dr. DEWAR: They set the rate.

Senator STAMBAUGH: Yes, but the assessment is made by this commission?

Hon. Dr. DEWAR: The valuation is made by the commission.

The changes in districts annually occupy a great deal of time. Both land and buildings are valued and taxed. Farm lands at rates of \$10 to \$60 per acre according to soil type and location, woodland from \$1 to \$15 per acre, according to type of forest cover and location; commercial and residential lots at approximately 50 per cent of actual or resale value.

The CHAIRMAN: When you say "according to soil type", do you mean only soil type?

Hon. Dr. DEWAR: Only soil type and location.

Buildings are valued according to manual used on replacement costs in 1939-40, less depreciation, and having from 30 per cent to 35 per cent of present resale value.

Senator SMITH (*Queens-Shelburne*): Would you mind repeating that?

Hon. Dr. DEWAR: Buildings are valued according to manual used on replacement costs in 1939-40, less depreciation, and having from 30 per cent to 35 per cent of present resale value.

Our basis is very much out of date; but we have not changed it for the reason that we have not completely got around to all the 400 districts, and until we do we did not like changing the base, but we will certainly have to do that as soon as possible.

Senator STAMBAUGH: You are discussing the school districts now?

Hon. Dr. DEWAR: Yes, school districts; but the towns and villages are also valued by this board on the same basis.

Senator STAMBAUGH: There are just these cities that are not valued?

Hon. Dr. DEWAR: Summerside and Charlottetown, yes.

Senator SMITH (*Queens-Shelburne*): The values you referred to of 1939-40, that is a balance between the 1939 values and the present day values.

Hon. Dr. DEWAR: Yes.

Senator SMITH (*Queens-Shelburne*): The 1939 values less depreciation; but it is also controlled by another factor which provides that it shall be no less than 30 to 35 per cent of the present value. Is that the significance of that?

Hon. Dr. DEWAR: No. I think that is just a statement of the figure they arrive at, using this manual.

Senator SMITH (*Queens-Shelburne*): That is a result of their system?

Hon. Dr. DEWAR: Yes. Valuation on which taxes are based total \$86,246,300.

The CHAIRMAN: That is the total in the province?

Hon. Dr. DEWAR: That is the total in the province; and that includes Charlottetown and Summerside. In Charlottetown and Summerside the system used gives approximately twice as high a value, and the gross amounts are \$27,205,955 for Charlottetown and \$13,408,650 for Summerside.

Senator STAMBAUGH: What does that give for rural value?

Hon. Dr. DEWAR: About \$46 million.

The CHAIRMAN: Your rate is what, then?

Hon. Dr. DEWAR: The rate of assessment?

The CHAIRMAN: Yes, the rate of assessment.

Hon. Dr. DEWAR: That varies in every school district.

The CHAIRMAN: Depending on what their needs are?

Hon. Dr. DEWAR: That is right. It varies with respect to the total valuation of property in the district. Where the property is valuable and higher the rate tends to be lower.

The CHAIRMAN: Do you find that the province has to supplement school revenue?

Hon. Dr. DEWAR: Yes. In the next paragraph I mention that.

Each school district sets its own rate, and they vary from less than 1 per cent to 3 per cent of valuation. Equalization grants from the Department of Education apply to prevent rates of over 3 per cent provided the district is a member of a high school unit. A dual rate which is mandatory in districts where at least 50 per cent of ratepayers are non-farmers gives farmers exemption from tax on 50 per cent of value of farm land and farm buildings, except the home.

The CHAIRMAN: They are not exempt on the home any more than they are in the city?

Hon. Dr. DEWAR: That is right.

The CHAIRMAN: But these other outbuildings—

Hon. Dr. DEWAR: Are assessed at 50 per cent.

Senator SMITH (*Queens-Shelburne*): The other buildings are assessed at 50 per cent of what?

Hon. Dr. DEWAR: They use what they call a dual rate, and the homes are assessed at twice the amount. In other words, this gives farmers exemption from tax on 50 per cent of the value of farm land and farm buildings. They take his total value of the farm land and the buildings and they apply half the rate they do to the homes.

Senator TAYLOR (*Westmorland*): Is that half the rate or half the assessment?

Hon. Dr. DEWAR: It works out at half the rate; that is how they apply it. If you pay two dollars a hundred on your home you only pay a dollar on the farm land. This is intended to diminish the tax on production.

There does not seem to have been any deterrent to land use in the province because of the rate of taxation.

From 1958 to 1962 the increase in school taxes paid by districts was 47 per cent. Government expenditure on education in the same period increased by 130 per cent. In 1962 the following amounts were raised:

Total paid by districts	\$1,724,488.22
Total paid by government	\$3,979,900.86
Total for education	\$5,704,389.08

The CHAIRMAN: Was that increase largely brought on by the growth of the population or the building program of new schools, or salaries for teachers—or some of all?

Hon. Dr. DEWAR: Some of all.

Senator SMITH (*Queens-Shelburne*): The chicken or the egg!

Hon. Dr. DEWAR: Yes, Teachers' salaries were increased very substantially. I would think that would have accounted for maybe \$1½ million; and of course we had quite a big building program in secondary schools. Then we have had a much higher retention in the student population. The superintendent of schools in Charlottetown told me yesterday that in 10 years the number reaching grade 9 has increased from 30 per cent to 80 per cent in 10 years, although the actual number in grade 1 has not changed much.

Senator SMITH (*Queens-Shelburne*): The actual number entering grade 1 has not changed?

Hon. Dr. DEWAR: Has changed very little; but there is over 80 per cent in grade 9.

Senator McGRAND: Your population in Prince Edward Island is fairly static?

Hon. Dr. DEWAR: Yes, fairly static.

The CHAIRMAN: There is not the fallout, then?

Hon. Dr. DEWAR: Oh, no. That is why the costs are going up. In the last three years we have had 30 per cent more students in high school.

The CHAIRMAN: That is good.

Senator MACDONALD (*Queens*): As you know, I belong to P.E.I. Are more students going on to higher education than they did years ago?

Hon. Dr. DEWAR: Are more going on?

Senator MACDONALD (*Queens*): Are students going on to university more so than they did years ago?

Hon. Dr. DEWAR: Oh, yes, we see a big increase.

Senator McGRAND: Do they leave the province afterwards?

Hon. Dr. DEWAR: Yes, they all leave.

Senator MACDONALD (*Queens*): That is what we are doing—we are exporting brains from Prince Edward Island.

Senator SMITH (*Queens-Shelburne*): Do you happen to have the figures of student enrollment in St. Dunstan's and Prince of Wales'?

Hon. Dr. DEWAR: No, but I would think in the last ten years the student body at both places has tripled.

