LAND SETTLEMENT UNDER THE VETERANS' LAND ACT

by

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A THESIS

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The writer's interest in the thesis subject stems from his employment as a settlement supervisor with the Veterans' Land Act. During the summer months of 1947, 1948 and 1949, he was engaged in field work in the Melfort area of Saskatchewan. A number of the farm appraisals and farm operation reports used in the Melfort sample study were made during this period.

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I. INTRODUCTION AND PURPOSE

To the agricultural economist the problem of land settlement on a national scale is question-begging. The economist observes that farm labour is being inefficiently employed on many Canadian farms, and points out the necessity for migration of labour from the farms to other industries where the productivity of labour is greater and can command a higher award.[1] Thus it is quite rational to ask why further growth of the Canadian farm population should be encouraged by an extensive government sponsored scheme for veteran settlement? If our farm labour is inefficiently employed, are we justified in implementing a national land settlement scheme which might tend to increase this inefficiency?

In a democratic country, veteran land settlement is practically inevitable as a rehabilitation measure. As veterans and as Canadian citizens the men have a right to become rehabilitated in the enterprise they choose. At the

1. Burton, G.L., Do Canadian Farmers Produce a Fair Share of the National Income? The Agricultural Institute Review, May, 1948. Professor Burton states that per capita output of labour in agriculture is only about one half of the per capita output of labour in non-farm sectors of the Canadian economy. This suggests that we have too many people on farms and too few doing other jobs.

end of World War II, the Canadian government offered Canadian veterans a choice of rehabilitation on farms, in business, in university training, and in other vocational schools. For those veterans who chose the farm, the government undertook the task of rehabilitation by passage of the Veterans' Land Act, 1942. State assistance on the land has become a traditional award to ex-service men in the United States, and in the British Commonwealth countries. Thus veteran land settlement has become an inevitable fact, and the economist's analysis of the process must be entirely in the post facto area. However, this does not imply that a study of the problems involved is without usefulness.

The extensive scale of Veterans' Land Act settlement in Canada can be understood only upon examination of the statistics of its present operations. A summary of the number of veterans settled as at March 31, 1952, is given in Table 1.

This thesis will deal mainly with veterans settled on full-time farms. These are farms which the Veterans' Land Act purchased for the veterans, or which the veterans acquired for themselves and on which they have received mortgaged loans from the Veterans' Land Act. However, the remainder of the veterans settled under the Act are mentioned, in order to give the proper perspective of the extensive operations

Table 1 - Veterans' Land Act Settlement in Canada, at March 31, 1952

Item	Total in Canada
V.L.A. Veterans	
Approved for assistance	55,464
Number for whom disbursements made	55,121
Type of Settlement	
Approved as Full Time Farmers	24,155
Approved as Provincial and Dominion Land	4,554
Approved as Commercial Fishermen	860
Approved as Small Holdings	25,895
Total Amount Disbursed on Settlement	$264,753,000

Source: The Veterans' Land Act Operational and Control Chart, March 31, 1952, p. 1.

of the Veterans' Land Act. The study is chiefly concerned with an examination of the work that is presently going forward under the Veterans' Land Act, but in order to give an understanding of the present organization, the thesis begins with an historical study of the Soldier Settlement Board of Canada. An effort has been made to review the Board's operations from 1917 to 1941, these operations being practically terminated by the time of the establishment of the Veterans' Land Act, 1942.

The bulk of the soldier settlement took place in the early 1920's, a period of high land values and high livestock and equipment prices. This period was followed by a decade of depression, beginning with the stock market crash in 1929. The depression, coupled with extreme drought conditions in the three prairie provinces, where 70 per cent of the soldiers were settled, provided a tough training for future veteran settlement schemes. Net income of Canadian Farm Operators dropped from 13.6 per cent of the National Income in 1928, to 3.0 per cent of the National Income in 1933.[1] The debt structure for the three Prairie Provinces was estimated at $650,000,000 as early as 1931.[2] In studying

1. Refer to Table 5, p.27 of thesis.
2. Refer to Table 6, p.30 of thesis.

the problems of the Prairie Provinces during this period, Professor Mackintosh arrived at the conclusion that, "more than 40 per cent of the gross farm income from wheat was required to pay interest on indebtedness".[1] Facing these conditions the Soldier Settlement Board tried to remedy its initial bold settlement plan by a series of cuts in indebtedness, interest reductions, and dollar for dollar bonuses on loan repayments. However, soldier settlers continued to meet with failure. On March 31, 1941, out of the total of 25,000 soldier settlers established since inception of the Act, only 8,118 remained on the land. Among the 8,118 veterans remaining, only 3,004 had equities in their farms of 40 per cent or more.[2] This is the grim background of soldier settlement which faced the Rehabilitation Committee of 1940, when it assembled to plan a new land settlement scheme for veterans who would return from World War II.

The Veterans' Land Act as we have it today, has evolved out of the pioneer work and the experiences of the Soldier Settlement Board. The existing legislation of the present Act has within its framework the necessary administrative measures with which to avoid many of the errors made by the Soldier Settlement Board. Thus a comprehensive study of both the Soldier Settlement Board and the Veterans' Land Act throws

1. Mackintosh, W.A., Economic Problems of the Prairie Provinces, the Macmillan Company of Canada Limited, at St.Martin's House, Toronto, 1935, p.265.

2. Refer to Table 4, p. 25 of thesis.

light on the background of the present administration. It will also serve to provide a warning to those who think that success lies within easy reach of a national land settlement scheme for veterans.

Proceeding from the historical picture of soldier settlement operations the thesis considers the creation of the Veterans' Land Act. The Rehabilitation Committee of 1940, set up a Sub-Committee on Land Settlement to study the problem of establishing veterans on the land. This group fathered the present Act. After 18 months of study their efforts culminated in the legislation of the Veterans' Land Act, 1942. The Sub-Committee had all the evidence of the Soldier Settlement Board's operations before it. It also had the advantage of the accrued knowledge of the science of agriculture from the 1920's to 1940. Furthermore, the Sub-Committee was composed of a select body of experienced agriculturists, economists and experts in the financial field.

The Veterans' Land Act has embarked on an extensive scale of land settlement operations. Along with this it has implemented a program of training and supervision of veterans settled under the Act. Some of the more important supervision plans are outlined in this thesis, but little attempt is made to bring factual evidence to bear on the advantages of disadvantages of supervision. Farming is a private business requiring good management, ambition, and the willingness to work hard. Experienced supervisors may be able to give veterans sound advise pertaining to the management and financial end of their farm business, but supervision cannot do the actual work that is required. The veterans must do that by themselves.

After reviewing the historical background of the Veterans' Land Act and examining its present scale of operations in Part II of this thesis, Part III is concerned with sample studies of veterans settled on full-time farms in two areas of Saskatchewan. The sample is chosen from veterans settled on full-time farms because they are on purchased farms and have, on the average, larger contract debts to repay than veterans settled on farms under other Sections of the Veterans' Land Act. The two areas studied are:
(1) the area near Melfort where the soil is rated as "excellent";
(2) the area around and east of Gravelbourg where the soil is rated as "moderately good".[1] The Melfort area is located in the black soil zone. This soil is regarded as the most fertile in the entire province. The Gravelbourg area is located in the brown soil zone. This soil is more hazardous for agricultural purposes. The samples were selected in order

1. See Ratings of Saskatchewan Soil Types, Soil Survey Report No.12, University of Saskatchewan, Saskatoon, November 1947, p. 196.

to give a comparison of the above average and more marginal areas of veteran settlement in Saskatchewan. They were chosen from Saskatchewan settlement because of the high proportion of the total Veterans' Land Act full-time farm settlers established in that province. On December 31, 1950, the Saskatchewan total of 4,515 veterans accounted for 21.8 per cent of the Canadian total of 20,693 veterans settled on full-time farms.[1]

The sample studies are limited in scope by the extent of the information to which the writer had access. There is available a very detailed description of each veteran's farm, according to size and type of soil. There is very good information available on the valuation of the land and farm buildings. There is also information on each veteran's contract with the Veterans' Land Act, including the amount of the annual payment, and the amount of debt still owing at November 1, 1952. With this information it is possible to calculate the veterans' equities in their farms up to November 1, 1952. Another important factor which is dealt with in the studies is the size of the veterans' farms compared to the predominating size of farms in the districts. The two samples are fairly representative

1. V.L.A. Statistics File 13.1.27, Applications for Financial Assistance, Full Time Farming, Ottawa, December 31,1950, p.1.

of the settlement in Saskatchewan where the Veterans' Land Act has settled veterans on the largest total farm acreage of all of the Canadian Provinces. It is well to bear in mind that Saskatchewan farms have suffered the widest variability in incomes over the past three decades, and if an agricultural recession is experienced in the years that lie ahead, the Veterans' Land Act settlement in Saskatchewan may become a greater problem to the Government than settlement in other areas of Canada.

Part IV of this thesis deals with the present position of veterans settled on farms under the Veterans' Land Act throughout Canada. A summary of the present collection status and the number of veterans' contracts nullified, through acquiring title or by recision, is given in conclusion of the story of Veterans' Land Act settlement. In general terms, agriculture has experienced a very buoyant period over the past decade. Therefore, it is difficult to come to definite conclusions concerning the future prospects of veterans who have not yet faced the tests of a depression period. The Veterans' Land Act has only been engaged in active operations since 1944. Since most of the veterans settled on full-time farms have 25 year contracts, a large proportion of them have completed only one-third of their contract terms.

The Veterans' Land Act is certain to make an impression on the agricultural industry of Canada. It has already added more than 28,000 farm operators to the total of 692,395 farms in Canada.[1] Based on 1951 Census data, 7.6 per cent of the total number of farms in Canada, with gross annual sales of $1,200 and over, are settled under the Veterans' Land Act.[2] The effect of this settlement will be a significant increase in Canadian agricultural production.

1. Eighth Census of Canada, 1941, Vol. VIII, p.46. The 692,395 farms are listed as "full-time" farms which provide operators with 50 per cent or more of their gross income.

2. Refer to p. 127 of thesis.

II. LAND SETTLEMENT UNDER THE SOLDIER SETTLEMENT BOARD AND UNDER THE VETERANS' LAND ACT

A. THE HERITAGE OF THE PAST

1. Introduction

The Veterans' Land Act 1942, entitled "An Act to Assist Veterans to Settle on the Land", is by no means the first land settlement scheme for returned soldiers in Canada. Land grants were made to French Army seignors in Quebec from 1623 to 1760. Land was given to the Canadian soldiers of the War of 1812-1814, in what is now the Province of Ontario. In 1908 an Act granted Canadian veterans, including nurses, 320 acres of land, provided they fulfilled homestead requirements.[1] Throughout Canadian history there has been an encouragement for returned soldiers to settle on the land.

However, the more recent and most important heritage of the Veterans' Land Act is found in the Soldier Settlement Board of 1917, which took on the task of settling World War I veterans. In 1916, several of the Canadian provinces began to

1. For a detailed account of early Canadian Veteran settlement on the land, see J.F. Booth, Some Historic and Economic Aspects of Canadian Land Settlement, a paper prepared for the C.S.T.A. Committee on Land Settlement, 1940, pp. 1-3.

prepare rehabilitation schemes for their soldiers on an individual provincial basis, but for several important reasons, a federal plan was later adopted. A federal plan allowed for more uniformity of treatment of the veterans who had served the Dominion as a whole rather than any one province. Furthermore, suitable and available land for agricultural settlement was most abundant in the three Prairie Provinces, which did not have jurisdiction over their natural resources at that time.[1] More important than the above reasons, land settlement fitted in with the national policy of the Dominion. Agricultural settlement was fostered in the western provinces from Confederation to 1930, when it was fully apparent that the Canadian investment frontier had shifted away from the agricultural expansion of the Canadian West.

2. Land Settlement and National Policy

> "The object was to assist the new settler for the unproductive period and contemplated mainly the settlement of soldiers on the unproductive homestead lands and on the uncultivated areas acquired by purchase .... . The settler taking up new land is a greater asset to the country than the settler who buys an operating farm".[2]

The Soldier Settlement Act gave preferential treatment to settlers on raw land. They were exempted from payments on

1. The natural resources of the three Prairie Provinces were controlled by the Federal Government until 1930.

2. <u>1st Report of the Soldier Settlement Board of Canada</u>, King's Printer, Ottawa, March 31, 1921, p. 14.

principal for the first two years, and from interest on livestock and equipment advances for two years.[1] The encouragement of raw land settlement can be seen by the statistics given in the Annual Report of the Soldier Settlement Board in 1923. On a total of 3,962,064 acres on which soldier settlers had received loans from the Board, raw land constituted 2,895,725 acres.[2] In 1919, the Government gave the Board the power to withdraw suitable agricultural land from Indian reserves, grazing leases, forest reserves, and Hudson's Bay lands. These raw land areas were situated in the three Prairie Provinces.

The close association of national interests with settlement operations can be easily portrayed by the following quotation from the Annual Report of the Soldier Settlement Board for 1921:

> "Apart from the re-establishment phase of land settlement there is the national significance of the movement which has already added more than 25,000 heads of families to the permanent agricultural population of the Dominion. This means a total of more than 100,000 men, women, and children who are engaged in Canada's chief industry under the best possible conditions of state aid - selected men, selected land, selected foundation stock, cheap money and long-term payments."[3]

1. 1st Report of the Soldier Settlement Board of Canada, King's Printer, Ottawa, March 31, 1921, p. 14.

2. Second Report of the Soldier Settlement Board of Canada, King's Printer, Ottawa, March 31, 1923, p. 7.

3. 1st Report of the Soldier Settlement Board of Canada, King's Printer, Ottawa, March 31, 1921, p.21.

The very keen interest that was taken in land settlement is an outstanding feature of Canadian history in the early twentieth century. The following quotation from the History of Prairie Settlement and "Dominion Lands" Policy, is illustrative of the excitement over the opening up of the Northwest Territories as the area was called before the formation of the Prairie Provinces:

> "The interest of the Dominion in the lands is in the revenue which it can derive from the settler who makes that land productive. This Dominion of Canada can make millions out of the lands of the Northwest and never sell an acre; it has made millions out of these lands without selling an acre ..... . The increase in our customs returns, the increase in our trade and commerce, the increase in our manufacturers, is to a very large extent due to the increase in settlement on the free lands of the Northwest Territories .... The interest of the Dominion is to secure the settlement of the lands, and whether with or without a price makes little or no difference. It is worth the while of the Dominion to spend hundreds of thousands of dollars in promoting immigration ...... in surveying and administering these lands, and then to give them away."[1]

Although the settlement of World War I veterans on the land came rather late in the implementation of the Dominion's national policy, it was promoted because of the fact that the plan extended the existing land settlement and opened up new

1. Morton, A.S., and Martin, Chester, History of Prairie Settlement and "Dominion Lands Policy, the Macmillan Company of Canada Limited, at St. Martin's House, Toronto, 1938, p.402. The quotation originated in Debates of House of Commons, 1905, Vol. II, pp. 3157 ff.

areas of raw land. Some perspective of the impact of the soldier settlement scheme on the agricultural economy of the western provinces can be gained from the fact that,according to the census of 1911, there were less than 50,000 farmers in the entire province of Manitoba, while the Soldier Settlement Board had established 25,000 families on farms by March 31, 1921.[1] Approximately 70 per cent of the 25,000 were settled in the three Prairie Provinces by the end of the fiscal year 1921.[2]

3. The Soldier Settlement Act of 1917

In 1917, Chapter 21 of the Statutes of Canada gave the Soldier Settlement Board the authority to "assist eligible and qualified returned soldiers to settle on the land".[3] Veterans were given homesteads of 160 acres, plus soldier grants of 160 acres of land, plus a maximum loan of $2,500 for buildings, livestock and equipment. This was payable over a 20 year period with interest at five per cent. As other civilian settlers were also granted homesteads of 160 acres,

1. 1st Report of the Soldier Settlement Board of Canada, King's Printer, Ottawa, March 31, 1921, p. 21.
2. Calculated from statistical statements, ibid., p. 47.
3. England, Robert, The Colonization of Western Canada, P.S. King & Son, Ltd., Orchard House, Westminister, SW1, 1936, p. 76.

the loan and the land grants were the only concessions made to soldier settlers. The Act of 1917, was a precedent in Canadian Government legislation. It marked the first venture of the Federal Government into the loaning field for the purpose of land settlement.

The Act of 1917, was only applicable to the three Prairie Provinces, where the Federal Government was able to make grants of land. In February 1919, an Order-in-Council was passed to extend the scope of the Soldier Settlement Board, allowing for the purchase of agricultural land from private owners to a maximum of 320 acres per soldier. By March 1921, the Board reported that the major portion of the soldiers were settled under the purchase plan. Of the total settlers, 71.2 per cent were settled on purchased land, 9.9 per cent on land already owned by the settlers, and 18.9 per cent on Dominion Lands.[1] The loans were divided into three categories:

(1) Eligible settlers buying farms through the board:

(a) a maximum of $4,500 for purchase of land;

(b) a maximum of $2,000 for the purchase of stock and equipment;

(c) a maximum of $1,000 for buildings and other improvements.

1. <u>1st Report of the Soldier Settlement Board of Canada,</u> King's Printer, Ottawa, March 31, 1921, p. 13.

(2) Eligible settlers on Dominion lands in the western provinces:

(a) a maximum of \$3,000 for the purchase of livestock, equipment, buildings and other improvements.

(3) Eligible settlers already possessing land:

(a) a maximum of \$3,500 for the payment of mortgages, but the sum could in no instance exceed 50 per cent of the appraised value of the land;

(b) a maximum of \$2,000 for the purchase of livestock and equipment;

(c) a maximum of \$1,000 for buildings and other improvements. The maximum that could be borrowed by eligible settlers possessing lands could not exceed \$5,000.[1]

On purchased land, the veteran was required to pay 10 per cent of the sale price at the time of settlement. For loans on land and buildings, the contract term was 20 years, with annual amortized payments and interest at five per cent. Loans for stock and equipment were repayable in six years for settlers on raw land, and four years for settlers on improved land. An amendment to the Act in 1922, granted a 25 year repayment term for loans on both land and buildings, and livestock and equipment.[2]

1. <u>1st Report of the Soldier Settlement Board of Canada</u>, King's Printer, Ottawa, March 31, 1921, p. 152.

2. <u>Second Report of the Soldier Settlement Board of Canada</u>, King's Printer, Ottawa, March 31, 1923, pp. 18-19.

It is important to note the speed with which returned soldiers were settled on the land after World War I. Rapid settlement was aided because the Dominion had grants of land and homesteads to offer veterans settling in the Prairie Provinces. Rapid settlement was necessary, because of the speed of demobilization of the entire army forces. "In five months, March to July, 1919, in response to the urgent demand of the men, seventy per cent of the overseas force was demobilized in Canada, with the result that in March, 1919, 47,139 men were demobilized, succeeded in April by 31,019, and in May by 51,796 .... it led to an extremely heavy burden upon the Department responsible for civil re-establishment."[1] The great bulk of the returned soldiers, who were settled by the Soldier Settlement Board, were established on the land between 1919 and 1923. The number established and receiving loans reached a peak in 1919, and declined sharply from 1923 onward. Table 2 shows the total settlement by years, from the beginning of soldier settlement operations in 1918 to December 31, 1926.

In 1924, regulations were made limiting the benefits of the Act to those soldiers who had applied for assistance

1. File V-25-13, Rehabilitation Committees (Priorities and Methods), Draft Report of Sub-Committee on Demobilization, Veterans' Land Act Administration Files, Ottawa, 1943, p. 2.

Table 2 - Soldier Settlement by Calendar Years 1918 to 1926

Year	Number of loans granted	Number established on the land	Established on the land cumulative per cent
1918	2,000	667	02.7
1919	12,695	10,053	43.9
1920	5,427	7,719	75.5
1921	1,124	2,333	85.0
1922	1,302	1,355	90.6
1923	1,046	1,153	95.3
1924	577	720	98.2
1925	165	232	99.2
1926	92	108	99.6
Loans approved but not disbursed		88	
Total	24,428	24,428	100.0
Total amount of loans granted		$107,812,933.44	

Source: The Fifth Report of the Soldier Settlement Board of Canada, December 31, 1926, pp. 5 and 16.

prior to March 31, 1924.[1] This greatly reduced the number of soldier settlers to be established in the years following 1924. Using the total of 24,428 as 100 per cent of those established, the cumulative per cent established each year reveals that 41.6 per cent of the soldiers were settled in 1919, and 31.6 per cent were settled in 1920. Therefore, in these two years the Board established approximately 70 per cent of the soldier settlers. The work load on the Board must have been extremely heavy. This could not help but lead to many errors in the appraisal and selection of land, and also the selection of veterans qualified to farm.

