

# Poverty and Natural Resources

Hon. A. W. ROEBUCK, Q.C.

"It is not the shortage of natural resources that makes our people poor, but rather the mis-use or under-use of the riches that nature has placed at our disposal."



*THE FOLLOWING is a condensation of a speech by Senator Arthur W. Roebuck to the Canadian Senate on November 5 1968. He was speaking on a motion calling for the appointment of a special committee to investigate and report on all aspects of poverty in Canada.*

I WANT to read to you the clause that seems to have initiated our present thought. I read from the Fifth Annual Review of the Economic Council of Canada at page 103: "Poverty in Canada is real. Its numbers are not in the thousands, but the millions. There is more of it than our society can tolerate, more than our economy can afford, and far more than existing measures and efforts can cope with. Its persistence, at a time when the bulk of Canadians enjoy one of the highest standards of living in the world, is a disgrace."

You have heard a number of very well prepared and moving addresses by honourable senators who have preceded me. They have impressed upon us the seriousness of the poverty question in our country. They have spoken of defects and insufficiencies in our welfare system, but, honourable senators will note that not one of them, including the Economic Council, even attempted to discuss the causes of the poverty which they deplore. Not one of them said a word about the causes of poverty, except, perhaps, not getting enough by way of handout; and not one even mentioned a possible solution of the problem.

The cause of poverty is not any lack of sympathy for the poor or those who are deprived, nor is it to

be blamed on a lack of generosity in charitable spending.

We will always have a small minority of those who cannot support themselves, such as the chronically ill, the permanently disabled and the one-parent families with small children.

These are the poor whom we always have with us, but in a society such as I can envisage that would be scarcely any problem at all. With our means of production, our factories and our lands, if properly and fully employed, the provision of food, clothing and housing for people who cannot provide for themselves would present no problem. We could do all things appropriate to their comfort without the slightest inconvenience.

It is the unemployed and the low-paid worker who present the real problem in this connection. To quote Senator Carter, we are spending \$3 billion annually on welfare problems, and the poverty problem still remains undiminished.

The Canadian Welfare Council shows that poor families who are in receipt of welfare spend 47 per cent of their modest income on shelter—that is, on rent.

Now, supposing we doubled or even quadrupled our welfare generosity. Is there any likelihood that it would abolish poverty? Would it be, on the other hand, absorbed by increased rents, reflected in still higher land values and still greater difficulty in finding housing?

Handouts by the state may mitigate temporarily the misery of

poverty but, generally, the tendency is merely to enable those whom we would like to assist and benefit to pay still more in cruel rents, to be followed by an increase in land values and still greater difficulty in obtaining housing, and the possibility of the ordinary citizen owning his own house being still further removed.

There must be some better way of preventing unemployment and protecting the worker, particularly the low-paid worker, than simply handing out large sums of money in larger and ever larger amounts as poverty develops and the monopoly of our natural resources consolidates.

Senator Burchill could tell us of a better method of dealing with poverty than just handouts. He has been engaged in a big way in banishing poverty in his home province. Despite difficulties of which there were many, he has organized a plant to transform the forests of New Brunswick into plywood. His operations have employed some two hundred men who, of course, have families, and as consequence they are taxpayers rather than tax spenders. For them he has solved the problem of poverty.

Senator Burchill has brought the natural resources of his province into productive use. That is an effective way to abolish poverty. He has reached, or at least touched, the cause of poverty.

Canada has unlimited natural resources from coast to coast, and if you will inquire into it you will find that for the most part they are half used or completely unused and

are awaiting development. But are they available for developing? Are they available at a price which leaves a profit to the developer?

When the Economic Council said that poverty in Canada is a disgrace, it really meant that the underuse or misuse of our natural resources is a disgrace. If you will allow me I will go further and say that the Economic Council implied that our system of taxation in Canada which encourages the non-use of our natural resources and discourages and penalizes their use and development is a disgrace.

Let me give some obvious examples.

If you inquire you will find around our great cities very large sections of idle land. These are our natural resources, made valuable by the community and the desire of people to own homes. For as long as I can remember—and that is a long time now—you could buy serviced building lots in the City of Toronto for about \$1,000. That situation applied until recent years. Today, to obtain space for a house, a family must travel two or three miles into the country, and then face a price, according to a recent survey, of \$11,000 for a single lot. The ordinary man is unable to pay such a price. However, should he inquire into the circumstances, he will find that lands held at these excessively large prices are grossly under-assessed in relation to the asking price. This applies as long as they lie idle, but as soon as they are used and built upon they are overburdened with taxes.

All Canada is suffering from a shortage of housing, and housing locations are unlimited in this country. The building industry is a potent factor in the matter of employment. Were land not under-taxed it could not long be withheld from use by excessive prices. Were the idle land forced into use, the building industry would take over; the construction workers would be employed; the labourers and suppliers would be employed in very large numbers, and for them the problem of poverty would be solved. Poverty would disappear with the

housing shortage and without draining the revenues of the municipalities or the provinces.

We are spending huge sums of money on what we call urban renewal, the rebuilding of slum areas and the replacement of shacks unfit for human habitation. If these slum areas were properly assessed—they are grossly under-assessed and under-taxed—the slums would naturally and rapidly disappear. With the promotion of employment, the numbers of tenants available for dilapidated housing would also disappear.

I lived in Northern Ontario some fifty years ago when there were vast areas of potential mining lands open for staking. I saw the prospectors—and it was a picturesque army in those days—strike off into the woods with a prospector's hammer in their hands and a pack on their backs looking for signs of metal—gold, silver, copper and so forth. Where are they today? They are gone with the wind. There is no such army today. The holdings are staked and square miles of our mineral lands are lying idle, taxed at what rate—at \$2 per forty-acre claim. That has been the rate in the past and I think it is the rate in Ontario today. That is twenty cents per acre for a possible mining location. Double or quadruple that amount and a principality of mining lands would be thrown open for development.