The CHAIRMAN: That means that the university requires new buildings too?

Hon. Dr. DEWAR: Yes, building and overcrowding. We had an emergency in enrollment at Prince of Wales last fall and we had to push some people out of the building to make room for classrooms.

Senator MACDONALD (*Queens*): Mr. Chairman, I want to ask another question of our Minister of Education. How much of the Island is now hornswoggled into high schools and so forth?

Hon. Dr. DEWAR: It is getting to be a pretty high percentage. I would say 80 per cent. In fact the Island is all covered at the present time. There are just some isolated districts that are holding out against the advances in education. I had a gentleman in the office yesterday afternoon, he belonged to the old school and he was very much against the changes that were taking place. He said we were going to educate more and more people away from the Island.

Senator MACDONALD (*Queens*): You know very well, Doctor, as I do, that there is a tremendous demand for top engineers in every specialty you can think of. Just glance at the *Montreal Gazette*, the *Montreal Star*, the *Ottawa Journal* and the *Ottawa Citizen* and you will see hundreds of requests for top men. I therefore do not see how we can slacken up on education, it has got to be given, whatever the cost is.

Hon. Dr. DEWAR: That is right, but not everybody believes that.

Senator MACDONALD (*Queens*): They might not.

Hon. Dr. DEWAR: We have the same situation in Canada as a whole. A great many of our university graduates go south. It is quite an investment that we have in these people and of course once they leave and exert their effort in some other country we lose the investment completely.

I read from my brief: In some areas of the province land is increasing in value, and in other parts the general rural to urban migration has vacated many farms and diminished their value.

The CHAIRMAN: For what reason has the increase in value taken place?

Hon. Dr. DEWAR: I think one reason for the increased value is because of closeness to Charlottetown, to the villages and towns. That fact tends to increase the land value, while on the other hand land that is in the remoter areas, off the paved roads, tends to go down in value. I think a paved road through a community increases the resale value of the property and I think where better educational facilities are provided, and where hospitals are located, in those areas land tends to increase in value. It is a strange thing that in different parts of the Island, for no apparent reasons, people set different values on land. I live in the western part, which is more remote, and the land near where I live is worth twice what it is in the eastern part, which is more accessible to the mainland. It is a rather strange circumstance.

The CHAIRMAN: Is the productive value of the land increasing at the same time, or is it just because of these features that you mentioned, highways and hospitals? Are they actually producing more per acre or getting more value per acre from the land?

Hon. Dr. DEWAR: I think, both. In some areas the land is improving in fertility, in value of productivity, but in other areas it is slipping back, it is growing up in bushes in some areas.

Senator MACDONALD (*Queens*): I agree with you there, Doctor.

Senator SMITH (*Queens-Shelburne*): Dr. Dewar, coming back to this thought you had a moment ago about the land values increasing in certain areas, are these farmlands or is the value going up because of the extension of home building in certain areas? Have any of these lands which have increased their productivity for one reason or another, have they increased in value because of that, or is it because of the factors of transportation or closeness to a community which makes them desirable places in which to live?

Hon. Dr. DEWAR: I would think that farmlands around Charlottetown, where J. J. lives, on account of the location, are worth a lot more. I think probably they are more productive too but on account of the location I think it would be much more difficult to buy a farm near Charlottetown and the price would tend to be much higher than in the eastern or the western part of the Island.

Senator MACDONALD (*Queens*): I think you are right, Doctor. I am located only ten miles from Charlottetown and we have the loveliest farm country from Charlottetown right out about fifteen miles, but the sad part of it is now a terrible lot of those that own farms and live on them want to work in Charlottetown, and if they have a family big enough to look after the farm work is what they are doing. Thirty years ago we on the farm lived on the farm but that is not the policy today—the head of the family wants to get a job probably in Charlottetown.

Hon. Dr. DEWAR: Yes, I think that is so for quite an area outside of Charlottetown. A great many people are working in the cities.

The CHAIRMAN: Is that done to supplement their income?

Hon. Dr. DEWAR: Yes.

Senator MACDONALD (*Queens*): I think that is general all over Canada.

Hon. Dr. DEWAR: General, all over the world, I would think. I was in Japan last month, and the city of Tokyo is the largest city in the world, it has over ten million people whereas ten years ago there were only six million people there. People have been moving in there from rural areas, that is,

into Tokyo. On the Island in 1940 there were 13,000 farmers but today there are only 7,000.

I will continue with my brief, Mr. Chairman.

Urban taxes because of the more numerous services provided tend to be higher—probably twice as high on an equivalent amount of property, or in other words, the taxes for education in town and country are perhaps similar if the land connected with a farm dwelling is disregarded.

In Prince Edward Island recent upgrading in the high school program has tended to increase the tax burden. Consideration and improvement of elementary facilities should be carried out, but it is doubtful if the rural property tax is adequate to support the rapidly rising cost of education, and provincial revenues derived from a tapping of all available resources, including the federal treasury, are proving insufficient to meet the spiraling public expenditures demanded for health, welfare, public works and education.

An estimate was made in 1959 by Dr. M. E. LaZerte of the relative ability of the provinces to support education by using the number of pupils to be educated between 5-19 years, and the total personal income in each province. Using those two factors, the number of children and the personal income, he arrived at a relative figure. This showed that Prince Edward Island had a relative figure of 109 and British Columbia 309, and Ontario 285. Prince Edward Island was lowest on the scale excepting Newfoundland, which had a relative figure of 100. This limits seriously the ability of the Government and real estate to support an adequate level of education, or at least what is accepted as a normal level by the more wealthy provinces.

It is felt that the taxes on land must not be allowed to move much higher, and that a broader tax base for education, drawing on income and sales sources, must be established to cover the increasing costs. In 1945 the Prince Edward Island Government spent \$421,451 on education. In 1955 this had risen to \$1,279,566 and in 1963 to \$4,895,938, that is, almost \$5 million.

It went from \$500,000 in 1945 to almost \$5 million in 1963.

Senator J. J. MACDONALD: Doctor, before you go any further, are you including any assistance to build regional schools and so forth in that?

Hon. Dr. DEWAR: I am including in that certain amortization costs of the schools, not the capital cost, but the amortization cost, which we have to apply over 20 years. The Government gives a grant to help amortize their bonds.

Senator J. J. MACDONALD: You do not include that in the \$5 million?

Hon. Dr. DEWAR: Oh, yes, the amortization cost is included.

Senator J. J. MACDONALD: That is included?

Hon. Dr. DEWAR: Yes, it includes grants to regional high school districts for amortization—teachers, operation and all those costs.

The inadequacy of a land levy to meet such expanding budgets is very obvious.