4. The 3,000 British Family Scheme and Other Operations of the Soldier Settlement Board After 1924

By 1924, the initial settlement operations of the Soldier Settlement Board were fairly well completed insofar as returned soldiers were concerned. The settlement work took on a new aspect. In 1924, the Board took over the settlement of the so-called "3,000 British Family Scheme" in co-operation with the United Kingdom Government. The United Kingdom Government proposed to settle 3,000 British families on farms in Canada and agreed to make advances averaging $1,500 per family, to be spent mainly on livestock and equipment. The Soldier Settlement Board's work consisted of supplying the land on

1. Fourth Report of the Soldier Settlement Board of Canada, December 31, 1925, p. 3.

which these families were to be settled. This was largely land on which soldier settlers had been established but had reverted to the Board. The Soldier Settlement Board's Annual Report of 1924, listed a total of 5,203 or 21.5 per cent abandonments since the beginning of settlement. Of these farms, 1,863 had been sold to other civilian and soldier settlers but the Board still had 3,340 or 13.8 per cent of the entire number of farms remaining unsold.[1] On these farms the Board gave the British families the same contract terms as those under which soldiers had been established - twenty-five year contracts with interest at 5 per cent. Up to December 31, 1925, the Board had made loans to 425 settlers,[2] the money being advanced by the United Kingdom Government and disbursed by the Board. The Board acted as supervisory authority over the families settled on its properties. It was hoped to settle 3,000 families in three years, but by December 21, 1927, approximately 400 families were needed to complete the quota. During the three years 2,631 British families migrated to soldier settlement properties.[3]

1. Third Report of the Soldier Settlement Board of Canada, December 31, 1924, p. 8.

2. Fourth Report of the Soldier Settlement Board of Canada, December 31, 1925, p. 7.

3. Sixth Report of the Soldier Settlement Board of Canada, December 31, 1927, p. 7.

Although the 3,000 British Family Scheme was the most important settlement work undertaken by the Board after the decline in full-scale operations of settling returned soldiers, the Board also took over numerous other colonization activities. The annual report of December 31, 1927, lists the Board's colonization activities as follows:

(1) The 3,000 British Family Scheme.

(2) Families brought forward by the railways under the Government Continental Scheme.

(3) Placement and after care of British Farm Workers recruited by the Department of Immigration and Colonization.[1]

(4) Surveys to ascertain lands available for colonization.[2]

The importance of these and other activities is shown in the amount of time spent on them in the Field Supervisors' diaries. During the summer operations in 1927, over 65 per cent of the supervisors' time was spent on these activities. Advancing into the 1930's, the work load with soldier settlers continued to decline. The annual report for 1935, stated that of "The total farms under the administration, only 50 per cent are now occupied by soldier settlers."[3]

1. It should be noted that in 1923 the Soldier Settlement Board was made "The Land Settlement Branch" of the Department of Immigration and Colonization.

2. Sixth Report of the Soldier Settlement Board of Canada, December 31, 1927, p. 5.

3. Tenth Report of the Soldier Settlement Board of Canada, March 31, 1935, p. 3.

In 1935, the settlers remaining under the Administration were as shown in Table 3.

Table 3 - Extent of Soldier Settlement at March 31, 1935

Total soldier settlers given loans and established on the land since inception	25,000
Soldier settlers remaining under the Board	10,828
Civilian settlers	5,844
British family settlers	2,061
Total active settlers with loans	18,733
Farms operated under lease	1,980
Farms on hand for resale	535

Source: Tenth Report of the Soldier Settlement Board of Canada, March 31, 1935, p. 3.

5. The Cost of Soldier Settlement

> "Under the Soldier Settlement Act the country advanced $109,034,331 for the establishment of 24,793 soldier settlers and 224 Indian soldier settlers - just over 25,000 in all .... of the original number of settlers there remained on the land as at March 31, 1941, approximately one-third, namely, 8,118 settlers."[1]

On March 31, 1941, recoveries had been made to the amount of $65,640,518. This included payments for foreclosed properties sold by the Board. The loans outstanding were

1. England, Robert, Discharged, The Macmillan Company of Canada Limited, Toronto, 1943, p. 266.

estimated to have a recoverable value of up to $30,000,000. This would make a gross recovery of $95,640,518. Therefore the capital loss was estimated at $13,393,813. The cost of administration from 1918 to March 31, 1941, was $25,910,495.[1]

After 1940 favorable prices for agricultural products improved collections from soldier settlers. During the years from 1941 to 1943, the Board reported the best collections since 1929 to 1930. These collections would alter the above debt structure somewhat. However, it is the purpose of this study to review the operations of the Soldier Settlement Board only as far as 1941. At this time extraneous factors began to alter the entire picture. Canada was engaged in a second World War, and in 1940 a Rehabilitation Committee began to plan for the demobilization of World War II veterans. The Sub-committee on Land Settlement, a part of the Rehabilitation Committee, began its studies of problems in rehabilitating veterans on the land in 1940. Eighteen months later the legislation setting up the Veterans' Land Act,1942,was enacted.

6. Economic Factors Causing Failures Among Soldier Settlers

Of the 25,000 soldier settlers established by the Board, only 8,118 remained on the land on March 31, 1941. An additional 2,750 soldiers had paid off their loans.[2] The 2,750 soldier

1. *Loc. Cit.*

2. *Loc. Cit.*

settlers who paid off their loans represented only 11.1 per cent of the total of 24,793 soldiers settled since inception of the Soldier Settlement Act. It is interesting to make this comparison in 1941, because by this time the bulk of the settlers would be approaching the end of their 25 year contract term. Of the 8,118 soldier settlers remaining on the land, more than 50 per cent had made application for debt adjustment under the Farmers' Creditors Arrangement Act.[1] The equity position of the remaining 8,118 soldier settlers is shown in Table 4.

Table 4 - Financial Position of Soldier Settlers, March 31, 1941

Number of Settlers	Per cent of Total	Equity in Farm
3,004	37	40% or more
1,645	20	10% to 40%
3,469	43	below 10%

Source: Sixteenth Report of Soldier Settlement Board of Canada, March 31, 1941, p. 239.

Of the 3,469 settlers with equities of less than 10 per cent, 2,300 were expected to have a fighting chance of

1. Sixteenth Report of Soldier Settlement Board of Canada, March 31, 1941, p. 239.

improving their equity position, while 1,100 were doubtful prospects.

The above statistics give a very disturbing picture of the failures of soldier settlement. The dollar losses to the Administration are not the only costs of a settlement scheme of this nature. The costs in terms of disrupted homes and depressed families are far more important. A contrary argument may be made that during the period of establishment of soldier settlers, the entire Canadian economy underwent a depression, and that the settlers and their families were better off on the farms than they would have been in urban centres. However, this argument is difficult to support. It may be true that farm perquisites provided an existence for many families that may have been on relief in the cities, but farm perquisites are only one item contributing to the standard of living.

By comparing the net income of farm operators with labour income and net income of non-farm unincorporated business in 1928 and 1933, we find that income from agriculture declined further than salaries and wages and income from unincorporated business. This comparison is illustrated in Table 5. Comparisons of national income were made for 1928 and 1933 because in 1928 the net national income was

Table 5 - Canadian National Income, 1928 and 1933

Item	1928 Millions of Dollars	1928 Per cent	1933 Millions of Dollars	1933 Per cent
Wages, Salaries and Supplementary Labour Income	2,705	56.1	1,778	72.5
Military Pay and Allowances	7	0.1	8	0.3
Investment Income	872	18.1	299	12.2
Net Income of Unincorporated Business:				
Accrued Net Income of Farm Operators from Farm Production	655	13.6	74	3.0
Net Income of Non-Farm Unincorporated Business	584	12.1	293	12.0
Net National Income at Factor Cost	4,823	100.0	2,452	100.0

Source: Government of Canada, National Accounts Income and Expenditure, D.B.S., 1926-1950, p. 26.

greater than in the other years prior to the depression, while 1933 represented the lowest point of the depression period. Table 5 shows that net income of farm operators declined from 13.6 per cent of the net national income in 1928, to 3.0 per cent in 1933. The figures show that net income of farm operators declined about 89 per cent from 1928 to 1933. It is true that farmers enjoy perquisites which help out greatly during a depression, but a farmer cannot trade low priced vegetables and livestock for high school and college educations for his children. The farmer may be able to hold body and soul together with the availability of perquisites and low cost rentals on the farm, but he does not by the same token achieve a standard of living commensurate with that enjoyed by other occupational groups when a general economic recession takes place.

There were undoubtedly many factors causing the abandonment of farms by approximately two-thirds of the returned soldiers. The soldier settlement scheme offered the only form of government assisted rehabilitation after World War I, and settlement on farms likely appealed to some misfits, as a means of getting something out of the government. Furthermore, the rapid settlement on farms was begun without the aid of the extensive soil survey work which is now available to land appraisers. Farm selection and supervision were not too carefully conducted. Robert England in his book "Discharged" makes the following statement: "When the operations were begun there was available no staff fully trained in settlement operations."[1] Douglas G. Marshall, in a paper published in the Journal of Public Land and Utilities Economics, states that: "Failures unique to veterans can be more specifically attributed to poor supervision, lack of an adequately trained staff within the administration,selection of poor farms."[2]

However, the most important reasons for the large number of abandonments were economic in origin. An agricultural recession began in 1920 and was followed by an extreme depression beginning in 1929. Approximately 70 per cent of the soldier settlers were established in the three Prairie Provinces which suffered a very extreme drought period beginning in 1929. Soldier settlers and other farmers alike, suffered severe setbacks. The debt structure for the three Prairie Provinces was very high. Taking the Prairie Provinces as the problem area, Table 6 shows the estimated farm indebtedness in 1931.

In Table 6 it can be seen that 75.1 per cent of the total indebtedness of the Prairie Provinces was under mortgages

1. England, Robert, <u>Discharged</u>, The Macmillan Company of Canada Limited, Toronto, 1943, p. 267.

2. Marshall, D.G., <u>Soldier Settlement in the British Empire</u>, Journal of Public Land and Utilities Economics, Vol. 22, Aug. 1946, p. 264.

Table 6 - Estimated Farm Indebtedness of Prairie Provinces, 1931

Type	Amount (dollars)	Percentage
Mortgages and agreements of sale	488,000,000	75.1
Implement companies	49,000,000	7.5
Banks*	48,000,000	7.4
Stores	10,000,000	1.5
Other	55,000,000	8.5
Total	650,000,000	100.0

Source: Mackintosh, W.A., Economic Problems of the Prairie Provinces, the Macmillan Company of Canada Limited, at St.Martin's House, Toronto, 1935, Table LXXX, p. 266.

* Probably $27,000,000 additional bank indebtedness reported under mortgages.

and agreements of sale. Approximately three-quarters of the agricultural credit of the Prairie Provinces had been obtained mainly for the purchase of land. When one considers that approximately 70 per cent of the soldier settlers were established on purchased land, it is easily understood why they would encounter difficulties in meeting their payments in the 1930's.[1]

The estimated total debt of $650,000,000 for the Prairie Provinces in 1931 amounted to more than $11.00 per acre of improved land and nearly $26.00 for each acre of wheat. In studying the problem, Professor Mackintosh arrived at the conclusion that, "more than 40 per cent of the gross farm income from wheat was required to pay interest on indebtedness."[2] Table 7 shows that there were 288,079 farms in the Prairie Provinces in 1931. If this figure is divided into the $650,000,000 of total farm indebtedness, we find there was an average of $2,256 debt for every farm.

1. See p. 16 of thesis. As at March 31, 1921, 71.2 per cent of the total soldier settlers were on purchased farms.

2. Mackintosh, W.A., Economic Problems of the Prairie Provinces, the Macmillan Company of Canada Limited, at St. Martin's House, Toronto, 1935, p. 265.

Table 7 - Number of Farms in the Prairie Provinces in 1931

Province	Total Number of Farms
Manitoba	54,199
Saskatchewan	136,472
Alberta	97,408
Total	288,079*

Source: Census of Canada, Agriculture, Vol. VIII, 1931, p. 42.

* The total includes farms of all sizes from one to four acres to 300 acres.

It is well to remember that the debt situation in the Prairie Provinces in 1931 shows the farmers' position only in the first years of the depression. Writing on farm indebtedness in Saskatchewan in 1936, S.C. Hudson made the following statement:

> "Since 1930 depression and drought combined to increase both the absolute and relative burden of farm indebtedness far beyond the debt-paying capacity of many farms. The estimated debt secured by farm lands in the province of Saskatchewan as of December 30, 1936, was $434,000,000. Unsecured debt was estimated at $91,000,000 at the same date, making a total agricultural debt of $525,000,000. Reduced to simple terms this sum would equal $3,687 per farm or almost $16.00 per acre of crop land."[1]

1. Hudson, S.C., Factors Affecting the Success of Farm Mortgage Loans in Western Canada, Publication 733, Technical Bulletin No.41, Department of Agriculture, Marketing Service, Economics Division, Ottawa, April, 1942, p. 17.

From the above quotation it is possible to conclude that the situation in farm indebtedness became worse during the 1930's. Where the total debt of the three Prairie Provinces was estimated at $650,000,000 in 1931, by 1936 Saskatchewan alone had a debt of $525,000,000.

It is clear that the failures of soldier settlers during this period were not solely due to internal improper organization and supervision of the Soldier Settlement Board. Existing economic conditions created a general and severe depression for all farmers, and especially those settled in the Prairie Provinces.

One of the main reasons for the failure of soldier settlement may be blamed more truthfully upon the legislative inadequacies of the Soldier Settlement Act. The original Act granted a 20 year contract term with interest at five per cent for land and buildings, and a term of only four to six years for repayment of stock and equipment loans. The settlers' annual payment proved to be too high under these terms. The following is an example of the high annual payments the settlers were required to make:

> "A settler established on April 1, 1919, obtaining a loan of $5,000 for land purchase, stock and equipment. Payment due under the old plan on October 1, 1922, $667.49. Under the amendment, this payment was reduced to $232.40, and the remainder of instalments will be approximately in the same amount. This great reduction was caused by the extension of stock and equipment loan of four annual instalments to twenty-five annual instalments, and by interest exemption of four years."[1]

The above remedial measure to lengthen the term of contract of livestock and equipment loans and to grant interest exemptions of four years, was passed by Parliament in 1922.[2] However, the measure was too late to help a large number of settlers. By March 31, 1923, a total of 3,285 soldier settlers, representing 14.5 per cent of the total receiving loans, had abandoned their farms.[3] In no year since the inception of the Act in 1917 had total payments made by soldier settlers reached 100 per cent of the total amount due. In 1921, total collections were 84.4 per cent of the total due.[4] In 1923, at the close of the fiscal year for collections, 54.5 per cent of the total amount due had been collected. At this date the percentage of payments for Calgary district was the lowest in Canada, at 37.5 per cent of the amount due.[5]

1. Second Report of the Soldier Settlement Board of Canada, 1923, pp. 18-19.

2. *Loc. Cit.*

3. *Ibid.*, p. 9.

4. 1st Report of the Soldier Settlement Board of Canada, March 31, 1921, p. 56.

5. Second Report of the Soldier Settlement Board of Canada, March 31, 1923, p. 10.

In spite of the remedial measures that were taken after 1922, soldier settlers continued to lose heart and abandon their farms.

7. <u>Remedial Measures Taken by the Soldier Settlement Board</u>

The remedial measures were mainly principal and interest reductions on the farm properties. A summary of the legislative reductions as at March 31, 1942, is given in Table 8.

Of the total debt reductions of over 43 million dollars, nearly 19 million dollars (approximately 43 per cent) was a reduction of interest. The remaining 24 million dollars reduced the indebtedness on principal. The debt position of soldier settlers was apparently like a snowball rolling down hill, increasing in size as the years went by. The above legislative reductions show that the Government took a heavy share of the melting process in an attempt to prevent the debts from reaching uncontrollable proportions.

Table 8 shows that there were seven main items on the programme of legislative reductions from 1922 to 1934. These measures originated partly from a realization of the lack of proper legislation in the Act of 1917. The Soldier Settlement scheme was predicated on and launched at a time when wheat was selling for $2.00 per bushel. It became a difficult task for

Table 8 - Soldier Settlement Legislative Reductions, at March 31, 1942

Interest Exemption, June 28, 1922	$10,269,108.87
Livestock Reduction, June 27, 1925	$ 2,927,809.99
Land Revaluation, April 14, 1927	$ 7,479,344.75
30 Per Cent Reduction, May 30, 1930	$11,302,127.56
Interest Remission, May 23, 1933	$ 1,308,492.16
Total Dollar for Dollar Bonus	$ 3,422,292.90
Farmers' Creditors Arrangement Act, July 3, 1934	$ 6,717,634.93
Total Reductions	$43,426,811.16

Source: Seventeenth Report of Soldier Settlement Board of Canada, March 31, 1942, p. 190.

veterans to pay for land inflated in value by a high price for wheat, on the basis of wheat which sold for 50 and in some years as low as 30 cents per bushel.

It is true that not all of the abandonments were due to economic factors and lack of proper legislation. Some were due to recurring illness as a result of the veterans' participation in the war. Other abandonments were brought on by old age. The annual report of the Soldier Settlement Board for 1929 states that, "information gathered by the Board on this subject, although not complete for the Dominion, indicates that in the prairie provinces the average tenure of other farmers is in the neighborhood of eleven years."[1] However, it is difficult to reconcile approximately two-thirds of the soldier settlers abandoning twenty-five year contracts, with only a normal rate of tenure turnover. Sufficient evidence has been produced in this section to prove that the economic difficulties which confronted soldier settlers were far from normal.

It is important to understand the operations of the Soldier Settlement Board because it was largely the lessons learned from these operations which aided in setting up the

1. <u>Eighth Report of the Soldier Settlement Board of Canada</u>, December 31, 1929, p. 6.

present Veterans' Land Act, 1942. The knowledge of veteran settlement was gained during a period in which Canadian agriculture experienced the most severe depression in its history. This heritage has clearly influenced the present Veterans' Land Act Legislation and Administration.

B. THE CREATION OF THE VETERANS' LAND ACT, 1942

1. The Sub-Committee on Land Settlement

In 1940, the Rehabilitation Committee was formed at Ottawa by Order-in-Council.[1] This Committee began to plan for the post-war rehabilitation of Canadian veterans. The Committee studied the problems of veteran rehabilitation in various vocations; such as university training schemes and rehabilitation in business. However, this thesis limits itself to a study of the rehabilitation of veterans on the land, and this section will be confined to an examination of a single activity of the Rehabilitation Committee - the Sub-Committee on Land Settlement. For eighteen months, the Sub-Committee devoted itself to a study of rehabilitating veterans of World War II on the land. The Veterans' Land Act, 1942, gave expression to the recommendations received from the Sub-Committee.

The members of the Sub-Committee on Land Settlement were

1. P.C. 4068½, December 8th, 1939.

technical experts from the fields of agriculture, finance, economics and statistics, and various other fields. There was a member from Canada Packers, and one from the Canadian Pacific Railway. This group of men began to study the operations and results of the Soldier Settlement Board and also any other colonization schemes, public or private, which had been attempted during the recent years.

2. Lessons Learned from Soldier Settlement and Other Land Settlement Experiences in Canada

One of the most comprehensive plans for the organization of the Veterans' Land Act was prepared by a former Director of the Soldier Settlement Board. His experience with soldier settlement enabled him to make a substantial contribution to the work of the Sub-Committee on Land Settlement. The Director indicated the lessons learned from the Soldier Settlement Board's operations as proof of the following:

> "(1) the futility of expecting the average person engaged in Canadian agriculture to repay a land debt beyond the sound range proven over and over again in land credit operations,
> (2) the futility of piecemeal horizontal reductions at intervals to correct the first weakness. This process is vicious in two ways -
> (a) any tampering with a money contract weakens it, and successive tampering gives rise to the belief that it is more or less meaningless;
> (b) too many casualties occur in the intervals between adjustments."[1]

1. Murchison, G., Land Settlement in Relation to Problems of Demobilization and Rehabilitation, a paper prepared for presentation to the Sub-Committee on Land Settlement, Ottawa, July 6, 1940, p. 7.

The Sub-Committee came to the conclusion that the main handicap in soldier settlement was the lack of initial settler's equity in the property. It was agreed that the Veterans' Land Act should be set up with the basic aim of making a state contribution to the veteran by giving him an outright initial equity in the land purchased for him under the Act. This would be a better plan than starting the veteran with no equity, keeping his land under government ownership, and having to come to his aid from time to time with remedial legislation. The decision to give veterans an initial equity in their land marked one of the most important measures of improvement of Veterans' Land Act administration over that of the former Soldier Settlement Board. It not only decreases substantially the initial capital debt of the veteran, but it should provide an ownership inventive toward clearing off the remainder of the veteran's contract debt.