It is not the shortage of natural resources that makes our people poor, but rather the mis-use or under-use of the riches that nature has placed at our disposal. You could travel from Halifax to Vancouver and I venture to predict that you would not find a natural resource capable of development which is not held for more than its value in use.

You may answer that what I have said lies within municipal or provincial jurisdiction and, perhaps in part, it does. But this resolution raises the whole question of poverty and its causes. The truth has no jurisdictional limitations. Were the earth and its riches open to industry, there would be no poverty, other than the kind I have described;

there would be no enforced and unwilling unemployment such as we suffer from at present.

This is the challenge to the prospective committee: Why are Canada's abundant natural resources undeveloped to the extent that thousands of citizens are unemployed and hundreds of thousands of them are living in poverty?

We want the truth about this matter. There are personal interests involved, but we want the truth about poverty. I am not satisfied with handing out more and yet more money. Where has it gone? First, there is the erosion of money. But much more important is the steady increase in the rents that these poor people must pay; and, with the increase in rents is the advance in land values. We must attack this problem realistically and propose such measures as may effect a remedy.

I have some clippings from which I would like to read. The first is from the *Toronto Globe and Mail* of February 3, 1967. It is headed: "New houses average \$29,666, up \$5,866 in year." The article reads in part: "New houses for sale in Metropolitan Toronto have an average price of \$29,666, compared with \$23,800 a year ago and \$21,914 in January, 1965."

These are the figures supplied by the Toronto Real Estate Board, and they show a steady advance in the price of houses, making it less and less possible for the ordinary man to own his own home.

A little further on the article states: "The house-price survey this week showed only 1.7 per cent of the houses at \$16,000 or below, compared with 9 per cent a year ago and 12 per cent two years ago. Land accounted for about one-third of the house prices quoted... a house priced at \$24,000 probably would represent \$8,000 for the land..."

Eight thousand dollars for a piece of land that until recently was agricultural land and which is made valuable, not by the activities and expenditures of the owners, but of the particular municipality.

I now quote from an article in the *Globe and Mail* of April 4, 1967, a

statement by June Marks. She is a Controller of the City of Toronto. She says: "... if 8,000 to 10,000 serviced vacant lots in the three outer municipalities were developed it would ease the housing shortage 'like taking the lid off a pressure cooker.'"

Of course it would.

We are spending thousands of dollars of public money to get houses built while we allow the land speculators about our great cities to charge \$8,000 for sufficient ground on which to build a house.

The article continues: "Controller

Marks said a report presented to Metro Council indicated there are up to 10,000 serviced lots—the majority in Scarborough—that had not been built on."

In closing, I would like to quote the Mayor of the City of Toronto, Mayor Dennison. He says: "I would like to have this city grow in such a way that we do not have great wasteland areas on the perimeter of the city ... so that there isn't a six or seven mile wasteland around the perimeter of the Metro area ... a speculator buys land hoping to make a fast buck out of it and he lets it

grow weeks or he cuts it ... good land is wasted for a greater number of years.

That is only one illustration of the waste of our natural resources due to a foolish system of taxation that jumps on us with both feet when we do anything good that serves the community, and which allows the monopolist to leave his resources lying idle, sometimes for years. Therein lies the answer to the problem of poverty: the development of our natural resources—the increased activity we can bring about by a reasonable system of taxation.

## Economic Demolition Squad Moves In

An iconoclastic approach to the nostrums of economic planning

**WE WELCOME** the publication of the new magazine *Economic Age*, the first issue of which was November/December 1968. In the Editorial the purpose of the magazine is described in these words:

"What is the answer?" asked Gertrude Stein as she lay dying. Nobody spoke. 'In that case,' she said—and they were her last words—'What is the question?'

"We face the same dilemma. More obviously than at any time in history, whole populations feel the inadequacy of economic formulae, creeds and panaceas. None of them work. The encroachments of government, invariably represented as 'in the public interest,' whittle away private choice. The old values, as we already call them, such as self-reliance and opportunism, seem less and less relevant in the modern industrial state. Getting and spending—the economy—becomes inseparable from politics. The traditional area of dissent is narrowed to the point where 'consensus' becomes an attitude of mind bordering on apathy—the deadly malaise on which all tyrannies thrive ...

"This journal has been started not to offer yet more trendy answers, but to get back to the questions. The questions it intends to raise will be questions of principle as often as of



fact. There are—let it be added—such things as *old* principles, despite the disrespect with which many of them are nowadays treated; and these will recur in the writings of our contributors."

Contributors in this first issue include C. Northcote Parkinson ("Economists and Calculators"), Neil Wates ("Housing—the Economics of Bedlam"), J. W. Nisbet ("A Political Economist's Apologia"). Other contributors write with the same clear and direct style, questioning a number of the economic myths now so much a part of this economic age.

The magazine is published bi-monthly under the auspices of the Economic Research Council, 10 Upper Berkeley Street, London W.1. and the annual subscription is 40s. post free.

The leading article, "Back to the Crystal Ball" which follows is indicative of the iconoclastic approach to the nostrums of economic planning:

**DESPITE THE DEBACLE** of the first National Plan, which came to a timely end with the famous 'July measures' of 1966 after ten months of artificial respiration, Britain is now faced with a second, up-dated version which is the brainchild of the Secretary of State at the Department of Economic Affairs,