In Prince Edward Island except for the acquisition of land for parks and highways, there is little problem as far as rural taxation is concerned. The provincial Government makes a grant to the deprived school district in lieu of taxes, which compensates to some extent.

The CHAIRMAN: In your taxation field, you have your problem of building highways and hospitals and so forth. Where do the taxes come from, for that purpose, if you do not tax the land?

Hon. Dr. DEWAR: There is no land tax for that purpose at all.

The CHAIRMAN: Where, then, do the taxes come from?

Hon. Dr. DEWAR: They come 100 per cent from the provincial treasury.

The CHAIRMAN: And they get their money from where?

Hon. Dr. DEWAR: We get it from taxes—the 5 per cent sales tax, the taxes on gasoline and liquor, and we have various other small taxes. And then we have the federal subsidies.

Senator SMITH (*Queens-Shelburne*): Is this 5 per cent sales tax put into a fund to pay your hospital bills?

Hon. Dr. DEWAR: No, no, it is put into the general revenues.

Senator TAYLOR (*Westmorland*): I would like to ask two questions. What relation does your assessment or the valuation of your farm properties have to the actual cash value of the farm property?

Hon. Dr. DEWAR: The cash resale value?

Senator TAYLOR (*Westmorland*): Yes.

Hon. Dr. DEWAR: About 30 to 35 per cent.

Senator TAYLOR (*Westmorland*): What other taxes do farm lands carry other than school tax?

Hon. Dr. DEWAR: None.

Senator TAYLOR (*Westmorland*): Is there any for the administration of justice or anything like that?

Hon. Dr. DEWAR: No, there is no corresponding tax.

Senator J. J. MACDONALD: I may remind you that some time ago when honourable Walter Jones was Premier, it cost more to collect the land tax, which was only small then compared with today, it cost more to collect it than they got in in taxes; so the provincial Government at that time abolished the land tax. If you take my case, when I started in farming after World War I my tax was probably \$10. Today it is \$120. I imagine that I sent down a cheque a few days ago for \$120.

Senator TAYLOR (*Westmorland*): Of course we have got a—what do they call it—at Fort Augustus—

Hon. Dr. DEWAR: Consolidated school.

Senator TAYLOR (*Westmorland*): There are about nine or 10.

Hon. Dr. DEWAR: Yes.

The CHAIRMAN: That is money you say you sent down, is that just for the school?

Senator MACDONALD (*Queens*): Yes.

Senator TAYLOR (*Westmorland*): You are lucky.

Senator McGRAND: How many acres of land have you got?

Senator MACDONALD (*Queens*): Between the son and I, we have about 300.

Senator McGRAND: And you pay only \$120 taxes?

Senator MACDONALD (*Queens*): Yes, school taxes.

Senator McGRAND: In New Brunswick you would pay \$300 to \$400 on that.

Senator MACDONALD (*Queens*): We should not have thrown that out here to Dr. Dewar or he might start boosting up the taxes.

Hon. Dr. DEWAR: I was pleased to come here to this committee, as many of these questions have been bothering me, as to how much tax farm land should bear, whether it should be more, or whether we apply it enough and New Brunswick is applying away too much.

Senator McGRAND: Have you any idea of the percentage of farm income that will go into taxes on farm lands? Of course, it is all collected by the Department of Education, but could you give an idea of what percentage of a farmer's income would go into it?

Hon. Dr. DEWAR: Personal income?

Senator McGRAND: Yes, would go to these taxes?

Hon. Dr. DEWAR: The latest figures I have are for 1960. In Prince Edward Island the percentage of personal income which is used for school taxes is 1.38 per cent. That is for 1960. That figure varies considerably in the provinces.

Senator McGRAND: I think we are confusing the question. Say a farmer's taxes are \$300. About what percentage of his farm income would go to pay his taxes? Would it be 10, 15, 20 or 30 per cent? I know you cannot figure that out but I am sure you have a general idea.

Hon. Dr. DEWAR: I think you had better ask Senator J. J. MacDonald that question. He could answer that.

Senator STAMBAUGH: I guess it would cover about one per cent of Senator J. J. MacDonald's—\$120.

Senator MACDONALD (*Queens*): I do not think I made myself clear. I was asked the question, what are my school taxes. I was asked what acreage of land we had. I said we control about 300 acres. That is between woods and farm land. My bill is \$120 and I think my son's bill is practically the same, but of course he is operating the farm business there now.

The CHAIRMAN: What is the acreage?

Senator MACDONALD (*Queens*): He has about 240 acres of clear land, and the rest is woodland; but I believe his tax bill is pretty nearly as high as mine, which could be close to \$300 a year. We do pay it, we are not objecting to that.

Senator TAYLOR (*Westmorland*): Are the two homes on the farm?

Senator MACDONALD (*Queens*): Yes. My son's home is only 25 paces from the main residence.

Senator BURCHILL: In valuing farm properties for taxation purposes in Prince Edward Island, is there a separate value put for agricultural land, another for woodland, and so on?

Hon. Dr. DEWAR: Yes, there is. They use a different yardstick to measure that.

Senator BURCHILL: And that all adds up to about 35 per cent of the total value of the property?

Hon. Dr. DEWAR: That is right. From your question, Dr. McGrand, I take it that you are wanting to specify the actual farm income and what they pay, rather than the personal income as a whole, is that right?

Senator McGRAND: I mean, from the money taken off a farm, what proportion goes to pay the taxes. That is what I am trying to get.

Hon. Dr. DEWAR: Well, there has been a great change in the amount of taxation levied on farms. I can remember that at my old home the school tax was \$10 a year. Senator MacDonald will remember those days, too.

Senator MACDONALD (*Queens*): Up at New Perth, yes.

Hon. Dr. DEWAR: And I understand the same farm now pays \$50 tax; but in the same period of time, I can remember in the depression years when the total cash income from the farm was only about \$500.

Senator MACDONALD (*Queens*): And you had to do a lot of business to pick up \$500.

Hon. Dr. DEWAR: It was one of the better farms, too. Today, I believe that that income is now up in the four or five figure bracket—over \$10,000.

The CHAIRMAN: Has there been a change in production?

Hon. Dr. DEWAR: Yes, there has been increased production, although the production perhaps 30 years ago was above average, but of course there has been an increased production since that, too. In fact, there has been considerable volume.

Senator SMITH (*Queens-Shelburne*): What was your crop in that year—potatoes?

Hon. Dr. DEWAR: Potatoes, hogs. We sold cream, and some eggs; they have gone out of the egg business pretty well now. But I can remember them selling a ton of pork for \$60.

Senator MACDONALD (*Queens*): You are not telling me anything I do not know already. I have had experience of that, and sold pork pretty cheap, and even beef. That was in what they called the "dirty thirties".