Canadian history reveals that some form of assistance is necessary to prevent failure of settlers on the land. J.T. Culliton made a study of the emigration of agricultural settlers to the North American continent from early in the 18th century to the time of the 3,000 British Family Scheme in 1924. This study found that where assistance was granted to settlement, a large measure of success was achieved, but where the Government adopted a laissez-faire attitude there has been little success in promoting successful land settlement.

The following quotation from Culliton's study sums up the historical problem very well:

> "From the beginning of the seventies, plans for the building of a trans-continental railroad to link up the East and West of Canada, and to carry out the promise made to British Columbia when she entered into Confederation in 1871, occupied much of the attention of the Leaders of the Federal Government. It was thought that the project could be financed, at least in part through the sales of Western lands, and this assumption influenced the Government's Western land policy throughout the next decade."[1]

The Government's plan to give some of the land and sell the rest was not successful. The requirements of sound settlement policies were not met until 1884, when charitable emigration socieites were begun. "One of the first of these charitable emigration societies was the Self-Help Society, which was formed in 1884. The object of this society was to assist by means of grants or information, in emigrating to Canada and other colonies, those likely to make good colonists."[2]

The above historical experience may not have much direct relationship with the national problem of settling the present V.L.A. veterans. However, in seeking for an explanation for V.L.A. subsidized settlement the experiences of the past are both interesting and enlightening. It is true that the

1. Culliton, J.T., National Problems of Canada, Assisted Emigration and Land Settlement, The Federated Press Limited, McGill University Economic Studies, Montreal, 1928, pp.19-20.

2. Culliton, J.T., National Problems of Canada, Assisted Emigration and Land Settlement, The Federated Press Limited, McGill University Economic Studies, Montreal, 1928, p. 43.

Government owes its veterans a sort of moral debt in contemplating a rehabilitation scheme of land settlement. It would also appear that a good argument may be made for some form of subsidy to land settlement.

3. Plans for Land Settlement

The Sub-Committee on Land Settlement considered various plans for agricultural settlement. One of these was a plan for voluntary community settlement. Under this plan each settlement would accommodate from 100 to 200 families. The total acreage of each settlement would be from 500 to 3,000, with units of five to thirty acres for each settler. The proposed plan would take care of upwards of 50,000 veterans and their families. Participation in the scheme would be on a voluntary basis, but when the settler joined he would have to sign a declaration to remain with the community settlement for five years:

> "At first the settlement would be assisted and administered by the Federal Government, which would provide instruction in the economical production and use of foodstuffs and in any other pursuit in which the community might engage, such as mining, fishing, poultry or stock raising, textile or furniture manufacture, glass, pottery or brick making. Gradually this necessary paternalism would be reduced, after a few years the settlement would be established and the village would be incorporated as a self-supporting and self-administered organization, shared in and operated by the veterans themselves."[1]

1. V-25-3, Rehabilitation Committee of 1940, Community Settlement, Admin. Files, Veterans' Land Act, Ottawa, p. 75.

At its meeting of August 22, 1940, the Sub-Committee on Land Settlement dismissed the voluntary community settlement plan as being basically unsound:

> "The members of the Sub-Committee regard as basically unsound the idea of community or block settlements conducted on a communal basis. In theory community settlement schemes appear to have much to commend them, but in practice they simply do not work under conditions such as obtain in this country, except perhaps in rare circumstances of settlement of people who have a strong religious bond. We believe that the average Canadian is essentially an individualist - particularly when it comes to operating his own farm or small holding.
>
> "In the conviction that the above premise is sound, the Sub-Committee cannot subscribe to the underlying principle of the proposed plan for the establishment of voluntary community settlements or villages."[1]

Letters were sent to the eight District Superintendents of the Soldier Settlement Board, asking for their comments on the community settlement plan. All of the Superintendents were in agreement that the plan was impracticable. In the province of Alberta the Board had past experience with several group settlements; including the Pope Lease, the Hudson's Bay Settlement, and the Estey Estate. The Board also had experience with a Jewish group settlement in Winnipeg. In general these settlements had been a constant trouble to the Board. There had been a tendency for certain more prosperous

1. V-25-3, Report of the Sub-Committee on Land Settlement on Colonel Duguid's Plan for Voluntary Community Settlements or Villages, August 22, 1940, p. 1.

members of the groups to gradually acquire the holdings of others belonging to the groups, until the situation had become one of normal private ownership destroying the premises of the original settlement plan.

A second study was made of the 3,000 British Family Scheme. In 1932, the Soldier Settlement Board made a statistical analysis of the factors most responsible for success or failure of the British settler in Canada. This study found that: (a) extended farming experience favours success in farming, (b) there was no conclusive evidence as to the degree of success or failure due to the size of family or age of the settler, (c) there were not enough settlers possessing extensive capital to provide evidence as to the degree of success or failure due to the amount of capital the settler had at the time of his arrival on the land, (d) the percentage of abandonments was high on specialized farms, such as poultry and fruit farms, when compared with the abandonments on mixed farms and farms in pioneer districts. Out of a total of 1,220 families who abandoned their farms the chief causes were listed as in Table 9.

If 30.7 per cent of the 1,220 settlers were attracted to other work, then farm work must have been less attractive to them. By 1932 (the year in which the study was made), there is no doubt that farming would appear to be less remunerative than

Table 9 - Chief Causes of Farm Abandonment by British Family Settlers

Class	No. of Families	Percentage of Total Families
Attracted to other work	375	30.7
Not adaptable	504	41.3
Domestic difficulties	35	2.9
Illness and death	89	7.3
Wife a handicap	82	6.7
Lack of co-operation of children	9	0.7
Poor farm management	27	2.2
Problem farm	8	0.7
Drought, hail, frost, etc.	48	3.9
Depressed farm prices	2	0.2
Unable to determine	41	3.4
Total	1,220	100.0

Source: V-25-1, Vol. 1, Rehabilitation Committee of 1940, Report on Selection and Training, Admin. Files, Veterans' Land Act, Ottawa, August 22, 1940, p. 4.

other work. The additional 41.3 per cent of the 1,220 settlers, who were listed as not adaptable to farming, appears larger than necessary to account for pure misfits.

4. <u>The Problem of Available Land for World War II Veterans</u>

Arrangements were made with the Dominion Bureau of Statistics to secure information on the number of unoccupied farm lands throughout Canada, following the completion of the 1941 census. The Bureau also secured special information on the number of farms where resident farm owners had passed the age of sixty years and had no sons or other male relatives in residence over 14 years of age. It was ascertained that throughout Canada there were approximately 70,000 resident farm owners in this category, thus constituting a reservoir of lands where operator replacement was a normal sequence. In view of these statistics the Committee on Land Settlement concluded that there were practical elements to the plan for the replacement of operators in the older age groups by young returned veterans.

5. <u>Financial Considerations - Veterans' Contracts</u>

In consideration of veterans' contract debts, it should be noted that the Veterans' Land Act is the only veterans' rehabilitation scheme evolved during the war years which involved a contractual debt assumed by the veteran. Therefore, the amount of the government loan and the question of the veterans' ability to repay the loans were matters of prime concern to the Sub-Committee on Land Settlement.

At a meeting of the Sub-Committee on April 3, 1941, the Director of the Soldier Settlement Board gave a memorandum which stressed the following considerations in relation to land settlement:

"(1) That financial arrangements for land settlement should not be so attractive as to unduly interest those for whom other forms of rehabilitation would be more suitable. Conversely, that arrangements for land settlement should not be so restricted as to unduly militate against a land settlement plan which contemplates a broad interpretation of land utilization.

"(2) The solution, and the only practical solution if land is going to play any important part in rehabilitation, is that the cost of stock and equipment must be furnished by the settlement authority ...... , and if debt structures are to be held to limits which envisage home ownership within the life-time of the settler, either these stock and equipment costs or a very considerable percentage of the cost of the land will not be recoverable. It is a matter of determining in the light of experience and prospective future conditions the percentage of the cost of establishment that can be repaid in addition to the cost of living, upkeep and annual taxes. The answer depends on three principal things-

(a) the rate of interest;
(b) the length of the term;
(c) prospective income.

"(3) That the average soldier applicant will lack the capital ordinarily associated with the acquisition of land and the acquisition of stock and machinery to work it ...... The alternatives seem to be -

(a) that settlement be delayed until the applicant has acquired a reasonable amount of capital, but this would be a negation of the objective in relation to a great national problem;

(b) that a choice be made between the perils of destruction of morale by direct relief and its accompanying capital costs or that of making up the deficiency in capital to permit settlement to proceed on a basis whereby the settler is enabled to become self-supporting and under obligation to repay an amount which does not exceed the time-tested limits of sound business.

"(4) That the financial structure of our country is geared to the cost of money, hence the principle of interest charges must be taken into account."[1]

The final contractual arrangements as proposed by the Sub-Committee on Land Settlement on September 29, 1941, were the following:

(1) The veteran must make a down payment of 10 per cent of the cost of the land and buildings on the property purchased through the Veterans' Land Act.

(2) Advances for stock and equipment shall not ordinarily exceed one-third of the cost of the land and buildings.

(3) The debt assumed by the veteran shall not exceed two-thirds of the cost of the land and buildings, or one-half the cost of the land, buildings and chattels, whichever is the greater.

(4) The rate of interest shall be 3½ per cent per annum and the debt payable over a maximum term of twenty-five years.

1. V-25-1, Rehabilitation Committee, 1940, General, Memorandum by Mr. G. Murchison, Admin. Files, Veterans' Land Act, Ottawa, April 3, 1941, pp. 3-4.

(5) The maximum permissable cost of land and buildings shall be $3,500. Where this cost is exceeded the settler shall pay in cash (in addition to 10 per cent, or $350.00) all such excess cost of land and buildings, at the time of settlement. (The maximum permissable cost of land and buildings was set down in the original Veterans' Land Act, 1942, as $3,600).[1]

(6) The veteran shall not be permitted to realize upon any equity granted by the state for a period of ten years, during which prescribed settlement conditions must be met.[2]

The Sub-Committee on Land Settlement estimated the cost of establishing 25,000 veterans on the land would be $80,000,000. The estimated capital loss to the Dominion was $34,000,000. These estimates were based on the existing values of land and prospective conditions insofar as they could be forecast at that time.

While considering financial arrangements and the amount that veterans on farms might be expected to pay annually,

1. Refer to p. 62 of thesis for legal framework of the Vererans' Land Act, 1942.

2. V-25-1, <u>Rehabilitation Committee, 1940</u>, <u>Minutes of Meeting of Sub-Committee on Land Settlement</u>, September 29, 1941, p. 7.

it is interesting to note the conclusions reached by Professor W. A. Mackintosh after his studies on the farm credit situation in the Prairie Provinces:

> "In discussions of the farm-debt problem in the Prairie Provinces, too much attention has been given to the amount of the interest rate. Of course any interest rate is high, if capital can be obtained for less. Yet if yields and prices are favourable, the farmer can pay high interest rates with ease. His difficulties emerge when interest is compounded in the poor years. It is less the amount of the interest than the ridigity of it that makes it a stumbling block. If a prairie farmer is to borrow safely on a mortgage he must restrict his use of outside capital greatly. The relatively small proportion of the total farm credit supplied by those institutions that have to meet local lending requirements is evidence that the number of borrowers who can meet these requirements is small."[1]

In the above quotation it is well to note carefully a single sentence: "if a prairie farmer is to borrow safely on a mortgage he must restrict his use of outside capital greatly." It is with this note of caution in mind that we find the Veterans' Land Act legislation compares very favourably with that of the Soldier Settlement Act of 1917. The maximum assistance under the Veterans' Land Act is now $6,000, for land and buildings, and livestock and equipment. Under the Soldier Settlement Act it was $7,500. The chief difference between the two legislations, however, is that under

1. Mackintosh, W.A., Economic Problems of the Prairie Provinces, The Macmillan Company of Canada Limited, at St. Martins' House, Toronto, 1935, p. 277.

the present Veterans' Land Act, the veteran is given a free conditional grant of $1,200 for livestock and equipment, which cuts down the $6,000 loan to $4,800 for land and buildings. Of this $4,800 the Government grants the veteran a subsidy of $1,120. The veteran must pay 10 per cent of the $4,800 (or $480.00) before initial settlement. This, plus the Government subsidy, cuts the $4,800 down to $3,200. Thus the veteran is settled under the Veterans' Land Act with a maximum debt of $3,200, with interest at 3½ per cent, whereas under the Soldier Settlement Act he was settled with a maximum debt of $7,500, with interest at five per cent.

In a final memorandum written by Mr. G. Murchison, on the Draft Bill for the Veterans' Land Act, the maximum loan obtainable was discussed as follows:

> "It may be felt that the maximum set up for land and livestock and equipment is low, but in arriving at these figures the Sub-Committee was guided by four main considerations:
>
> (1) a reasonable opportunity for the veteran;
> (2) the taxpayers of the country;
> (3) existing levels of land values;
> (4) a higher ceiling would bring about inflation of prices at which land may be acquired."[1]

The Sub-Committee on Land Settlement completed its reports and was discharged at the meeting of September 29, 1942. The recommendations of the Sub-Committee were carried into effect by

1. V-25-1, Rehabilitation Committee, 1940, Memorandum by Mr. G. Murchison, Admin. Files, Veterans' Land Act, Ottawa, December 22, 1941, p. 2.

the Veterans' Land Act which was passed in 1942. The V.L.A. was administered by the Minister of Mines and Resources until 1944, when it was placed under the administration of the Department of Veterans' Affairs.

6. The Special Parliamentary Committee of 1942

A further important development in Soldier Settlement Administration is mentioned in passing. In 1942, a special committee of Parliament examined the position of soldier settlers remaining under the Board, and made recommendations to the Government which were culminated by Order-in-Council, P.C. 10472. This regulation contained three items:

> (a) a reduction in the interest rate from 5 to 3½ per cent for settlers indebted to the Soldier Settlement Board, who enlisted for service in World War II;
>
> (b) an extension of the term of agreement between a soldier settler and the Board, not to exceed 20 years from the standard date in 1942;
>
> (c) a reduction of indebtedness of soldier settlers on the recommendation of the director of the Board, the amount of reduction to be based on the present productive value of the land.[1]

The reasons for the above remedial measures can be expressed by simple arithmetic. In 1941, there were still 7,360 soldier settlers remaining under the Board. Their average equity in their farms was only 34.6 per cent.[2]

1. P.C. 10472, November 19, 1942.

2. V-25-19, Report to Interdepartmental Committee on Veterans' Affairs, Book Debt and Value of Soldier Settlement Farms, Appendix C, Admin. Files, Veterans' Land Act, Ottawa, December 31, 1941, p. 1.

However, the total debt of these remaining settlers was relatively small, and due to the high cost of administration the Government came to the conclusion that a final write-off was most expedient. In 1944, the total debt of 6,153 settlers was $7,715,954.01. The average annual cost of administration was approximately $1,100,000.[1] Thus seven years of further administration would cost as much as the total debt owed by the settlers. The process of liquidating soldier settlers' debts is still continuing. On April 11, 1951, P.C. 1718 approved a further write-off of $150,000 for the 1952 fiscal year.[2]

7. The Reconvening of the Sub-Committee on Land Settlement in 1945

In November 1944, the Director of the Veterans' Land Act received proposals from several provinces for the settlement of veterans on Provincial Crown Lands. There were two major problems in connection with provincial land settlement:

(1) To devise a formula outside the existing provisions of the Veterans' Land Act to facilitate settlement on provincial land.

1. V-25-19, Report of the Special Committee on Veterans' Affairs, March 26, 1946, p. 56.

2. Public Accounts of Canada, 1952, pp. ZZ-18.

(2) To include in the Veterans' Land Act a plan providing for Indian veterans settling on Reserve Lands an assistance comparable to that which veterans would receive on lands which can be pledged as security for loans.

In order to consider the extension of the Veterans' Land Act Scheme to include provincial land settlement it was necessary for the Sub-Committee on Land Settlement to be reconstituted. The first meeting of the reconvened Sub-Committee was held on January 4, 1945, at Ottawa. After seriously considering the costs of clearing land, and comparison of opportunities for settlement on raw provincial lands with that on improved farms, the Sub-Committee made the following recommendation:

> "the Sub-Committee recommends favourable consideration of an amendment to the Veterans' Land Act to provide for a grant of $2,320 on behalf of a veteran for establishment on provincial crown land on a debt-free basis."[1]

The recommendation required the fulfilment of several conditions. One of the most important of these from an economic point of view was that on all settlements dependent on agriculture, "there must at the outset be sufficient land already cleared and cultivated or which can readily be cleared and cultivated to ensure that the veteran has the means of

1. V-25-16, Report of Sub-Committee on Land Settlement to the General Advisory Committee on Demobilization and Rehabilitation, Admin. Files, Veterans' Land Act, Ottawa, January 4, 1945, p. 6.

a livelihood."[1] Technical experts considered that 80 acres of cleared land was essential to successful farming in most areas. The above condition shows that in settling veterans on raw provincial lands there was some consideration of the economic feasibility of establishment. To anyone acquainted with the high costs of clearing heavily forested land the importance of the above condition need not be emphasized.

To provide for settlement of Indian veterans, the Sub-Committee recommended that the Act be amended to permit a nonrecoverable grant of $2,320 to be made and administered by the Director and the Indian Affairs Branch.[2]

The Veterans' Land Act staff decides upon the suitability of the land before making any disbursement of the grant, rather than leaving this authority in the hands of the provinces. Insofar as the security of provincial lands is concerned, this is vested in the provinces, but with the restriction that title to the land shall not be issued to any veteran for a period of 10 years, in order that he shall fulfil the conditions prescribed in earning the grant of $2,320.

On January 29, 1945, a conference of the Sub-Committee on Land Settlement with Provincial Government representatives

1. _Loc. Cit._

2. V-25-16, _Op. Cit._, p. 7.

was held in Ottawa. The recommendations of the Sub-Committee with respect to provincial land settlement were generally found to be satisfactory to the provinces.

C. THE PRESENT SCALE OF OPERATIONS OF THE VETERANS' LAND ACT

1. The Number of Veterans Settled Under the Veterans' Land Act

In a little more than nine years of operations since the end of the second World War, the Veterans' Land Act has expanded and reached a scale of operations far beyond that of the Soldier Settlement Board. Table 10 gives a summary of the V. L. A. operations up to December 31, 1951. It will be observed that Table 10 only gives the amount of money disbursed on purchased properties. Disbursements for livestock and equipment and permanent improvements are not included. However, Table 10 shows that the number of properties purchased for small holdings is nearly as great as the number of properties purchased for full-time farming. The statistics on page three of this thesis reveal that the number of veterans approved for small holdings is actually slightly greater than the number of veterans approved for full-time farms, although all of the properties were not purchased yet on March 31, 1952.

All of these settlements involve land holdings; whether

Table 10 - Total Number of V.L.A. Properties Purchased as at December 31, 1951

Type of Assistance	Number and Value
<u>Full Time Farming</u>	
Number of properties purchased	21,756
Total purchase price	$ 88,444,102
<u>Small Holding</u>	
Number of properties purchased	17,376
Total purchase price	$ 50,366,856
<u>Commercial Fishing</u>	
Number of properties purchased	803
Total purchase price	$ 1,104,949
Total number of properties purchased	39,935
<u>Provincial and Dominion Lands, Rentals, Leases and Mortgages</u>	
Number approved for settlement	7,832

Source: <u>Summary of Lands Appraised and Purchased as at</u> December 31, 1951, File 13-71, Statistics prepared by Research Adviser, Department of Veterans' Affairs, Ottawa.

they are full-time farms, small holdings, or commercial fishing settlements. As at December 31, 1951, the V.L.A. had purchased 4,530,702 acres of land.[1] Of this total, 4,368,675 acres or 96 per cent was purchased for full-time farming settlement. The average size of farm for the 21,756 farms purchased was 201 acres. However, the average size of farm varied from 295 acres in Saskatchewan where the farms were the largest, to an average size of 101 acres in British Columbia where the farms were generally smallest.[2]

2. The Staff Organization of the Veterans' Land Act

The Head Office of the V.L.A. is at Ottawa. For administration purposes V.L.A. settlement in Canada is divided into eight settlement districts. The eight settlement districts are divided into 35 regions and the regions are in turn divided into 268 field areas. There is a settlement supervisor in charge of each field. The settlement supervisor contacts the veteran personally. It is his job to appraise the land and permanent improvements of the farm on which the veteran wishes to settle. The appraisal report is considered

1. Acreage statistics totalled from the Summary of Lands Appraised and Purchased as at December 31, 1951, File 13-71, Statistics prepared by Research Adviser, Department of Veterans' Affairs, Ottawa.

2. Ibid., calculated from the number of farms and total acres by provinces.

by the Regional and District Offices of the area and final decision is reached at District Office. The policy of allowing District Officers to decide settlement cases gives a desirable decentralization of control. After the veteran is settled on the land it is the settlement supervisor's job to aid and advise the veteran in all property management and business matters. The settlement supervisor is a key man in the Veterans' Land Act organization.

The V.L.A. staff has grown rapidly since the end of World War II. In March 1944, there were only 344 employees administering Soldier Settlement, British Family Settlement, general land settlement and Veterans' Land Act.[1] By March 31, 1946, the staff had grown to 1,419 employees,[2] and on March 31, 1947, the staff reached 1,827 employees.[3] On March 31, 1951, there were 1,224 employees administering Soldier Settlement and Veterans' Land Act operations.[4] The staff is gradually declining.

1. Public Accounts of Canada, for the fiscal year ending March 31, 1944, p. X-4.
2. Public Accounts of Canada, 1946, p. ZA-26.
3. Public Accounts of Canada, 1947, p. ZA-33.
4. Public Accounts of Canada, 1951, p. ZZ-13.

3. Total Government Expenditures on Veterans' Land Act Settlement

On December 31, 1950, the approved expenditure on V. L. A. veterans had reached the total given in

Table 11 - Analysis of Approved Government Expenditure on V.L.A. Veterans as at December 31, 1950

Type of Settlement	No. of Loans Approved	Amount Approved Land & P.I., S & E*	Distribution of Total Amount Approved
		$	Per Cent
Full Time Farming	20,693	109,122,011	42.9
Small Holdings	22,771	122,606,917	48.1
Commercial Fishing	815	3,346,987	01.3
All other - Provincial and Dominion Lands, Rentals, Leases and Mortgages	7,826	19,640,445	07.7
Total	52,105	254,716,360	100.0

Source: Analysis of Active Approved Loans and Grants by Operative Sections of the Act, December 31, 1950, File No. 13.1.26, Veterans' Land Act, Ottawa.

* P.I. is the abbreviation for Permanent Improvements.
S & E is the abbreviation for Livestock and Equipment.

Table 11. Of the relative proportions of money approved for the different types of settlement, commercial

fishing and provincial and dominion lands, rentals, leases, and mortgages, represented a small proportion of the total. Full-time farms and small holdings made up 91.0 per cent of the total amount approved for expenditure as at December 31, 1950. Going forward to March 31, 1952, the actual disbursement on all types of V.L.A. settlement had reached a total of $264,753,000.[1]

4. Administration Costs of the Veterans' Land Act and Soldier Settlement Board from 1944 to 1952

The following costs include administration of Soldier Settlement, British Family Settlement, general land settlement, Veterans' Land Act, carrying charges, and maintenance and operating costs of lands acquired under the provisions of the Veterans' Land Act. These costs do not add tangible value to real property:[2]

1944 -	$ 824,527.75
1945 -	$ 1,375,263.85
1946 -	$ 3,131,890.93
1947 -	$ 5,387,113.17
1948 -	$ 5,117,340.87
1949 -	$ 4,624,749.67
1950 -	$ 4,576,908.63
1951 -	$ 4,486,060.87
1952 -	$ 4,506,816.75
Total at March 31, 1952 -	$34,030,672.49

1. Refer to p. 3 of thesis.

2. Public Accounts of Canada, 1944, p.X-3, 1945, P.ZA-19, 1946, p.ZA-25, 1947, p.ZA-33, 1948, p.ZA-15, 1949, p.ZA-14, 1950, pp.ZZ-13,14, 1951, pp. ZZ-12,13, 1952, p.ZZ-17.

Although the Veterans' Land Act was enacted in 1942, the Public Accounts of Canada list no costs of administration of V.L.A. until the fiscal year ending March 31, 1944. During the 1947 fiscal year the administration costs reached their highest point. This is the year that settlement operations reached a peak, the V.L.A. having a staff of 1,827 employees administering the Act.

D. PRESENT POLICY OF THE VETERANS' LAND ACT

1. The Legal Framework of Veterans' Land Act Policy

The general framework of the Veterans' Land Act has been dealt with on pages 48 and 49 of this thesis. However, changes in the Act since 1942 should be noted. The V.L.A. has had nine years of land settlement experience with veterans of World War II, and some of the changes in administrative and supervisory policy have been a result of operating experience since the beginning of active settlement operations in 1944. The amendments to the Act have been designed to cope with rising values of land, and make the Act more suitable to veteran settlement.

The original Act of 1942, allowed veterans settling on full-time farms under Section 9(1) a maximum amount of $3,600 for the purchase of land and existing improvements, and $1,200 for livestock and machinery.[1] Veterans settling on

1. Statutes of Canada, 1942-43, 6 George VI, Chap. 33, Section 9(1), p. 165.

full-time farms, formerly owned by themselves, under Section 13 of the Act, were allowed a maximum of $3,200 to be used for payment of debt against their land, permanent improvements to be effected, and the purchase of livestock and equipment.

Rising land values towards the end of the war made it difficult to purchase suitable farms at $3,600 and Order in Council P.C. 7990 of October 14, 1943, gave veterans under Section 9(1) a maximum assistance of $4,800 for land, and $1,200 for livestock and machinery.[1] Veterans settling under Section 13 were given a maximum assistance of $4,400 by Order in Council P.C. 3250, on May 8, 1944.

The amendments of 1945 provided opportunities for veterans settling on provincial land. Veterans were allowed a $2,320 conditional grant for the purposes of purchasing livestock and equipment and for effecting permanent improvements on the land. In the same year, Section 35A was added to the Act. This amendment granted $2,320 to Indian veterans settling on Indian Reserve lands. The grant is paid to the Minister of Mines and Resources and disbursements and supervision are handled by the Department of Indian Affairs.

1. A veteran who already has a full line of livestock and equipment may take the full $6,000 loan for land and buildings. See Statutes of Canada, 1945, 9-10 George VI, Chap. 34, Section 9(1), p. 220.

In 1946, Order in Council P.C. 1325, (April 5,1946), subsequently incorporated as Section 9(3), broadened the scope of the Act by giving assistance to veterans on leased farms. This section was designed to facilitate settlement of veterans on the larger acreage farms of the spring wheat areas in the southern prairies of Manitoba, Saskatchewan and Alberta. Under this amendment a veteran can obtain assistance to the maximum of $5,800 for land, livestock and machinery. A maximum of $3,000 can be obtained for the purchase of livestock and machinery while the veteran is operating the farm under a lease agreement.[1] The sum of $2,800 is reserved for aiding the veteran to purchase the land when he obtains the option to buy. Under Section 9(3) the veteran must make an initial deposit of 20 per cent of the loan for livestock and machinery. A further restriction limits the loan to 40 per cent of the value of the rented land. This restriction was imposed to prevent veterans from receiving greater loans than the earning capacity of their farms would justify.

On December 2, 1949, Bill 218 further amended the original Veterans' Land Act, 1942. The amendments were designed to make

1. Before a veteran can receive assistance under Section 9(3) of the Act, he must have a minimum of 3 years lease agreement with his landlord. The purchasing of the leased land is encouraged. Section 9(3) is designed to foster ownership of farms in the same manner as the other Sections of the Act.

contracts with the V.L.A. more flexible. A new section, Section 9A was added to permit the Director of the V.L.A. to sell (with the consent of the veteran) to any other qualified veteran or to any other person "all or any part of the land, improvements, building materials, livestock or farm equipment that was sold by such contract to the first-mentioned veteran".[1] The proceeds may be used to purchase additional land for the veteran whose land was sold, or to effect improvements on his remaining land. If money is not used for this purpose or if any surplus remains after expenditures for land and permanent improvements are made, the remainder may be applied to the veteran's debt to the V.L.A. If the surplus is greater than the veteran's debt, it may be paid directly to the veteran. This amendment was designed to permit veterans who were initially settled on unsatisfactory farms, or for other acceptable reasons desired to change their establishments, another chance of obtaining better land. It was hoped that the amendment would solve settlement cases where the veteran had a high managerial rating but his land was a drawback to his success. Under this amendment only one complete substitution of land is authorized.

The above amendment provides flexibility in the Act which will be necessary in some cases, but there is also a

1. The House of Commons of Canada, Bill 218, An Act to amend the Veterans' Land Act, as passed by the House of Commons, 2nd December, 1949, King's Printer, Ottawa, p. 2.

danger of allowing substitution of farms where it is unnecessary. Veterans who are already well on the road to success and are settled on good farms may wish to take advantage of their favourable financial situation and try to acquire even better farms, while veterans who are less favourably situated financially may be stuck with poor farms. It would appear that the V.L.A. Administration is cognizant of this implication since each sale and continuing establishment must be given prior approval by Head Office.

2. Supervision Policy of the Veterans' Land Act

Initially the two major problems in the administration of the V.L.A. were: (a) The selection and purchase of land; and (b) The selection of veterans to be established.[1] Concerning the selection and purchase of land, the V.L.A. issued instructions to appraisers which outline a uniform appraisal method to be used throughout Canada. It was recognized that appraisal problems are local rather than of general significance and appropriate techniques for treatment of local appraisal problems were left to be developed by responsible provincial officers and the appraisal staff in the field. At the same time, however, the V.L.A. instructions to appraisers contain uniform yardsticks to apply in measurement of values of land, buildings, and improvements. The appraisal reports on each

1. Head Office Circular Letter No. 25, The Veterans' Land Act, Office of the Director, Ottawa, August 28, 1944, p. 1.

property are given in a standardized form. Using a standardized method the appraiser assembles the facts on each farm which aid in arriving at the total value. In making every appraisal, however, a good amount of common sense must be used. A whole set of complex relationships enter into the valuation considerations of every farm. The distances to shipping points, to schools and market towns; the condition of the roads leading to the farm; social conditions in the district; and many other factors must be considered in making land appraisals for veteran settlement. The V.L.A. instructions to appraisers outlines a uniform approach to the problem because the V.L.A. is a nation-wide scheme and an official in Ottawa, although he may be hundreds of miles away from an individual farm, must be able to quickly apprehend the case by reading the appraisal report. However, the appraisal must at the same time reflect a careful judgement and valuation of an individual farm.

In selecting veterans the V.L.A. considers the following ten factors:[1]

1. Head Office Circular Letter No. 25, the Veterans' Land Act, Office of the Director, Ottawa, August 28, 1944, p.l.

1. Age.
2. Health.
3. Agricultural experience in the case of full-time farming - or employment, present and prospective, in the case of small holdings.
4. Education.
5. Capital resources.
6. Personality and character.
7. Service record.
8. Wife's personality and attitude.
9. Wife's aptitude for the type of establishment.
10. Dependent children.

For full-time farming operations satisfactory farming experience is one of the most important of the above factors. Although there is some flexibility allowed, the required experience is a minimum of two years continuous farm employment after the veteran has passed his eighteenth birthday. The veteran must also pass an oral examination on practical farming operations.

For veterans who do not come up to the satisfactory standard of farm experience, the V.L.A. has initiated an agricultural training program. Veterans may simply work on farms approved by the V.L.A. Regional Supervisors for a period of time sufficient to give the necessary experience. While veterans are undergoing this practical agricultural training the Department of Veterans' Affairs will allow them a maximum grant of $100.00 per month.[1] The D.V.A. will also give veterans with farming background a two year agricultural short course at any of the approved agricultural colleges in Canada. The policy of the V.L.A. in regard to scientific training can be understood by the following quotation from a V.L.A. Head Office Circular: "It is considered that veterans qualified under the Veterans' Land Act for full-time farming would benefit from an agricultural short course no matter how well experienced they may be in the practical aspects of farming."[2]

The primary concern of the V.L.A. staff is administration of the Act. The final end of administration is proper supervision to help the veterans to succeed on their farms so they can pay off their contract debts to the V.L.A. In other words, the Administration can be successful only if the veterans themselves are successful. The supervision program for veterans on farms is based on a series of direct contacts between the veterans and their settlement supervisors. When a veteran is settled on a farm, the settlement supervisor

1. Head Office Circular Letter No.58, July 11, 1945, p. 2. The grant is awarded under authority of P.C. 5210 for a period of time of usually 12 months, while the veteran is taking agricultural training or awaiting returns from his farm after his initial settlement.

2. Head Office Circular Letter No. 58, The Veterans' Land Act, Office of the Director, Ottawa, July 11, 1945, p. 4.

interviews him and takes his initial farm report. This report covers the veteran's immediate farm plans, including his requirements in machinery and livestock. The settlement supervisor is responsible for giving the veteran any necessary advice in relation to his plans for farming operations. If the veteran has V.L.A. funds for machinery and livestock the veteran and settlement supervisor agree on the most useful manner in which the money may be expended.

For veterans settled on full-time farms the settlement supervisor also takes an annual farm operation report. This report serves three main purposes:

(a) It provides a record of the farm operation plans.

(b) It records the position of the veteran each year in relation to his security and development of ownership of his property.

(c) It certifies that all the V.L.A. chattels, which the veteran has acquired as a conditional grant, are being satisfactorily maintained.

The farm operation report also provides a necessary contact between the veteran and settlement supervisor, in which any difficulties or further advice required by the veteran may be discussed.

A third important report made by the settlement supervisor is a collection report on every veteran settled in his district who is in arrears. This report aids the V.L.A. in keeping an up-to-date record on delinquent veterans. The $1,200 conditional grant for machinery and equipment provides an incentive for prepayments. Veterans on full-time farms who fulfill their contract payments to the V.L.A. for ten years after initial settlement, are given the conditional grant of $1,200. Settlement supervisors are advised to discuss the conditional grant feature of the Act with veterans to try to convince them of the wisdom of putting behind them the first ten years' annual instalments on which the grant depends.

The V.L.A. Administration has recently become more collection-conscious than it was at the outset of active settlement operations in 1945. After demobilization efforts were mainly directed towards satisfactorily establishing veterans. The V.L.A. believed in creating the ability to pay by allowing veterans to build up their capital assets and improve their farms. To this has been added the policy of encouraging veterans to make prepayments during prosperous years. For veterans who are in arrears, the V.L.A. has introduced a new form of collection analysis, which gives the reasons for failure to make payments in a coded shorthand system. These reports are made by the settlement supervisors and they indicate whether arrears are due to lack of ambition on the part of the veteran, poor management, crop failures, a poor farm, or other reasons.

III. SAMPLE STUDIES OF VETERANS SETTLED ON FULL TIME FARMS IN THE MELFORT AND GRAVELBOURG AREAS IN SASKATCHEWAN

A. CHOICE OF THE SAMPLES

In making a detailed study of the Veterans' Land Act establishments and the progress veterans are making, two samples of farms were selected from Saskatchewan settlement. The samples were chosen in Saskatchewan because the province has the largest number of V.L.A. full-time farms of any province in Canada. On December 31, 1950, Saskatchewan with 4,515 farms, accounted for 21.8 per cent of a national total of 20,693 full-time farms.[1] Since 1950 the high proportion of V.L.A. full-time farm establishments in Saskatchewan has been maintained. On December 31, 1952, the Saskatchewan total of 8,021 farms accounted for 27.4 per cent of the 29,300 V.L.A. full-time farms in Canada.[2]

The two samples include 50 veterans settled in the Melfort area and 51 veterans settled in the Gravelbourg area. The selection was restricted to V.L.A. purchased farms on which

1. Refer to p. 127, Table 32.

2. Veterans' Land Act Farms and Small Holdings Compared to Occupied Agricultural Units in Canada by Districts as at December 31, 1952, Veterans' Land Act Files, Head Office, Ottawa.

settlers are attempting to acquire ownership. This is the most permanent type of V.L.A. establishment. The veterans on purchased farms have, on the average, larger contract debts to repay than veterans settled on leased farms, mortgaged farms, and provincial land.

The choice of the two areas was made in order to compare the progress on V.L.A. farms in a soil area of high productivity with farms in a soil area of low productivity. In the Melfort area the farms are located predominantly on Melfort soil which is given the highest fertility rating of any soil in Saskatchewan. In the Gravelbourg area the farms are located predominantly on Haverhill soil which is rated as "moderately good".[1] The samples were selected from two of the most densely V.L.A. settled areas in Saskatchewan. Figure 1, representing the entire V.L.A. settlement in Saskatchewan, shows the two sample areas outlined in red. The major soil zones are drawn on Figure 1. The Melfort area is in the black soil zone, while the Gravelbourg area is in the brown soil zone. Figures 2 and 3 show the locations of the farms in the two areas plotted directly on photograph copies of the soil survey map taken from Saskatchewan Soil Survey Report No. 12.

1. See Ratings of Saskatchewan Soil Types, Soil Survey Report No.12, University of Saskatchewan, Saskatoon, November, 1947, p. 196.

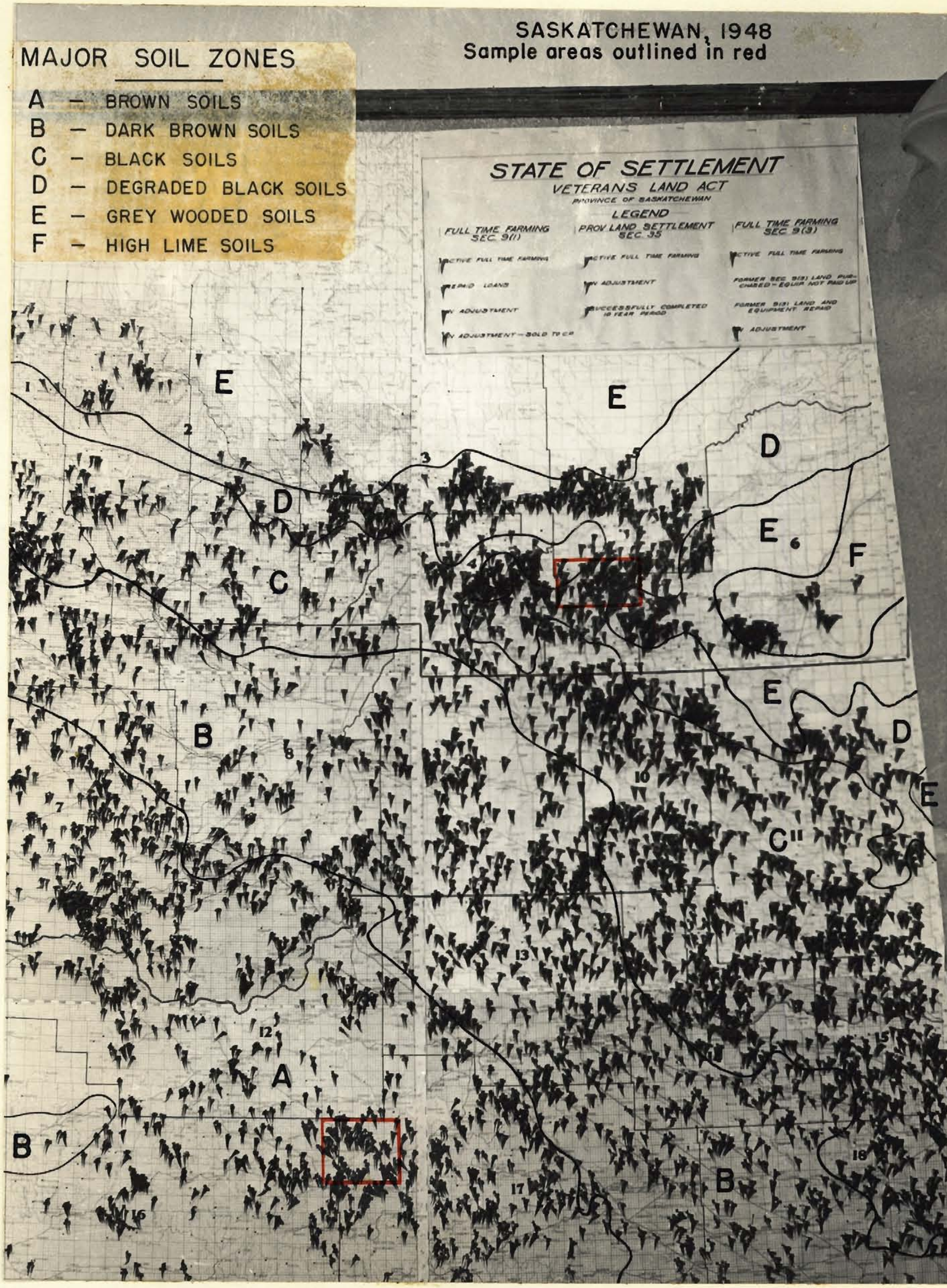

SASKATCHEWAN, 1948
Sample areas outlined in red
MAJOR SOIL ZONES
A – BROWN SOILS
B – DARK BROWN SOILS
C – BLACK SOILS
D – DEGRADED BLACK SOILS
E – GREY WOODED SOILS
F – HIGH LIME SOILS
STATE OF SETTLEMENT
VETERANS LAND ACT
PROVINCE OF SASKATCHEWAN
LEGEND
FULL TIME FARMING SEC 9(1)
PROV LAND SETTLEMENT SEC 35
FULL TIME FARMING SEC 9(3)
ACTIVE FULL TIME FARMING
REPAID LOANS
IN ADJUSTMENT
IN ADJUSTMENT — SOLD TO C.P.
SUCCESSFULLY COMPLETED 10 YEAR PERIOD
FORMER SEC 9(3) LAND PURCHASED — EQUIP NOT PAID UP
FORMER 9(3) LAND AND EQUIPMENT REPAID
ADJUSTMENT
E
D
C
B
A
C"
F

Figure 1

Within the two areas all of the V.L.A. purchased farms were included with the exception of two farms situated in the Melfort area. These were two 320 acre farms which the V.L.A. appraised at values well above \$10,000. The highest appraisal value among the remaining 50 farms in the Melfort area was \$6,780. The above two farms could not be compared with the other veterans' farms in this area. The samples represent all veterans established in the two areas from 1946 to the end of 1952. The inclusion of veterans settled in different years places limitations on the comparisons that can be made on equities and some other measurements of progress such as the acquiring of additional land and equipment. However, in order to give a representative picture of V.L.A. settlement, it is important to select farms without regard for year of establishment. Comparisons of equity can be made among veterans who were settled in the same year. Most of the veterans were settled by the V.L.A. in three years - 1946 to 1948. Table 12 shows the years in which the veterans were established. By the end of 1948, forty veterans were established in the Melfort area and 38 in the Gravelbourg area. The number of establishments was greatest in 1947, which was the year the V.L.A. experienced its heaviest work load throughout Canada.