Hon. Dr. DEWAR: Yes; that would be about three cents a pound for pork. Today what is the rate, around 20 or 25 cents?

Senator McGRAND: There is another thing to take into consideration; the cost of producing the stuff on the land was very low.

Hon. Dr. DEWAR: Yes.

Senator McGRAND: You talked about the five figure bracket today. Of course, the cost of producing has gone up perhaps more in proportion to the value of farm products. I have been trying to work out here an idea of the percentage that goes into taxes from the profits of the land.

Senator TAYLOR (*Westmorland*): A very interesting brief was presented this morning at the minister's conference by the president of the Farmers' Union, dealing with costs in relation to income over a period of years.

Hon. Dr. DEWAR: Yes, the net income, and how it varies.

The CHAIRMAN: That is throughout Canada as a whole?

Senator TAYLOR (*Westmorland*): Yes.

Senator McGRAND: Was it broken down according to provinces?

Senator TAYLOR (*Westmorland*): No.

The CHAIRMAN: Are the farms in Prince Edward Island pretty well mechanized now?

Hon. Dr. DEWAR: Yes; the horse has practically disappeared.

Senator MACDONALD (*Queens*): A horse in P.E.I. on the farm is now a curio.

Hon. Dr. DEWAR: That has all happened since 1945.

Senator MACDONALD (*Queens*): Take our own farm there. We have as nice a set up as anywhere in Queens County. I would match our farm against any other. My son operates it. In the days when my brother was with me we operated two and three horse teams. We had double horse machinery and everything. Now there are two tractors. With all the business he gets, I guess my son handles about \$30,000 a year, but at the end of the year I don't know if he has a dollar left.

The CHAIRMAN: Is that \$30,000 right off the farm only?

Senator MACDONALD (*Queens*): Yes.

The CHAIRMAN: The total farm income?

Senator MACDONALD (*Queens*): Yes; and I doubt if at the end of the year he has got a dollar saved.

Senator SMITH (*Queens-Shelburne*): Do you happen to have a figure of the total of net farm income in Prince Edward Island to place alongside the collection of taxes from farm land?

Hon. Dr. DEWAR: No. The net farm income is a hard figure to arrive at. I believe the gross farm income is about \$30 million. Would it be that high?

Senator SMITH (*Queens-Shelburne*): It seems to me that the D.B.S. has a figure for each of the provinces of the total net farm income for various periods. I was wondering if you could relate that figure, if the D.B.S. really has it, to the actual figure you have in your records somewhere, as to how much money comes out of that farm land in the form of taxation for education.

Hon. Dr. DEWAR: Well, the personal income on the Island, I presume that is the net income, and that must be—

Senator SMITH (*Queens-Shelburne*): It includes a lot more than farming?

Hon. Dr. DEWAR: Yes, it does. It is not broken down here for the farm and non-farm income; but I should think that the figure for farm income would be perhaps considerably higher than that 1.38 per cent. Senator MacDonald suggests there is no net farm income from farm operation; but anyway you would have to consider the living taken off the farm. The farm people should be able to give you a figure exactly of the percentage of what the gross is to net income in Canada on the farm. Of course, it would be higher than in the west.

Senator SMITH (*Queens-Shelburne*): Do we not have the figures, Mr. Stutt?

Mr. STUTT: Yes, we have the annual figures of gross and also net income; these can be made available.

Senator SMITH (*Queens-Shelburne*): Dr. Dewar, do you have a record in your office or somewhere of the figures of the total taxation of farm properties—farm land?

Hon. Dr. DEWAR: No, I doubt if we could break it down. We can break it down outside of Charlottetown and Summerside, but when we get into the rural areas a good many of the rural people are not farmers. I could take you along a line of road right out in the open country, and I think out of about 15 homesteads on that road only about five are actual farmers.

Senator SMITH (*Queens-Shelburne*): Would all those properties in that category be farm lands?

Hon. Dr. DEWAR: Most of them, yes.

Senator SMITH (*Queens-Shelburne*): It is very difficult to get an assessment of what the problem really is.

Hon. Dr. DEWAR: Yes.

The CHAIRMAN: Would there be, say, two or three acres to each home?

Hon. Dr. DEWAR: Well, it is a stretch of farm land, but in that stretch of farm land there are a certain number of houses lived in by people retired, by a storekeeper, a garage operator; there are motels, and various people who are providing services.

Senator MACDONALD (*Queens*): What about fishermen, Doctor?

Hon. Dr. DEWAR: Not in that area. However, when you get out to the shore, you would find that perhaps about 75 per cent of their income would be from fishing. About \$5 million a year is taken in from fishing, and I believe about \$30 million from agriculture.

Senator MACDONALD (*Queens*): Have you any more brief to read, Doctor Dewar?

Hon. Dr. DEWAR: I have finished my brief.

Senator McGRAND: Mr. Chairman, there is one question I would like to ask Dr. Dewar—It goes back to the co-operative movement. That movement is on the increase, it is strengthening on the Island, is it not? Just give me a short answer.

Hon. Dr. DEWAR: Yes.

Senator McGRAND: Last year about this time I saw a program one Sunday afternoon, it was dealing with the farm program and the subject of agriculture in Prince Edward Island. Hartwell Daly was in it, and perhaps you were too.

Hon. Dr. DEWAR: No, I was not.

Senator McGRAND: It showed a lot of pictures of co-operative buildings in one or two places where the co-operative movement was most successful, and it was commented that you could just bring the co-operative movement to a certain point and it would seem to go no further, you could not interest the people beyond a certain point, you could not get the principle of the co-operative movement and its values into the minds of people at the right time. Then it showed a picture of a nice school, and the question was asked: "Can the school do anything about it?"

I am going to ask you if the Department of Education is doing anything in Prince Edward Island to give children, people in the rural communities, something of the philosophy that would make them feel that the farm land of Prince Edward Island was a convenient and suitable place to live. You said just a while ago that nearly everybody you trained in higher education had to leave the Island. Is it possible to train people in schools, with proper school indoctrination, to emphasize that the lands of Prince Edward Island would be utilized to a fuller extent than they are at the present time, as a place to live?

Hon. Dr. DEWAR: As a way of life?

Senator McGRAND: As a way of life, yes. That is the point that has been disturbing all over the country.

Hon. Dr. DEWAR: I do not know what the answer to that problem is.

Senator McGRAND: Is the Department of Education making any effort through its regional schools to sort of implement that idea?

Hon. Dr. DEWAR: I think our regional schools by giving a higher education are going to make better farmers out of those who do go back to the farm after being in school, but I do not know whether the regional school will influence more young men to go back to the farm, or to leave it.

Senator McGRAND: The population of Prince Edward Island is fairly static. At one time it was down to 88,000, as revealed by the 1911 or 1921 census, then it came up over the 100,000 mark.

Senator MACDONALD (*Queens*): It is about 106,000.

Senator McGRAND: I would like to know if you have any follow-up on these people that you have trained and who have gone away—have you followed them to all the parts of the world or Canada or the United States where they have gone to?

Hon. Dr. DEWAR: Oh, yes.

Senator McGRAND: You have followed them up? I know that most of them go to Ontario. It used to be that they went to the New England states but that is no longer so. We lose great numbers to Ontario.

Senator SMITH (*Queens-Shelburne*): Do you have courses in your consolidated high schools, in your new program do you have courses in those schools which are related to farm life, agriculturally related subjects that will stimulate a young man's interest into modern methods of farming?

Hon. Dr. DEWAR: Well, not as much as we should have. I will say that it is quite a difficult thing to work out. I have worked with the vocational branch in Ottawa to try and get them to authorize farm agricultural science shops in the regional high schools, or farm mechanics shops, but they won't go along with that in a regional school.

Senator McGRAND: You say they won't go along with that? Well, you are the head of the Department of Education in your province. Who were you talking to?

Hon. Dr. DEWAR: The people in Ottawa won't share in that expense.

Senator McGRAND: Would the people in those 400 districts that you have under your department, your local school boards, would they go along with it?

Hon. Dr. DEWAR: Yes, if we did not have to raise the taxes too much.

Senator SMITH (*Queens-Shelburne*): Are you saying that when the federal grant is made available for you in Prince Edward Island for the construction of vocational high schools, that the federal authority then tells you what particular courses you will teach in those high schools?

Hon. Dr. DEWAR: Not in the vocational high schools, of which we have only two, one not operating as yet and one at Summerside. There is no question there, they will agree to agricultural science courses and farm mechanics courses at those schools, but when you get into the rural areas where the young men and young women are going to these regional schools we cannot get Ottawa to agree to let us put in vocational courses in those schools.

Senator SMITH (*Queens-Shelburne*): What does Ottawa have to do with those schools? I thought Ottawa was interested in education in relation to the vocational and trade training and that sort of thing, and it was only related to the cost of the building except for the training of unemployed in connection with which they share the allowances that are made and that sort of thing.

Let us take a typical consolidated high school in some rural area. What does the federal authority have to do with any of them?

Hon. Dr. DEWAR: They will agree to allow us to put in courses in business, commerce, we can train girls in typing and shorthand and the vocational people here in Ottawa reimburse us 50 per cent of the cost of that.

Senator SMITH (*Queens-Shelburne*): Under what legislation can they come into that part of your educational system? I am not too familiar with that angle.

Hon. Dr. DEWAR: The Vocational Technical Agreement Act.

Senator SMITH (*Queens-Shelburne*): And the act affects the operation of the ordinary schools providing your courses are the courses which they themselves will approve?

Hon. Dr. DEWAR: That is right.

Senator SMITH (*Queens-Shelburne*): Is that legislation used by you people in Prince Edward Island to obtain grants?

Hon. Dr. DEWAR: Oh, yes.

Senator SMITH (*Queens-Shelburne*): Is it used in other provinces?

Hon. Dr. DEWAR: Yes.

Senator SMITH (*Queens-Shelburne*): All the other provinces?

Hon. Dr. DEWAR: I would think so. I cannot speak for Quebec.

Senator TAYLOR (*Westmorland*): Did you say that applied only to the technical schools and not to the regional high schools?

Hon. Dr. DEWAR: No, if the courses are accepted in the regional high schools then we get the sharing from Ottawa. The commerce courses are all accepted and we have them in nearly all our regional schools.

Senator SMITH (*Queens-Shelburne*): They must qualify because they are regarded by the federal people as being vocational schools in that narrow sense.

Hon. Dr. DEWAR: Yes, they are courses that lead to a trade, but they won't agree that agricultural science or farm mechanics is a trade.

Senator McGRAND: That is right.

The CHAIRMAN: I think from the testimony we have had so far that one of the big problem of our schools, training from the primary school up to the secondary school, is that it is purely academic. They are branching out now a little on vocational training, but the training that the young men from the farms are getting is not qualifying them to become better farmers. With the training they receive they can get into business or trades or into something else altogether different but they cannot be trained to become farmers in the junior years at school, and I think this is a problem which should be looked into.

Senator TAYLOR (*Westmorland*): Mr. Chairman, in New Brunswick we have an agricultural vocational school at Woodstock and when I was in the department we established one at St. Joseph's University, and we had one in Edmundston, New Brunswick, and they came to an agreement with the Department of Labour under which we were to get assistance under clause (b) of some labour agreement. We got assistance to carry on these schools and I think that assistance was given to pay students' board at those schools.

These were agricultural short courses, which run for a period, November to April. As far as the Woodstock school is concerned, that developed into a two-year course. They were getting financial assistance from Ottawa.

The CHAIRMAN: The point I am trying to get at is, that this is at the junior age of the student, not at the college age, or where they are getting out of work for themselves or taking a special course in agriculture. I want it understood that what I am thinking about is that there should be some training of the student in the rural schools, or in the small country school, to qualify these young men right from the beginning to get a taste of what they would enjoy by better farming on their own farms. They should get that right from the beginning of the school, instead of its being purely academic.

Senator McGRAND: Mr. Chairman, I think you make a good point there. In all the regional schools in New Brunswick they have a department, what they call the shop, which teaches electric welding and things like that. In one school that I know of there was provision of thousands of dollars for electrical equipment, to teach girls the use of electric stoves and electric sewing machines and to teach boys how to handle electric saws. I suppose there is something equivalent to that in most of our regional high schools in New Brunswick, and probably on the Island too.

What the chairman means is that there is nothing in the school at the agricultural level, for a boy of 14 or 15 years of age, to give him an insight on agricultural problems. For example there is no one there to take a group of boys out into the field, to give them a course in chemistry, yet the whole soil is a laboratory. That is what you have in mind?

The CHAIRMAN: Yes, that is what I have in mind.

Senator McGRAND: That is what I had in mind for years. It is one of our weaknesses.

Senator TAYLOR (*Norfolk*): Education would go to the province?

Senator McGRAND: As to assistance from Ottawa, it would give no help if you were teaching a preliminary farm course, but they will give the assistance if you are teaching a mechanical shop.

Hon. Dr. DEWAR: I think that generally a mechanical shop would probably qualify. They will not qualify a carpentry shop as they say that is manual training, it is general instruction, but actually you will not produce carpenters with that type of shop.