Table 12 - Establishment by Years of V.L.A. Veterans in the Melfort and Gravelbourg Areas

Year Established	Melfort Area No. of Veterans	Gravelbourg Area No. of Veterans
1946	10	8
1947	18	20
1948	12	10
1949	1	2
1950	4	1
1951	2	9
1952	3	1
Total	50	51

Source: Veterans' Land Act Files, Head Office, Ottawa.

The majority of the veterans in Melfort and Gravelbourg areas are settled under a contract term of 25 years. There are only four veterans settled under 20-year terms. Of these, three are in the Melfort area and one in the Gravelbourg area. The veterans settled in 1946 had made seven annual payments up to November 1, 1952. Those settled in 1948 had made only five payments. However, with the majority of the veterans approaching one-third of the period of their contract term, it is possible to draw some conclusions concerning their progress.

B. AGE, FARMING EXPERIENCE AND FINANCIAL ASSETS UPON INITIAL SETTLEMENT UNDER THE VETERANS' LAND ACT

Since farm experience is very important to successful farm operation the statistics showing the number of years farm experience after the veterans were 18 years of age are included in Table 13. Initial assets are also a very important factor in enabling veterans to begin adding to the capital value of their farms. The initial assets in Table 13 represent the dollar values of cash and securities, land, equipment and livestock owned by the veterans at the time they were initially established.

Table 13 shows that the average age of the veterans was 29 to 30 years. The veterans had five to six years of farming experience after they had reached 18 years of age. The average initial assets were over $2,000 in both areas. The veterans were settled on farms which were purchased at an average price of $4,524 in the Melfort area and an average price of $5,468 in the Gravelbourg area (See Table 14). Thus the values of the veterans' initial assets were, on the average, equal to nearly

Table 13 - Age, Experience and Financial Assets Upon Initial Settlement

Item	Melfort Area	Gravelbourg Area
No. of veterans	50	51
Average age when established	30.1	28.9
Average No. of Years' farm experience after 18 years of age	6.2	5.5
No. of veterans married	38	29
No. of veterans single	12	22
Average initial assets	$2,111	$2,397
No. with equity in privately owned land	5	3

Source: Veterans' Land Act Files, Head Office, Ottawa.

Table 14 - Average Purchase Prices of Farms and Average Amounts Paid by the V.L.A. and the Veterans

Item		Melfort Area	Gravelbourg Area
Number of farms		50	51
Average purchase price of farms		$4,524	$5,468
Average cost of P.I.* effected by V.L.A.		140	50
	Total	$4,664	$5,518
Average cost paid by V.L.A.		$4,381	$4,987
Average excess cost paid by veterans		283	531
	Total	$4,664	$5,518
10% of V.L.A. cost paid by veterans		$ 438	$ 499
Plus excess cost paid by veterans		283	531
Average total paid by veterans		$ 721	$1,030

Source: Veterans' Land Act Files, Head Office, Ottawa.

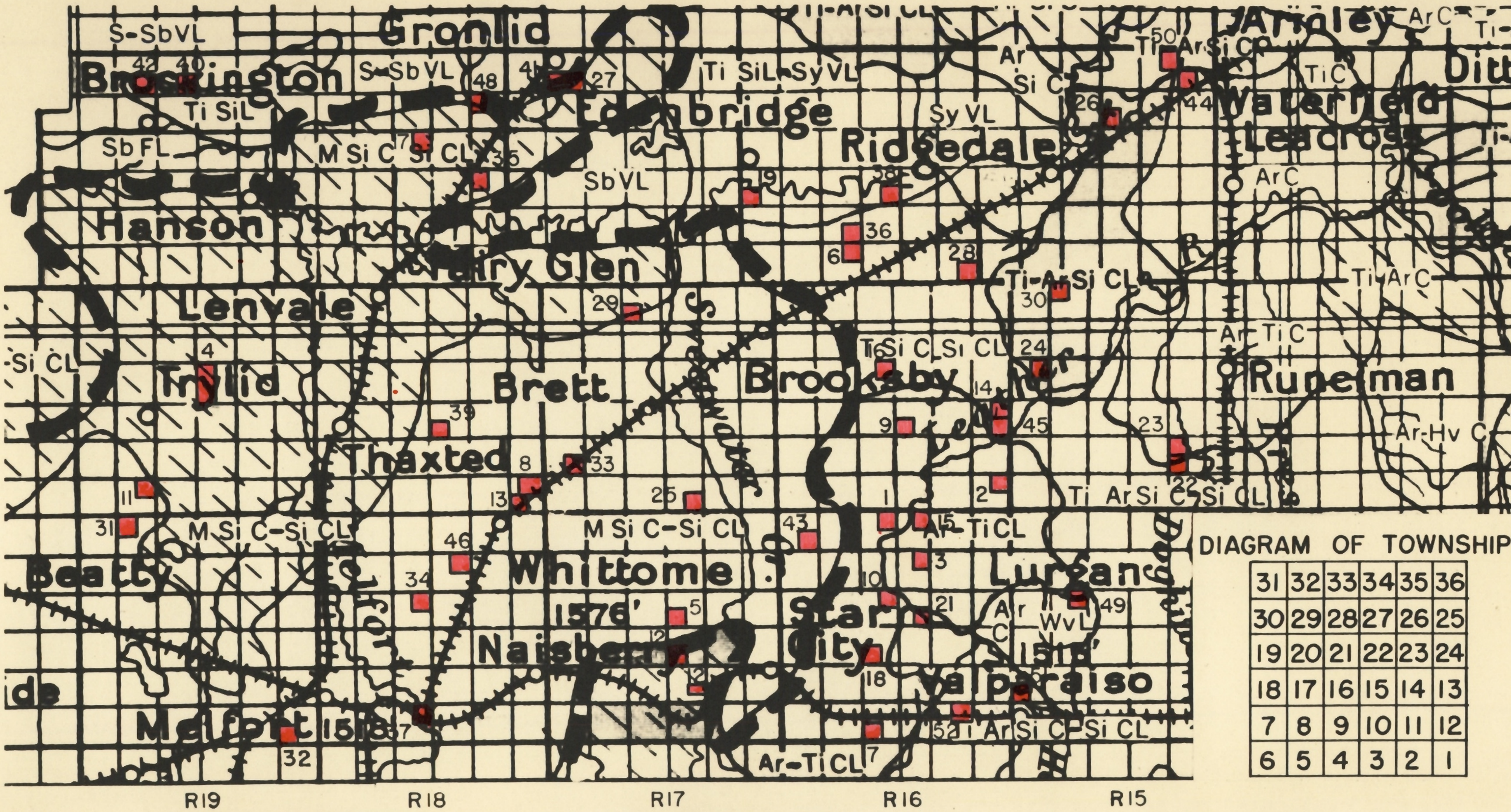
* P.I. is the abbreviation for Permanent Improvements.

half of the purchase price of their V.L.A. farms. The veterans required some of their initial cash to pay 10 per cent of the cost of the V.L.A. land, and also any excess cost of the land over the maximum assistance provided by the V.L.A. Table 14 shows the veterans paid an average of $721 and $1,030 in the Melfort and Gravelbourt areas at the time of their establishment on the V.L.A. farms. The veterans in the Gravelbourg area used nearly half of the initial assets shown in Table 13, while the veterans in the Melfort area used only one-third of the initial assets. In absolute figures the 51 veterans in the Gravelbourg area paid a total of $16,479 more than the veterans in the Melfort area. This amount aided the veterans in acquiring larger farms than those in the Melfort area. The difference in the sizes and values of the farms will be discussed more fully in the following section.

C. DESCRIPTION OF THE V.L.A. FARMS IN THE MELFORT AND GRAVELBOURG AREAS

1. Size of the Farms

Figures 2 and 3 reveal the difference in the size of farms in the two areas. In the Melfort area all of the V.L.A. farms are 160 acre parcels with the exception of four. One of these is a 320 acre farm and the other three are 236, 235 and 184 acres in size. In the Gravelbourg area all of the V.L.A. farms are 320 acres in size with the exception



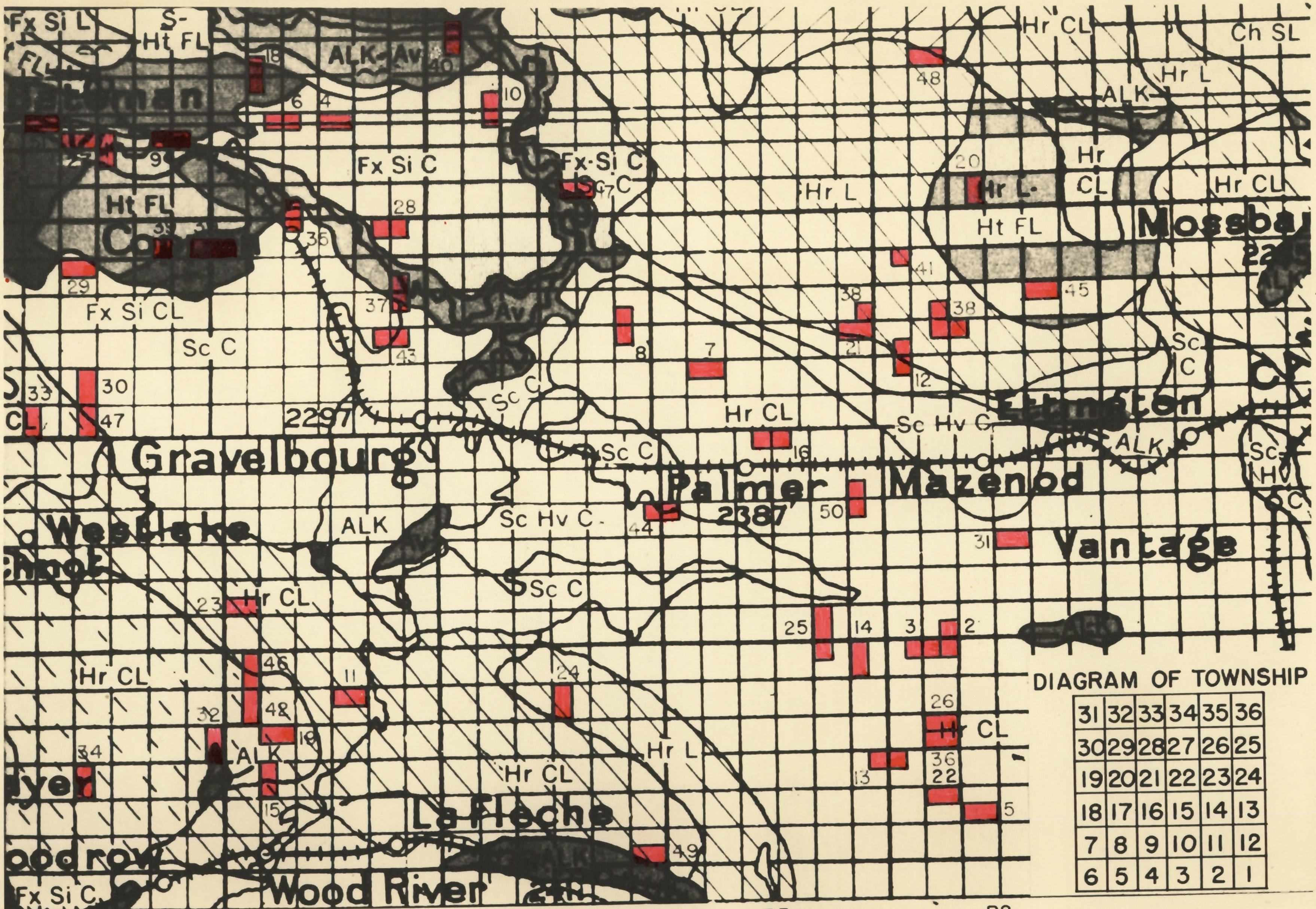
MELFORT SAMPLE 1952
50 VETERANS
Settled in 15 Townships
Scale: One Square = 640 Acres

Note:
Nos. 20 & 47 farms omitted.
50 farms only included in sample.

Source: Section of Soils Map, Sask
Soils Survey Report No. 12,
University of Sask, 1944.

Figure 2

Figure 3



GRAVELBOURG SAMPLE 1952

51 VETERANS Settled in 20 Townships

Scale: One Square = 640 Acres.

Source: See Figure 2.

of six. One farm is 290 acres in size while the other five are all larger than 320 acres. The average acreage of the 50 farms in the Melfort area is 165, while the average acreage for the 51 farms in the Gravelbourg area is 341. The difference in size of farms can be explained by the difference in values of land in the two areas. Table 15 shows that, on

Table 15 - Cost Per Acre of V.L.A. Farms in the Melfort and Gravelbourg Areas

Area	Farms	Total Acreage Purchased	Total Purchase Price	Average Cost Per Acre
	No.	No.	$	$
Melfort	50	8,264	226,200	27.37
Gravelbourg	51	17,401	278,843	16.02

Source: Veterans' Land Act Files, Head Office, Ottawa.

the average, it cost $11.35 more to purchase an acre of land in the Melfort area than in the Gravelbourg area. The average purchase price of the farms in the Melfort area was $4,524 while in the Gravelbourg area it was $5,468. Thus a higher price was paid for the 320 acre farms in the Gravelbourg area than for the 160 acre farms in the Melfort area. However, at $27.37 per acre it would have cost an average of $8,758 to purchase

320 acre parcels in the Melfort area. Since the V.L.A. have a maximum allowance for land of $6,000, it was difficult to acquire 320 acre farms. Added to this, the pattern of land division made it impossible for the V.L.A. to purchase farms between the size of 160 acres and 320 acres. Thus financial limitations and the existing pattern of land division combined to place the veterans in the Melfort area in a disadvantageous position in respect to utilizing the V.L.A. assistance. In the latter area 29 veterans used less then $4,800 for land, while in the Gravelbourg area only seven veterans used less than $4,800 for land.[1]

In the Melfort area the veterans are making an effort to extend the size of their farms by purchasing additional land with their own resources. On November 1, 1952, twelve of the veterans owned the additional acreage shown in Table 16. In the Gravelbourg area only six of the veterans have purchased additional land. The acreage is shown in Table 16. Veterans in the Melfort area have purchased a larger acreage than the veterans in the Gravelbourg area. The 1,976 acres of privately-owned land adds 23.9 per cent to the acreage of land originally

1. The total assistance for both land and equipment averaged $347 more per veteran in the Gravelbourg area than in the Melfort area. See Table 22, p. 102.

Table 16 - Acreage Settled by V.L.A. Veterans in the Melfort and Gravelbourg Areas, November 1, 1952

Item	Melfort	Gravelbourg
No. of V.L.A. Veterans Settled	50	51
Total acreage in area	345,600	460,800
Acreage purchased by V.L.A.	8,264	17,401
V.L.A. veterans' privately-owned acreage	1,976	1,280
Land leased by V.L.A. veterans	3,200	4,160
Total acreage operated by veterans	13,440	22,841
Per cent veterans' privately-owned of acreage purchased by V.L.A.	23.9	7.4
Per cent of total acreage owned and operated by V.L.A. veterans	3.9	5.0

Source: Veterans' Land Act Files, Head Office, Ottawa.

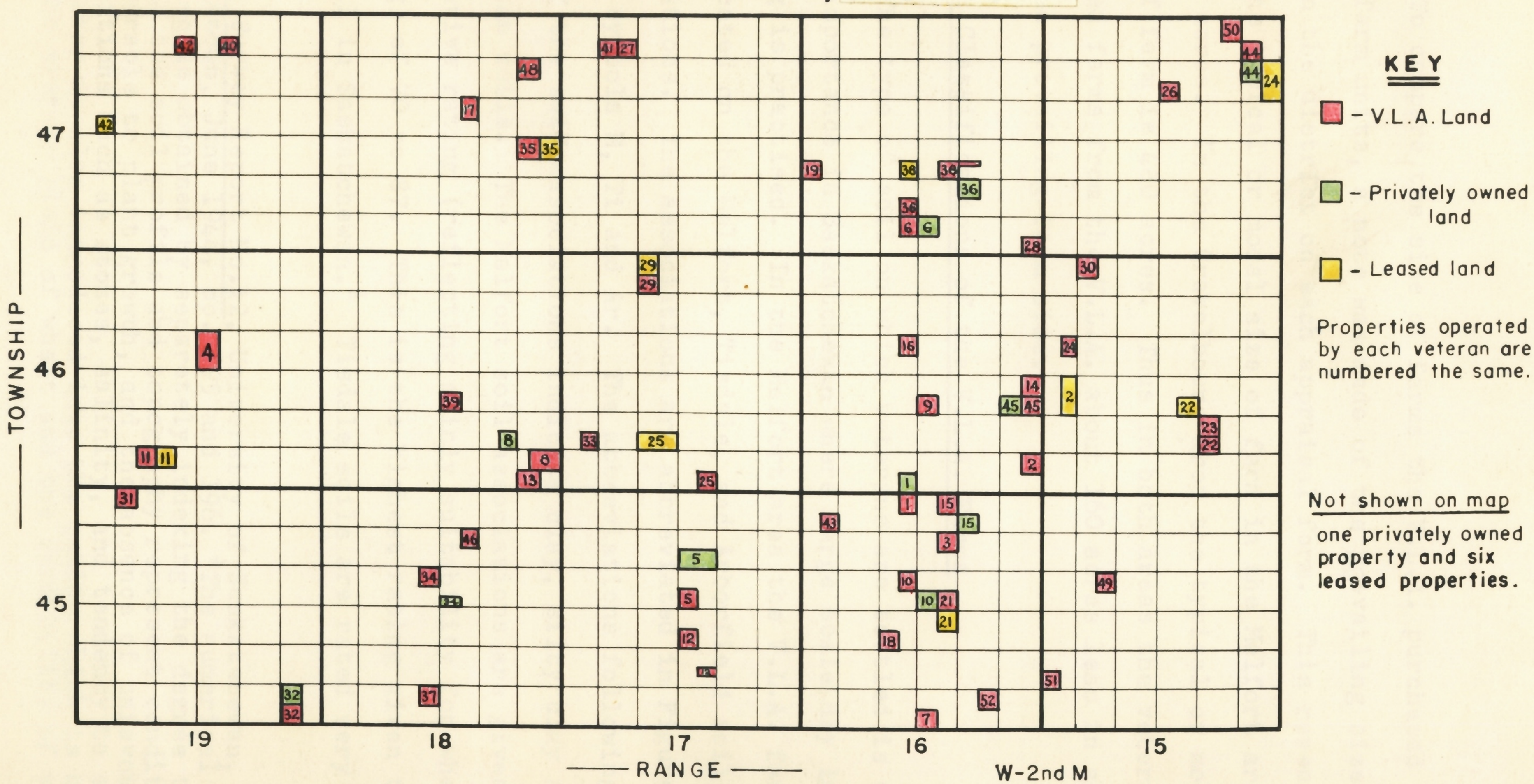
purchased by the V.L.A. in the Melfort area.