Senator McGRAND: I am all in favour of shop training to some extent. I never knew that copper and iron could not be welded together until a boy of 14 or 15 told me so, because he had got the training in the vocational school.

I feel that a lot of this vocational work of mechanical training is one of the things which will take the boys out of Prince Edward Island and send them to Ontario.

The CHAIRMAN: Off the farm?

Senator McGRAND: Yes, into Ontario. It is that training and that sort of thing.

Hon. Dr. DEWAR: Our philosophy is that they are going to go, anyway, and if we can give them an education or trade, they will be in a preferred position, and they will not be just hewers of wood and drawers of water.

Senator McGRAND: In that way, you can give them a legacy.

Senator TAYLOR (*Westmorland*): There was an attempt to do this in our province. When that was set up at Salisbury, we appointed a degree man as head of it.

There were only two students in the whole school who took that course.

In the same way, in Petocobiac, we decided that one of the schools would teach agriculture. The result was that after about four years there was no one taking this course. They did not have time enough in addition to their academic degree work, to take these courses in agriculture. As a result of that, those boys who would normally be taking these courses are going to these regional agricultural schools and getting the agricultural training there.

The same thing happened in Fort Elgin where we had the regional school. For those who had a degree, it meant an agricultural course and in three or four years there was no student in the course.

Senator McGRAND: There was a tendency on the part of the farm population not to go into that sort of thing. They wanted something that was going to teach their boys. The average farmer said: "I do not want my boys to have to work on the farm and work as hard as I did in my lifetime, I want them to get white collar jobs." That was difficult to overcome.

I do know that when that started in New Brunswick, the first regional high school, they tried to get men who had a rural background and had some training at McDonald College in agriculture, but the public did not come there at all, the public did not want that.

We had six or seven schools in Woodstock and in most cases they did not go into that at all, because they did not want it.

Senator SMITH (*Queens-Shelburne*): Doctor Dewar, I am a little confused about the role the federal authority has in this. Is it so that in your province at least you have some high schools, consolidated high schools or otherwise, which would have a course in shop work, manual arts and so on, and under a system in which the federal authority makes a grant for the operation of branches of your high school education?

Hon. Dr. DEWAR: No, no.

Senator SMITH (*Queens-Shelburne*): I did not think so.

Hon. Dr. DEWAR: They will not agree to put up an isolated shop for mechanics or agriculture in a regional school, but they do agree to commercial courses.

Senator SMITH (*Queens-Shelburne*): They make a grant that will assist in bearing part of the commercial course cost in a high school. Is that for the high school pupils or is that for a night school, for those who wish to improve their skill?

Hon. Dr. DEWAR: It is not a night school, it is for the high school students. They have adopted that principle.

Senator SMITH (*Queens-Shelburne*): What argument do they use to you, as Minister of Education, in efforts to extend that into other fields in which you think you should be receiving assistance?

Hon. Dr. DEWAR: The argument they use is that unless you have a proper vocational school set up, you are going to produce an inferior quality of tradesman, that you cannot mix a trade and the academic course together and produce a good tradesman. They want a purely vocational high school, where everything is programmed along vocational lines. That is, where you have the various shops and can take people at grade 9 and bring them into the various shops in the orientation year and in grade 9 test them in these various shops and put them in a better position to decide what they want to do. Also, the teachers can experience what is best suited to them. It can get them at grades 9 and 10 into electricity, carpentry or agricultural science, or whatever they think is best for them. On the other hand, in the isolated shops in the rural schools they do not think they produce tradesmen.

Senator SMITH (*Queens-Shelburne*): Probably they do not, but they must therefore feel those schools are producing the finished product in the field of secretarial work; in other words, a girl can leave that course and go into a lawyer's office and get a job tomorrow?

Hon. Dr. DEWAR: That is right. Most of them do.

Senator SMITH (*Queens-Shelburne*): Probably that is good.

Senator BURCHILL: I would like to come back to the question of the rural agricultural population of Prince Edward Island. Are there many unoccupied farms in Prince Edward Island?

Hon. Dr. DEWAR: Oh, yes, a lot of them are unoccupied farms. I think there is a tendency for the farms to become larger. Some of these unoccupied farms are taken over by a farmer nearby and they are operated by him.

The CHAIRMAN: The buildings are unoccupied?

Hon. Dr. DEWAR: Yes, a number of the buildings are unoccupied.

Senator BURCHILL: Then are you suffering in Prince Edward Island from an exodus of boys, sons of farmers, leaving the farm and going off to Ontario?

Hon. Dr. DEWAR: A lot of them do that. In fact, in certain districts, the population is becoming pretty well decimated.

Senator BURCHILL: That was something that hit us in New Brunswick pretty much. The agricultural life of Prince Edward Island is suffering from that exodus, would you say?

Hon. Dr. DEWAR: I think the rural life is. I believe that perhaps our agricultural production is keeping up, but I think the rural communities are suffering. I can see where a good many of the rural schools will have to be consolidated because of the fact that the population of those communities is dropping.

Senator BURCHILL: But you think your production is being maintained?

Hon. Dr. DEWAR: Oh, I think our agricultural production on the Island is being maintained.

Senator TAYLOR (*Westmorland*): I think there is an illustration of that in my province in New Brunswick. Not too many years ago we had around 120,000 dairy cows. Today we have about 55,000, and they are producing as much as did the 120,000. That bears out the statement.

Senator McGRAND: I interrupted Senator Burchill, because I thought I could assist his information. The areas around Charlottetown and Summerside are not losing population?

Hon. Dr. DEWAR: No.

Senator McGRAND: But if you go down to Elmira, it is different?

Hon. Dr. DEWAR: Well, the north shore is getting deserted.

Senator SMITH (*Queens-Shelburne*): Is the farm land on the north shore good?

Senator MACDONALD (*Queens*): It all depends on what portion you are speaking about.

Senator SMITH (*Queens-Shelburne*): I am speaking of this district which has abandoned farms.

Hon. Dr. DEWAR: By our standards it is poor; but compared with some of the land farmed say in Quebec, I would say very good.

Senator SMITH (*Queens-Shelburne*): What would be required to improve the farm land?

Hon. Dr. DEWAR: It would take some scientific methods; some lime.

Senator SMITH (*Queens-Shelburne*): Lime and fertilizer?

Hon. Dr. DEWAR: Yes, lime and fertilizer. A great deal could be brought into production.

Senator SMITH (*Queens-Shelburne*): Have you had any serious problem with erosion which takes the soil away?

Hon. Dr. DEWAR: Not very much, no.

Senator BURCHILL: In your lifetime, Doctor, there was always an exodus, was there not, from the Maritime provinces to other centres? It was to New England in other days. Do you think, looking over the past ten years, that the exodus has been greater?