Because the land in the excellent farming area around Melfort tends to be tightly held, a further study was made of the location of the privately-owned and leased land from the land that was purchased for veterans through the V.L.A. Figure 4 shows the V.L.A. purchased land in red, the veterans' privately-owned land in green, and the land the veterans are leasing in yellow. The land parcels operated by each veteran bear the same numbers. Figure 4 reveals that practically all of the veterans were able to buy or lease additional land either immediately adjoining or within one or two miles of the V.L.A. land. The locations of one of the privately-owned parcels and six of the leased parcels were not available. It is important that the veterans be able to lease land in the area because it is frequently the first step towards land ownership. The 3,200 acres leased by the veterans in the Melfort area consisted of 16 parcels of land. Twelve of the veterans already own private land, and if a further 16 parcels of land could be acquired, it would mean that 28 of the 50 veterans would be moving towards a more efficient scale of operations in an area where land is high priced and difficult to obtain.

It is interesting to note the number of V.L.A. farms that were purchased from the veterans' parents in the two areas. Data from the V.L.A. files reveals that 23 farms were purchased from parents and relatives in the Melfort area, and 10 farms were purchased from parents in the Gravelbourg area. The large number of cases in which land was acquired from the veterans' relatives in the Melfort area again reveals the rigidity of land ownership.

— MELFORT AREA —

FARMS OWNED AND OPERATED BY 50 V.L.A. VETERANS, SETTLED IN 15 TOWNSHIPS, 1952



Scale:— One square equals 640 acres

SOURCE: *Veterans' Land Act Files, Head Office, Ottawa.*

Figure 4

To compare the size of farms the V.L.A. purchased with other farm units, a note was made of the prevailing size of farm in the district on each appraisal form. This reveals that the typical or modal size of farm in the Melfort area is 320 acres. In the Gravelbourg area the typical or modal size of farm is 480 acres. Thus in both areas the veterans acquired farms from the V.L.A. about 160 acres less in size than the prevailing farm size.

2. Soil Classifications of the V.L.A. Farms

The type of soil on which veterans are settled is of major importance in Saskatchewan where large scale dry land farming is practised. In the Melfort area the V.L.A. farms are located on the Melfort, Tisdale, and Arborfield soil associations. The associations are abbreviated in Figure 2 by the symbols M, Ti and Ar. The abbreviations following the name of the soil associations indicate clay, silty clay and clay loam soils. The Melfort soil associations are given a comparative rating (reflecting mainly suitability for wheat growing) of 70 to 87. This is the highest rating given to any soil in Saskatchewan.[1] Tisdale soils are rated very nearly

1. Soil Survey Report No.12, University of Saskatchewan, Saskatoon, June 1944, pp. 195 and 196. "The numerical rating is obtained by separately indexing the degree to which the soil profile and topography represent conditions favourable to plant growth, and the absence of unfavourable conditions such as stones, salinity, and tendency to erode. A factor is also introduced into the rating which is based on the average yield of wheat and the variability of yield."

as high as Melfort soils. Arborfield soils are rated at 60 and above. These soils are all high in soil moisture efficiency and organic matter. The freedom from stones and generally smooth topography combine to make them capable of producing some of the highest yields of grain and forage crops in Saskatchewan. Among the 50 veterans settled in the Melfort area, 21 are settled on Melfort soils, seven on Tisdale soils, 20 on Arborfield mixed with Tisdale soils, and two on Waitville and Shellbrook soils.

In the Gravelbourg area the V.L.A. farms are located predominantly on Haverhill clay loam. Haverhill soils occupy over 40 per cent of the entire brown soil zone in Saskatchewan. Thus farms located on this soil association are most representative of the settlement in the brown soil zone. Haverhill clay loam is given a rating of 56, as a moderately good soil. The fertility of the soil is satisfactory but the arid nature of the area combined with the presence of stones and the tendency toward erosion are handicaps to agriculture. Among the 51 veterans settled in the Gravelbourg area 34 are located on Haverhill soils, eight on Fox Valley soils, six on Sceptre soils, and three on alluvial soils. According to the appraisers' reports about one-third of the farms in this area showed some evidence of drifting and erosion and without careful dry land farming another cycle of dry years such as the prairie area experienced in the 1930's might lead to abandonment of some of these farms. From the above, one can see the reason for the difference in average cost per acre of $11.35 in the Melfort and Gravelbourg areas as shown in Table 15. This difference is the primary reason the two areas were selected.

3. Types of Farms in the Melfort and Gravelbourg Areas

The veterans' farms show almost the same percentage of cropland and unimproved land as indicated in Table 17.

Table 17 - Acreages of V.L.A. Farms in Cropland, Pasture and Unimproved Land, 1951

	Melfort Area 50 Farms			Gravelbourg Area 51 Farms		
Item	Total	Average	Per Cent	Total	Average	Per Cent
	No.	No.		No.	No.	
Acres cropland	7,156	143	86.6	15,479	303	89.0
Acres pasture and unimproved	1,108	22	13.4	1,922	38	11.0
Total acreage	8,264	165	100.0	17,401	341	100.0

Source: Veterans' Land Act Files, Head Office, Ottawa.

In both areas the acreage in cropland is nearly 90 per cent of the total acreage. The Gravelbourg area compares favourably having only 11.0 per cent of the total acreage in pasture and unimproved land while the farms in the Melfort area have 13.4 per cent in pasture or unimproved land. Since the acreage cultivated is a very important factor as a measurement of size of farm, further analysis is presented in the frequency distributions of cropland acreages in Table 18.

Table 18 - Distributions of Cropland Acreages in the Melfort and Gravelbourg Areas, 1951

Melfort Area		Gravelbourg Area	
Acres Cropland	No. of Farms	Acres Cropland	No. of Farms
101 to 110	4	Under 200	1
111 to 120	6		
121 to 130	5	201 to 220	1
131 to 140	7	221 to 240	5
141 to 150	10	241 to 260	1
		261 to 280	6
151 to 160	17*	281 to 300	16
161 and over	1	301 to 320	16
		321 and over	5**
Total	50	Total	51

Source: Veterans' Land Act Files, Head Office, Ottawa.
* The 17 farms in this group were all 160 acres in size.
** The acreages in cropland for these farms were: 360, 388, 470, 500 and 561.

In the Melfort area 34 farms had cropland acreages within a range of 131 to 160 acres. In the Gravelbourg area 32 farms had cropland acreages within a range of 281 to 320 acres. The farm with less than 200 acres in cropland in the Gravelbourg area was a 320 acre farm and had an additional arable acreage which could be broken. It will be noted that 17 farms in the Melfort area had cropland acreages within 10 acres of the maximum acreage available.

The types of farm enterprises vary. The main grain crop in the Gravelbourg area is wheat. In the Melfort area oats and barley make up higher proportions of the grain crops. To determine the types of crop and livestock enterprises data were collected from the farm operation reports for 1951. The records were only available for 41 of the farms in the Melfort area and 38 of the farms in the Gravelbourg area. The types of crop enterprises are given for these records in Table 19. Wheat was sown on 50 per cent of the total cropland acreage in the Gravelbourg area while in the Melfort area barley, oats, and forage crops made up 32.6 per cent of the total cropland acreage and wheat made up only 34.9 per cent. Table 19 also shows the presence of a small proportion of forage crops in the Melfort area while there was none in the Gravelbourg area.

With respect to livestock, 1951 farm operation records

Table 19 - Crop Enterprises in the Melfort and Gravelbourg Areas in 1951

Area	No. of Farms Reported		Wheat Acres	Barley Acres	Oats Acres	Forage Acres	Summer Fallow Acres	Total Cropland Acres
			No.	No.	No.	No.	No.	No.
Melfort	41	Total	2,086	1,190	483	276	1,943	5,978
		Average	51	29	12	7	47	146
		Percentage	34.9	19.9	08.1	04.6	32.5	100.0
Gravelbourg	38	Total	5,747	923	290	20	4,526	11,506
		Average	151	24	8	1	119	303
		Percentage	50.0	08.0	02.5	00.2	39.3	100.0

Source: Veterans' Land Act Files, Head Office, Ottawa.

were available for 42 of the farms in the Melfort area and 39 of the farms in the Gravelbourg area. In the Melfort area 17 of the farms had no livestock at all. In the Gravelbourg area 19 of the farms had no livestock. The totals and average numbers of livestock are given in Table 20, which shows the very small numbers of livestock kept on these farms. There are very few horses. Cattle, hogs and poultry are the only livestock kept to any extent and the average numbers on the farms is very small. It will be noted that the number of hogs is greatest in the Melfort area, to some extent complementing the larger acreage of oats and barley in this area.

4. Farm Values

In the two areas V.L.A. appraisers followed the Saskatchewan soils assessment values very closely in placing their valuations on the farms. A comparison of soils assessment and appraised values for land is given in Table 21. In the Melfort area the aggregate soils assessment value was 82.9 per cent of the aggregate appraised land value. In the Gravelbourg area the aggregate soils assessment value was 109.8 per cent of the aggregate appraised land value.

In Table 21 attention should be drawn to the following: (1) The average purchase price of the farms is higher than the average appraised value of the farms in the Melfort area, while in the Gravelbourg area the average purchase price is

Table 20 - Livestock Enterprises in the Melfort and Gravelbourg Areas in 1951

Area	No. of Farms Reported		Horses	Cattle	Hogs	Sheep	Poultry
			No.	No.	No.	No.	No.
Melfort	42	Total	19	127	280	30	955*
		Average for 42 farms	0.5	3.0	6.7	0.7	22.7
		Average for 25 farms with livestock	0.8	5.1	11.2	1.2	38.2
Gravelbourg	39	Total	12	198	93	100	1,345
		Average for 39 farms	0.3	5.1	2.4	2.6	34.5
		Average for 20 farms with livestock	0.6	9.9	4.7	5.0	67.3

Source: Veterans' Land Act Files, Head Office, Ottawa.
* Two farms were reported as having a few chickens but no numbers were given.

Table 21 - Comparison of Soils Assessment and V.L.A. Appraisal Values of Farms in the Melfort and Gravelbourg Areas

Area	No. of Farms Reported		Soils Assessment Value	Appraised Land Value	Buildings Add to Land Value	Total Appraised Value	Purchase Price
			$	$	$	$	$
Melfort	50	Total	153,700	185,342	35,233	220,575	226,200
		Average	3,074	3,707	705	4,412	4,524
		Percentage	82.9	100.0			
Gravelbourg	51	Total	269,600	245,572	47,647	293,219	278,843
		Average	5,286	4,815	934	5,749	5,468
		Percentage	109.8	100.0			

Source: Veterans' Land Act Files, Head Office, Ottawa.

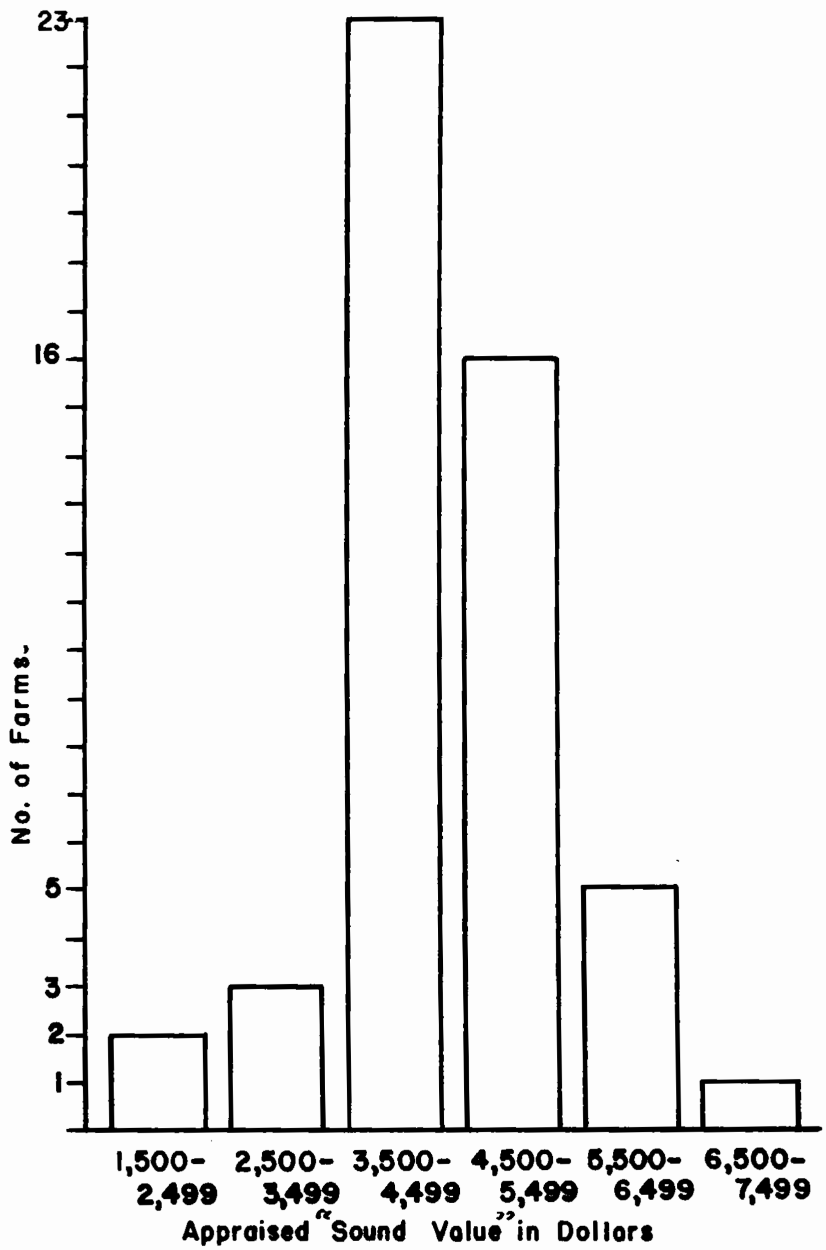
lower than the average appraised value; (2) The average value added by buildings is low both in the Melfort and Gravelbourg areas. The first point is further evidence of the high market values placed on farm land in the Melfort area. The second point reveals one of the problems associated with the establishment of veterans. On 44 farms (22 in each area) the value of farm buildings was less than $1,000 at the time the land appraisals were made. In the Melfort area the V.L.A. approved a total of $7,000 in permanent improvements to assist 11 veterans to improve their buildings and break additional land. In the Gravelbourg area $2,600 was approved in permanent improvements for seven of the veterans. Most of the funds used for permanent improvements were spent on repairing the existing farm buildings or on the construction of new buildings. On seven of the farms purchased in the Melfort area and five farms in the Gravelbourg area there were no buildings. An additional 12 farms in the Melfort area and five farms in the Gravelbourg area had no houses when they were purchased for the veterans.

After each appraisal is made a V.L.A. committee considers the farm and gives it a final "sound value". In the two areas under study the "sound value" did not vary significantly from the appraised values. In the Melfort area the aggregate appraised value of the 50 farms was 100.0 per cent of the aggregate "sound value". In the Gravelbourg area the aggregate appraised value of the 51 farms was 99.2 per cent of the aggregate "sound value". Since the V.L.A. places emphasis on "sound values", use was made of the statistics for these values in preparing the distributions for the "sound values" as shown in Figures 5 and 6. Comparing the distribution of the "sound values" of farms in the Melfort area with that of the Gravelbourg area it will be noted that the "sound values" of farms in the latter area were more widely dispersed. In the Melfort area the average "sound value" was $4,408, and there were 23 farms valued within a range of $3,500 to $4,499. In the Gravelbourg area the average "sound value" was $5,794, and there were only 15 farms valued within a range of $5,500 to $6,499. The actual range for all of the farms was $2,200 to $6,780 in the Melfort area, and $3,000 to $8,590 in the Gravelbourg area.

D. EQUIPMENT PURCHASED FOR THE VETERANS THROUGH THE VETERANS' LAND ACT

On page 84 this thesis maintains veterans in the Melfort area were placed in a disadvantageous position in respect to utilizing the V.L.A. assistance. The maximum assistance was not sufficient to purchase 320 acre farms in this area and all except four veterans were settled on 160 acre farms. The additional number of grants for livestock and equipment did not make the V.L.A. assistance to veterans in this area equal

CHART I — *DISTRIBUTION OF THE APPRAISED "SOUND VALUES" OF 50 V.L.A. FARMS IN THE MELFORT AREA*

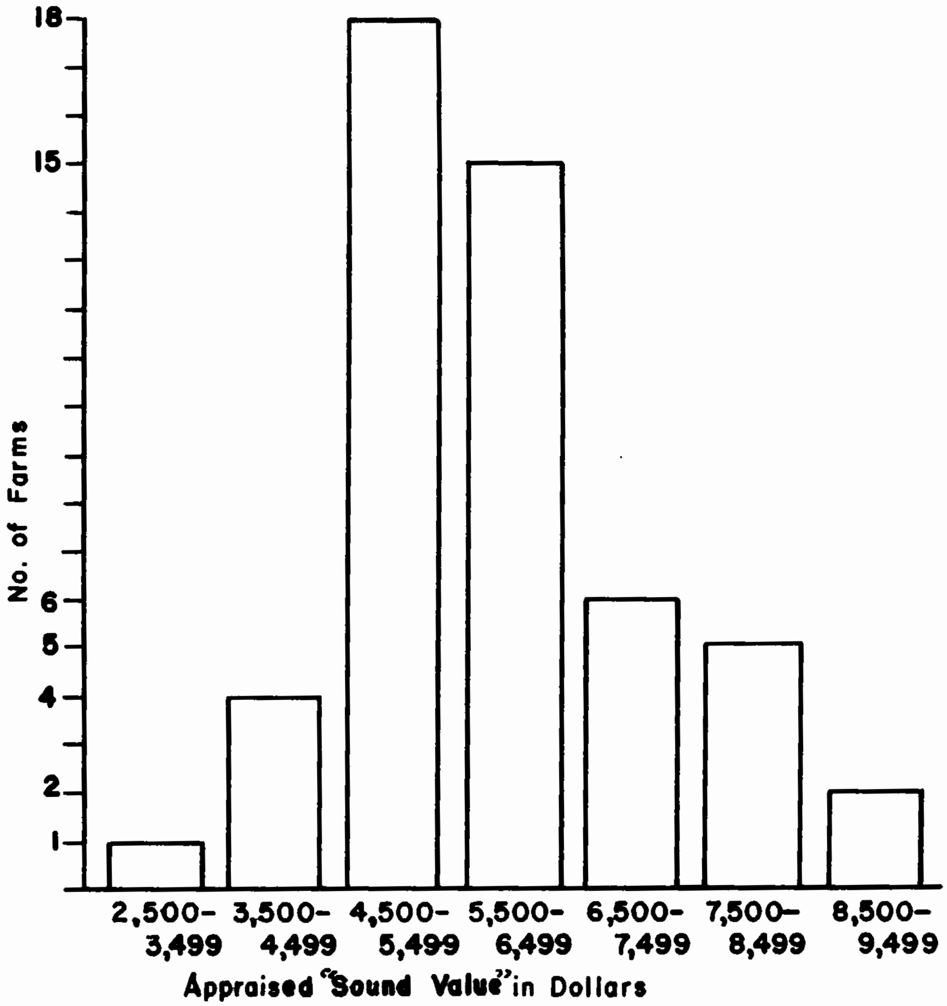


Average "Sound Value" of 50 farms = $4,408.

SOURCE: *Veterans' Land Act Files, Head Office, Ottawa.*

Figure 5

CHART 2 — *DISTRIBUTION OF THE APPRAISED "SOUND VALUES" OF 51 V.L.A. FARMS IN THE GRAVELBOURG AREA*



Average "Sound Value" of 51 farms = $5,794.

SOURCE: *Veterans' Land Act Files, Head Office, Ottawa.*

Figure 6

to that given veterans in the Gravelbourg area. Table 22 shows the summary for V.L.A. land and livestock and equipment assistance. There was an average difference in total V.L.A. cost of $347 per veteran in the two areas. This can be explained by the fact that 29 of the veterans in the Melfort area used less than $4,800 assistance for land and permanent improvements,[1] while in the Gravelbourg area only seven veterans used less than $4,800 assistance for land and permanent improvements. Table 22 shows the average cost of land as $4,381 in the Melfort area compared with an average cost of $4,987 in the Gravelbourg area.

With the livestock and equipment grants the veterans purchased farm machinery in all except two cases. One of the veterans used $100 to purchase four horses and the other veteran used $80.00 to purchase a cow. Due to the high cost of machinery, the veterans had to supplement the V.L.A. grants, in many cases, to enable them to purchase a tractor or a combine. The livestock and equipment grants, plus some excess costs paid

1. If a veteran's land is purchased at less than $4,800, he cannot have this difference added to the $1,200 grant for livestock and equipment. The maximum grant is $1,200. Thus the 29 veterans in the Melfort area did not receive the maximum of $6,000 in V.L.A. assistance.

Table 22 - Total V.L.A. Assistance to Veterans in the Melfort and Gravelbourg Areas, November 1, 1952

Area	No. of Farms		V.L.A. Cost Land & P.I.	L. & E. Grants	Total Cost to V.L.A.*	Difference in Total Cost
			$	$	$	$
Melfort	50	Totals	219,050	56,400	275,450	-
		Average	4,381	1,128	5,509	-
Gravelbourg	51	Totals	254,343	44,300	298,643	+23,193
		Average	4,987	869	5,856	+ 347

Source: Veterans' Land Act Files, Head Office, Ottawa.

* Includes 10 per cent of V.L.A. cost paid by veterans.

by the veterans purchased the amounts of machinery given in Table 23.

Table 23 - Types of Equipment Purchased for Veterans through the V.L.A. as of November 1, 1952

Area	V.L.A. Veterans	Tractors	Combines & Swathers	Tillage equipment	Horses	Cows
	No.	No.	No.	No.	No.	No.
Melfort	46	36	4	64	nil	1
Gravelbourg	35	29	4	30	4	nil

Source: Veterans' Land Act Files, Head Office, Ottawa.

The V.L.A. disbursed a greater amount for tractors than any other type of machinery. The emphasis was placed on getting the veterans the power to farm their land. Tillage machinery can be borrowed or rented in many cases, but it is difficult to get the farming done if the farmer does not have his own tractor. In the Melfort area 22 veterans used all of the grants for tractors and combines. In the Gravelbourg area 18 veterans used all of the grants for tractors and combines.

E. VETERANS' LAND ACT SUBSIDIES TO VETERANS IN THE MELFORT AND GRAVELBOURG AREAS

In addition to the land subsidies and equipment grants, the V.L.A. saved the veterans a considerable number of dollars on the purchase price of their land. The savings on land prices represent the difference between the vendors' asking price and the V.L.A. purchase price. The total subsidies and savings to veterans are summarized in Table 24. The subsidies were over $2,000 per veteran without including the savings on land prices. Including the savings on land prices, the total subsidies and savings averaged $2,399 per veteran in the Melfort area, and $2,267 per veteran in the Gravelbourg area. If these totals are compared with the average amounts the veterans paid for land and equipment it will be seen that they represent a high proportion of the costs. Table 25 shows the subsidies and savings represented well over one-third of the cost of the land and machinery purchased per veteran in the Melfort area, and just over one-third of the cost of land and machinery purchased per veteran in the Gravelbourg area.

Table 24 - Summary of V.L.A. Subsidies and Savings to Veterans in the Melfort and Gravelbourg Areas

	V.L.A. Land Subsidies*	Equipment Grants*	Machinery Discounts**	Savings on Land Prices	Total
	$	$	$	$	$
Melfort Area - 50 Veterans					
Totals	50,059	56,400	4,033	9,460	119,952
Average	1,001	1,128	81	189	2,399
Percentage	41.7	47.0	03.4	07.9	100.0
Gravelbourg Area - 51 Veterans					
Totals	56,826	44,300	2,746	11,746	115,618
Average	1,114	869	54	230	2,267
Percentage	49.1	38.3	02.4	10.2	100.0

Source: Veterans' Land Act Files, Head Office, Ottawa.

* The totals for land subsidies and equipment grants have been adjusted for one veteran who paid the full V.L.A. cost in the Melfort area, and two veterans who paid the full V.L.A. cost in the Gravelbourg area.

** The discounts on farm machinery were given by the machinery companies on veterans' priority quota machinery.

Table 25 - Comparisons of V.L.A. Subsidies and Savings with Costs of Land and Equipment

Item	Melfort Area 50 Veterans	Gravelbourg Area 51 Veterans
	$	$
Average purchase price of land	4,524	5,468
Average retail price of equipment	1,446	1,094
Total	5,970	6,562
Average subsidies and savings per veteran	2,399	2,267

Source: V.L.A. Files, Head Office, Ottawa.

F. PROGRESS OF VETERANS IN THE MELFORT AND GRAVELBOURG AREAS UP TO NOVEMBER 1, 1952

1. Veterans' Payments and Equities in Veterans' Land Act Farms

The progress of V.L.A. veterans in the two areas is dependent on mainly grain crops and favourable prices for grain. On Haverhill clay loam soils the long term average yield of wheat is 12 bushels per acre.[1] V.L.A. reports also show a long term average wheat yield of 12 bushels in the Gravelbourg Rural Municipality. In the Melfort area wheat yields are more than double this amount. Calculations of crops on 57 farms, on a total of 3,712 acres in 1949, 1950 and 1951, show an average yield of 25.4 bushels per acre.[2] In the latter area wheat yields of 40 bushels are frequently experienced. However, in this area average yields are often cut by frost damage or the inability to harvest wheat before snowfall. Since 1946, the two areas have experienced favourable crop yields with the exception of 1949, when the Gravelbourg area had a very light crop. An investigation of the progress made by veterans settled between 1946 and 1952 must bear in mind

1. Soil Survey Report No. 12, University of Saskatchewan, June 1944, p. 199.

2. Veterans' Land Act Files, Head Office, Ottawa.

the favourable crops and prices for wheat during this period. This section limits itself to a study of the progress that has been made by the veterans under the existing economic conditions.

Data were collected to show the amount of principal paid by the veterans towards retirement of their contract debt with the V.L.A. Since some of the veterans have only been settled for two or three years their progress cannot be compared directly with that of those settled for six or seven years. However, statistics are first presented for the total number of veterans, followed by comparisons between 28 veterans settled in each of the areas in the same years.

In the Gravelbourg area, on the average, the veterans' annual payments have been high. This is mainly due to veterans making annual payments on the basis of Share of Crop Agreements. Twenty-seven of the veterans were under this agreement and it has proved to be a very satisfactory means of collecting payments.[1] In the Melfort area only three veterans were under the Share of Crop Agreement. Under the S.C.A. the veteran pays the V.L.A. one-third of the wheat crop between six to 18 bushels to the acre. If the wheat yield is less than six bushels to the acre, the veteran is not required to pay the

1. V.L.A. 283, Veterans' Land Act, Dominion Collection Statement, April 1, 1951 to March 31, 1952. The Share of Crop Agreement is restricted to veterans settled in the three Prairie Provinces. On March 31, 1952, the 1,022 veterans under the agreement had repaid $1,140,154.56 on a total due of only $587,655.41 since they were settled.

V.L.A. There were only three of the Melfort veterans under the S.C.A. because they did not have a sufficient acreage in wheat. Those veterans not under the S.C.A. repay their loans on the basis of amortized annual payments throughout the number of years in their contract. Under the amortization scheme the veterans pay more in interest during the first part of the term, while the final payments are practically all on principal. Hence an examination of the decrease in principal after five or six years of settlement does not reflect the total payments made by the veterans in both principal and interest.

Table 26 shows the payments made on principal and the present equities in V.L.A. farms for the total number of veterans in the two areas. The Gravelbourg veterans are repaying very well. With a decrease in contract debt of $1,065 per veteran they have paid $406 more, per veteran, than the Melfort veterans. In both areas, however, the payment record has been good. The following is a summary of the number in arrears and the number of fully prepaid loans:

(1) In the Melfort area:

Six veterans are in arrears. Only one of the six is more than an annual payment in arrears.

One veteran has prepaid the loan in full.

One veteran has paid the full V.L.A. cost of land and equipment in order to gain title and sell his farm.

Table 26 - Total Payments of Principal and Percentage Equity in V.L.A. Farms of Veterans in the Melfort and Gravelbourg Areas, November 1,1952*

	Farm Purchase Price	V.L.A. P.I. Cost	V.L.A. Total Cost	Veterans' 10%	Veterans' Excess Cost	Initial Contract Debt	Debt in 1952	Decrease in Debt	Principal and Other Costs**	Equity in 1952***
	$	$	$	$	$	$	$	$	$	%
					Melfort Area - 50 Veterans					
Totals	226,200	7,000	219,050	21,905	14,150	147,086	114,125	32,961	69,016	30.5
Average	4,524	140	4,381	438	283	2,942	2,283	659	1,380	-
					Gravelbourg Area - 51 Veterans					
Totals	278,843	2,600	254,343	25,434	27,100	172,083	117,758	54,325	106,859	38.3
Average	5,467	51	4,987	499	531	3,374	2,309	1,065	2,095	-

Source: Veterans' Land Act Files, Head Office, Ottawa.

* Up to November 1, 1952, but not including the 1952 annual payments.
** Principal and other costs equal Veterans' 10%, plus excess cost, plus decrease in debt.
*** Equity equals principal paid and other costs as percentage of farm purchase price.

One veteran has been re-established under Section 9(A) of the Act, on the basis of an even trade of his former V.L.A. farm for the farm he now operates.

(2) In the Gravelbourg area:

One veteran is in arrears.

Four veterans have prepaid the loans in full.

Two veterans have paid the full V.L.A. cost of land and equipment in order to gain title and sell their farms.

Therefore, of the 101 veterans in the two areas, five have prepaid their loans in full on the basis of the V.L.A. 23 1/3 per cent subsidy, and three have repaid the full V.L.A. cost in order to dispose of their farms. The V.L.A. will give the five veterans title to their land and V.L.A. chattels 10 years from the date of their initial establishment. The three veterans who sold their farms are not seeking re-establishment on farms under the V.L.A. One veteran quit because of ill health. A second veteran left the V.L.A. farm because it was 100 miles from his relatives' farm and the distance was too great to transfer machinery back and forth. The third veteran was seeking other employment.

To make a comparison of veterans settled in the same years, Table 27 shows the total payments of principal and the

Table 27 - Total Payments of Principal and Percentage Equity in V.L.A. Farms of Veterans (Settled in 1946 & 1947) in the Melfort and Gravelbourg Areas, November 1, 1952*

	Farm Purchase Price	V.L.A. P.I. Cost	V.L.A. Total Cost	Veterans' 10%	Veterans' Excess Cost	Initial Contract Debt	Debt in 1952	Decrease in Debt	Principal and Other Costs**	Equity in 1952***
	$	$	$	$	$	$	$	$	$	%
					Melfort Area - 28 Veterans**					
Totals	117,400	5,600	120,200	12,020	2,800	80,135	63,605	16,530	31,350	26.7
Average	4,193	200	4,293	429	100	2,862	2,272	590	1,119	-
					Gravelbourg Area - 28 Veterans**					
Totals	145,143	1,900	133,243	13,324	13,800	91,349	48,078	43,271	70,395	48.5
Average	5,184	68	4,759	476	493	3,262	1,717	1,545	2,514	-

Source: Veterans' Land Act Files, Head Office, Ottawa.

*Not including the 1952 annual payments.
**In the Melfort area 10 veterans were settled in 1946 and 18 in 1947. In the Gravelbourg area eight veterans were settled in 1946 and 20 veterans in 1947. However, the difference in the numbers settled in the two years are not great enough to affect comparisons made here.
***Equity equals principal paid and other costs as percentage of farm purchase price.

percentage equity in V.L.A. farms for veterans settled in the two areas in 1946 and 1947. In each area 28 veterans (over 50 per cent of the veterans in the two samples) were established in 1946 and 1947. The 28 Gravelbourg veterans have reduced their contract indebtedness by an average of $1,545 as of November 1, 1952. The 28 Melfort veterans have reduced their contract indebtedness by an average of only $590, or $955 less per veteran than the Gravelbourg veterans. By comparing Table 26 with Table 27 it can be seen that the 28 veterans settled in the earliest years in the Melfort area have, on the average, repaid a smaller amount and have a smaller percentage equity than the percentage equity for the entire sample. In other words the veterans settled in the first years are pulling down the payment record in the Melfort area. Five of the six veterans in arrears in this area are among these 28. In the Gravelbourg area the reverse situation is found. By comparing Tables 26 and 27, it can be seen that the 28 veterans who were the first settled in the area are affecting the payment record and equity situation in a manner which we would expect. The 28 veterans have both a higher average decrease in contract indebtedness and a higher percentage equity in their V.L.A. farms than the averages for the entire Gravelbourg sample.

Since veterans in the Melfort area do not have as favourable a payment record as those of the Gravelbourg area, further analysis of their payment situation is given. In Table 28 a summary of the annual payments plus interest due is compared with the total payments made. The summary accounts for all payments due and paid from initial settlement up to November 1, 1952. The record for 43 veterans reveals payments made were 148.3 per cent of payments due, despite the effect on the record of six veterans in arrears.

Table 28 - Record of Annual Payments made by 43 Veterans* in the Melfort Area from Initial Settlement to November 1, 1952.

	Payments** Due	Payments Made	Percentage Paid	Prepayments	Arrears***
	$	$	%	$	$
Totals	31,070	46,067	148.3	14,997	1,054
Average	722	1,071	-	349	

Source: Veterans' Land Act Files, Head Office, Ottawa.

* Of the 50 veterans in the area, complete payment records for both interest and principal were not available for four veterans, and three veterans settled in 1952 had not made annual payments.

** Includes both interest and principal.

*** Includes the total for six veterans in arrears in the Melfort area.

The payment record is a major indication of veterans' progress. Before purchasing expensive machinery or other capital assets veterans should have a safe margin of equity in their land.

In the Melfort area two of the six veterans in arrears have purchased additional land. The fact that they are in arrears indicates they cannot meet both their payments to the V.L.A. and the payments on the privately-owned land.

2. <u>Other Indications of Progress</u>

As well as the favourable progress made towards acquiring the V.L.A. farms and privately-owned land, many of the veterans have purchased additional machinery since they were settled. In purchasing farm machinery, the veterans have spent a considerable amount of money. The values for much of the machinery they have purchased privately are not reported. However, there are 16 cases reported of replacements of V.L.A. chattel machinery and the value of the machinery which the veterans purchased in lieu of the former V.L.A machinery. The original machinery was purchased with V.L.A. livestock and equipment grants. Table 29 shows the total price of the former V.L.A. chattels compared with the total retail price of the new machinery. The figures at the bottom of Table 29 represent the total payments the 16 veterans were required to make to keep their V.L.A. contracts paid up to November 1, 1952. In both areas, the excess cost of the new machinery was more than the total payments required from the veterans since they were initially settled. The veterans could have returned over twice the amount required in annual payments if they had applied the excess cost of new machinery towards paying off

Table 29 - Values of V.L.A. Chattel Machinery Replacements Compared with the Veterans' Contract Payments

Item	Melfort Area	Gravel-bourg Area
No. of veterans replacing V.L.A. chattels	11	5
Total retail price of new V.L.A. chattels	$22,426	13,128
Total original price* of V.L.A. chattels	$11,899	7,676
Excess cost of replacement to veterans	$10,527	5,452
Total V.L.A. annual payments required from these veterans at November 1,1952	$ 8,932	4,873

Source: Veterans' Land Act Files, Head Office, Ottawa.

* The original price of the V.L.A. chattels was the retail price minus any discounts. This machinery was purchased with livestock and equipment grants.

their contract debts. None of these 16 veterans are in arrears at present, but their records serve as an indication of the use which could be made of these funds if they were applied elsewhere.

Veterans' Land Act reports show that nearly 50 per cent of the veterans in each area have a full line of power machinery including a combine. Much of this machinery has been acquired since the veterans were established under the V.L.A. The following statistics show the numbers with and without a full line of equipment as of November 1, 1952:

(1) Melfort area:

No. of veterans with full line of machinery including a combine - 21.

No. of veterans with incomplete line of machinery - 29.

(2) Gravelbourg area:

No. of veterans with full line of machinery including a combine - 22.

No. of veterans with incomplete line of machinery - 29.

In addition to machinery a number of veterans have purchased either new or second hand cars and trucks. As of November 1, 1952, there were 21 cars and trucks owned by veterans in the Melfort area, and 15 cars and trucks owned by veterans in the Gravelbourg area. Since there are 101 veterans in the two areas we can conclude that over one-third of them own a car or truck. Twenty-four of the above 36 vehicles were trucks, most of them of one ton capacity.

An indication of the development work in buildings and other permanent improvements since the veterans have been settled is given in Table 30. Veterans in the Melfort area have made considerably more improvements to their farms than

Table 30 - Permanent Improvements made on V.L.A. Farms from Initial Settlement to November 1, 1952

Area	No. of Veterans	New Houses	Other New Buildings	Major Building Repairs	Additional Land Broken
	No.	No.	No.	No.	Acres
Melfort	50	9*	9	9	467**
Gravelbourg	51	1	2	5	131***

Source: Veterans' Land Act Files, Head Office, Ottawa.

* An additional new house has been built on privately-owned land.
** Clearing and breaking by 16 veterans.
*** Breaking by four veterans.

veterans in the Gravelbourg area. Many of the veterans in the Gravelbourg area do not live on their V.L.A. farms. In the Melfort area 35 of the veterans were living on the V.L.A. farms, three on privately-owned land, 10 on farms near their V.L.A. properties, and two in nearby villages. In the Gravelbourg area 27 veterans were living on the V.L.A. farms, 18 on farms near their V.L.A. properties, and five in villages or cities. One of the veteran's files in the latter area did not indicate where he lived.

Due to the more seasonal nature of farming in the Gravelbourg area, it is not likely that the veterans will ever become as permanently established on their farms as those veterans living in the Melfort area. Table 30 provides a good indication of the pattern that no doubt will be followed in the future development of farms in the two areas.

G. SUMMARY OF THE SAMPLE STUDIES

In appraising the progress veterans have made up to November 1, 1952, it is evident that, with respect to scale of operations and repayment of contract indebtedness, veterans settled in the soil area of relatively low productivity around Gravelbourg are in a more favourable situation than veterans in the Melfort area. The major factors accounting for this favourable situation are: (1) As shown under size of farms, veterans in the Gravelbourg area have over twice the acreage per V.L.A. farm, an average of 341 acres as against an average of 165 acres for V.L.A. farms in the Melfort area; (2) Over 50 per cent of the veterans in the Gravelbourg area are making annual payments on the basis of Share of Crop Agreements, which have been a very satisfactory means of collection. However, in both areas the payment records have been excellent.

Exclusive of interest payments, which represent a high proportion of the initial annual payments, the 50 veterans settled in the Melfort area have repaid 30.5 per cent of the aggregate purchase price of their farms. In the Gravelbourg area, the 51 veterans have repaid 38.3 per cent of the aggregate purchase price of the farms. Because the veterans in the Melfort area have a less favourable payment record than those in the Gravelbourg area, a further investigation was made of annual payments due (including both interest and principal) compared to payments made in this area. From initial establishment up to November 1, 1952, forty-three of the 50 veterans have repaid 148.3 per cent of the total annual payments due. The 43 veterans included all of those in arrears in the Melfort area. The amount of farm machinery acquired, and farm improvement work provides further indication of the progress veterans are making. In 1952, forty-three of the 101 veterans had a complete line of power machinery including a combine. As well as farm machinery over one-third of the veterans possessed a car or a farm truck.

In respect to farm improvements, the veterans in the two areas have built 22 new farm buildings and repaired 14 existing farm buildings. In the Melfort area the amount of farm improvement work exceeds that carried out in the Gravelbourg area. In the latter area the farms consist of more straight grain enterprises which give rise to a seasonal type of farming operation. The veterans in the Gravelbourg area have more spare time to take off-farm jobs, and it is quite conceivable that a number of them will in the future take the alternative off-farm work on a permanent basis. As of 1952, two of the veterans in this area had sold their V.L.A. farms. The study of the two samples leads to the conclusion that the settlement in the Melfort area will be of a more permanent nature than that of the Gravelbourg area. In the Melfort area 12 veterans have made private purchases of additional land. Upon initial establishment, five veterans in this area had equities in privately-owned land (See Table 13). Thus between 1946 and 1952, a further seven veterans have acquired additional land.