Hon. Dr. DEWAR: Well, our Island population has tended to increase slightly, so I think within the past ten years we have been able to hold more people on the Island; that is due to the fact that there are more service industries growing up.

The CHAIRMAN: And the tourist trade?

Hon. Dr. DEWAR: The tourist trade, yes.

Senator BURCHILL: And some people coming to the Island?

Hon. Dr. DEWAR: We have an occasional Dutch farmer who settles on the Island.

Senator BURCHILL: But not to any great extent?

Hon. Dr. DEWAR: No. They are developing a little tobacco industry, and that is attracting a few farmers from Ontario down there.

Senator McGRAND: I can quite appreciate that training a boy in agriculture might not help, but if say chemistry and physics were added to his educational training and slanted towards agriculture, do you think that would help to keep young men on the farms around an area like Elmira?

Hon. Dr. DEWAR: I do not know whether it would tend to keep him on the farm; but I have a feeling that unless a man has a certain amount of scientific knowledge it will be hard for him to make a success under present methods of farming. I think he has to be a bit of a scientist, and also a financier, and I think that unless he has a secondary education it will be hard for him to understand fertilizers, soil chemistry, and so on.

Senator MCGRAND: Can the co-operative movement be extended on the Island to overcome some of these problems? You mentioned the desirability of a man being a financier, for instance.

Hon. Dr. DEWAR: Yes. We have a management course that we are giving in different parts of the province, to help people to understand. I think a lot of farms falter more on the basis of management than productivity.

The CHAIRMAN: Yes, I think so.

Senator MACDONALD (*Queens*): Let me get a word in again, Mr. Chairman. In my own experience of farming, if you try to educate a boy for farming and send him to an agricultural college, or somewhere of that kind, when he comes back he wants to wear a white shirt and "Sunday go-to-meeting" shoes. He is not going to become a farmer; and he is not going to clean out a pig pen or a cow stable. I know you are too young, Doctor, to remember old Senator Fergusson who lived out in Marshfield. He wanted to make his son a specialized farmer and he sent him to an agricultural college. When the boy came back, he got away from farming and became president of the Great West Lakes Company. That has happened in a great many cases. In my case, I had only two sons in my family. The elder son was just as clever as the younger. Well, I said to the older boy, "No, I am not going to educate you at all, you are going to stay on the farm and succeed me. I will educate the young fellow and put him through university"; which I did. My son at home that is running the business now handles probably \$30,000 worth of business a year; he is happily married, bringing up a young family and quite satisfied. The point I want to emphasize is that if you want to keep a son home, pick out the brightest one you have got, don't educate him, make him succeed you, and you will get somewhere. The whole darn trouble with a lot of people is that they keep the dud of the family at home, and he is not worth a fiddler's hoot. That is a fact.

Hon. Dr. DEWAR: My experience has been the reverse. My father tried the same thing, and the one he tried to keep home without an education left, and the chap who went to college is the farmer now, and one of the best in the community. It can work both ways.

Senator SMITH (*Queens-Shelburne*): I am sure that we are familiar with the fact that the average wage or salary in Canada today is something of the order of \$80 odd per week. For the most part, that is for 52 weeks a year. The average wage earner and salary earner is getting \$4,000 a year. What percentage of farmers that you know are making \$4,000 a year? I am speaking not only of the farmers, but anyone who is working on the farm in Prince Edward Island, on which he would pay income tax? In other words, I am speaking of the real net income of the operation.

Hon. Dr. DEWAR: Very few. I do not know the actual number but I do not think there are any more than a dozen.

Senator SMITH (*Queens-Shelburne*): Well, that is a good figure to have. Are there many who do pay income tax?

Hon. Dr. DEWAR: Very few; a hundred, anyway.

Senator SMITH (*Queens-Shelburne*): Then is that not the answer for the young fellow going through high school? He is not going to stay home to make half of that amount. He looks at T.V., and he knows what is going on elsewhere.

He will come to this part of the country and be part of that average which is earning \$4,000 a year.

Senator McGRAND: For a 40-hour week.

Senator SMITH (*Queens-Shelburne*): Yes, of course, with no investment or anything. If something cannot be done to raise the prospects for farming so that a man can equal or approach that figure, he will not stay on the farm. Of course, there is some compensation for living on the farm in Prince Edward Island as there is in Nova Scotia or any of the Atlantic provinces. Until that time arrives, I do not know what we are going to do to get young men going to high school interested in farming. It is purely an economic situation in which he finds himself, and I do not think that movement can be stopped.

Senator BURCHILL: It is more than economic. He feels that he is an independent man on the farm. You have to put something down on the other side of the ledger sheet for that. Another thing is the normal aptitude of the man. Some people wouldn't take any of these \$4,000 jobs while they have an opportunity to work on the land, because they love the land. Lots of friends of mine would not take better jobs because they are farmers and love farming. You have to consider those things, quite apart from the economic end of it.

Senator McGRAND: Don't you think, Senator Burchill, that some of these men are interested in what goes on in the soil, the biological processes, and so on, and when they have a knowledge of those things they are better able to appreciate the farm.

Senator MACDONALD (*Queens*): As I look at it, it all depends on the old man on the farm. There was a time when they educated the bright boy. Dr. Dewar was educated, too. But the sad part of it was—and I think this is the reason for a lot of vacant farms in Prince Edward Island—the educated or the bright boys left, and poor Johnny, who was probably the dullest boy in the family, they would keep him home and make a farmer out of him.

Farming is big business today. You are not a farmer, Senator Burchill, you are a lumberman, and you, Dr. McGrand, are a medical man. I have seen that time and time again where they always kept the dub of the family home. They would say, "He is not too bright, we will keep him home", and he was not competent to operate the farm and naturally the farm started to run down and deteriorate. That is a whole lot of our trouble. Now, how are you going to fix it?

Take in my own case, as I stated a few minutes ago, my eldest son wanted to go to university and I said no, you are going to stay with me on the farm, you are not going to university, but I am going to educate the other fellow.

Hon. Dr. DEWAR: If the other fellow had stayed home I do not think the farm would have progressed very well.

Mr. Chairman, I would like to say a word about the ARDA program. I think that a great deal of help can be given to help develop the rural areas under the ARDA program but I do not think enough has been done under the ARDA program. Some of the programs going forward are rural development projects.

Senator MACDONALD (*Queens*): Which department of your government has jurisdiction over the ARDA program?

Hon. Dr. DEWAR: Rossiter—it is under the Department of Industry and Resources.