In the Melfort area the V.L.A. purchased 23 of the 50 farms from either immediate parents or other relatives of the veterans. This is an indication that farm ownership is kept in the family. It will be difficult for veterans, who have no relatives in the area, to extend the size of their farms. Some of these less fortunate veterans may become discouraged and leave their farms in the future. This class of veteran should receive encouragement from the V.L.A. supervision program. In the Melfort area two of the veterans, who have purchased additional land, were in arrears in their V.L.A. payments. These veterans should be advised towards better financial management.

IV. CONCLUSION

A. SUCCESS OF VETERANS SETTLED UNDER THE VETERANS' LAND ACT

1. The Collection Status of the Veterans' Land Act

The Veterans' Land Act collection statement for the fiscal year, 1951 to 1952, shows a very favourable collection status for the accounts of the entire number of veterans settled in Canada. On annual, semi-annual accounts, which include all veterans settled on farms, the V.L.A. has collected 123.2 per cent of the total amount due since inception of the Act. This favourable payment record is reflected in four million dollars in collections by way of prepayments. The total amounts collected in prepayments and the amounts of outstanding arrears are shown in Table 31. The total amount in arrears is only 4.9 per cent of the total due payments since inception of V.L.A. settlement. Exclusive of Share of Crop Agreements, prepayments totalled $3,622,484 at March 31, 1952. Of this amount $2,627,357, or 72.5 per cent, was collected from veterans settled in the three Prairie Provinces. Share of Crop Agreements are restricted to the three Prairie Provinces. On a total due on such contracts of $587,665 since inception, the V.L.A. had collected $1,140,155 in crop share payments at March 31, 1952.

Table 31 - Collection Statement on All V.L.A. Farms, from Inception to March 31, 1952*

No. of establishments on Dominion and Provincial lands	4,655
No. of establishments on all other farms	24,813
No. who have prepaid full contract debts	938
No. who are in arrears	3,658
Total due from inception	$14,815,440.56
Total paid from inception	$18,257,651.41
Total amount of prepayments	$ 4,174,973.09
Total amount of arrears	$ 732,762.24
Per cent collected of total payments due	123.2
Per cent arrears of total payments due	4.9

Source: File 283, Dominion Collection Statement, 1st April 1951 to 31 March 1952, Veterans' Land Act, Ottawa.

* Includes all V.L.A. annual and semi-annual accounts for veterans making payments both on the amortized payment plan and Share of Crop Agreement.

2. Contracts Nullified by Veterans Acquiring Title, by Voluntary Transfer, and by Recission

As of March 31, 1952, the total number of V.L.A. farm contracts which had been nullified throughout Canada was 2,306. This number represented 7.8 per cent of the number of establishments on all lands and farms as indicated in Table 31. Of this total, 1,051 contracts were nullified by veterans repaying all advances plus interest, and acquiring title to their farms. The remaining 1,245 nullified contracts were practically all voluntary farm transfers and voluntary farm recission cases. Only 37 contracts were nullified by Provincial Advisory Board recission.[1]

The above record of veterans' payments and the number remaining on their farms, after nine years of active V.L.A. operations, is certainly a sharp contrast to the record established by the Soldier Settlement Board. In 1923, seven years after inception of the Soldier Settlement Act, only 54.5 per cent of the amount due in total payments was collected. By this date, a total of 3,285 soldier settlers, representing 14.5 per cent of the number receiving loans, had abandoned their farms.[2] In 1922, the Government gave the soldier settlers a legislative reduction in interest payments of over

1. The Provincial Advisory Boards are made up of V.L.A. officials plus outside members from each province.

2. See p. 34 of thesis.

10 million dollars in an attempt to maintain them on their farms. In the years that followed up to 1934, the Government granted soldier settlers a total of over $43,000,000 in reductions of principal and interest payments.[1] Except for the experience that was gained through the Canadian Government's first venture into the loaning field on land settlement, very few benefits can be claimed for the operations of the Soldier Settlement Board. The Public Accounts of Canada for 1952, show that a sum of $150,000 was set aside by the Government to aid in the further liquidation of soldier settler debts in the 1952 fiscal year.[2] This item in the accounts serves as a reminder of the failures of the Soldier Settlement Act of 1917. On March 31, 1952, there were still 746 soldier settler accounts remaining.[3]

The costs of administration of the Veterans' Land Act, from inception to March 31, 1952, were slightly over $34,000,000.[4] However, the cost of administration representing over nine years of operations, is still less than the amount of the legislative reductions received by soldier settlers in the years between 1922 and 1934. A successful V.L.A. farm settlement program,

1. See p. 36 of thesis.
2. Public Accounts of Canada, 1952, p. ZZ-18.
3. V.L.A. Control Chart, March 31, 1952, p. 3, Veterans' Land Act, Ottawa.
4. See p. 61 of thesis.

as presently indicated, would justify the above costs of administration. As stated before in this thesis, the dollar losses of a failing administration are by no means the only costs of a land settlement scheme. The losses in terms of futile struggles and disrupted homes are the important costs to the nation.

B. THE IMPACT OF THE VETERANS' LAND ACT ON THE AGRICULTURAL INDUSTRY OF CANADA

The V.L.A. operations are certain to have considerable influence on the Canadian agricultural industry. Since the V.L.A. began operations in 1944, its impact on the total farm settlement in Canada has been very important. The 1951 Census of Canada reported the total number of farms as 622,398. Of this number, the V.L.A. total of 29,300, shown in Table 32, would represent approximately 4.7 per cent. The 1951 Census of Canada also provides a breakdown of Canadian farms into income classes according to gross annual produce sales. With the assumption that V.L.A. farms all have annual sales of $1,200 and over,[1] a comparison of V.L.A. farms with other Canadian farms having gross annual sales of $1,200 and over

1. V.L.A. officials place all of the full-time farms in the $1,200 and over class, except a small number of undeveloped provincial land farms.

is shown in Table 32.

Table 32 - Proportion of Total Canadian Farms with Annual Incomes of $1,200 and Over, Settled Under the Veterans' Land Act, 1952

Province	Total Farms*	V.L.A. Full Time Farms	Percentage Settled by V.L.A.
British Columbia	11,356	1,516	13.4
Alberta	58,615	7,170	12.2
Saskatchewan	82,748	8,021	09.7
Manitoba	38,588	4,281	11.1
Western Ontario	59,328	2,569	04.3
Eastern Ontario	45,229	2,218	04.9
Quebec	70,588	1,524	02.2
Maritimes	19,929	2,001	10.0
Dominion Total	386,381	29,300	07.6

Source: Veterans' Land Act Files, Head Office, Ottawa.

* Preliminary figures, 1951 Census, Bulletin 6-5, Table 25.

The above comparison of V.L.A. farms with the total number of farms with gross annual sales exceeding $1,200 provides a better conception of the extent of V.L.A. settlement. With nearly eight per cent of the total Canadian farms in this group settled under the V.L.A. there is no doubt that this government sponsored program is bound to have a widespread effect on the agricultural production in Canada.

C. THE USE OF SOIL SURVEYS IN VETERANS' LAND ACT SETTLEMENT

When the Soldier Settlement Board began its settlement operations in 1917, there was no detailed soil survey studies to aid them in the selection of farms. The Veterans' Land Act, 1942, was in a much more favourable position as much information relating to the productivity of the soils was available in most of the Canadian provinces.

Examination of Figures 1 and 7, showing the Veterans' Land Act settlement in the provinces of Saskatchewan and Alberta, reveals that settlement has been concentrated in the more fertile soil zones. In the settlement of Alberta, shown in Figure 7, the concentration of settlement in the dark brown, black and degraded black soil zones is particularly noticeable. The brown and grey wooded soil zones were practically devoid of V.L.A. settlement when the photograph of the Alberta settlement was made in 1948. In Saskatchewan it will be noted V.L.A. settlement is again concentrated in the dark brown, black, and degraded black soil zones. However, the restriction


ALBERTA, 1948
VETERANS LAND ACT SETTLEMENT
C
C
E
D
D
E
C
B
A
B
MAJOR SOIL ZONES
A – BROWN SOILS
B – DARK BROWN SOILS
C – BLACK SOILS
D – DEGRADED BLACK SOILS
E – GREY WOODED SOILS

Figure 7

of settlement to these three major soil zones is not as great in Saskatchewan as in Alberta. These three major soil zones have the most productive and fertile soils. Figures 1 and 7 indicate that the V.L.A. has utilized soil survey maps in the selection of farms. Table 32 reveals that, of the total of 29,300 full-time farms, 15,191 are situated in Alberta and Saskatchewan. In settlement on the dry land farming areas of these provinces, it is of particular importance that existing soil survey knowledge be utilized. The selection of productive farms made it necessary to decline settlement on many of the farms which were offered for sale to the Veterans' Land Act. Table 33 shows the number of full-time farms appraised compared to the number which were purchased in the three Prairie Provinces and in Canada. In the Prairie Provinces the V.L.A.

Table 33 - Comparison of V.L.A. Full Time Farm Appraisals with the Number of Farms Purchased, March 31, 1952

Province	Appraisals Made	Farms Purchased	Per cent Purchased
	No.	No.	
Alberta	8,047	4,815	59.8
Saskatchewan	8,490	4,816	56.7
Manitoba	5,892	3,649	61.9
Canada	36,398	22,041	60.6

Source: Annual Report of Department of Veterans' Affairs, Queen's Printer, Ottawa, March 31, 1952, p. 57.

has appraised nearly twice as many farms as have been purchased.

D. THE VETERANS' LAND ACT CONTRIBUTION IN THE FARM CREDIT FIELD

Many of the present V.L.A. veterans would no doubt have settled on farms even if the Government had not sponsored land settlement after World War II. However, there is a shortage of long-term farm credit in Canada and it would have been difficult for many veterans to acquire the means to purchase farms. The Canadian Farm Loan Board (a federal agency) and some provincial organizations offer long-term loans to finance farms, but the extent of their operations is not large in comparison to the Veterans' Land Act. The Canadian Farm Loan Board began operations in 1929 and at October 31, 1951, had made loans totalling to $77,318,000.[1] There are no provincial loan schemes to aid farmers to purchase land in the provinces of British Columbia, Alberta, Saskatchewan, Manitoba and Prince Edward Island. To enable veterans to acquire land the Veterans' Land Act has filled in a gap in the long-term credit field. With a total amount disbursed on all types of settlement of $264,753,000 on March 31, 1952,[2] the V.L.A. has

1. Statistics derived from, Credit Facilities for Young Farmers To Become Established On Farms, a paper presented by W.L.Taylor of the Canadian Farm Loan Board to a meeting of the Canadian Agricultural Economics Society, Ottawa, January 29, 1952.

2. See Table 1, p. 3 of thesis.

expended over three times as much as the Canadian Farm Loan Board. In addition, the Veterans' Land Act is the only organization that gives prospective farmers an outright subsidy on farm purchase loans.

E. THE PROSPECT FOR VETERANS' LAND ACT CONTRACTS

The operations of the Veterans' Land Act judged by over nine years of experience have been very successful compared to the former operations of the Soldier Settlement Board. The high land values and high prices which prevailed after World War I occurred again after World War II.[1] Thus both programs carried out most of their settlement operations under conditions of high priced land - a matter which was of great concern to those responsible for the administration of settlement. However, unlike the period which followed World War I, there has been a remarkably long period of prosperity since 1945. The post-war recession which took place in 1920 was the first difficult period for soldier settlers. This was followed by a major depression beginning in 1929. The effects of the depression were accentuated by severe drought conditions in

1. For example, the price of land and improvements, for all Alberta farm land, increased from $15.00 in 1941 to $33.00 in 1950. See <u>Alberta Farm Land Value and Market Situation</u>, T.H. Askin, Department of Agriculture, Economics Division, Ottawa, May 1952, p. 2.

the Prairie Provinces. The Soldier Settlement Board had operated for 12 years when the major depression began.

During the decade in which the Veterans' Land Act has been operating agriculture has experienced a very buoyant period. The three Prairie Provinces, which have a total of 19,472 of the 29,300 full-time V.L.A. farms in Canada,[1] have accounted for 72.5 per cent of the prepayments made from inception to March 31, 1952.[2] Because the Prairie Provinces have over 60 per cent of the total V.L.A. full-time farms, their payment record places the Veterans' Land Act in a favourable position with respect to collections. However, it is well to bear in mind that farms in the Prairie Provinces have suffered the widest variability in incomes over the past three decades, and if an agricultural recession is experienced in future years there is no doubt that farm incomes will decline the greatest in the Prairie Provinces. Agriculture is more vulnerable to income fluctuations than other industries. In the period between 1928 and 1933, net income of Canadian farm operators suffered the largest fall of all national income groups.[3] In 1952, net income of Canadian farm operators declined by 12 per cent from the record level of income

1. See Table 32.
2. See p. 122 of thesis.
3. Refer to pp. 26 to 28 of thesis.

established in 1951. The decline in net income of $255 million was attributed largely to the severe drop in livestock prices due to the outbreak of foot and mouth disease in Saskatchewan.[1] The whole agricultural industry was affected by the outbreak of livestock disease in a single province.

In the 1945 to 1952 period, high prices have prevailed for agricultural products. The Veterans' Land Act has had an opportunity to consolidate its farm settlement, but veterans should be encouraged to add to the size of their farm holdings. In the two sample areas studied in this thesis, it was shown that marked differences have already occurred in the veterans' ability to repay their V.L.A. loans. One of the main reasons for this is the difference in size of farms in the two areas. In the Melfort area the V.L.A. farms averaged 165 acres in size, while in the Gravelbourg area the farms averaged 341 acres. The veterans are aware of the advantages of farm size. This is illustrated in the Melfort area where 12 of the 50 veterans have already purchased additional privately-owned land.

Farm management studies in the three Prairie Provinces indicate that net return to the operator's labour and investment is dependent mainly on the size of farm. A study made

1. National Accounts Income and Expenditure Preliminary, Dominion Bureau of Statistics, 1952, p. 2.

in 1947 in 20 municipalities in the brown soil zone of South Central Saskatchewan, showed that farms must be adequate in size if a reasonable income is to be obtained. "The farm should be at least three-quarters of a section in size to make reasonably efficient use of resources. Conservative income standards would necessitate at least a three-quarter section farm on the superior soils and progressively larger farms for soils decreasing in productivity".[1] A comparison of this required size of 480 acres with the average farm of 341 acres for V.L.A. farms in the Gravelbourg area, provides conclusive evidence that the V.L.A. farms should be expanded by 160 acres in order to obtain an efficient scale of farm operations. Another farm management study covering the black soil zone of southeast Saskatchewan, in 1948, indicates that farms having less than 200 acres in cropland do not provide sufficient income to cover cash family living expenses.[2] The Melfort area is located in the black soil zone, and the V.L.A. farms in this area had an average of only 143 acres in cropland. The V.L.A. farms in the Melfort area were 160 acres

1. T.O. Riecken and M.E. Andal, <u>A Farm Business Study In The Fox Valley - Eston - Kindersley Area of Saskatchewan</u>, Dept. of Agriculture, Economics Division, Ottawa, October, 1952, p.36.

2. Gordon Haase, <u>A Study of the Form Business in the Carlyle-Moosomin Area of Southeast Saskatchewan</u>, Dept. of Agriculture, Economics Division, Ottawa, July 1952, p. 16.

smaller than the predominating farm size.[1]

In 1951, the average size for all V.L.A. farms in Saskatchewan was 295 acres. In the same year the census showed that of 112,018 farms in Saskatchewan, 59,145 or 52.8 per cent were 400 acres and over.[2] This indicates that the average size of farm purchased by the V.L.A. is relatively small. It will be necessary for veterans to purchase additional land in order to increase the efficiency of their operations.

The veterans' farms must provide sufficient income to pay current operating expenses, family living expenses, and capital expenses. Among other capital expenses, the veterans must be able to meet their annual contract payments and annual land taxes. For the veterans in the two samples included in the thesis, these annual payments are shown in Table 34. In the Melfort area the average annual amount required to meet both the V.L.A. loan and land taxes was $270. In the Gravelbourg area these fixed annual payments averaged $331 per veteran.

The veterans are meeting these payments very favourably. As indicated on page 114, veterans in the Melfort area had repaid 148.3 per cent of the annual payments due from inception to November 1, 1952. In the Gravelbourg area the payment

1. Refer to p. 88 of thesis.
2. Census of Canada, 1951, Bulletin 6-4, Table 16.

Table 34 - Contract Payments and Land Taxes Required Annually from Veterans in the Melfort and Gravelbourg Areas

Area	No. of Veterans		Annual Contract Payments*	Annual Taxes	Annual Total
			$	$	$
Melfort	50	Totals	9,066	4,417	13,483
		Average	181	89	270
Gravelbourg	51	Totals	10,416	6,470	16,886
		Average	204	127	331

Source: Veterans' Land Act Files, Head Office, Ottawa.

* Annual payments required from veterans repaying on the equal amortized annual payment basis.

record was better than it was in the Melfort area. The average fixed annual payments shown in Table 34 are low when compared with the annual payments required from soldier settlers when the Soldier Settlement Board began its operations. A settler established in 1919 with a loan of $5000, was required to meet an annual payment of $667.[1] The annual land taxes would add to this amount.

It is unlikely that farmers in the three Prairie Provinces will have to face the low prices for wheat which existed in the 1930's. Nevertheless, the very favourable wheat yields experienced in the last few years are not likely to be repeated. Using the historical data on the prices and yields for wheat as an index of the present prosperous period for agriculture, it is doubtful that future agricultural income, particularly in the three Prairie Provinces, will be as high as it has been in the years immediately after World War II. Table 35 shows the five year averages of wheat production and value for the three Prairie Provinces from 1920 to 1950. The reasons for soldier settler failures are revealed in the low prices and yields experienced from 1930 to 1940. Seventy-five per cent of the soldier settlers were settled in the three Prairie Provinces and because of their dependency on grain crops there was no outlet when both poor yields and low prices

1. Refer to p. 34 of thesis.

Table 35 - Production and Prices of Wheat in the Three Prairie Provinces, 1920-51*

Crop Years	Seeded Acreage	Average Yield Per Acre	Production	Average Farm Price	Total Farm Value
	'000 acres	bu.	'000 bu.	$ per bu.	$'000
1920-25	20,438	15.4	315,477	0.94	296,637
1925-30	22,069	18.4	405,263	1.00	403,498
1930-35	24,883	13.2	329,646	0.44	145,263
1935-40	24,698	11.8	290,579	0.67	193,360
1940-45	21,616	18.5	399,660	0.83	332,375
1945-50	23,800	14.3	340,920	1.62	552,895
1950-51**	25,836	16.5	427,000	1.52	650,920

Source: Agricultural Statistics Handbook, Dominion Bureau of Statistics, Ottawa, 1951, p.11.

* Production and prices are averaged for each five years.

** Statistics for 1950-51 crop year only.

occurred at the same time. Over 60 per cent of the V.L.A. full-time farms settlers are again established in the three Prairie Provinces. However, the V.L.A. veterans have enjoyed the favourable prices and yields shown in Table 35 from 1945 to 1951. Although it is unlikely that the high yields for wheat experienced in the past few years will continue, it is also very unlikely that farm prices for wheat will drop to 44 cents per bushel as they did in 1930 to 1935. The maintenance of prices by the Canadian Wheat Board and by other organizations such as the International Wheat Council will prevent such drastically low prices. Assuming reasonably high prices for wheat and other grains in the next 10 years, but with less favourable crop yields, V.L.A. full-time farm contracts are not likely to show such a favourable payment record as that presently shown in Table 31. However, on satisfactorily completing the first 10 years of their contract terms V.L.A. veterans will earn their conditional grants. This immediately gives them a one-third equity in their farms plus the equity they have gained through annual payments made during these years. At the end of 10 years a veteran has completed approximately 40 per cent of his annual payments.

On March 31, 1952, of the total 22,041 veterans settled on purchased farms, 15,661 were settled by March 31, 1949.[1] Thus over 70 per cent of the number of veterans now settled will have completed 10 years of their contract terms by the end of 1958. Veterans who repay their loans will be given title to their farms after they have completed 10 years in which they have met V.L.A. settlement requirements. A large number of the veterans will soon have the first 10 years of their contract behind them, and it is likely that in the next few years many of them will be repaying their loans in full.

Both the general analysis of the V.L.A. program and the studies in two specific areas indicate: (1) that the present program will avoid the difficulties which the Soldier Settlement Board encountered; (2) that the progress to-date, considered with the generally favourable prospects for agriculture over the next two decades, gives a high degree of likelihood that the program will be successfully completed. While it has some limitations noted in the thesis, the V.L.A. settlement program is generally consistent with the interests of Canadian agriculture and reflects credit on the Government which conceived it and the men who have been responsible for administrating it.

1. Annual Report of the Department of Veterans' Affairs, March 31, 1952, p. 57.

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