Senator SMITH (*Queens-Shelburne*): Mr. Chairman, I was about to say that it has been rather unfair in a way to have asked Dr. Dewar these questions relating to farm economics, when our interest in this particular meeting should have been directed more to the question of the impact of taxation that

already is on a farmer making a living on his farm. What is your opinion, Dr. Dewar, as to whether or not taxation has now reached a point, with relation to taxation on farmland, that it is making it a very difficult problem for the farmer to make a living?

Hon. Dr. DEWAR: I do not think this is so in Prince Edward Island as yet, but the question that bothers me is whether it is going higher and whether it will reach a point of diminishing returns thus discouraging people to farm. That is the problem.

The CHAIRMAN: In collecting your school taxes do you get full value, or is the cost of collecting fairly high?

Hon. Dr. DEWAR: No, I would not say that. We have a few occasional cases where the sheriff has to sell a farm out but in that case it is usually a farm that is vacant or semi-vacant.

Senator McGRAND: Are many farms in Prince Edward Island sold for taxes?

Hon. Dr. DEWAR: Not very many but it is generally for a reason that they are sold, a matter of title, or an absentee owner or something like that.

The CHAIRMAN: I think, honourable senators, we are getting down to a bare quorum.

Have you anything more to say about ARDA, Doctor Dewar?

Hon. Dr. DEWAR: I think ARDA could do more to develop our rural economy and promote an interest in our people for better community work.

Senator BURCHILL: You are using ARDA to some degree?

Hon. Dr. DEWAR: Yes, we have made a lot of progress but a lot of our projects are still ahead of us.

Senator McGRAND: I think that is the program that I was listening to that Sunday afternoon and to which I referred a little while ago. On that program they discussed all the reasons why the co-operative movement was frustrated, and a picture of this nice school was shown and the question asked, "What can the school do to implant in the boys on the farm a new realization of what the land offers them?" That is why I came especially to this meeting today, to ask you that question.

Hon. Dr. DEWAR: That is a question.

Senator McGRAND: It is part of ARDA.

The CHAIRMAN: Are there any more questions?

Senator STAMBAUGH: Yes, Mr. Chairman, I have a question although I think my question has been pretty well answered. You spoke, Doctor Dewar, about the swing of young people away from the farm. I think that is a problem that affects nearly all provinces except Ontario and to a lesser extent British Columbia. Suppose you could keep them in Prince Edward Island, suppose they stayed there, what have you got for them?

Hon. Dr. DEWAR: We would have to develop secondary industries.

Senator STAMBAUGH: If you had enough inducement to hold them at a reasonable salary wouldn't they stay That is what we are trying to do in Manitoba.

Senator BURCHILL: Doctor Dewar, you got a secondary industry from New Brunswick the other day, a shipbuilding plant from Bathurst?

Hon. Dr. DEWAR: Yes.

Senator STAMBAUGH: We are improving things a little bit in Alberta since we struck oil, but talking about farming I have four boys brought up on the farm, but two of them have moved to the city and they both say they never

made as much money so easily and have no intention of going back to the farm. I think that is the same all over the country.

I was brought up in Michigan and I did not like it there so I went to Alberta and liked it better there, and that is something you cannot do much about. However, I do think we should try and make it as interesting as we can because it certainly is nice to keep our boys around us and our girls as well. As I said, Ontario does not have this problem to the same extent and since we struck oil in Alberta we have done a lot there to better things. Most any young farmer can go out to work on the oil drills, to work in the oil fields and make pretty easy money and they are used to working.

Mr. Chairman, how are you going to keep them down on the farm after they've seen Paris?

The CHAIRMAN: That's the question.

Hon. Dr. DEWAR: I think the senator from Nova Scotia has the solution—I think that farm income has to go up.

Senator MACDONALD (*Queens*): But, the moment that your farm income goes up your cost of operating also goes up.

The CHAIRMAN: It does if you do not enlarge your farm unit.

In Saskatchewan we are overcoming that mostly by increasing the size of a farm unit, but in many cases it is difficult for them to get into that position.

Senator STAMBAUGH: You can do it if you can get enough land to work your tractor full time.

The CHAIRMAN: Yes, if you have a big enough farm to keep the cost of production down.

Senator STAMBAUGH: A farmer generally has an investment in a tractor and various kinds of machinery, and if his farm is not big enough to use that full power, and use it in the full days that you can work it, then the farm cannot be made to pay.

Senator McGRAND: If you were to enlarge Prince Edward Island farms on that basis it would not be long until you had the soil of Prince Edward Island cultivated by very few farmers.

Senator STAMBAUGH: That is a fact, it is going to lead to fewer farmers.

Senator McGRAND: And it does not give you more population.

Senator STAMBAUGH: It will give the farmers who are there a better standard of living and they will be better satisfied and that's what we are trying to do as well.

Senator MACDONALD (*Queens*): Senator Stambaugh, isn't the whole philosophy of our land use committee to try and hold on to the family farm—isn't that the philosophy we are trying to put over here?

Senator STAMBAUGH: Yes, but we are not trying to hold them there by chaining them down, we are trying to make it more attractive.

Hon. Dr. DEWAR: This tendency to leave the farm is not uniform throughout the world. I was in Malaysia last month and I was shown a rural program that was being carried out in a rubber plantation. There and 8-acre unit is an economic unit for growing rubber and I was told that for each of these 8-acre units the department of government in charge has a hundred applications for each of these units, applications from people in Malaysia who are anxious to get the land.

Senator STAMBAUGH: I think that is true. Of course it has been the opposite there. They have great land owners and they have thousands of acres.

Hon. Dr. DEWAR: That is right.

Senator STAMBAUGH: Now they are dealing with absolutely the little fellow who gets a chance.

Hon. Dr. DEWAR: They get five or six people out there, all living in the village, and they go out on these farms. It is a kind of communal living such as they might have in Russia, but it is democratic.

Senator STAMBAUGH: Fifty years ago they had that in Alberta. There would be a piece of land there and a farmer would be there for quite a number of years, perhaps up to the thirties and maybe a little after that. They began to decrease then. It is something that has existed. I do not know just what we can do about it. If we can make it attractive for them, or provide added attractions, you will get the people. The farm for a number of years has not been too attractive. That is the reason the boys are leaving.

The CHAIRMAN: Honourable senators, I think we have had a very good session with Dr. Dewar. I think a vote of thanks to Dr. Dewar for his coming here to this meeting would be in order.

Senator STAMBAUGH: I would like that we so vote, Mr. Chairman. We very much appreciate it. It has been very good of him to come. We people from the west are always glad to learn about the Maritimes. About Prince Edward Island we do not hear very much, although we hear Senator J. J. MacDonald once in a while.

The CHAIRMAN: Dr. Dewar, we thank you very much for coming here today.

Hon. Dr. DEWAR: Thank you gentlemen. I have enjoyed it.

Whereupon the committee adjourned.

